



2026 Annual Report

Doing it right.

Nonstop.TM



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 AirvoyantSM, 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.

AerostratSM, a leader in long-range maintenance planning software, complements TraxSM'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.TM 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

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.

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

- 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.

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.

17M+

airframe and engine
parts shipped/received

75+

OEMs supported with
established contracts

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 Aeroexchange 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**
- TraxSM
 - AerostratSM
 - Airinmar[®]
 - AirvoyantSM



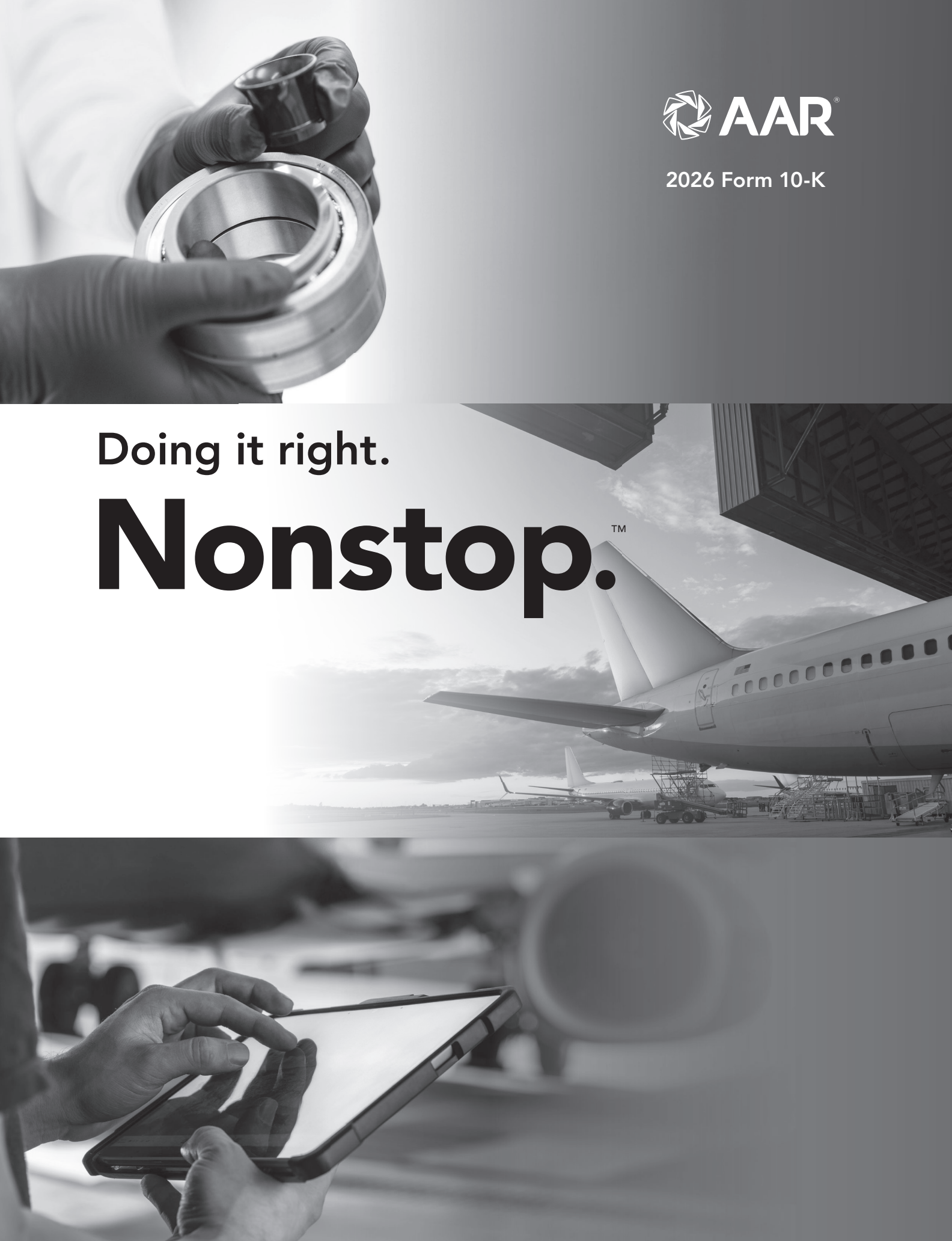
- Government Solutions**
- Government Programs
 - Mobility Systems



2026 Form 10-K

Doing it right.

Nonstop.TM



**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

☒ **Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the fiscal year ended May 31, 2026

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 1-6263

AAR CORP.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

36-2334820

(I.R.S. Employer Identification No.)

One AAR Place, 1100 N. Wood Dale Road, Wood Dale, Illinois 60191

(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code: **(630) 227-2000**

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, \$1.00 par value	AIR	New York Stock Exchange NYSE Texas

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 Section 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 every Interactive Data File required to be submitted 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 such files). Yes ☒ No ☐

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

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

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

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

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

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

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

The aggregate market value of the registrant's voting stock held by nonaffiliates was approximately \$3,224 million (based upon the closing price of the Common Stock at November 28, 2025 as reported on the New York Stock Exchange).

On June 30, 2026, there were 39,892,472 shares of Common Stock outstanding.

Documents Incorporated by Reference

Portions of the Company's proxy statement for the Company's 2026 Annual Meeting of Stockholders, to be held September 23, 2026, are incorporated by reference in Part III of this Annual Report on Form 10-K.

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PART I

ITEM 1. BUSINESS

General

AAR CORP. and its subsidiaries are referred to herein collectively as “AAR,” “Company,” “we,” “us,” and “our” unless the context indicates otherwise. AAR was incorporated in 1955 and we are a leading independent provider of solutions to the global aviation aftermarket. We offer a broad line of products and services to commercial and government aerospace customers and operate globally in over 20 countries.

During the fourth quarter of fiscal 2026, we changed our operating segment structure to realign our Integrated Solutions segment which resulted in the following changes:

- Combined our government programs activities and our Mobility Systems business, previously reported as Expeditionary Services, into a new operating segment named Government Solutions;
- Re-positioned our software platform to our Repair and Engineering segment, which was renamed Repair, Engineering, and Software; and
- Legacy Commercial Programs, the remaining business unit within the Integrated Solutions segment, is now separately reported as its own operating segment.

These changes resulted in the following four operating segments:

- Parts Supply remains unchanged from the prior structure, primarily consisting of new parts Distribution and sales of used serviceable material, including aircraft, engine and airframe parts and components (“USM”);
- Repair, Engineering, and Software primarily consists of maintenance, repair, and overhaul (“MRO”) of airframes (“Airframe MRO”), certain other components (“Component MRO”), and our software platforms, including Trax, Aerostrat, Airvoyant and Airinmar;
- Government Solutions primarily consists of our fleet management and operations of customer-owned aircraft, customized performance-based supply chain logistics programs in support of the U.S. Department of War (“DoW”), the U.S. Department of State (“DoS”) and foreign governments and the engineering, design, integration, manufacture, and repair of pallets, shelters, and containers (“Mobility Systems”); and
- Legacy Commercial Programs consists of asset-heavy flight hour-based component pool and repair programs for commercial airlines and distribution of consumables and expendables inventory. During the fourth quarter of fiscal 2026, we also announced our intention to exit our Legacy Commercial Programs business as it requires significant asset pools and no longer meets our capital return thresholds. We anticipate that the wind-down of this segment will take approximately three to four years as the Legacy Commercial Programs’ existing customer contracts are terminated and its rotatable assets are sold.

In fiscal 2026, we completed one acquisition in our Parts Supply segment and three acquisitions in our Repair, Engineering, and Software segment to further expand our products and services portfolio and our global footprint:

- In September 2025, we acquired American Distributors Holding Co., LLC (“ADI”) for \$137.1 million. ADI is a leading distributor of electronic components and assemblies to original equipment manufacturers (“OEMs”) across the aerospace and defense industry,
- In November 2025, we acquired HAECO Americas for \$78.0 million. HAECO Americas is a provider of heavy aircraft MRO and modification services across its hangars located in Greensboro, North Carolina and Lake City, Florida. Prior to its acquisition, HAECO Americas was the second largest heavy maintenance provider in North America and immediately expanded our maintenance footprint. Related to the transaction, we also secured multi-year heavy maintenance contracts with key customers.
- In April 2026, we acquired Aircraft Reconfig Technologies (“ART”) for \$36.0 million. ART is a leading aircraft interiors engineering company which adds Federal Aviation Administration (“FAA”)

Organization Designation Authorization to our engineering services capabilities. This enables us to issue supplemental type certificates and Parts Manufacturer Approval (“PMA”) without reliance on third parties.

- In August 2025, we acquired Aerostrat Corp. (“Aerostrat”) for \$19.0 million. Aerostrat is a leading long-range maintenance planning software provider used by airlines, MRO facilities, and cargo companies to automate complex scheduling, ensure production capacity, and simplify aircraft allocation.

In fiscal 2026, we set new records throughout the year, expanding our capabilities, strengthening our market position, and delivering exceptional financial results that validated our strategy as the leading Parts, Repair, and Software platform in the aviation aftermarket.

The energy across our 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 part of how we operate, leading us to add nonstop to our longstanding brand promise, now Doing it Right. Nonstop.™

Our repositioned portfolio and focused strategy drove record-breaking financial results in fiscal 2026. Notably, growth of our new parts Distribution activities contributed to exceptional profitability improvements. More broadly, our focus on significantly expanding margins across all business areas drove unprecedented growth with achievements well above our prepandemic highs.

During fiscal 2026, we took decisive steps to simplify our portfolio, increase transparency, and sharpen our focus on higher-margin businesses with stronger returns on capital. We re-segmented our operations to provide greater visibility into our performance and began the multi-year wind down of our Legacy Commercial Programs business. At our recent Investor Day in May 2026, we outlined how these actions position us 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.

Growth remained a priority throughout fiscal 2026, both organically and through acquisitions. We completed the expansion of our Airframe MRO facility in Oklahoma City and are 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 2026 marked our most acquisitive year with four acquisitions strengthening key areas of our business and further reinforcing our competitive position across the aviation aftermarket. Integration efforts are progressing ahead of plan, and each acquisition is already contributing to our capabilities, customer value proposition, and growth strategy.

Consolidated sales in fiscal 2026 increased \$527.5 million, or 19.0%, over the prior year primarily due to an increase in sales to commercial customers. Consolidated sales to commercial customers increased \$408.0 million, or 20.6%, over the prior year primarily due to strong demand and volume growth in our new parts Distribution activities, including from our recent ADI acquisition, which contributed sales of \$82.2 million. In addition, our recent HAECO Americas acquisition contributed sales of \$131.1 million.

Our consolidated sales to government customers increased \$119.5 million, or 14.9%, primarily due to volume growth in our Parts Supply segment from our new parts Distribution activities, including from the ADI acquisition, which contributed sales of \$33.2 million.

Over the long-term, we expect to see strength in our aviation products and services given our offerings of value-added solutions to both commercial and government and defense customers. We believe long-term commercial aftermarket growth trends are favorable. As we continue to explore and invest in the pipeline of

opportunities in the government market, our long-term strategy continues to emphasize investing in the business and capitalizing on opportunities in both the commercial and government markets.

Business Segments

Parts Supply

Our Parts Supply segment primarily consists of aftermarket distribution of new, OEM supplied replacement parts and sales and leasing of USM. The Parts Supply segment accounted for approximately 45% of our sales in fiscal 2026. We have established formal distribution relationships with OEM suppliers of aircraft components, which are utilized by aircraft operators and aircraft repair and maintenance operations. We are a leading independent distributor of factory new aircraft parts for the aftermarket. We also distribute components and assemblies to OEMs through our recent ADI acquisition. As we continue to enhance our digital solutions, we have developed the online PAARTSsm Store, which facilitates the electronic fulfillment of orders when customers choose this channel.

Our parts are supplied for narrow-body, wide-body and regional aircraft to aircraft operators, airlines, government customers and other MRO companies across the world. In most cases, we enter exclusive relationships with OEMs for a given market where we are the only provider of that supplier's product category. We provide global scale, independence, and highly technical sales capabilities across both commercial and government end-markets.

We are an authorized distributor for more than 30 product lines, which include parts from over 300 Federal Supply Class codes sourced from over 20 leading OEMs. We also have an interest in a joint venture supporting the distribution of OEM parts to customers in Asia.

USM is an important category of the aviation aftermarket in which parts removed from engines or airframes can be refurbished to be utilized as replacement parts in the aftermarket. We utilize a network of third-party repair facilities to perform this work. USM parts often represent a cost-effective and more timely solution for operators when compared to sourcing new parts.

We take an active role in sourcing USM inventory by monitoring the market for opportunities to acquire used aircraft and engines. After acquisition, we manage the process of disassembly, repair and inspection of the various parts or discrete components that can be sold to customers. Our extensive network of industry relationships and presence in the market positions us with operators, lessors and other trading companies to source opportunities. Additionally, our global reach and long-standing customer relationships position us to meet market demand for these products.

Our business activities in this segment are primarily conducted through AAR Supply Chain, Inc.; ADI; AAR Aircraft & Engine Sales & Leasing, Inc.; and AAR International, Inc.

Repair, Engineering, and Software

Our Repair, Engineering, and Software segment primarily provides Airframe MRO, Component MRO, and integrated software solutions. The Repair, Engineering, and Software segment accounted for approximately 35% of our sales in fiscal 2026.

Our Airframe MRO services are primarily comprised of major airframe inspection, MRO, painting services, line maintenance, airframe modifications, structural repairs, avionics service and installation, exterior and interior refurbishment and engineering services and support for many types of commercial and military aircraft. Component MRO services are primarily comprised of repair and overhaul services for structural components, engine and airframe accessories, and interior refurbishment.

Our software solutions primarily consist of comprehensive, cloud-based, mobile, and AI-enabled aviation aftermarket software, which provide greater value across all aspects of airline and MRO technical operations. Trax is a cloud-based system of record for aircraft maintenance which is enhanced by mobile apps for real-time work execution. Trax supports all MRO workflows including engineering, planning, procurement, inventory management, repair completion, quality, and reporting. Aerostrat is an advanced platform for long-range heavy maintenance planning used by global airlines. Aerostrat automates complex scheduling to ensure

heavy maintenance capacity and minimizes aircraft out-of-service time. Airvoyant is an artificial intelligence (“AI”) platform that automates the procurement workflow from requisition to invoice (end-to-end) through intelligent sourcing decisions using data science and agentic AI. Airvoyant also provides automated ordering controlled by AI confidence thresholds and business rules such as part type, order value, and approvals. Airinmar provides warranty claim management in support of our airline customers’ maintenance activities.

Our Repair, Engineering, and Software segment also develops PMA parts for aftermarket applications. PMA is a designation under FAA regulations that permits the design of approved parts for specific aircraft components that can be provided by non-OEM sources at cost-efficient pricing and sometimes improved availability. In addition, this segment designs proprietary designated engineering representative (“DER”) repairs.

Our Repair, Engineering, and Software segment primarily supports narrow-body Airbus, Boeing and Embraer regional aircraft for customers, as well as U.S. government defense agencies.

We operate eight airframe maintenance facilities and five component repair facilities. Our U.S. airframe maintenance facilities are in Indianapolis, Indiana; Oklahoma City, Oklahoma; Miami, Florida; Rockford, Illinois; Greensboro, North Carolina; Lake City, Florida and our Canadian airframe maintenance facilities are in Trois Rivières, Quebec and Windsor, Ontario. Our component repair facilities are in Hot Springs, Arkansas; Grand Prairie, Texas; Wellington, Kansas; Chonburi, Thailand; and Amsterdam, Netherlands.

To meet growing customer demand, we recently expanded our Oklahoma City operations with the construction of a new 80,000 square foot facility with three bays and warehouse space adjacent to our existing hangar. This facility inducted its first aircraft in early calendar 2026. We are also expanding our Miami airframe maintenance operations with a 114,000 square foot facility with three bays adjacent to our existing hangar. The new Miami facility is expected to be operational before the end of calendar 2026.

Our business activities in this segment are primarily conducted through AAR Aircraft Services, Inc.; AAR Aircraft Services, LLC; AAR Allen Services, Inc.; AAR International, Inc.; Trax; AAR Component Services (Thailand) Ltd.; AAR Component Services — Hot Springs, LLC; and AAR Component Services — Grand Prairie, Inc.

Government Solutions

The Government Solutions segment primarily consists of our fleet management and operations of customer-owned aircraft, customized performance-based supply chain logistics programs in support of the DoW, the DoS and foreign governments and our Mobility Systems operations which provides products and services supporting the movement of equipment by the U.S. and foreign governments and non-governmental organizations. The Government Solutions segment accounted for approximately 15% of our sales in fiscal 2026.

Fleet management and operations of customer-owned aircraft are performed for the DoS under the INL/A WASS contract. We are the prime contractor on this ten-year performance-based contract which began in fiscal 2018. Our services under the contract include operating and maintaining the global DoS fleet of fixed- and rotary-wing aircraft. Supply chain logistics programs are primarily comprised of material planning, sourcing, logistics, information and program management and parts and component repair and overhaul.

Mobility Systems designs, manufactures, and repairs transportation pallets and a wide variety of containers and shelters used in support of military and humanitarian tactical deployment activities. The containers and shelters are used in numerous mission requirements, including armories, supply and parts storage, refrigeration systems, tactical operation centers, briefing rooms, laundry and kitchen facilities, water treatment, and sleeping quarters. Shelters include both stationary and vehicle-mounted applications. Mobility Systems also provides engineering, design, and system integration services for specialized command and control systems.

Our business activities in this segment are primarily conducted through AAR Government Services, Inc.; AAR Aircraft Services, Inc.; AAR International, Inc.; AAR Airlift Group, Inc.; AAR Manufacturing, Inc.; and Brown International Corporation.

Legacy Commercial Programs

The Legacy Commercial Programs segment primarily consists of asset-heavy flight hour-based component pool and repair programs for commercial airlines and distribution of consumables and expendables inventory. Flight hour component inventory and repair programs for commercial airlines are primarily comprised of outsourcing programs for airframe parts and components. The Legacy Commercial Programs segment accounted for approximately 5% of our sales in fiscal 2026.

Our business activities in this segment are primarily conducted through AAR Supply Chain, Inc. and AAR International, Inc.

Raw Materials and Procurement of Repair and Other Services

Although we generated approximately 65% of our fiscal 2026 sales from the sale of products, we are engaged in only limited manufacturing activities and have minimal exposure to fluctuations in both the availability and pricing of raw materials. We purchase raw materials for our Government Solutions manufacturing operations, including steel, aluminum, extrusions, balsa, and other necessary supplies from several vendors. Where necessary, we have been able to obtain raw materials and other inventory items from numerous sources at competitive prices, terms, and conditions, and we expect to be able to continue to do so.

Historically, we have not been significantly impacted by inflation. Increases in raw material costs, freight, or other costs have generally been offset through efficiencies or price increases. A portion of our contracts contain terms and conditions that enable us to pass inflationary price increases to our customers. In those cases where inflationary increases are not contractually stipulated, we attempt to actively negotiate price increases. We have consistently implemented actions to deliver efficiencies and cost savings. While the historical benefits of these efforts have generally offset the margin impact of competitive pricing conditions in the markets that we serve, there are no assurances that higher prices can effectively be passed through to our customers or that we will be able to fully offset the effects of higher costs through price increases on a timely basis.

To support our aviation activities, we acquire parts and components from domestic and foreign airlines, independent aviation service companies, aircraft leasing companies, and OEMs. We have ongoing arrangements with OEMs that provide us access to parts, repair manuals, and service bulletins in support of parts manufactured by them. Although the terms of each arrangement vary, they typically are made on standard OEM terms as to duration, price, and delivery. From time to time, we purchase airframes and engines for resale or disassembly into individual parts and components. Airframes and engines may also be leased to airlines by us or through joint ventures on a short-term basis prior to disassembly or sale.

Terms of Sale

We generally sell our products and services under standard 30-day payment terms. On occasion, certain customers will negotiate extended payment terms of 60-90 days. Except for customary limited warranty provisions, customers neither have the right to return products nor do they have the right to extended financing. Our government contracts may extend several years and include one or more base years and one or more option years. The government generally has the right not to exercise options to extend or expand our contracts and may otherwise terminate, cancel, or modify some contracts at its convenience.

The majority of our product sales are made pursuant to standard commercial purchase orders. Government sales are generally made under standard types of government contracts, which can include firm fixed-price contracts, cost plus fixed fee contracts, and time-and-materials contracts. For cost plus fixed fee contracts, we typically receive reimbursement of our costs, to the extent the costs are allowable under contractual and regulatory provisions, in addition to receiving a fixed fee. Some of our contracts call for the performance of specified services or the delivery of specified products under indefinite delivery/indefinite quantity ("ID/IQ") arrangements. Certain inventory supply and management and performance-based logistics program agreements reflect negotiated terms and conditions.

Customers

The principal customers for our products and services are domestic and foreign passenger airlines, domestic and foreign cargo airlines, regional and commuter airlines, business and general aviation operators,

OEMs, aircraft leasing companies, aftermarket aviation support companies, the DoW and its contractors, the DoS, and foreign military organizations or governments.

Sales of aviation products and services to our commercial airline customers are generally affected by such factors as the number, type and average age of aircraft in service, the levels of aircraft utilization (e.g., frequency of schedules, flying hours, and take-off and landing cycles), the number of airline operators, the general economy, and the level of sales of new and used aircraft. Sales to the DoW and other government agencies are subject to a number of factors, including the level of troop deployment worldwide, government funding, competitive bidding, and requirements generated by worldwide geopolitical events.

We primarily market and sell products and services through our own employees. In certain markets outside of the United States, we rely on foreign sales representatives to assist in the sale of our products and services.

Sales to Government and Defense Customers

Sales to global government and defense customers (including sales to branches, agencies, and departments of the U.S. government) were \$923.9 million (27.9% of consolidated sales), \$804.3 million (28.9% of consolidated sales), and \$681.0 million (29.4% of consolidated sales) in fiscal 2026, 2025, and 2024, respectively. Sales to branches, agencies, and departments of the U.S. government and its contractors were \$787.8 million (23.8% of consolidated sales), \$687.6 million (24.7% of consolidated sales), and \$576.1 million (24.8% of consolidated sales) in fiscal 2026, 2025, and 2024, respectively.

Sales to government and defense customers are reported in each of our operating segments (See Note 15 of Notes to Consolidated Financial Statements). Since such sales are subject to competitive bidding and government funding, no assurance can be given that such sales will continue at levels previously experienced. The majority of our U.S. government sales are for products and services supporting DoS flight operations and DoW logistics and mobility strategy. Our government contracts are subject to changes with fluctuations in defense and other governmental agency spending and requirements.

Our government contracts are also often subject to termination for convenience by the customer; in the event of such a termination, we are contractually entitled to recover all allowable costs incurred by us through the date of termination.

Government Regulation and Certificates

The FAA regulates the manufacture, repair, and operation of all aircraft and aircraft parts operated in the United States. Similar rules and regulatory authorities exist in other countries. The inspection, maintenance and repair procedures for the various types of aircraft and equipment are prescribed by these regulatory authorities and can be performed only by certified repair facilities utilizing certified technicians. The FAA requires that various maintenance routines be performed on aircraft engines, certain engine parts, and airframes at regular intervals based on takeoff and landing cycles or flight time. Our businesses, which sell defense products and services directly to the U.S. government or through its contractors, can be subject to various laws and regulations governing pricing and other factors.

We have fifteen FAA certificated repair stations across the United States, Canada, Asia, and Europe. Of the fifteen FAA certificated repair stations, twelve are also European Aviation Safety Agency (“EASA”) and three are also Transport Canada Civil Aviation (“TCCA”) certificated repair stations. Such certificates, which are ongoing in duration, are required for us to perform authorized MRO services for our customers and are subject to revocation by the government for non-compliance with applicable regulations. Fourteen of the certificated repair stations are within the Repair, Engineering, and Software segment with one in our Government Solutions segment. We believe that we currently possess all licenses and certifications that are material to the conduct of our business.

Competition

Competition in each of our markets is based on quality, ability to provide a broad range of products and services, speed of delivery, and price. Aviation competitors include OEMs, the service divisions of large commercial airlines, and other independent suppliers of parts, repair, and overhaul services to the commercial

and defense markets. Our Government Solutions segment competes with a number of divisions of large corporations and other large and small companies. Although certain of our competitors have substantially greater financial and other resources than we do, we believe that we have maintained a satisfactory competitive position through our responsiveness to customer needs, our attention to safety and quality, our unique portfolio of high-quality solutions with lower cost to the customer, combination of market expertise and deep technical knowledge, our long-standing customer relationships, and our integrated, connected business model.

Backlog

Backlog represents the amount of revenue that we expect to derive from unshipped orders or signed contracts. The backlog primarily relates to our long-term programs where we provide component inventory management, supply chain logistics programs, and/or repair services. Backlog includes our remaining performance obligations based on the transaction price of firm orders for which work has not yet been performed as of May 31, 2026 and excludes unexercised contract options and potential orders under contracts such as ID/IQ contracts.

At May 31, 2026, our firm backlog was \$777 million, and we expect that approximately 70% of this backlog will be recognized as revenue in fiscal 2027, an additional 20% of the firm backlog in fiscal 2028, and the balance thereafter.

Human Capital Resources

As of May 31, 2026, we employed approximately 7,100 employees worldwide, with 5,400 employees in the United States and 1,700 employees outside of the United States. We also retained approximately 700 contract workers as of May 31, 2026, the majority of whom are located at our airframe maintenance facilities. We retain these contract workers as they provide unique skill sets which are necessary at certain facilities as well as mitigate the impact of demand variability with our customers.

Our employees provide the foundation for our ability to achieve our strategic objectives. They are instrumental in driving operational excellence and strong financial performance and maintaining a robust safety, quality and compliance program.

We believe sustainable performance is driven by the alignment of people, process, and technology. By investing in our talent, continuously improving our processes, and advancing our technology capabilities, we enhance operational excellence, strengthen our safety and quality outcomes, and position the Company for long-term growth.

The success and growth of our business depend on our ability to attract, retain, and develop talented and high-performing employees at all levels of our organization. We care about the experience our employees have with us and the impact we collectively have in our community. We believe this strategy is important because it helps us promote workforce engagement, retention, and productivity, which enables strong business growth globally. We are proud to be recognized in Forbes' American's Dream Employers 2026, 2026 Military Friendly[®] Employer and Military Friendly Spouse[®] Employer designations, and Great Place To Work certification.

Commitment to Safety

Safety and wellbeing are fundamental to our culture, operations, and long-term success. Our commitment to safety begins at the highest levels of the organization, with the Board of Directors' Aviation Safety and Training Committee providing oversight of safety, training, and safety culture, including review of key risks, performance indicators, and continuous improvement initiatives. Executive leadership is accountable for safety performance, with responsibility embedded across all levels of the organization.

We are committed to fostering a safe workplace in compliance with applicable safety and occupational health regulations, including FAA, EASA, TCCA, and Occupational Safety and Health Administration ("OSHA") requirements, as well as our internal standards and policies. We actively engage employees to identify hazards, report concerns, and participate in corrective actions that strengthen our safety performance. Our approach emphasizes hazard identification, risk reduction, prevention of quality escapes, and mitigation of conditions that could result in injury, operational disruption, or customer impact. Our corporate Safety Management System ("SMS") provides a structured, enterprise-wide framework aligned with regulatory and

industry standards. Through our SMS, employees proactively report hazards and near misses, conduct safety risk assessments, implement mitigations, and share lessons learned across operations. We promote a just culture that supports open reporting and prohibits retaliation, enabling us to identify risks early and address root causes through investigation and corrective action.

We support these efforts through ongoing training, leadership engagement, and targeted safety communications, including Companywide campaigns and recognition programs that reinforce safe behaviors and accountability. We monitor a range of leading and lagging indicators, such as reporting rates, risk assessments, audit results, and injury metrics, to evaluate performance and drive accountability. We leverage data analytics to identify trends, prioritize interventions, and continuously strengthen our safety culture and operational resilience. Upholding our commitment to safety is foundational to Doing it Right. Nonstop.TM

Competitive Pay and Benefits

We pay our employees competitively and reward our employees for achieving and exceeding objectives focused on creating long-term value for stockholders.

Providing comprehensive, competitive, and affordable benefits is important to our talent attraction and retention strategy. We offer health benefits that include various medical/pharmacy/dental plan options as well as a cost comparison tool to assist employees with their decisions. Health savings accounts for those in a high-deductible health plan and flexible spending accounts for both health care and dependent care are also available to employees. The retirement, investment, and tax savings/deferral opportunities offered to employees include competitive 401(k) benefits and an Employee Stock Purchase Plan.

Employees are eligible for paid and unpaid leaves, including maternity and parental leave. We also offer a variety of additional benefits to meet the needs of employees, including an Employee Assistance Program that provides confidential support and a series of free counseling sessions for employees and their families. In addition, we offer programs for educational assistance and adoption assistance. Some of our facilities also have fitness centers on site for employee use and host regular wellness events.

Inclusion and Engagement

As reflected in our values, we have a long-standing commitment to embracing a culture of inclusion. Our value of “Work as one. Be inclusive.” states: “Just as unique parts are essential to an aircraft’s ability to fly, unique talent is essential to our ability to succeed. Our strength is rooted in our commitment to inclusion. We create opportunities through new thoughts and ideas to embrace an ever-changing world.”

These values empower our people to be a team of producers, innovators, and world class leaders, who are Doing it Right. Nonstop.TM to better connect the world.

We regularly assess employee engagement through anonymous surveys and feedback mechanisms and use the results to inform action plans at the business and site levels. We are committed to fostering an inclusive environment that supports innovation, collaboration, and employee wellbeing. Monthly, each location provides various engagement activities in which we consistently see a high level of participation.

Over the past twelve months, we have focused on integrating employees from acquired businesses by aligning them with our culture, values, and operating practices. Progress has been made through structured onboarding, leadership engagement, and cross-functional collaboration opportunities to ensure consistent employee experience and foster a sense of belonging.

Talent Acquisition and Talent Management

Our continued success depends on a workforce of skilled talent. Attracting people to join us and retaining that workforce requires collaboration across industry, education, and government to develop pathways for future talent. We are proud to lead the way.

Our custom-built EAGLE Career Pathway program is helping us build the next generation labor force, hire from untapped talent pools, and enable smooth transition from military service. We are also proud to partner with Aviation Week & Space Technology’s 2026 Grand Laureate winner Choose Aerospace, a 501(c)(3)

nonprofit, to create a high school curriculum based on FAA General certification standards. Following a successful pilot program, the curriculum officially launched across six states in 2022 and has expanded to 23 states in more than 50 high schools, reaching over 2,800 students in the 2025/2026 academic year.

We have developed the first aviation maintenance course, Skillbridge, in partnership with Embry-Riddle Aeronautical University. In nine weeks, the program trains and places transitioning military service members, veterans and spouses into aviation maintenance technician careers industrywide. Based on FAA Part 65 requirements, this course prepares students to take the FAA exams as well as receiving a Boeing 737 general familiarization certificate. This program has expanded to seven military bases and since launching this program in 2019 over 1,000 students have graduated. We have elevated our commitment to supporting the future generation of technicians by donating inventory to airframe and powerplant schools.

Our summer student program continues to be an instrumental part of how we attract talent. We have expanded our program across business sectors and locations and increased flexibility to students entering their junior or senior year. Students have an opportunity to take part in a professional learning experience that offers meaningful, practical work related to their field of study. For our 10-week internship program, each intern works closely with their assigned department to perform duties similar to those of a full-time employee and learn more about the Company and the aviation industry. Interns visit our maintenance facilities, tour airports, participate in development opportunities, and work to improve the business through an assigned project. Our interns have an opportunity to receive an offer of full-time employment.

Our global talent development model aligns with our desire to support a talented and high performing workforce throughout our organization. We have updated our competency modeling to focus on helping our people with their knowledge, skills, behaviors and abilities. Annual talent reviews are conducted to discuss high potentials, high performers and emerging leaders to identify career aspirations and opportunities to grow technical and leadership skills. The development of our talent and creation of Career Pathways is ongoing through Individual Development Plans, assessments, learning and development classes, compliance training, mentorship programs, and cohort style leadership development programs.

We have continued to invest in internally developed leadership programs designed to create a consistent leadership framework across the organization. By establishing common leadership language, expectations, and behaviors, these programs help leaders at all levels to effectively engage, develop, and support their teams while reinforcing our culture and business objectives. This standardized approach enhances employee development, strengthens succession readiness, and promotes a unified leadership experience across our global workforce. Succession Planning for our Senior Leadership team and one level below has become a bigger priority to proactively plan for our ever-evolving business and continued growth and development in our leaders.

Business Ethics

Our Code of Conduct (“Code”) is a statement of the principles and standards that we expect our employees to follow. Each officer, director and employee is required to exercise sound ethical judgment in all business activities and to comply with applicable laws, rules, and regulations. The Code outlines expected behavior and serves as a guide for making ethical decisions grounded in integrity. Failure to comply with the Code or applicable laws may result in serious consequences for both the Company and individuals involved, including disciplinary action, civil penalties, or, in certain circumstances, criminal prosecution.

Available Information

For additional information concerning our business segments, see Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Business Segment Information” in Note 15 of Notes to Consolidated Financial Statements under Item 8, “Financial Statements and Supplementary Data.”

Our internet address is www.aarcorp.com. We make available free of charge through our website our Annual Report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 as soon as reasonably practicable after we electronically file such material with, or furnish such

material to, the Securities and Exchange Commission (“SEC”). Information contained on our website is not, and will not be deemed to be, a part of this Annual Report on Form 10-K or incorporated by reference into our other filings with the SEC.

Information about our Executive Officers

Information concerning each of our executive officers is set forth below:

Name	Age	Current Position with the Company
John M. Holmes	49	Chairman, President, and Chief Executive Officer, Director
Dylan Z. Wolin	50	Senior Vice President and Chief Financial Officer
Jessica A. Garascia	47	Senior Vice President, General Counsel, Chief Administrative Officer and Secretary
Chris Jessup	48	Senior Vice President, Chief Commercial Officer
Eric S. Pachapa	53	Vice President, Controller and Chief Accounting Officer

Mr. Holmes is Chairman, President and Chief Executive Officer, having served in that capacity since January 2023. Prior to that he served as President and Chief Executive Officer since June 2018. From June 2017 to May 2018, Mr. Holmes served as President and Chief Operating Officer. From February 2015 to June 2017, Mr. Holmes served as Chief Operating Officer — Aviation Services. Prior to that, Mr. Holmes served as Group Vice President, Aviation Services — Inventory Management and Distribution from 2012 to 2015, General Manager and Division President of our Allen Asset Management business from 2003 to 2012, and in various other positions since joining the Company in September 2001. Mr. Holmes has been a director of the Company since 2017.

Mr. Wolin is Senior Vice President and Chief Financial Officer, having served in that capacity since February 2026. Prior to rejoining the Company, Mr. Wolin served as President — Elgin, Trackless, and Vactor at Federal Signal Corporation, a manufacturing company, from August 2024 to February 2026. Mr. Wolin served as Vice President, Strategic and Corporate Development, and Treasurer of the Company from 2020 to August 2024 and as Vice President, Strategy and Acquisitions from 2017 to 2020. Prior to that, he served in various leadership roles in corporate development at The Boeing Company. Mr. Wolin started his career in investment banking and consulting.

Ms. Garascia is Senior Vice President, General Counsel, Chief Administrative Officer and Secretary, having served in the capacity of General Counsel and Secretary since February 2020 and Chief Administrative Officer since July 2022. Prior to joining the Company, from September 2013 through February 2020, Ms. Garascia served in positions of increasing responsibility for USG Corporation, most recently as Deputy General Counsel. Prior to USG Corporation, Ms. Garascia was an attorney for the Museum of Science and Industry and the law firm of Jenner & Block LLP.

Mr. Jessup is Senior Vice President, Chief Commercial Officer, having served in that capacity since June 2017. Mr. Jessup previously served as Chief Commercial Officer for the Company’s Aviation Services segment since February 2015, and prior to that, he served in various capacities within the Company’s MRO operations.

Mr. Pachapa is Vice President, Controller and Chief Accounting Officer, having served in that capacity since July 2016. Mr. Pachapa previously served as Controller from October 2015 to July 2016 and Senior Director of Accounting and Reporting from April 2014 to October 2015. Prior to joining the Company, Mr. Pachapa was with Glanbia plc from 2011 to 2014 and with Ernst & Young LLP from 1996 to 2011.

Each executive officer is elected annually by the Board of Directors. Executive officers continue to hold office until their successors are duly elected or until their death, resignation, termination or reassignment.

ITEM 1A. RISK FACTORS

The following is a description of the principal risks inherent in our business. Any of the risks and uncertainties described below could materially and adversely affect our business, financial condition, and

results of operations and should be considered in evaluating us. You should not interpret the disclosure of any risk factor to imply that the risk has not already materialized. Although the risks are organized by heading, and each risk is described separately, many of the risks are interrelated. While we believe we have identified and discussed below the material risks affecting our business, there may be additional risks and uncertainties that we do not presently know or that we do not currently believe to be material that may adversely affect our business, financial condition, or results of operations in the future.

Risks Related to Our Business and Industry

We are affected by factors that adversely impact the commercial aviation industry.

Our sales to commercial customers, including major airlines and related OEM suppliers, were \$2,384.1 million (72.1% of consolidated sales) in fiscal 2026. As a provider of products and services to the commercial aviation industry, we are greatly affected by the overall economic conditions and other trends that affect our customers in that industry, including any decrease in outsourcing by aircraft operators or projected market growth that may not materialize or be sustainable. The commercial aviation industry is historically cyclical and has been negatively affected in the past, and could be negatively affected in future periods, by geopolitical events, ongoing conflicts and wars (including the ongoing Russia-Ukraine conflict and Middle East conflicts), trade wars, the imposition or increase in tariffs or retaliatory countermeasures or changes in trade policies, terrorism, weather-related events, natural disasters, pandemics, disruption to fuel and oil production and supply shortages, high fuel and oil prices, other supply chain disruptions, labor issues and strikes (such as the union work stoppage at Boeing), environmental concerns (including climate change), lack of capital, cost inflation, high interest rates, and weak economic conditions, among other things.

As a result of these and other events, from time to time, certain of our customers have filed for bankruptcy protection or ceased operation. The impact of instability in the global financial markets has led, and may in the future lead, airlines to reduce domestic or international capacity. In addition, certain of our airline customers have in the past been impacted by tight credit markets, which limited their ability to buy parts, services, engines, and aircraft. Economic and other factors that adversely affect the aviation industry lead to reduced overall customer demand for our products and services, which decreases our operating income.

A reduction in the operating fleet or flight activity of aircraft both in the U.S. and abroad has resulted in, and may again result in, reduced demand for parts support and maintenance activities for the type of aircraft affected, which decreases our operating income. A deteriorating airline environment may also result in our inability to fully collect outstanding accounts receivable, which we experienced during the height of the pandemic in 2020 and 2021.

Reduced demand from customers caused by weak economic conditions, including tight credit conditions and customer bankruptcies, may adversely impact our financial condition or results of operations. If any of the customers with whom we do business become insolvent or experience substantial financial difficulties, we may be unable to timely collect amounts owed to us by such customers, and we may not be able to sell the inventory we have purchased for such customers, which may adversely affect our results of operations and financial condition. A slowdown in the global economy, or a recession, would negatively impact the commercial aviation industry, and may have a material adverse effect on our business, results of operations, financial condition and liquidity.

In addition, recent increases in energy costs and the price of fuel to the airlines resulting from conflicts in the Middle East have been placing additional pressure on the operating costs of airlines, which are our largest customers. The market for jet fuel is inherently volatile and is subject to, among other things, changes in government policy on jet fuel production, fluctuations in the global supply of crude oil, disruptions in oil production or delivery caused by hostility in oil-producing areas, or potential legislation or strategic initiatives to address climate change by reducing greenhouse gas emissions, creating carbon taxes, or implementing or otherwise participating in cap and trade programs. Airlines are sometimes unable to pass on increases in fuel prices to customers by increasing fares due to the competitive nature of the airline industry, and this compounds the pressure on operating costs, and in turn, the airlines' ability to do business with us.

In addition, our business depends on maintaining a sufficient supply of various products to meet our customers' demands. If we were to lose a key supplier, or were unable to obtain the same levels of deliveries

from these suppliers and were unable to supplement those purchases with products obtained from other suppliers, it could have a material adverse effect on our business. Additionally, our key suppliers could also increase the pricing of their products, which would negatively affect our operating results if we were not able to pass these price increases through to our customers. The supply chains for our business could also be disrupted by natural disasters, extreme weather events, pandemics, or other public health threats, governmental actions, and legislative or regulatory changes. For example, during the pandemic, our results of operations were materially and adversely impacted due to a steep decline in the number of aircraft flying.

Current geopolitical conditions, including the adoption and expansion of trade restrictions, the occurrence of a trade war, or other governmental actions related to tariffs or trade agreements or policies (such as those announced or threatened by various countries) could cause significant materials and parts shortages, as well as delivery delays, labor shortages, distribution issues, energy cost increases and price increases, which may adversely impact demand for our products, our costs, our customers, our suppliers, and the U.S. and global economy. As a result, any of these factors could have a material adverse effect on our business, financial condition, results of operations and cash flows. If price increases are not sufficient to fully offset impacts, we would expect to experience lower margins. Furthermore, stock market volatility associated with macroeconomic concerns related to tariffs and trade policies has impacted our stock price and may affect our stock price in future periods.

The effect of the current U.S. federal administration's decisions on trade licensing, such as the denial of or inaction regarding export license applications, could have a material impact on the Company, particularly our distribution and government services businesses. For example, there have been two instances in the current U.S. federal administration where license applications have been placed on hold by the U.S. Department of Commerce (the "DoC"). In addition, in May 2025, the Secretary of the DoC initiated an investigation to determine the effects on the national security of imports of commercial aircraft and jet engines, and parts for commercial aircraft and jet engines under Section 232 of the Trade Expansion Act of 1962, as amended. The outcome of this investigation is uncertain, but it could have a material impact on the Company.

Our business, financial condition, results of operations, and growth rates have been and may continue to be adversely affected by these and other events that impact the aviation industry, including those mentioned elsewhere in this Annual Report on Form 10-K and the following:

- deterioration in the financial condition of our existing and potential customers;
- reductions in the need for, or the deferral of, aircraft maintenance and repair services and spare parts support;
- retirement of older generation aircraft, resulting in lower prices for spare parts and services for those aircraft;
- reductions in demand for used aircraft and engines;
- increased in-house maintenance by airlines;
- lack of parts in the marketplace;
- disruptions in supply chain and availability of raw materials;
- changes in world trade policies and tariffs;
- government-to-government relations;
- acts of terrorism;
- economic sanctions, including retaliatory measures;
- inflationary pressures and conditions;
- political, social and economic instability and disruptions;
- climate change, environmental catastrophes and government regulations implemented to address them;
- environmental and safety-related constraints imposed upon aircraft operations, including airline operators choosing not to outsource MRO services to third-party providers due to safety oversight concerns;

- technological changes;
- cost of labor shortages and other changes in labor conditions;
- future outbreaks of infectious diseases; and
- acts of God.

Adverse events that occur in the aviation industry generally may adversely affect our reputation, which may adversely affect our business, financial results, financial condition and stock price.

As a leading aerospace maintenance company serving most U.S. registered air carriers and operating on a global scale, we face substantial business risks tied directly to the aviation industry's overall health and stability as outlined above. Any significant adverse events affecting an individual aviation company can create a negative ripple effect across the entire industry, negatively impacting our business, financial results, financial condition and stock price.

We operate under the stringent oversight of both domestic and foreign regulatory authorities. Non-compliance or unsafe practices can result in severe repercussions ranging from minor civil penalties to the revocation of operational certificates. Such outcomes can severely damage our reputation and diminish our ability to secure new contracts, directly affecting our revenue and growth prospects.

In today's climate of heightened media scrutiny, any regulatory penalties or safety incidents can escalate quickly, causing irreparable harm not just to the Company, but potentially affecting individuals within the organization as well. Maintaining rigorous compliance and safety standards is paramount to mitigate these risks and maintain the continued trust and confidence of our stakeholders, clients, and regulatory bodies. If we fail to maintain such standards, our reputation, business, financial results, financial condition and stock price may be adversely affected.

Our U.S. government contracts may not continue at present sales levels, which may have a material adverse effect on our financial condition and results of operations.

Our sales to branches, agencies and departments of the U.S. government and its contractors were \$787.8 million (23.8% of consolidated sales) in fiscal 2026 compared to \$687.6 million (24.7% of consolidated sales) in fiscal 2025 (See Note 15 of Notes to Consolidated Financial Statements). The majority of our U.S. government sales is for products and services supporting DoW aircraft sustainment, mobility systems, and the DoS flight operations and is, therefore, subject to changes in defense and other governmental agency funding and spending. Our contracts with the U.S. government and its contractors are typically agreements to provide products and services at a fixed price or in some cases, under cost reimbursable terms. These contracts typically have a base term of one year, and frequently are subject to extension for one or more additional periods of one year at the option of the government customer.

Sales to agencies of the U.S. government and its contractors are subject to a number of factors, including the level of troop and personnel deployment worldwide, competitive bidding, U.S. government funding, diplomatic priorities, requirements generated by world events, and budgetary constraints. For example, in conjunction with the U.S. exit from Afghanistan in fiscal 2022, we concluded our activities in Afghanistan under our DoS and DoW contracts. U.S. government programs are subject to annual congressional budget authorization and appropriation processes. In recent years, U.S. government appropriations have been affected by larger U.S. government budgetary issues, sequestration, and related legislation, including the statutory limit on the amount of permissible federal debt. These issues could negatively affect the timely collection of our U.S. government invoices.

In addition, there continues to be uncertainty with respect to program-level appropriations for the DoS, DoW, and other government agencies in the overall budgetary framework described above. For example, the prioritization of development programs could come at the expense of the sustainment of existing platforms. While we would expect to compete and be well-positioned as the incumbent on existing programs, we may not be successful and, even if we are successful, the replacement programs may be funded at lower levels or result in lower margins. Uncertainty remains regarding how defense budgets in the current fiscal year and beyond will affect these programs.

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If we have a contract dispute with the government, we generally seek resolution by negotiation, requests for equitable adjustment, and/or filing formal claims with the Contracting Officer (the denial of which may be appealed formally to the appropriate Board of Contracting Appeals). The resolution strategy for disputes depends heavily upon the ongoing business relationship with the customer, and the pursuit of claims requires significant time and additional costs, including legal fees and expenses. We make assumptions on what we expect to recover in our financial statements, but we may not be able to fully recover from the financial impact of these disputes, as there is no guarantee that litigation would ultimately be successful.

If there are funding delays and constraints, we may be required to continue to perform for some period of time on certain of our U.S. government contracts even if the U.S. government is unable to make timely payments. Future budget cuts, including cuts mandated by sequestration, or future procurement decisions could result in reductions, cancellations, and/or delays of existing contracts or programs which could adversely affect our results of operations and financial condition.

In addition, budgets for U.S. government programs could be negatively impacted by possible policy changes on defense spending, spending priorities outside defense, the reduction in military presence overseas, the general pressure to reduce DoW and DoS spending, and the ability of the U.S. government to enact relevant legislation such as the authorization and appropriations bills during government shutdowns. For example, in April 2025, the White House's Office of Management and Budget proposed to reduce the DoS's budget by nearly 50%, resulting in the closing of a number of overseas diplomatic missions and the reduction of diplomatic staff, which has negatively impacted the available funding for our DoS contracts by \$70 million in annual revenue for those contracts. Additional reductions in DoW or DoS budgets and spending could result in further reductions in the amount of our products and services furnished to the U.S. government. In addition, staff reductions and other operational disruptions in the government agencies could result in payment delays, the inability to obtain export authorizations, impair our ability to perform work on existing contracts, negatively impact future orders, cause other disruptions or delays or otherwise impact our operations.

We expect the U.S. government to continue to emphasize cost-cutting and other efficiency initiatives in its procurement processes. If we have difficulty adjusting to these changing acquisition priorities and/or fail to meet affordability targets set by the DoW, DoS, or their direct customers, our revenues and market share could be further impacted.

We use estimates when accounting for long-term contracts and face risks of cost overruns and losses on these contracts.

We sell certain of our products and services to our commercial, government, and defense customers under firm contracts providing for fixed unit prices, regardless of costs incurred by us. Several factors may cause the costs we incur in fulfilling these contracts to vary substantially from our estimates, and we generally bear the majority of risk that increased or unexpected costs may reduce our profit or cause us to sustain losses on these contracts. The cost of providing products or services may be adversely affected by increases in the cost of labor, materials, fuel, overhead, and other unknown variables, including manufacturing and other operational inefficiencies and differences between assumptions used by us to price a contract and actual results. Increased costs may result in cost overruns and losses on such contracts, which could adversely affect our results of operations and financial condition. This risk is greater in periods of high inflation.

We recognize revenue on our long-term contracts primarily over time as there is continuous transfer of control to the customer over the duration of the contract as the services are delivered, which generally requires estimates of total costs at completion, fees earned on the contract, or both. This estimation process is complex and involves significant judgment related to assumptions on flight hours, component repair costs, labor hours and rates, and contract penalties and incentives. Adjustments to estimates are often required as work progresses, experience is gained and additional information becomes known, even though the scope of the work required under the contract may not change. Any adjustment as a result of a change in estimates is recognized as events become known. Changes in the underlying assumptions, circumstances or estimates could result in adjustments that may adversely affect our future financial results.

Because our ability to terminate contracts is generally limited, we may not be able to terminate our performance requirements under these contracts at all or without substantial liability and, therefore, in the event we are sustaining reduced profits or losses, we could continue to sustain these reduced profits or losses for the duration of the contract term. Our failure to anticipate technical problems, estimate delivery reductions, estimate costs accurately or control costs during performance on long-term contracts may reduce our profitability or cause significant losses on programs.

If our subcontractors or suppliers fail to perform their contractual obligations, our contract profitability and our ability to win new contracts may be adversely affected.

We rely on subcontractors to perform a portion of the services we agree to provide our customers, and our suppliers provide necessary labor, inventory and component parts. A failure by one or more of our subcontractors or suppliers to satisfactorily provide on a timely basis the agreed-upon services or supplies may affect our ability to perform our contractual obligations. Deficiencies in the performance of our subcontractors and/or suppliers could result in liquidated damages or our customer terminating our contract for default. A termination for default could expose us to liability and adversely affect our financial performance and our ability to win new contract awards.

The success of our Repair, Engineering, and Software segment is dependent upon our ability to manage our operational footprint.

We currently perform Airframe MRO and Component MRO activities at several of our leased and owned airframe maintenance facilities. Our maintenance facilities could become unavailable either temporarily or permanently due to our inability to extend our leases on commercially reasonable terms, labor disruptions at any of our facilities, or other circumstances that may be beyond our control, such as geopolitical developments or logistical complications arising from catastrophic and weather-related events. We must also manage any permitting delays that may arise in connection with the expansion of our facility in Miami, Florida and any other issues that may arise in connection with the construction process. In addition, as we have acquired new sites, we are undergoing site consolidation. Our inability to effectively execute our site consolidation strategy may have a material adverse impact on our results of operations.

Potential logistical complications resulting from circumstances beyond our control may include, but are not limited to, power loss, telecommunication and information systems failures, or other internal or external system or service failures, accidents or incidents arising from acts of war, terrorism, cyberattacks, weather, global climate change, earthquakes, hurricanes, fires, floods, tornadoes or other natural disasters or pandemics, including public health crises.

If any of these events were to occur at or around any of our facilities, this could result in potential damage to physical assets and we may be unable to shift work to other facilities or to make up for lost work, which could result in a prolonged interruption of our business, significant delays in shipments of products, the loss of sales and customers, and large expenses to repair or replace the facility or facilities. We may not have insurance to adequately compensate us for any of these events. If insurance or other risk transfer mechanisms, such as existing disaster recovery and business continuity plans, are insufficient to recover all costs, we could experience a material adverse effect on our business, financial condition and results of operations.

The success of our Repair, Engineering, and Software business segment is dependent upon continued outsourcing by the airlines.

Revenues at our Airframe MRO and Component MRO facilities fluctuate based on demand for maintenance and repairs, which, in turn, is driven by the number of aircraft operating and the extent of

outsourcing of maintenance and repair activities by airlines. In addition, certain airlines operate certain new fleet types and/or newer generation aircraft and we may not have contractual arrangements to service these aircraft nor technicians trained and certified to perform the required airframe MRO activities on such aircraft. If either the number of aircraft operating or the level of outsourcing of maintenance activities for the aircraft models for which we are authorized to service declines, we may not be able to execute our operational and financial plans at our airframe maintenance and component repair facilities, which could adversely affect our results of operations and financial condition.

In addition, we have made investments in facilities and lease commitments to support specific service offerings. A slowing or disruption of these service offerings that results in operating below intended levels could cause us to suffer financial losses.

Our operations may be adversely affected by a shortage of skilled personnel or work stoppages.

Our business has historically been dependent on educated and skilled aviation mechanics because of the complex nature of many of our products and services. We face competition for management and qualified technical personnel from other companies and organizations. Furthermore, we have a collective bargaining agreement covering approximately 170 employees in our Government Solutions segment (approximately 2% of our total workforce).

Our ability to operate successfully and meet our customers' demands could be jeopardized if we are unable to attract and retain a sufficient number of skilled personnel, including aviation mechanics, to conduct our business, or we experience a significant or prolonged work stoppage in such an environment. In such case, our ability to secure new work and our results of operations and financial condition could be adversely affected. There is significant competition for such personnel in the industries in which we operate. We are impacted, and may continue to be impacted, by higher labor costs and/or labor shortages due to wage and salary inflationary pressures in the economy, a tightening labor market and increased rates of employee resignations generally throughout the U.S. economy.

Employees in certain locations have shown increased interest in unionization. If a significant portion of our employees were to become unionized, our labor costs could increase and our business could be negatively affected by other requirements and expectations that could increase our costs, change our employee culture, decrease our flexibility and disrupt our business. Additionally, our responses to any union organizing efforts could negatively impact how we are perceived and have adverse effects on our business, including on our financial results. These responses could also expose us to legal risk, causing us to incur costs to defend legal and regulatory actions, potential penalties and restrictions or reputational harm. Recent labor activity in the aviation industry, including union strikes and extended labor negotiations, may have an adverse impact on our efforts and may result in work stoppages or slowdowns, or increased labor costs.

We operate in highly competitive markets, and competitive pressures may adversely affect us.

The markets for our products and services to our commercial, government, and defense customers are highly competitive, and we face competition from a number of sources, both domestic and international. Our competitors include aircraft manufacturers, aircraft component and parts manufacturers, airline and aircraft service companies, other companies providing MRO services, and other aircraft spare parts distributors and redistributors. Market competition for opportunities to acquire aviation assets includes traditional transportation companies, commercial and investment banks, as well as a growing number of non — traditional participants, such as hedge funds, private equity funds and other private investors. Some of our competitors have substantially greater financial and other resources than we have, and others may price their products and services below our selling prices. Some of our OEM competitors have greater name recognition than us or our subsidiaries, as well as complementary lines of business and financial, marketing and other resources that we do not have. In addition, some of our competitors, including OEMs, aircraft maintenance providers, leasing companies and U.S. FAA certificated repair facilities, may attempt to bundle their services and product offerings in the supply industry for customers, thereby significantly increasing industry competition. We compete with major commercial airlines, many of which operate their own MRO operations. Our smaller competitors may be able to offer more attractive pricing as a result of lower labor costs or other factors. These competitive markets also create pressure on our ability to retain and fill skilled

labor needs. We believe that our ability to compete depends on superior customer service and support, on-time delivery, sufficient inventory availability, competitive pricing, and effective quality assurance programs.

Our government customers, including the DoW and DoS, may turn to commercial contractors, rather than traditional defense contractors, for certain work, or may utilize set asides such as small business, women-owned, or minority-owned contractors or determine to source work internally rather than use us. We are also impacted by bid protests from unsuccessful bidders on new program awards and task orders. Bid protests could result in significant expense for us, contract modifications, or the award decision being overturned and loss of the contract award. Even where a bid protest does not result in the loss of an award, the resolution can extend the time until the contract activity can begin, and delay earnings.

These competitive pressures, with potential impacts on both our commercial and government business, could adversely affect our results of operations and financial condition.

We are exposed to risks associated with operating internationally.

We market our products and services globally, with approximately 34.3% of our consolidated sales in fiscal 2026 derived from sales to foreign customers (See Note 15 of Notes to Consolidated Financial Statements). In addition, we maintain offices and facilities in several foreign countries. We expect that sales to foreign customers will continue to account for a significant portion of our revenues in the foreseeable future. We also make capital investments in and enter into joint ventures with foreign entities from time to time. Consequently, we are subject to a variety of risks that are specific to international operations and investments, including the following:

- military conflicts, civil strife, and political risks;
- geopolitical unrest, war, terrorism and other acts of violence;
- volatility in foreign political, regulatory and economic environments;
- ability to obtain required export authorizations or approvals;
- export regulations that could erode profit margins or restrict exports, including the transfer of technical data;
- rapidly evolving export controls and financial and economic sanctions imposed on certain industry sectors, including the aviation sector, and parties in Russia by the U.S., the United Kingdom, the European Union and others;
- heightened trade enforcement posture, including strict liability frameworks that may impose liability without knowledge or intent, and increasing coordination among U.S. and non-U.S. regulators with enhanced penalties;
- rapidly evolving regulatory environment governing machine learning and artificial intelligence, and new or inconsistent requirements which may increase compliance costs, restrict the use of AI-enabled tools, or expose us to enforcement risk;
- compliance with the U.S. Foreign Corrupt Practices Act of 1977, as amended (“FCPA”), the United Kingdom Bribery Act 2010, and other anti-bribery and anti-corruption laws (See Note 16 of Notes to Consolidated Financial Statements for information about certain pending proceedings);
- the burden and cost of compliance with foreign laws, treaties, and technical standards and changes in those regulations;
- failure by our employees or agents to comply with U.S. laws affecting the activities of U.S. companies abroad;
- difficulty staffing and managing widespread operations;
- uncertainty of the ability of foreign customers to finance purchases;
- uncertainties and restrictions concerning the availability of funding credit or guarantees;
- contract award and funding delays;

- potential restrictions on transfers of funds;
- imposition of import and export duties, tariffs, value added taxes, withholding taxes or other taxes on our foreign income;
- fluctuations in currency exchange rates, which may affect demand for our products and services and may adversely affect our profitability in U.S. dollars;
- transportation delays and interruptions;
- uncertainties arising from foreign local business practices and cultural considerations;
- changes in U.S. policies on trade relations and trade policy, including implementation of or changes in trade sanctions (such as those imposed on Russia), tariffs, and embargoes (as detailed in the first risk factor in this section);
- difficulty enforcing agreements and managing litigation risk in certain legal systems outside the U.S.; and
- inability to obtain, maintain or enforce intellectual property rights.

Additionally, international procurement and local country rules and regulations, contract laws and judicial systems differ from those in the U.S. and, in some cases, may be less predictable than those in the U.S., which could impair our ability to enforce contracts and increase the risk of adverse or unpredictable outcomes, including the possibility that certain matters that would be considered civil matters in the U.S. are treated as criminal matters in other countries.

While the impact of these factors is difficult to predict, any one or more of these factors may have a material adverse effect on our business, financial condition and results of operations. Any measures that we have adopted or may adopt in the future to reduce the potential impact of losses resulting from the risks of doing business internationally may not be adequate, and the regions in which we operate might not continue to be stable enough to allow us to operate profitably or at all.

Acquisitions, which are a part of our business strategy, expose us to risks, including the risk that we may be unable to achieve the anticipated benefits from the acquired businesses.

A key element of our business strategy has been growth through the acquisition of additional businesses. We have experienced growth through strategic acquisitions in recent periods and intend to continue to pursue growth, through both acquisitions and organic expansion of products and services. We continue to have discussions with third parties regarding potential acquisitions on a regular basis. We are focused on acquiring complementary businesses that add new products, customers, and/or capabilities as well as new geographic and/or operational competitive advantages in both new and existing markets within our core competencies.

Our acquisition strategy is affected by, and poses a number of challenges and risks as a result of certain factors, including the availability of suitable acquisition candidates, incurrence of expenses, availability of capital, the cost of capital, compliance with debt covenants, consummation of acquisitions on satisfactory terms, obtaining applicable domestic and/or foreign governmental approvals such as antitrust and foreign investment related authorizations, difficulties in integrating the operations and personnel, the effects of amortization of any acquired intangible and right-of-use leased assets, the effects of potential impairments of any acquired intangible assets and/or goodwill, and the potential loss of key employees of the acquired business. For example, we recognized impairment losses for a portion of the goodwill related to the acquisition of the Product Support business in conjunction with the allocation of goodwill in the Repair, Engineering, and Software reporting unit upon the decision to divest the Landing Gear Overhaul (“LGO”) business. We also expect to impair the goodwill included in our Legacy Commercial Programs segment as its operations are wound down over the next three to four years.

In addition, acquisitions often require substantial management resources and have the potential to divert our attention from our existing business. Our growth to date has placed, and could continue to place, significant demands on our administrative, operational and financial resources.

For any businesses we acquire, we may not be able to execute our operational, financial, or integration plans for the acquired businesses. We face challenges integrating the operations of acquired businesses, some

of which were not previously part of a public company. We are also subject to unexpected liabilities and costs related to the acquired businesses, which can be difficult to predict. Further, we may not be successful integrating the acquired businesses in a manner that permits us to realize all of the anticipated benefits, including any synergies, cross-selling opportunities, cost savings, or financial or business growth opportunities, in the expected timeframe, or at all. In addition, we may not be able to manage our growth successfully. Also, adjustments to preliminary purchase price allocations during the measurement period could result in changes to the carrying values of acquired assets and liabilities. All of the above could have a material adverse effect on our overall business, financial condition, results of operations and growth prospects.

Circumstances associated with divestitures could adversely affect our results of operations and financial condition.

We periodically divest or seek to divest certain businesses, investments and assets, including those that are no longer a part of our strategic plan, such as the divestiture of our LGO business in the fourth quarter of fiscal 2025, which adversely affected our fiscal 2025 results of operations and financial condition. Any future decisions to divest or discontinue assets, businesses, products or services may again result in asset impairments, including those related to goodwill and other intangible assets, and losses upon disposition, both of which could have adverse effects on our results of operations and financial condition.

Strategic divestitures, including exits of business programs, involve a number of risks and uncertainties, such as the ability to complete them in a timely manner, or at all, and to realize the expected benefits. Sometimes we encounter difficulty in finding buyers or executing alternative exit strategies at acceptable prices and terms in a timely manner. Some prospective buyers may have difficulty obtaining financing. Divestitures require a significant investment of time and resources and may disrupt our business and distract management from other responsibilities. In addition, divestitures tend to involve the retention of certain current or future liabilities in order to induce a buyer to complete a divestiture or otherwise result in continued financial involvement in the divested business, including through indemnification or other arrangements, for a period of time following the transaction, which adversely affects our financial results. Divestitures can also result in the loss of customer relationships and decreases in revenues and earnings associated with the divested business.

We may not be successful in managing these or any other significant risks that we may encounter in divesting or discontinuing assets, businesses, products or services, which could have a material adverse effect on our business, results of operations and financial condition.

Market values for our aviation products fluctuate and we may be unable to recover our costs incurred on engines, rotatable components and other aircraft parts.

We make a number of assumptions when determining the recoverability of rotatable components, engines, and other assets that we sell or lease. These assumptions include historical sales trends, current and expected usage trends, replacement values, current and expected sales and lease rates, residual values, future demand, and future cash flows. Reductions in demand for these assets or declining market values, as well as differences between actual results and the assumptions utilized by us when determining the recoverability of our aircraft, engines, and other assets, could result in impairment charges in future periods, which would adversely affect our results of operations and financial condition. We also face risk in collecting from customers on the sales of parts.

The value of any given aircraft model, or any engine model applicable thereto, can vary significantly based on supply in the marketplace. Certain types of aircraft, engines and other assets may be used in significant numbers by commercial aircraft operators that experience financial difficulties from time to time. If such operators were to go into liquidation or similar proceedings, the resulting over-supply of certain types of aircraft, engines and other assets from these operators could create opportunities for us, but it could also have an adverse effect on the demand for the affected engine and aircraft types and the values of such assets, which may adversely impact our financial condition or results of operations.

If we acquire a high concentration of a particular model of engines and related parts, our business and financial results could be adversely affected by sector-specific or asset-specific factors. If the market demand for such engines and related parts declines, it is redesigned or replaced by its manufacturer or it experiences design or technical problems, the value and rates relating to such assets may decline, and we may be unable to

lease or sell such engines or related parts on favorable terms, if at all. Any decrease in the value and rates of our assets may have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

Risks Related to Technology and Intellectual Property

Our business could be negatively affected by cyber or other security threats or other disruptions.

Our business depends heavily on information technology and computerized systems to communicate and operate effectively. We store sensitive data including proprietary business information, intellectual property and confidential employee or other personal data on our servers and databases. Our systems and technologies, or those of third parties on which we rely, could fail or become unreliable due to equipment failures, software viruses, cyber threats or cyber incidents, ransomware attacks, employee error or malfeasance, terrorist acts, natural disasters, power or telecommunications failures, political or social unrest, pandemics or other public health issues, or other causes. These threats arise in some cases as a result of our role as a defense contractor. Our customers, including the U.S. government, are increasingly requiring cybersecurity protections and mandating cybersecurity standards in our products, and we have incurred and expect to continue to incur additional cost to comply with such demands.

We have faced and expect to continue to face cybersecurity threats. Such threats are evolving and include, but are not limited to, malicious software, attempts to gain unauthorized access to our sensitive information (including that of our customers, suppliers, subcontractors and joint venture partners), business e-mail compromises, ransomware attacks, and other electronic security incidents, including at our customers, suppliers, subcontractors, and joint venture partners, that could lead to disruptions in mission critical systems, unauthorized release of confidential or otherwise protected information, and corruption of data. We have employees working remotely at times, which heightens the risk of these potential vulnerabilities. In addition, as we increase the use of artificial intelligence tools into our operations, the risk of unauthorized access to our data and of making errors or erroneous decisions based on our reliance on such tools will increase. Further, as artificial intelligence capabilities improve and are increasingly adopted, they may be used to identify vulnerabilities and produce advanced cybersecurity attacks, and vulnerabilities may be introduced from the use of artificial intelligence by us, our customers, suppliers and other business partners and third-party providers.

We also rely on third parties to host certain enterprise systems and to manage and host our data and that of our customers. Our ability to monitor such third parties' security measures and the full impact of the systemic risk is limited. If our systems, data, or any third-party service that we use is unavailable to us for any reason, our customers may experience service interruptions, which could significantly impact our operations, reputation, business, and financial results. Lack of access to our data and that of our clients, or failure of our systems or those of our third-party service providers, may result in interruptions in our service, all of which may cause a loss in customers, refunds of product fees, and/or material harm to our reputation and operating results.

A theft, loss, fraudulent use or misuse of customer, stockholder, employee or our proprietary data by cybercrime or otherwise, noncompliance with our contractual or other legal obligations regarding such data or a violation of our privacy and security policies with respect to such data could adversely impact our reputation and could result in costs, fines, litigation or regulatory action against us. Security incidents that may lead to breaches can create system disruptions and shutdowns that could result in disruptions to our operations. We cannot be certain that advances in criminal capabilities, nation-state actors, new vulnerabilities or other developments will not compromise or breach the security solutions protecting our information technology, networks and systems. A systems or network failure or cyber-attack on our information systems technology or those of our partners, customers, vendors, or suppliers could adversely affect our ability to process orders, maintain proper levels of inventory, collect accounts receivable and pay expenses; all of which could have an adverse effect on our results of operations, financial condition and cash flows. Such serious harm can involve, among other things, misuse of our assets, business disruptions, loss of data, unauthorized access to trade secrets and confidential business information, unauthorized access to personal information, damage to customer relationships, legal claims or proceedings, reporting errors, processing inefficiencies, negative media attention, reputational harm, loss of sales, remediation and increased insurance costs, and

interference with regulatory compliance. We expect to continue to experience some of these types of cybersecurity threats and incidents, which could be material in the future.

We maintain a cybersecurity risk management program to monitor and mitigate cybersecurity threats and an incident response plan for realized threats. Costs associated with preventing or remediating information management security incidents or complying with related laws and regulations could have a material adverse effect on our capital expenditures, earnings or competitive position. Additionally, we have obtained insurance that provides coverage for certain cybersecurity incidents. Despite these efforts, we can make no assurances that we will be able to mitigate, detect, prevent, timely and adequately respond, or fully recover from the negative effects of cybersecurity incidents or other cybersecurity compromises, and such cybersecurity incidents, depending on their nature and scope, could potentially result in the misappropriation, destruction, corruption, or unavailability of personal information, critical data and confidential or proprietary information (our own or that of third parties) and the disruption of business operations. The potential consequences of a material cybersecurity incident include financial loss, reputational damage, damage to our IT systems, data loss, litigation with third parties, theft of intellectual property, fines, customer attrition, diminution in the value of our investment in research and development, and increased cybersecurity protection and remediation costs due to the increasing sophistication and proliferation of threats, which in turn could adversely affect our competitiveness and results of operations. Any imposition of liability, particularly liability that is not covered by insurance or is in excess of insurance coverage, could materially harm our operating results and financial condition.

We may need to make significant capital expenditures to keep pace with technological developments in our industry and we may not be successful in doing so.

The aviation industry is constantly undergoing development and change, and new products, equipment, and methods of repair and overhaul services are introduced on an ongoing basis. In order to keep pace with technological and other developments in our industry, we sometimes need to expend significant capital to develop information technology solutions, purchase new equipment, train our employees in the new methods of service, or implement new processes to increase both efficiency and capacity. Not all projects may be implemented as anticipated as a result of various factors, including ability to meet customer specifications, delivery schedules and unique contractual requirements, supplier performance, subcontractor performance, and our ability to accurately estimate costs and timing associated with such projects. In addition, we have begun implementing artificial intelligence strategies for our products and services, which may be costly or ineffective, introduce errors, cause loss of intellectual property, and raise complex regulatory compliance and other business and legal issues, which could hinder our ability to continue to incorporate certain artificial intelligence capabilities into our operations and products such as our Airvoyant platform that was launched in April 2026. If projects do not achieve anticipated increases in efficiency or capacity, our returns on these capital expenditures may be lower than expected. Failure to react timely to industry trends and manage our offerings and innovation activities responsively could decrease the competitiveness of our services, harm our reputation, and negatively impact our ability to compete and attract top talent.

We do not own certain intellectual property and tooling that is important to our business, and we may be unable to protect the value of our intellectual property.

In our Repair, Engineering, and Software segment, OEMs of equipment that we maintain for our customers include language in repair manuals relating to their equipment asserting broad claims of proprietary rights to the contents of the manuals used in our operations. Although we believe that our use of manufacture and repair manuals is lawful, there can be no assurance that OEMs will not try to enforce such claims, including through the possible use of legal proceedings, or that any such actions will be unsuccessful. Our business also depends on using certain intellectual property and tooling that we have the right to use pursuant to license grants under our contracts with OEM customers. These contracts contain restrictions on our use of intellectual property and tooling and may be terminated if we violate certain of these restrictions. Loss of a contract with an OEM customer and the related license rights to use an OEM's intellectual property or tooling may adversely affect our business, results of operations and financial condition. Third parties in other areas of our business may also bring claims challenging the validity of our intellectual property rights or allege that we infringe their intellectual property rights, which could cause us to incur substantial costs and otherwise adversely affect our business and reputation.

In addition, we may face challenges obtaining, maintaining, and enforcing our intellectual property rights, which may diminish the value of our products and services, result in costly litigation, and otherwise negatively impact our business and financial results. We rely on and may not be able to protect our rights in the unpatented technology, trade secrets, and confidential information we use to conduct our business. Others may independently develop substantially equivalent information or techniques or otherwise gain access to or disclose our technology. When we develop intellectual property and technologies with funding from U.S. government contracts, the government has the royalty-free right to use that intellectual property. Confidentiality agreements with employees and consultants may not provide effective protection of our information or, in the event of unauthorized disclosure, may not provide adequate remedies.

Risks Related to Financial Matters

Our debt exposes us to certain risks.

As of May 31, 2026, we had \$900.0 million of total debt outstanding. The amount of our existing debt, combined with our ability to incur significant amounts of debt in the future, could have important consequences, including:

- increasing our vulnerability to adverse economic or industry conditions;
- requiring us to dedicate a portion of our cash flow from operations to payments on our debt, thereby reducing the availability of our cash flow to fund working capital, capital expenditures, strategic initiatives, and general corporate purposes;
- increasing our vulnerability to, and limiting our flexibility in planning for, or reacting to, changes in our business or the industries in which we operate;
- exposing us to the risk of higher interest rates on borrowings under our Amended Revolving Credit Facility (as defined below), which is subject to variable rates of interest;
- placing us at a competitive disadvantage compared to our competitors that have less debt; and
- limiting our ability to borrow additional funds.

While we expect to meet all our financial obligations, we cannot ensure that our business will generate cash flow from operations in an amount sufficient to enable us to pay our debt or to fund our other liquidity needs. In addition, we may not be able to repurchase our stock or otherwise return capital to our stockholders in the foreseeable future.

We are dependent upon continued availability of financing to manage our business and to execute our business strategy, and additional financing may not be available on terms acceptable to us.

Our ability to manage our business and to execute our business strategy is dependent, in part, on the continued availability of debt and equity capital. Access to the debt and equity capital markets may be limited by various factors, including the condition of overall credit markets, general economic factors, interest rates, state of the aviation industry, our financial performance, and credit ratings. Debt and equity capital may not continue to be available to us on favorable terms, or at all. Our inability to obtain financing on favorable terms could adversely affect our results of operations and financial condition and our ability to execute our business strategies.

Restrictive covenants in the documents governing our existing and any future indebtedness may limit our current and future operations, particularly our ability to respond to changes in our business or to pursue our business strategies.

Certain financing arrangements, including our Amended Revolving Credit Facility, our accounts receivable financing program and our outstanding notes contain, and the documents governing any future indebtedness will likely contain, a number of restrictive covenants that impose significant operating and financial restrictions on us and our significant operating subsidiaries, including restrictions on our ability to take actions that we believe may be in our interest. Our failure to meet these covenants could result in default under these loan and debt agreements and may result in a cross-default under other debt agreements. In the

event of a default and our inability to obtain a waiver of the default, all amounts outstanding under our debt agreements could be declared immediately due and payable. Our failure to comply with these covenants could adversely affect our results of operations and financial condition.

The restrictive covenants could adversely affect our ability to finance our operations, make strategic acquisitions or investments or enter into alliances, withstand a future downturn in our business or the economy in general, engage in business activities, including future opportunities, that may be in our interest, and plan for or react to market conditions or otherwise execute our business strategies. Our ability to obtain future financing or to sell assets could be adversely affected because assets have been pledged as collateral for the benefit of the holders of our indebtedness.

We cannot assure you that we will be able to remain in compliance with such covenants in the future or, if we fail to do so, that we will be able to obtain waivers from the applicable holders of such indebtedness or amend such covenants and other terms of the agreements governing such indebtedness on commercially reasonable terms, if at all. Failure to comply with such covenants will entitle the applicable holders of such indebtedness to exercise remedies, including to require immediate repayment of outstanding amounts and to terminate commitments under such indebtedness, which could have a material adverse effect on our business, operations, and financial condition.

We may need to obtain additional financing in order to meet our debt obligations as they come due, to support our operations and/or to make acquisitions. Our access to debt capital markets and the cost of borrowings are affected by a number of factors, including market conditions and the strength of our credit ratings. If we cannot obtain adequate sources of credit on favorable terms, or at all, our business, operations, and financial condition could be adversely affected. We may also seek transactions to extend the maturity of our debt, reduce leverage or obtain covenant flexibility. Such transactions could result in us incurring additional debt or issuing additional equity, which could increase the risks described above.

Risks Related to Legal and Regulatory Matters

If we fail to comply with laws and regulations governing federal contractors, we could lose business and be liable for various penalties or sanctions.

We must comply with laws and regulations relating to the formation, administration, and performance of government contracts. In the U.S., these laws and regulations include the Federal Acquisition Regulations (“FAR”), Defense Federal Acquisition Regulations, the Truth in Negotiations Act, Cost Accounting Standards, and laws, regulations, and orders restricting the use and dissemination of classified information under the U.S. export control laws and the export of certain products and technical information and safeguarding of contractor information systems. Substantive policy and enforcement priorities related to government contracts are changing very quickly and sometimes ambiguously, adding to the risk. For example, FAR is currently under a comprehensive review and re-write, which may impact our business and overall risk once implemented.

In addition, we are subject to U.S. government inquiries and investigations, including periodic audits of costs that we determine are reimbursable under government contracts. U.S. government agencies routinely audit government contractors, including the Company, to review performance under contracts, cost structure, compliance with applicable contracting and procurement laws, regulations, and standards, and compliance with applicable cybersecurity requirements, as well as the adequacy of and compliance with internal control systems and policies, including the contractor’s purchasing, property, estimating, compensation and management information systems. Any costs found to be misclassified or inaccurately allocated to a specific contract are not reimbursable, and to the extent already reimbursed, must be refunded. Also, any inadequacies in our systems and policies could result in payments being withheld, penalties and reduced future business.

U.S. government rules allow contracting officers to impose contractual withholdings at no less than certain minimum levels if a contracting officer determines that one or more of a contractor’s business systems have one or more significant deficiencies. If a contracting officer were to impose such a withholding on us or even on a prime contractor where we are the subcontractor, it would increase the risk that we would not be paid in full or paid timely. If future audit adjustments exceed our estimates, our profitability could be adversely affected.

The terms of our defense contracts with the U.S. government generally permit the government to terminate contracts partially or completely, either for its convenience or if we default by failing to perform under the contract. Termination for convenience provisions provide only for our recovery of unrecovered costs incurred or committed, settlement expenses and profit on the work completed prior to termination. Termination for default provisions provide for the contractor to be liable for excess costs incurred by the U.S. government in procuring undelivered items from another source.

We have been subject to government investigation that has resulted in the payment of penalties and has required our compliance with the terms of agreements with government agencies. If other government inquiries or investigations uncover improper or illegal activities, we have been and, if government inquiries or investigations uncover allegedly improper or illegal activities, we could be subject to civil or criminal penalties or administrative sanctions, including contract termination, fines, forfeiture of fees, suspension of payment and suspension or debarment from doing business with government agencies, any of which could materially adversely affect our reputation, business, financial condition and results of operations.

In addition, DoW facility security clearance is required in order to be awarded and be able to perform on classified contracts for the DoW and certain other agencies of the U.S. government, which is a significant part of our business. We have obtained clearance at appropriate levels that require stringent qualifications, and we may be required to seek higher level clearances in the future. If for some reason our security clearance is invalidated or terminated, we may not be able to continue to perform our present classified contracts or be able to enter into new classified contracts, which could affect our ability to maintain current business and to compete for and capture new business.

We are subject to significant government regulation, which may cause us to incur significant expenses to comply with new or more stringent governmental regulation and may subject us to regulatory actions, which may adversely impact our business, financial condition or results of operations.

The aviation industry is highly regulated by the FAA in the U.S. and equivalent regulatory agencies in other countries. Before we sell any of our products that are to be installed in an aircraft, such as engines, engine parts and components, and airframe and accessory parts and components, they must meet certain standards of airworthiness established by the FAA or the equivalent regulatory agencies in certain other countries. We operate repair stations that are licensed by the FAA and the equivalent regulatory agencies in certain other countries, and hold certificates to operate aircraft. Specific regulations vary from country to country although regulatory requirements in other countries are generally satisfied by compliance with FAA requirements. New and more stringent governmental regulations may be adopted in the future that, if enacted, may have an adverse impact on us. If any of our material licenses, certificates, authorizations, or approvals were revoked or suspended by the FAA or equivalent regulatory agencies in other countries, our results of operations and financial condition may be adversely affected.

The DoC and the DoS regulate the export, re-export and re-transfer of U.S. controlled goods and technologies. We are subject to the DoC's and the DoS's regulations with respect to the lease and sale of aircraft, engines, engine parts and components, and airframes and accessory parts and components to foreign entities. The DoC and the DoS may, in certain cases, require us to obtain authorization for the export, re-export or re-transfer within foreign countries of certain items. The U.S. Department of Homeland Security, through the U.S. Customs and Border Protection, enforces regulations related to the import of aircraft, engines, engine parts and components, and airframe and accessory parts and components into the United States. We must expend resources to comply with these regulations and our failure to comply with these regulations may subject us to regulatory actions, which may adversely impact our financial condition or results of operations.

We must comply with all applicable export control laws and regulations of the United States and other countries. United States laws and regulations applicable to us include the Arms Export Control Act, the International Traffic in Arms Regulations ("ITAR"), the Export Administration Regulations ("EAR"), and the trade sanctions laws and regulations administered by the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC"). The EAR restricts the export of dual-use products and technical data to certain countries, while the ITAR restricts the export of defense products, technical data and defense services. The U.S. government agencies responsible for administering the EAR and the ITAR have significant discretion in the interpretation and enforcement of these regulations. We cannot provide services to certain countries

subject to United States trade sanctions or restrictions unless we first obtain the necessary authorizations from the applicable regulatory agency.

We are prohibited from doing business with entities designated by OFAC on its “Specially Designated Nationals List,” and must monitor our operations and existing and potential lessees and other counterparties for compliance with OFAC’s rules. Similarly, sanctions or prohibitions issued by the United Nations, the United States government, the European Union or other governments could prohibit or restrict us from doing business in certain countries, or with certain customers or persons, and we must monitor our operations and existing and potential customers and other counterparties for compliance with such sanctions. We must expend resources to comply with these regulations and our failure to comply with these regulations may subject us to regulatory actions, which may adversely impact our financial condition or results of operations.

Our operations are subject to anti-corruption laws including the FCPA, the U.S. domestic bribery statute contained in 18 U.S.C. §201, the United Kingdom Bribery Act 2010, the U.S. Travel Act, and other anti-corruption laws that apply in countries where we do business. The FCPA and these other laws generally prohibit us and our employees and intermediaries from authorizing, promising, offering, or providing, directly or indirectly, improper or prohibited payments, or anything else of value, to government officials or other persons to obtain or retain business or gain some other business advantage. We and certain of our customers operate in a number of jurisdictions that pose a high risk of potential FCPA violations, and we participate in collaborations and relationships with third parties whose corrupt or illegal activities have subjected us and could again potentially subject us to liability under the FCPA or local anti-corruption laws, even if we do not explicitly authorize or have actual knowledge of such activities. We cannot ensure that we will prevent all misconduct and violations of applicable laws of the jurisdictions in which we operate, including laws governing improper payments to government officials and commercial bribery, the protection of export controlled or classified information, cost accounting and billing, competition and data privacy, that may be committed by our employees, agents, subcontractors, suppliers, business partners, or others working on our behalf or with us, and this risk of improper conduct may increase as we expand globally.

We are also subject to a variety of other regulations including work-related and community safety laws. The Occupational Safety and Health Act of 1970 mandates general requirements for safe workplaces for all employees, and established the Occupational Safety and Health Administration (“OSHA”) in the Department of Labor. In particular, OSHA provides special procedures and measures for the handling of certain hazardous and toxic substances. In addition, specific safety standards have been promulgated for workplaces engaged in the treatment, disposal or storage of hazardous waste. Requirements under state law, in certain circumstances, may mandate additional measures for facilities handling materials specified as extremely dangerous.

Federal, state, and local requirements relating to the discharge and emission of substances into the environment, the disposal of hazardous waste, the remediation and abatement of contaminants, and other activities affecting the environment have had and may continue to have an impact on our operations. Management cannot assess the possible effect of compliance with future environmental requirements or of future environmental claims for which we may not have adequate indemnification or insurance coverage. If we were required to pay the expenses related to any future environmental claims for which neither indemnification nor insurance coverage were available, these expenses could have an adverse impact on our results of operations and financial condition.

Future environmental regulatory developments in the United States and abroad concerning environmental issues, such as climate change, could adversely affect our operations and increase operating costs and, through their impact on our customers, reduce demand for our products and services. Actions may be taken in the future by the U.S. government, state governments within the United States, foreign governments, or the International Civil Aviation Organization to regulate the emission of greenhouse gases by the aviation industry. The precise nature of any such requirements and their applicability to us and our customers are difficult to predict, but the impact to us and the aviation industry would likely be adverse and could be significant, including the potential for increased fuel costs, carbon taxes or fees, or a requirement to purchase carbon credits.

Violations of these laws or regulations by us or by those with whom or through whom we do business could subject us to administrative, civil or criminal investigations and monetary and non-monetary penalties,

including suspension and debarment, which could negatively impact our reputation and ability to conduct business and could have a material adverse effect on our financial position, results of operations and/or cash flows.

Our industry is susceptible to product and other liability claims, and claims not adequately covered by insurance may adversely affect our financial condition.

Our business exposes us to possible claims for property damage and bodily injury or death, which may result if an engine, engine part or component, airframe part or accessory, or any other aviation product that we have sold, manufactured, or repaired fails, or if an aircraft we operated, serviced, or in which our products are installed, has an accident. Claims may arise in the future, and our insurance coverage may not be adequate to protect us in all circumstances. Additionally, we might not be able to maintain adequate insurance coverage in the future at an acceptable cost. Any liability claim not covered by adequate insurance could adversely affect our results of operations and financial condition.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not Applicable.

ITEM 1C. CYBERSECURITY

We face many cybersecurity threats including ransomware, denial-of-service attacks, business email compromise, and persistent threats from state-affiliated groups. We have experienced cyber-attacks in the past and may experience cybersecurity incidents in the future. While prior incidents have not materially affected our business, results of operations or financial condition, there is no guarantee that a future cyber threat or cyber incident would not affect our business strategy, results of operations or financial condition. See Item 1A. Risk Factors for more information on our cybersecurity risks.

Risk Management and Strategy

We maintain documented information security policies and standards to protect operations, assets, data and services and to defend against, respond to and recover from potential cyberattacks. Our cybersecurity strategy and risk management processes use the National Institute of Standards and Technology governance requirements and cybersecurity framework as a guide to help us identify, assess, and manage cybersecurity risks relevant to our business.

Our approach to cybersecurity risk management includes multiple complementary elements to mitigate our cybersecurity risks. We utilize multi-layered defenses to help prevent attacks including the use of data analytics to help detect anomalies and search for cyber threats. We have comprehensive cyber threat detection and response capabilities with applied threat intelligence, and continuous monitoring to complement other technology, processes and threat detection techniques we have in place. We subscribe to third-party threat intelligence and managed security services that continuously monitor our systems and networks to assist with early cybersecurity threat detection and protection.

We work with government, customer, industry and/or supplier partners to gather and develop policies and standards and share information to address cyber threats. We conduct information security assessments of partners before sharing or allowing the hosting of data in computing environments managed by third parties. We require our employees to regularly complete phishing and other awareness training to help identify, avoid and mitigate cybersecurity threats.

While our primary focus is on prevention and detection of cybersecurity threats, we have response and recovery plans in effect, as well as service agreements with outside experts should there be a need for us to respond to an attack. We have adopted a cybersecurity incident response plan that provides direction and a defined approach for preparing for, identifying and responding to cybersecurity incidents that may pose a potential threat to our information systems, networks and data. The detailed plan defines the roles and responsibilities of all parties included in our cybersecurity incident response team which incorporates our IT team, senior management, and other functional areas.

We also have controls and procedures for reporting material cybersecurity incidents, including review of significant cybersecurity incidents by a cross-functional team to determine whether further escalation is necessary. We also periodically conduct practice exercises with management to reinforce the management team with our cyber incident response capabilities and processes. We also conduct internal and third-party assessments or penetration tests to validate our cybersecurity controls and improve our security posture. We also maintain cybersecurity liability insurance coverage.

Our Chief Information Security Officer (“CISO”) partners with management in internal functions, such as finance, legal, and internal audit, in overseeing information security risks, as well as third-party consultants who perform risk-based assessments with recommendations for designing, implementing, executing, monitoring, and improving our cybersecurity risk management program and strategies, which helps align our programs and strategies with our business and operational objectives. Results of third-party assessments are shared with the Audit Committee and the Board of Directors.

Governance

To facilitate the prevention, detection and timely response to information security threats, we have a dedicated CISO whose team is responsible for managing our information security strategy, policies, standards, and processes. The information security team provides security operations, monitoring and response and provides regular reports to the CISO to inform and monitor the prevention, detection, mitigation and remediation of cybersecurity risks. The CISO, who also serves as our data protection officer, currently serves as Acting Chief Digital & Technology Officer (“Acting CDTO”) following the departure of our former Chief Digital & Technology Officer (“CDTO”) and reports directly to our Chairman, President and Chief Executive Officer.

Our CISO/Acting CDTO has extensive experience and expertise in developing, implementing and operating security policies and procedures covering our network and critical data. Our CISO/Acting CDTO has 35 years of experience in information technology systems and is a 27-year military veteran of the U.S. Navy and Navy Reserve with a Top Secret/Sensitive Compartmented Information (TS/SCI) U.S. security clearance and multiple combat deployments in information warfare. Additionally, our CISO/Acting CDTO holds several certifications, including, among others, the following security certifications: Certified Information Systems Security Professional (CISSP), Certified Ethical Hacker (CEH), Certified Network Defense Analyst (CNDA), Disaster Recovery Institute International (DRII), and CompTIA Network+ and Security+.

The CISO/Acting CDTO and members of senior management regularly review cybersecurity matters. These discussions include the latest cybersecurity risks and threats, the status of our cybersecurity incident response plan, and our overall process relating to the prevention, detection, mitigation and remediation of cybersecurity incidents. Our Board of Directors, through its Audit Committee, is responsible for overseeing our cybersecurity risk management. On a regular basis, the Board of Directors or Audit Committee receive and review reports from the CISO/Acting CDTO relating to the status of cybersecurity planning and protections, the overall state of our cybersecurity program, emerging cybersecurity developments and threats, and our strategy to mitigate cybersecurity risks.

ITEM 2. PROPERTIES

In our Parts Supply segment, we primarily operate from our leased headquarters in Wood Dale, Illinois and locations in Jacksonville, Florida and Randolph, New Jersey. In addition to warehouse space in our Wood Dale, Illinois location, this facility also includes executive, sales and administrative offices which support all of our segments.

In our Repair, Engineering, and Software segment, our Airframe MRO services are conducted at U.S. facilities leased by us in Indianapolis, Indiana; Oklahoma City, Oklahoma; Miami, Florida; Rockford, Illinois; Greensboro, North Carolina; and Lake City, Florida and at Canadian facilities leased by us in Trois Rivières, Quebec and Windsor, Ontario. Our Component MRO services are primarily conducted at owned facilities in Hot Springs, Arkansas; Grand Prairie, Texas; Wellington, Kansas; Chonburi, Thailand; and Amsterdam, Netherlands.

In our Government Solutions segment, our services are primarily conducted from leased facilities in Rockledge, Florida; Ogden, Utah; Jacksonville, Florida; and Windsor, Connecticut. Our Mobility Systems products and services are primarily conducted from an owned facility in Cadillac, Michigan.

In our Legacy Commercial Programs segment, our services are primarily conducted from leased facilities in Brussels, Belgium and Crawley, England.

We also operate sales offices that support all our activities and are leased in London, England; Crawley, England; Paris, France; Rio de Janeiro, Brazil; Tokyo, Japan; Shanghai, China; Singapore, Republic of Singapore; and Dubai, United Arab Emirates.

We believe that our owned and leased facilities are suitable and adequate for our operational requirements.

ITEM 3. LEGAL PROCEEDINGS

Note 16 of the Notes to our Consolidated Financial Statements for the year ended May 31, 2026 contained in Item 8 of this Annual Report on Form 10-K includes information on legal proceedings that constitute material contingencies for financial reporting purposes that could have a material adverse effect on our consolidated financial position or liquidity if they were resolved in a manner that is adverse to us. The information in Note 16 is incorporated by reference in this Item 3.

There are no matters which constitute material pending legal proceedings to which we are a party other than those incorporated into this Item 3 by reference from Note 16 to our Consolidated Financial Statements for the year ended May 31, 2026 contained in Item 8 of this Annual Report on Form 10-K.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

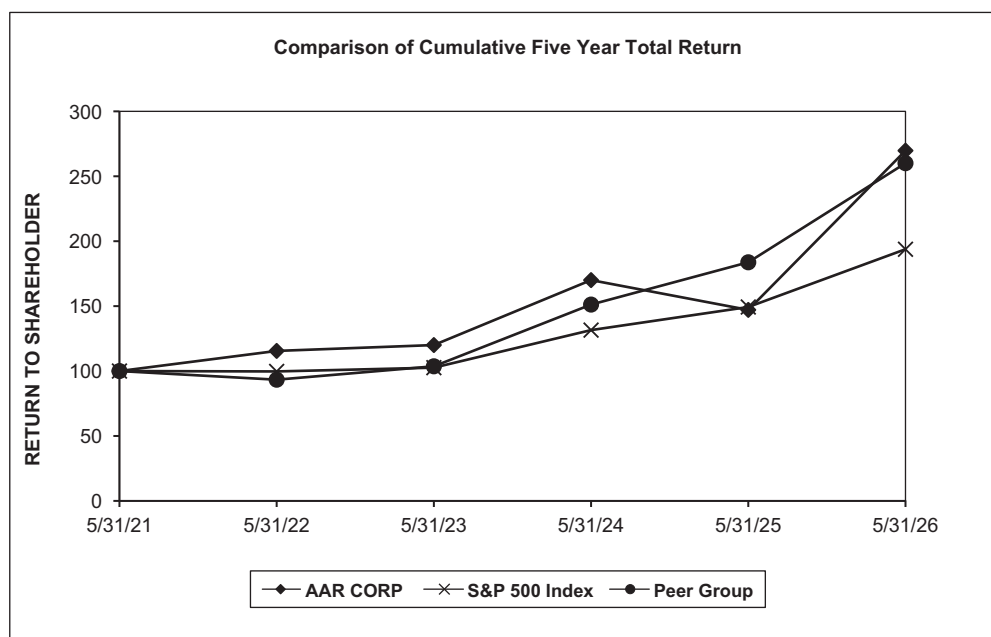
PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock is traded on the New York Stock Exchange and NYSE Texas under the symbol "AIR." On June 30, 2026, there were approximately 560 holders of common stock, including participants in security position listings.

Stockholder Return Performance Graph

The following graph compares the total return on a cumulative basis of \$100 invested, and reinvestment of dividends in our common stock since May 31, 2021 to the Standard and Poor's ("S&P") 500 Index and the Peer Group:



Company Name / Index	Base Period 5/31/21	INDEXED RETURNS Years Ending				
		5/31/22	5/31/23	5/31/24	5/31/25	5/31/26
AAR CORP	100	115.50	120.02	170.04	147.09	269.75
S&P 500 Index	100	99.70	102.61	131.54	149.32	193.80
Peer Group	100	93.34	103.66	151.19	183.76	260.08

The S&P 500 Index is comprised of domestic industry leaders in four major sectors: Industrial, Financial, Utility, and Transportation, and serves as a broad indicator of the performance of the U.S. equity market. The Company's fiscal 2026 Peer Group companies are listed as follows:

Air Lease Corporation	MSC Industrial Direct Co., Inc.
Applied Industrial Technologies, Inc.	The Timken Company
Crane Co.	TriMas Corporation
Curtiss-Wright Corporation	Triumph Group, Inc.
Ducommun Incorporated	V2X, Inc.
Heico Corporation	VSE Corporation
Hexcel Corporation	Woodward, Inc.
Moog Inc.	

We removed Barnes Group Inc. and Spirit AeroSystems Holdings, Inc. from our prior year peer group as each company has been acquired.

The Company annually revisits the composition of the peer group to ensure that the Company's performance is measured against those of comparably sized and situated companies. The mix of the Company's commercial and government/defense markets presents a challenge in constructing a peer group, given that many government/defense contractors have substantially greater resources than the Company.

Dividends

We did not declare any dividends in fiscal 2024, 2025, or 2026. The declaration and payment of cash dividends is at the discretion of our Board of Directors and will be dependent upon our future earnings, cash flows, financial condition, capital requirements and strategy and any future government restrictions.

ITEM 6. (Reserved)

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Dollars in millions)

Background and Forward-Looking Statements

The following discussion and analysis of our financial condition and results of operations, and quantitative and qualitative disclosures about market risk should be read in conjunction with our consolidated financial statements and the related notes included in this Annual Report on Form 10-K. For a discussion of the comparison of fiscal 2025 and 2024, refer to Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations of our Annual Report on Form 10-K for the year ended May 31, 2025 (filed with the SEC on July 22, 2025).

Management's Discussion and Analysis of Financial Condition and Results of Operations contains certain statements relating to future results, which are forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements may also be identified because they contain words such as "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "likely," "may," "might," "plan," "potential," "predict," "project," "seek," "should," "target," "will," "would," or similar expressions and the negatives of those terms. These forward-looking statements are based on the beliefs of management, as well as assumptions and estimates based on information available to us as of the dates such assumptions and estimates are made, and are subject to certain risks and uncertainties, including those factors discussed under Item 1A, "Risk Factors," that could cause actual results to differ materially from those anticipated. Should one or more of those risks or uncertainties materialize adversely, or should underlying assumptions or estimates prove incorrect, actual results may vary materially from those described. Those events and uncertainties are difficult or impossible to predict accurately and many are beyond our control. We assume no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events.

General Overview

During the fourth quarter of fiscal 2026, we changed our operating segment structure to realign our Integrated Solutions segment which resulted in the following changes:

- Combined our government programs activities and our Mobility Systems business, previously reported as Expeditionary Services, into a new operating segment named Government Solutions;
- Re-positioned our software platform to our Repair and Engineering segment, which is renamed Repair, Engineering, and Software; and
- Legacy Commercial Programs, the remaining business unit within the Integrated Solutions segment, is now separately reported as its own operating segment.

These changes resulted in the following four operating segments:

- Parts Supply remains unchanged from the prior structure, primarily consisting of new parts Distribution and sales of used serviceable material, including aircraft, engine and airframe parts and components (“USM”);
- Repair, Engineering, and Software primarily consists of Airframe MRO, Component MRO, and our software platforms, including Trax, Aerostrat, Airvoyant and Airinmar;
- Government Solutions primarily consists of our fleet management and operations of customer-owned aircraft, customized performance-based supply chain logistics programs in support of the U.S. Department of War (“DoW”), the U.S. Department of State (“DoS”) and foreign governments and the engineering, design, integration, manufacture, and repair of pallets, shelters, and containers (“Mobility Systems”); and
- Legacy Commercial Programs consists of asset-heavy flight hour-based component repair programs for commercial airlines and distribution of consumables and expendables inventory. During the fourth quarter of fiscal 2026, we also announced our intention to exit our Legacy Commercial Programs business as it requires significant asset pools and no longer meets our capital return thresholds. We anticipate that the wind-down of the segment will take approximately three to four years as the Legacy Commercial Programs’ existing customer contracts are terminated and its rotatable assets are sold.

Our chief operating decision making officer (“CODM”) is our Chief Executive Officer and he evaluates performance on our operating segments using operating income as the primary profitability measure. Our operating segments are aligned principally around differences in products and services. The Company has not aggregated operating segments for purposes of identifying reportable segments. Inter-segment sales are recorded at fair value which results in intercompany profit on inter-segment sales that is eliminated in consolidation. Corporate selling, general and administrative expenses include centralized functions such as legal, finance, treasury and human resources with a portion of the costs allocated to our operating segments.

In fiscal 2026, we completed one acquisition in our Parts Supply segment and three acquisitions in our Repair, Engineering, and Software segment to further expand our products and services portfolio and our global footprint:

- In September 2025, we acquired American Distributors Holding Co., LLC (“ADI”) for \$137.1 million. ADI is a leading distributor of electronic components and assemblies to original equipment manufacturers (“OEMs”) across the aerospace and defense industry,
- In November 2025, we acquired HAECO Americas for \$78.0 million. HAECO Americas is a provider of heavy aircraft maintenance, repair, and overhaul (“MRO”) and modification services across its hangars located in Greensboro, North Carolina and Lake City, Florida HAECO Americas was the second largest heavy maintenance provider in North America and immediately expanded our maintenance footprint. Related to the transaction, we also secured multi-year heavy maintenance contracts with key customers worth over \$850 million.
- In April 2026, we acquired Aircraft Reconfig Technologies (“ART”) for \$36.0 million. ART is a leading aircraft interiors engineering company which adds Federal Aviation Administration (“FAA”) Organization Designation Authorization to our engineering services capabilities. This enables us to issue supplemental type certificates and Parts Manufacturer Approval (“PMA”) without reliance on third parties.
- In August 2025, we acquired Aerostrat Corp. (“Aerostrat”) for \$19.0 million. Aerostrat is a leading long-range maintenance planning software provider used by airlines, MRO facilities, and cargo companies to automate complex scheduling, ensure production capacity, and simplify aircraft allocation.

Parts Supply

Our Parts Supply segment primarily consists of aftermarket distribution of new, OEM supplied replacement parts and sales and leasing of USM. The Parts Supply segment accounted for approximately 45% of our sales in fiscal 2026. We have established formal distribution relationships with OEMs of aircraft

components, which are utilized by aircraft operators and aircraft repair and maintenance operations. We are a leading independent distributor of factory new aircraft parts for the aftermarket. We also distribute components and assemblies to OEMs through our recent ADI acquisition. As we continue to enhance our digital solutions, we have developed the online PAARTSsm Store, which facilitates the electronic fulfillment of orders when customers choose this channel.

Our parts are supplied for narrow-body, wide-body and regional aircraft to aircraft operators, airlines, government customers and other MRO companies across the world. In most cases, we enter exclusive relationships with OEM manufacturers for a given market where we are the only provider of that supplier's product category. We provide global scale, independence, and highly technical sales capabilities across both commercial and government end-markets.

Repair, Engineering, and Software

Our Repair, Engineering, and Software segment primarily provides Airframe MRO, Component MRO, and integrated software solutions. The Repair, Engineering, and Software segment accounted for approximately 35% of our sales in fiscal 2026.

Our Airframe MRO services are primarily comprised of major airframe inspection, MRO, painting services, line maintenance, airframe modifications, structural repairs, avionics service and installation, exterior and interior refurbishment and engineering services and support for many types of commercial and military aircraft. Component MRO services are primarily comprised of repair and overhaul services for structural components, engine and airframe accessories, and interior refurbishment.

Our software solutions primarily consist of comprehensive, cloud-based, mobile, and AI-enabled aviation aftermarket software which provide greater value across all aspects of airline and MRO technical operations. Trax is a cloud-based system of record for aircraft maintenance which is enhanced by mobile apps for real-time work execution. Trax supports all MRO workflows including engineering, planning, procurement, inventory management, repair completion, quality, and reporting. Aerostrat is an advanced platform for long-range heavy maintenance planning used by global airlines. Aerostrat automates complex scheduling to ensure heavy maintenance capacity and minimizes aircraft out-of-service time. Airvoyant is an artificial intelligence ("AI") platform that automates the procurement workflow from requisition to invoice (end-to-end) through intelligent sourcing decisions using data science and agentic AI. Airvoyant also provides automated ordering controlled by AI confidence thresholds and business rules such as part type, order value, and approvals. Airinmar provides warranty claim management in support of our airline customers' maintenance activities.

In fiscal 2025, we sold our Landing Gear Overhaul ("LGO") business to GA Telesis for net proceeds of \$48 million subject to post-closing adjustments for working capital, cash, and debt. We recognized a loss on the divestiture of \$71.1 million which included goodwill of \$14.6 million.

Government Solutions

The Government Solutions segment primarily consists of our fleet management and operations of customer-owned aircraft, customized performance-based supply chain logistics programs in support of the DoW, the DoS and foreign governments and our Mobility Systems operations which provides products and services supporting the movement of equipment by the U.S. and foreign governments and non — governmental organizations. The Government Solutions segment accounted for approximately 15% of our sales in fiscal 2026.

Fleet management and operations of customer-owned aircraft are performed for the DoS under the INL/A WASS contract. We are the prime contractor on this ten-year performance-based contract which began in fiscal 2018. Our services under the contract include operating and maintaining the global DoS fleet of fixed- and rotary-wing aircraft. Supply chain logistics programs are primarily comprised of material planning, sourcing, logistics, information and program management and parts and component repair and overhaul.

Mobility Systems designs, manufactures, and repairs transportation pallets and a wide variety of containers and shelters used in support of military and humanitarian tactical deployment activities. The containers and shelters are used in numerous mission requirements, including armories, supply and parts storage, refrigeration systems, tactical operation centers, briefing rooms, laundry and kitchen facilities, water

treatment, and sleeping quarters. Shelters include both stationary and vehicle-mounted applications. Mobility Systems also provides engineering, design, and system integration services for specialized command and control systems.

Legacy Commercial Programs

The Legacy Commercial Programs segment primarily consists of asset-heavy flight hour-based component pool and repair programs for commercial airlines and distribution of consumables and expendables inventory. The Legacy Commercial Programs segment accounted for approximately 5% of our sales in fiscal 2026.

Flight hour component inventory and repair programs for commercial airlines are primarily comprised of outsourcing programs for airframe parts and components.

Our business activities in this segment are primarily conducted through AAR Supply Chain, Inc. and AAR International, Inc.

Business Trends and Outlook

In fiscal 2026, we set new records throughout the year, expanding our capabilities, strengthening our market position, and delivering exceptional financial results that validated our strategy as the leading Parts, Repair, and Software platform in the aviation aftermarket.

The energy across our 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 part of how we operate, leading us to add nonstop to our longstanding brand promise, now Doing it Right. Nonstop.™

Our repositioned portfolio and focused strategy drove record-breaking financial results in fiscal 2026. Notably, growth of our new parts Distribution activities contributed to exceptional profitability improvements. More broadly, our focus on significantly expanding margins across all business areas drove unprecedented growth with achievements well above our prepandemic highs.

During fiscal 2026, we took decisive steps to simplify our portfolio, increase transparency, and sharpen our focus on higher-margin businesses with stronger returns on capital. We re-segmented our operations to provide greater visibility into our performance and began the multi-year wind down of our Legacy Commercial Programs business. At our recent Investor Day in May 2026, we outlined how these actions position us 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 the increasing importance of advanced automation in aviation procurement and supply chain management.

Growth remained a priority throughout fiscal 2026, both organically and through acquisitions. We completed the expansion of our Airframe MRO facility in Oklahoma City and are 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 2026 marked our most acquisitive year with four acquisitions strengthening key areas of our business and further reinforcing our competitive position across the aviation aftermarket. Integration efforts are progressing ahead of plan, and each acquisition is already contributing to our capabilities, customer value proposition, and growth strategy.

Over the long-term, we expect to see strength in our aviation products and services given our offerings of value-added solutions to both commercial and government and defense customers. We believe long-term commercial aftermarket growth trends are favorable. As we continue to invest in the pipeline of opportunities

in the government market, our long-term strategy continues to emphasize investing in the business and capitalizing on opportunities in both the commercial and government markets.

Discussion of Results of Operations

	Year Ended May 31,		
	2026	2025	% Change
Sales:			
Commercial	\$2,384.1	\$1,976.1	20.6%
Government and defense	923.9	804.4	14.9%
	<u>\$3,308.0</u>	<u>\$2,780.5</u>	<u>19.0%</u>
Gross Profit:			
Commercial	\$ 414.8	\$ 391.6	5.9%
Government and defense	207.2	136.1	52.2%
	<u>\$ 622.0</u>	<u>\$ 527.7</u>	<u>17.9%</u>
Gross Profit Margin:			
Commercial	17.4%	19.8%	
Government and defense	22.4%	16.9%	
Consolidated	18.8%	19.0%	

Consolidated sales in fiscal 2026 increased \$527.5 million, or 19.0%, over the prior year primarily due to an increase in sales to commercial customers. Consolidated sales to commercial customers increased \$408.0 million, or 20.6%, over the prior year primarily due to strong demand and volume growth in our new parts Distribution activities, including from our recent ADI acquisition, which contributed sales of \$82.2 million. In addition, our recent HAECO Americas acquisition contributed sales of \$131.1 million.

Our consolidated sales to government customers increased \$119.5 million, or 14.9%, primarily due to volume growth in our Parts Supply segment from our new parts Distribution activities, including from the ADI acquisition, which contributed sales of \$33.2 million.

Consolidated cost of sales increased \$433.2 million, or 19.2%, over the prior year which was largely in line with the consolidated sales increase of 19.0% discussed above.

Consolidated gross profit in fiscal 2026 increased \$94.3 million, or 17.9%, over the prior year. Gross profit on sales to government customers increased \$71.0 million, or 52.2%, over the prior year primarily due to strong demand and volume growth across our new parts Distribution activities increasing gross profit by \$22.3 million. In addition, volume growth and favorable mix of products and services drove improvement in gross profit of \$19.3 million in our government program activities. Gross profit margin on sales to government customers increased to 22.4% from 16.9% primarily due to the mix of products and services in our government program activities.

Gross profit on sales to commercial customers increased \$23.2 million, or 5.9%, over the prior year primarily due to strong demand and volume growth in our new parts Distribution activities, including from our recent ADI acquisition. Gross profit margin on sales to commercial customers decreased to 17.4% from 19.8% in the prior year primarily due to the mix of products and services, including the pre-integration, lower margin HAECO Americas operations.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased \$1.6 million, or 0.5%, over the prior year primarily due to the fiscal 2026 acquisitions, including ADI and HAECO Americas. This increase was largely offset by FCPA investigation and settlement costs of \$54.8 in the prior year.

As a percent of sales, selling, general and administrative expenses decreased to 10.6% from 12.5% in the prior year primarily due to the operating leverage from the sales derived from the fiscal 2026 acquisitions.

Operating Income

Operating income in fiscal 2026 increased \$92.6 million, or 50.0%, over the prior year primarily due to the factors discussed above.

Non-Operating Items

During fiscal 2026, we recognized a bargain purchase gain of \$29.5 million related to our HAECO Americas acquisition as the preliminary fair value of the identifiable assets acquired exceeded the total purchase price.

Additionally, in fiscal 2026, we sold our corporate headquarters building in Wood Dale, Illinois in connection with our corporate headquarters relocation to Chicago, Illinois. The sale price for the property was \$26.0 million and we recognized a gain on the sale of \$9.8 million.

Interest Expense

Interest expense in fiscal 2026 decreased \$3.3 million reflecting the impact of both lower interest rates and lower average borrowings. Our average borrowing rate on our Amended Revolving Credit Facility was 5.80% in fiscal 2026 compared to 6.54% in the prior year.

Income Taxes

In fiscal 2026, our effective income tax rate was 23.7% compared to 67.9% in the prior year. This decrease is primarily attributable to the FCPA settlement charge of \$55.6 million in fiscal 2025 that was nondeductible for income tax purposes resulting in no income tax benefit.

Operating Segment Results of Operations

Parts Supply Segment

	Year Ended May 31,		
	2026	2025	% Change
Third-party sales	\$1,487.7	\$1,099.6	35.3%
Operating income	186.2	156.8	18.8%
Operating margin	12.5%	14.3%	

Sales in the Parts Supply segment in fiscal 2026 increased \$388.1 million, or 35.3%, over the prior year period primarily due to a \$295.4 million increase in sales in our new parts Distribution activities from increased demand and growth from new and expanded distribution agreements. The ADI acquisition contributed sales of \$115.3 million to the increase in new parts Distribution sales during fiscal 2026.

Sales for our USM activities increased \$92.7 million as a result of increased demand for whole assets as those sales increased \$50.6 million over the prior year.

Operating income in the Parts Supply segment increased \$29.4 million, or 18.8%, over the prior year, primarily due to increased sales volumes across our new parts Distribution activities. In addition, an \$11.2 million Russian legal liability was de-recognized in fiscal 2025 as a result of the Russian Court's ruling which reversed the previous judgment against us. We also recognized a gain of \$6.5 million in fiscal 2025 as a result of an insurance recovery related to an aircraft which was on lease to a customer and was damaged beyond repair in Haiti.

Operating margin decreased to 12.5% from 14.3% in the prior year primarily due to the factors discussed above, including the Russian legal matter and the insurance recovery.

Repair, Engineering, and Software Segment

	Year Ended May 31,		
	2026	2025	% Change
Third-party sales	\$1,080.8	\$931.0	16.1%
Operating income	84.6	84.0	0.7%
Operating margin	7.8%	9.0%	

Sales in the Repair, Engineering, and Software segment in fiscal 2026 increased \$149.8 million, or 16.1%, over the prior year primarily due to growth within our Airframe MRO services of \$170.7 million. The HAECO Americas acquisition contributed sales of \$131.1 million in fiscal 2026, which was partially offset by the divestiture of our LGO business in the fourth quarter of fiscal 2025. The LGO business contributed sales of \$66.9 million in the prior year.

Operating income in the Repair, Engineering, and Software segment increased \$0.6 million, or 0.7%, over the prior year while the operating margin decreased to 7.8% from 9.0%. These changes were primarily due to the mix of products and services, including the pre-integration, lower margin HAECO Americas operations.

Government Solutions Segment

	Year Ended May 31,		
	2026	2025	% Change
Third-party sales	\$502.3	\$495.4	1.4%
Operating income	56.7	35.1	61.5%
Operating margin	11.3%	7.1%	

Sales in the Government Solutions segment in fiscal 2026 increased \$6.9 million, or 1.4%, over the prior year primarily due to higher government program activity. In addition, we recognized sales of \$13.5 million in fiscal 2025 reflecting the estimated recovery on our incurred costs related to Mobility Systems' Next Generation Pallet contract that was terminated for convenience by the customer.

Operating income in the Government Solutions segment increased \$21.6 million, or 61.5%, over the prior year with the operating margin increasing to 11.3% from 7.1% in the prior year. These increases are primarily due to higher government program activity partially offset by the recognition of a \$2 million loss to reduce the estimated recovery from the U.S. government on a long-term aircraft maintenance program. In addition, Mobility Systems operating income increased \$5.6 million primarily due to higher sales volumes for pallets.

Legacy Commercial Programs Segment

	Year Ended May 31,		
	2026	2025	% Change
Third-party sales	\$237.2	\$254.5	(6.8)%
Operating income	—	8.6	(100.0)%
Operating margin	—%	3.4%	

Sales in the Legacy Commercial Programs segment in fiscal 2026 decreased \$17.3 million, or 6.8%, from the prior year. Fiscal 2025 included our sale of certain rotatable assets for \$18.7 million to a former, long-term power-by-the-hour customer in conjunction with the contract's termination.

In fiscal 2026, we recognized net unfavorable cumulative catch-up adjustments of \$(2.7) million compared to net unfavorable cumulative catch-up adjustments of \$(2.8) million in the prior year. These adjustments primarily relate to our long-term, power-by-the-hour programs where we provide component inventory management and repair services to commercial customers.

Operating income in the Legacy Commercial Programs segment decreased \$8.6 million, or 100.0%, from the prior year with the operating margin decreasing to 0% from 3.4% in the prior year. These decreases were

primarily due to an inventory reserve of \$4.9 million recognized in fiscal 2026 in conjunction with the decision to exit our consumables and expendables product line.

Liquidity, Capital Resources and Financial Position

Our operating activities are funded and commitments met through the generation of cash from operations. Our ability to generate cash from operations is influenced primarily by our operating performance and changes in working capital. In addition to operations, our current capital resources include an unsecured revolving credit facility under the credit agreement with various financial institutions as lenders and Wells Fargo Bank, N.A., as administrative agent for the lenders (the “Credit Agreement”), and an accounts receivable financing program. Periodically, we may also raise capital through common stock and debt financings in the public or private markets. We continually evaluate various financing arrangements, including the issuance of common stock or debt, which would allow us to improve our liquidity position and finance future growth on commercially reasonable terms. Our continuing ability to borrow from our lenders and issue debt and equity securities to the public and private markets in the future may be negatively affected by a number of factors, including the overall health of the credit markets, general economic conditions, airline industry conditions, geo-political events, our debt service obligations, and our operating performance.

At May 31, 2026, our liquidity and capital resources included working capital of \$1,128.9 million inclusive of cash of \$84.0 million. We expect that our cash on hand, coupled with future cash flows from operations and other available sources of liquidity discussed below, will provide ample liquidity to enable us to meet our cash requirements for at least the next 12 months and foreseeable future thereafter.

Borrowings

On March 1, 2024, we entered into an amendment (the “Revolver Amendment”) to our Credit Agreement, which governs the Company’s existing revolving credit facility (the revolving credit facility as amended by the Revolver Amendment, the “Amended Revolving Credit Facility”). Among other things, the Revolver Amendment (i) increased the aggregate commitments under the Amended Revolving Credit Facility to \$825.0 million from \$620.0 million under the Revolving Credit Facility, (ii) increased the maximum leverage ratio permitted under the financial covenants applicable to the Amended Revolving Credit Facility and (iii) included an additional pricing level that increases the interest rate margins on the Amended Revolving Credit Facility to 250 basis points (in the case loans based on the secured overnight financing rate (“SOFR”)) and 150 basis points (in the case of Base Rate (as defined in the Revolver Amendment) loans) if our adjusted total debt to EBITDA ratio exceeds 3.75:1.00.

Under certain circumstances, we may request an increase to the lending commitments under the Credit Agreement by an aggregate amount of up to \$300 million, not to exceed \$1,125 million in total. The Credit Agreement expires on December 14, 2027. Borrowings under the Credit Agreement bear interest at a variable rate based on SOFR plus 112.5 to 250 basis points based on certain financial measurements if a SOFR loan, or at the offered fluctuating Base Rate plus 12.5 to 150 basis points based on certain financial measurements if a Base Rate loan.

At May 31, 2026, borrowings outstanding under the Amended Revolving Credit Facility were \$200.0 million and there were approximately \$10.5 million of outstanding letters of credit, which reduced the availability under this facility to \$614.5 million. There are no other terms or covenants limiting the availability of the Amended Revolving Credit Facility. As of May 31, 2026, we also had other financing arrangements that did not limit availability on our Amended Revolving Credit Facility, including foreign lines of credit of \$9.9 million.

On March 1, 2024, we issued \$550.0 million aggregate principal amount of 6.75% Senior Notes due 2029 (the “Notes”) to fund a portion of the purchase price for the acquisition of the Triumph Group Inc.’s Product Support business. The Notes bear interest at a rate of 6.75% per year, payable semiannually in cash in arrears on March 15 and September 15 of each year, commencing September 15, 2024. The Notes will mature on March 15, 2029. The Company may redeem the Notes, in whole or in part, at specified redemption prices ranging from 100.000% to 103.375% depending on the date of redemption.

On August 14, 2025, we issued an additional \$150.0 million aggregate principal amount of our Notes (the “Additional Notes”). Other than with respect to the date of issuance and the offering price, the Additional

Notes have the same terms as the Notes. Debt issuance costs of \$2.5 million were incurred in connection with the Additional Notes which were issued at an original issuance premium of 102% of their principal amount, or \$3.0 million.

Our financing arrangements require us to comply with leverage and interest coverage ratios and comply with certain affirmative and negative covenants, including those relating to financial reporting and notification, compliance with applicable laws, and limitations on additional liens, indebtedness, acquisitions, investments and disposition of assets. Our financing arrangements also generally require our significant domestic subsidiaries to provide a guarantee of payment. At May 31, 2026, we were in compliance with the financial and other covenants under each of our financing arrangements.

Sale of Receivables

We maintain a Purchase Agreement with Citibank N.A. (“Purchaser”) for the sale, from time to time, of certain accounts receivable due from certain customers (the “Purchase Agreement”). Under the Purchase Agreement, the maximum amount of receivables sold is limited to \$150.0 million and Purchaser may, but is not required to, purchase the eligible receivables we offer to sell. The term of the Purchase Agreement expires after February 22, 2027, but, the Purchase Agreement may be terminated earlier under certain circumstances. The term of the Purchase Agreement is automatically extended for annual terms unless either party provides advance notice that they do not intend to extend the term.

We have no retained interests in the sold receivables, other than limited recourse obligations in certain circumstances, and only perform collection and administrative functions for the Purchaser. We account for these receivable transfers as sales under Accounting Standards Codification 860, *Transfers and Servicing*, and de-recognize the sold receivables from our Consolidated Balance Sheet. At May 31, 2026, we have utilized \$13.9 million which reduced the availability under the Purchase Agreement to \$136.1 million.

Common Stock Offering

During the second quarter of fiscal 2026, we sold 3,450,000 shares of our common stock at \$83.00 per share in a registered underwritten offering. After deducting underwriting fees and other offering expenses, we received \$273.9 million in net proceeds.

Stock Repurchase Program

On December 16, 2021, our Board of Directors authorized a renewal of our stock repurchase program, under which we may repurchase up to \$150 million of our common stock with no expiration date. No shares were repurchased during fiscal 2026. During fiscal 2025, we repurchased 0.2 million shares for an aggregate purchase price of \$10.1 million. During fiscal 2024, we repurchased 0.1 million shares for an aggregate purchase price of \$5.1 million. Since inception of the renewal authorization, we have repurchased 2.4 million shares for an aggregate purchase price of \$107.5 million. The timing and amount of repurchases are subject to prevailing market conditions and other considerations, including our liquidity and acquisition and other investment opportunities.

Cash Flows

Cash Flows from Operating Activities

Net cash provided by operating activities was \$98.7 million in fiscal 2026 compared to \$36.1 million in the prior year. The increase in cash provided from the prior year of \$62.6 million was primarily attributable to working capital changes, including the timing of customer collections in accounts receivable partially offset by higher amounts of accounts payable primarily due to timing of vendor payments.

Cash Flows from Investing Activities

Net cash used in investing activities was \$308.7 million in fiscal 2026 compared to cash provided of \$10.7 million in the prior year. The increase in cash used in investing activities from the prior year of \$319.4 million was primarily related to the four acquisitions completed in fiscal 2026.

Cash Flows from Financing Activities

Net cash provided by financing activities was \$208.6 million in fiscal 2026 compared to a use of cash of \$33.7 million in the prior year. The increase in cash provided by financing activities over the prior year of \$242.3 million was primarily related to the common stock and debt offerings we completed in the second quarter of fiscal 2026 to fund our fiscal 2026 acquisitions and reduce our borrowings under our Amended Revolving Credit Facility.

Contractual Obligations and Off-Balance Sheet Arrangements

A summary of contractual cash obligations and off-balance sheet arrangements as of May 31, 2026 is as follows:

		Payments Due by Period					
		Due in Fiscal 2027	Due in Fiscal 2028	Due in Fiscal 2029	Due in Fiscal 2030	Due in Fiscal 2031	After Fiscal 2031
	Total						
On Balance Sheet:							
Credit Agreement borrowings	\$ 200.0	\$ —	\$200.0	\$ —	\$ —	\$ —	\$ —
Credit Agreement interest ¹	19.3	12.5	6.8	—	—	—	—
6.75% Senior Notes	700.0	—	—	700.0	—	—	—
6.75% Senior Notes interest	131.9	47.3	47.2	37.4	—	—	—
Facilities and equipment operating leases . .	227.8	22.8	18.9	13.8	10.6	9.4	152.3
Off Balance Sheet:							
Purchase obligations ²	1,161.1	772.0	282.1	91.6	13.2	1.3	0.9

Notes:

¹ Interest was determined using the interest rates in effect on May 31, 2026.

² Purchase obligations arise in the ordinary course of business and represent a binding commitment to acquire inventory, including raw materials, parts, and components, as well as equipment to support the operations of our business.

We routinely issue letters of credit and performance bonds in the ordinary course of business. These instruments are typically issued in conjunction with insurance contracts or other business requirements. The total of these instruments outstanding at May 31, 2026 was \$10.5 million.

Critical Accounting Policies and Significant Estimates

Our Consolidated Financial Statements are prepared in conformity with accounting principles generally accepted in the United States. Management has made estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent liabilities to prepare the Consolidated Financial Statements. The most significant estimates made by management include those related to assumptions used in accounting for business combinations, assessing goodwill impairment, adjustments to reduce the value of inventories and certain rotatable assets, revenue recognition, and allowance for credit losses. Accordingly, actual results could differ materially from those estimates. The following is a summary of the accounting policies considered critical by management.

Business Combinations

When we acquire a business, we allocate the purchase price by recognizing assets acquired and liabilities assumed based on their estimated fair values at acquisition date with any excess of the purchase consideration when compared to the fair value of the net tangible and intangible assets acquired recognized as goodwill. A preliminary fair value is determined once a business is acquired, with the final determination of fair value completed no later than one year from the date of acquisition.

The determination of the estimated fair value of assets acquired and liabilities assumed requires significant judgment and estimates, including the selection of valuation methodologies, estimates of future revenues, costs and cash flows, discount rates, and selection of comparable companies. We engage the assistance of valuation specialists in concluding on fair value measurements in determining the fair value of assets acquired and liabilities assumed in business combinations.

The fair value of the intangible assets is estimated using several valuation methodologies, including the income-based or market-based approaches, which represent Level 3 fair value measurements. The value for customer relationships is typically estimated based on a multi-period excess earnings approach. The more significant inputs used in the customer relationships intangible asset valuation include (i) future revenue growth rates, (ii) projected gross margins, (iii) the customer attrition rate, and (iv) the discount rate. The value for developed technology is estimated based on a relief from royalty approach. The more significant inputs used in the developed technology intangible asset valuation include (i) future revenue growth rates, (ii) profitability, (iii) technology obsolescence, (iv) market royalty rates, and (v) the discount rate. The useful lives are estimated based on the future economic benefit expected to be received from the assets.

Transaction costs are not included as components of consideration transferred but instead, expensed as incurred.

Goodwill

Under accounting standards for goodwill and other intangible assets, goodwill and other intangible assets deemed to have indefinite lives are not amortized, but are subject to annual impairment tests. We review and evaluate our goodwill and indefinite life intangible assets for potential impairment at a minimum annually, on May 31, or more frequently if circumstances indicate that impairment is possible.

The accounting standards for goodwill allow for either a qualitative or quantitative approach for the annual impairment test. Under the qualitative approach, factors such as macroeconomic conditions, industry and market conditions and company-specific events or circumstances are assessed to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. When the quantitative approach is utilized, we compare the fair value of each reporting unit with the carrying value of the reporting unit, including goodwill. If the estimated fair value of the reporting unit is less than the carrying value of the reporting unit, we would be required to recognize an impairment loss for the excess carrying value of the reporting unit's assets.

In fiscal 2025 and 2024, we utilized the qualitative assessment approach for our annual review of goodwill impairment for each of our reporting units. As a result of the change in our operating segments in late fiscal 2026, we used a combination of quantitative and qualitative for our fiscal 2026 goodwill impairment review. Under the qualitative approach, we considered the overall industry and market conditions related to the aerospace and government/defense markets as well as conditions in the global capital markets. We also considered the long-term forecasts for each reporting unit, which incorporated specific opportunities and risks, working capital requirements, and capital expenditure needs. The fair value of our reporting units is also impacted by our overall market capitalization and may be impacted by volatility in our stock price and assumed control premium, among other items.

For our quantitative assessment approach, we estimated the fair value of the applicable reporting unit using primarily an income approach based on discounted cash flows. The assumptions we used to estimate the fair value of the reporting units were based on historical performance, as well as forecasts used in our business plan. We used discount rates based on our consolidated weighted average cost of capital which was adjusted for each applicable reporting unit based on its specific risk, size, and industry characteristics. The fair value measurements used for our goodwill impairment testing used significant unobservable inputs, which reflected our own assumptions about the inputs that market participants would use in measuring fair value.

We concluded it was more likely than not that the fair value of each reporting unit exceeded its carrying value at the respective measurement dates, and thus no impairment charges were recorded in those fiscal years.

As part of the goodwill re-allocation associated with the change in operating segments, the Legacy Commercial Programs segment was assigned goodwill of \$16.4 million. As the wind-down of its operations

and sale of its assets occurs over the next three to four years, the fair value of the segment will progressively decrease which will ultimately result in the full impairment of the Legacy Commercial Programs goodwill in a future period or periods.

Inventories

Inventories are valued at the lower of cost or net realizable value. Cost is determined by the specific identification, average cost or first-in, first-out methods. Write-downs are made for excess and obsolete inventories and inventories that have been impaired as a result of industry conditions. We have utilized certain assumptions when determining the market value of inventories, such as inventory quantities and aging, historical sales of inventory, current and expected future aviation usage trends, replacement values, expected future demand, and historical scrap recovery rates. Reductions in demand for certain of our inventories or declining market values, as well as differences between actual results and the assumptions utilized by us when determining the market value of our inventories, could result in the recognition of impairment charges in future periods.

Revenue Recognition

Revenue is measured based on consideration specified in a contract with a customer, and excludes any sales incentives and amounts collected on behalf of third parties. We recognize revenue when we satisfy a performance obligation by transferring control over a product or service to a customer.

Our unit of accounting for revenue recognition is a performance obligation included in our customer contracts. A performance obligation reflects the distinct good or service that we must transfer to a customer. At contract inception, we evaluate if the contract should be accounted for as a single performance obligation or if the contract contains multiple performance obligations. In some cases, our contract with the customer is considered one performance obligation as it includes factors such as whether the good or service being provided is significantly integrated with other promises in the contract, whether the service provided significantly modifies or customizes another good or service or whether the good or service is highly interdependent or interrelated. If the contract has more than one performance obligation, we determine the standalone price of each distinct good or service underlying each performance obligation and allocate the transaction price based on their relative standalone selling prices.

The transaction price of a contract, which can include both fixed and variable amounts, is allocated to each performance obligation identified. Some contracts contain variable consideration, which could include incremental fees or penalty provisions related to performance. Variable consideration that can be reasonably estimated based on current assumptions and historical information is included in the transaction price at the inception of the contract but limited to the amount that is probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Variable consideration that cannot be reasonably estimated is recorded when known.

Our performance obligations are satisfied over time as work progresses or at a point in time based on transfer of control of products and services to our customers. The majority of our sales from products are recognized at a point in time upon transfer of control to the customer, which generally occurs upon shipment. In connection with certain sales of products, we also provide logistics services, which include inventory management, replenishment, and other related services. The price of such services is generally included in the price of the products delivered to the customer, and revenues are recognized upon delivery of the product, at which point the customer has obtained control of the product. We do not account for these services separate from the related product sales as the services are inputs required to fulfill part orders received from customers.

For our performance obligations that are satisfied over time, we measure progress in a manner that depicts the performance of transferring control to the customer. As such, we utilize the input method of cost-to-cost to recognize revenue over time as this depicts when control of the promised goods or services are transferred to the customer. Revenue is recognized based on the relationship of actual costs incurred to date to the estimated total cost at completion of the performance obligation. We are required to make certain judgments and estimates, including estimated revenues and costs, as well as inflation and the overall profitability of the arrangement. Key assumptions involved include future labor costs and efficiencies, overhead costs, and

ultimate timing of product delivery. Differences may occur between the judgments and estimates made by management and actual program results.

Changes in estimates and assumptions related to our arrangements accounted for using the cost-to-cost method are recorded using the cumulative catch-up method of accounting. These changes are primarily adjustments to the estimated profitability for our long-term programs where we provide component inventory management and/or repair services.

When contracts are modified, we consider whether the modification either creates new or changes the existing enforceable rights and obligations. Contract modifications that are for goods or services that are not distinct from the existing contract, due to the significant integration with the original goods or services provided, are accounted for as if they were part of that existing contract with the effect of the contract modification recognized as an adjustment to revenue on a cumulative catch-up basis. When the modifications include additional performance obligations that are distinct, they are accounted for as a new contract and performance obligation, which are recognized prospectively.

Under most of our U.S. government contracts, if the contract is terminated for convenience, we are entitled to payment for items delivered and fair compensation for work performed, the costs of settling and paying other claims, and a reasonable profit on the costs incurred or committed.

Shipping and handling fees and costs incurred associated with outbound freight after control over a product has transferred to a customer are accounted for as a fulfillment cost and are included in Cost of sales on our Consolidated Statements of Income, and are not considered a performance obligation to our customers. Our reported sales on our Consolidated Statements of Income include sales and related non-income taxes. We also utilize the “as invoiced” practical expedient in certain cases where performance obligations are satisfied over time and the invoiced amount corresponds directly with the value we are providing to the customer.

The timing of revenue recognition, customer billings, and cash collections results in a contract asset or contract liability at the end of each reporting period. Contract assets consist of unbilled receivables or costs incurred where revenue recognized over time using the cost-to-cost model exceeds the amounts billed to customers. Contract liabilities include advance payments and billings in excess of revenue recognized. Certain customers make advance payments prior to the satisfaction of our performance obligations on the contract. These amounts are recorded as contract liabilities until such performance obligations are satisfied, either over time as costs are incurred or at a point in time when deliveries are made. Contract assets and contract liabilities are determined on a contract-by-contract basis.

Impairment of Long-Lived Assets

We are required to test for impairment of long-lived assets whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable from its undiscounted cash flows. When applying accounting standards addressing impairment of long-lived assets, we have utilized certain assumptions to estimate future undiscounted cash flows, including current and future sales volumes or lease rates, expected changes to cost structures, lease terms, residual values, market conditions, and trends impacting future demand. Differences between actual results and the assumptions utilized by us when determining undiscounted cash flows could result in future impairments of long-lived assets.

We maintain a significant inventory of rotatable parts and equipment to service customer aircraft and components. Portions of that inventory are used parts that are often exchanged with parts removed from aircraft or components, and are reworked to a useable condition.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our exposure to market risk includes fluctuating interest rates under our credit agreements, changes in foreign exchange rates, and credit losses on accounts receivable. See Note 1 of Notes to Consolidated Financial Statements for a discussion on accounts receivable exposure.

We are exposed to the risk that our earnings and cash flows could be adversely impacted by fluctuations in interest rates. We manage interest costs by using a mix of fixed — and floating — rate debt. A 10 percent

increase to the average interest rate across our floating — rate debt obligations would have reduced our pre — tax income by \$2.3 million during fiscal 2026.

Revenues and expenses of our foreign operations are translated at average exchange rates during the year, and balance sheet accounts are translated at year-end exchange rates. Balance sheet translation adjustments are excluded from the results of operations and are recorded in stockholders' equity as a component of accumulated other comprehensive loss. A hypothetical 10 percent devaluation of the U.S. dollar against foreign currencies would not have had a material impact on our financial position or operating results during fiscal 2026.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors
AAR CORP.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of AAR CORP. and subsidiaries (the Company) as of May 31, 2026 and May 31, 2025, the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for each of the years in the three-year period ended May 31, 2026, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of May 31, 2026 and May 31, 2025, and the results of its operations and its cash flows for each of the years in the three-year period ended May 31, 2026, in conformity with U.S. generally accepted accounting principles.

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 May 31, 2026, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated July 21, 2026 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Assessment of the write-down of inventories

As discussed in Note 1 to the consolidated financial statements, the inventory balance as of May 31, 2026 was \$979.0 million. The Company records inventory within certain components of the Parts Supply and Repair, Engineering, and Software segments at the lower of cost or net realizable value. The write-down of slow-moving inventory is recorded for excess or obsolete inventory based on certain inputs and assumptions used to determine the net realizable value. These assumptions include the number of days transpiring from the date the inventory was originally received and the historical sales of inventory to determine recovery rates.

Other inputs include current and expected future aviation usage trends, replacement values, expected future demand, and historical scrap recovery rates.

We identified the assessment of the write-down of inventories for a portion of the inventory within the Parts Supply and Repair, Engineering, and Software segments as a critical audit matter. The primary inputs and assumptions used in determining the write-down of slow-moving inventory include the historical recovery rates, which are based on the number of days transpiring from the date the inventory was originally received, the historical sales of inventory, and the identification of specific inventories associated with aircraft with declining usage trends. The assessment of these inputs required a higher degree of subjective auditor judgment in evaluating the future customer demand for slow-moving inventory.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls over the Company's inventory process, including controls over the Company's evaluation of the impact on the estimate of net realizable value based on 1) the number of days transpiring from the date the inventory was originally received, 2) historical sales of inventory, and 3) specific inventories associated with aircraft with declining usage trends. We also tested relevant information technology application controls over the determination of the number of days transpiring from the date the inventory was originally received. We evaluated the write-down to determine that it was recorded using the Company's policy based on the number of days transpiring from the date the inventory was originally received and the recovery rates of existing inventory based on historical sales. We also assessed that the recovery rates applied to slow-moving inventory were consistent with historical sales of these inventory items. We assessed the identification of specific inventory with declining usage trends by evaluating external industry information.

/s/ KPMG LLP

We have served as the Company's auditor since 1985.

Chicago, Illinois
July 21, 2026

AAR CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	For the Year Ended May 31,		
	2026	2025	2024
	(In millions, except per share data)		
Sales:			
Sales from products	\$2,138.4	\$1,712.3	\$1,387.1
Sales from services	1,169.6	1,068.2	931.8
	<u>3,308.0</u>	<u>2,780.5</u>	<u>2,318.9</u>
Costs and operating expenses:			
Cost of products	1,742.2	1,388.9	1,096.7
Cost of services	943.8	863.9	779.9
	<u>2,686.0</u>	<u>2,252.8</u>	<u>1,876.6</u>
Gross profit	622.0	527.7	442.3
Provision for credit losses	2.1	0.2	0.7
Selling, general and administrative	349.3	347.7	312.2
Earnings (Loss) from joint ventures	7.2	5.4	(0.2)
Operating income	<u>277.8</u>	<u>185.2</u>	<u>129.2</u>
Bargain purchase gain	29.5	—	—
Gain on sale of headquarters building	9.8	—	—
Pension settlement charge	—	—	(26.7)
Gain (Loss) related to sale and exit of businesses	1.4	(72.4)	(2.8)
Other expense, net	(2.1)	(0.3)	(0.4)
Interest expense	(72.1)	(75.4)	(43.2)
Interest income	1.6	1.8	2.2
Income before income taxes	<u>245.9</u>	<u>38.9</u>	<u>58.3</u>
Income tax expense	58.2	26.4	12.0
Net income	<u>\$ 187.7</u>	<u>\$ 12.5</u>	<u>\$ 46.3</u>
Earnings per share – basic	<u>\$ 4.88</u>	<u>\$ 0.35</u>	<u>\$ 1.30</u>
Earnings per share – diluted	<u>\$ 4.86</u>	<u>\$ 0.35</u>	<u>\$ 1.29</u>
Shares used for earnings per share:			
Weighted average shares outstanding – basic	38.3	35.6	35.1
Weighted average shares outstanding – diluted	38.4	35.8	35.4

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

AAR CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	For the Year Ended May 31,		
	2026	2025	2024
	(In millions)		
Net income	\$187.7	\$12.5	\$46.3
Other comprehensive income, net of tax:			
Currency translation adjustments	0.3	3.1	0.2
Pension and post retirement plans, net of tax	<u>1.4</u>	<u>0.1</u>	<u>14.5</u>
Total other comprehensive income, net of tax	<u>1.7</u>	<u>3.2</u>	<u>14.7</u>
Comprehensive income	<u><u>\$189.4</u></u>	<u><u>\$15.7</u></u>	<u><u>\$61.0</u></u>

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

AAR CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

ASSETS

	May 31,	
	2026	2025
	(In millions, except share data)	
Current assets:		
Cash and cash equivalents	\$ 84.0	\$ 96.5
Restricted cash	23.8	12.7
Accounts receivable, net	386.8	354.8
Contract assets	148.4	140.3
Inventories	979.0	809.2
Prepaid expenses and other current assets	120.1	97.1
Total current assets	<u>1,742.1</u>	<u>1,510.6</u>
Property, plant and equipment, at cost:		
Land	7.3	9.2
Buildings and improvements	92.7	118.3
Equipment and furniture and fixtures	309.1	309.7
	<u>409.1</u>	<u>437.2</u>
Accumulated depreciation	<u>(242.2)</u>	<u>(278.7)</u>
	<u>166.9</u>	<u>158.5</u>
Other assets:		
Goodwill	580.3	530.8
Intangible assets, net	281.6	219.6
Operating lease right-of-use assets, net	210.8	93.3
Rotable assets, net	180.3	172.4
Other non-current assets	193.9	159.4
	<u>1,446.9</u>	<u>1,175.5</u>
	<u>\$3,355.9</u>	<u>\$2,844.6</u>

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

AAR CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
LIABILITIES AND EQUITY

	May 31,	
	2026	2025
	(In millions, except share data)	
Current liabilities:		
Accounts payable	\$ 295.6	\$ 303.1
Deferred revenue	50.3	40.3
Other accrued liabilities	267.3	211.3
Total current liabilities	<u>613.2</u>	<u>554.7</u>
Long-term debt	893.9	968.0
Operating lease liabilities	101.1	79.6
Deferred tax liabilities	23.1	18.4
Other liabilities	20.8	12.3
	<u>1,038.9</u>	<u>1,078.3</u>
Equity:		
Preferred stock, \$1.00 par value, authorized 250,000 shares; none issued	—	—
Common stock, \$1.00 par value, authorized 100,000,000 shares; issued 48,750,786 and 45,300,786 shares at cost, respectively	48.8	45.3
Capital surplus	789.7	505.2
Retained earnings	1,157.1	969.4
Treasury stock, 8,871,272 and 9,470,781 shares at cost, respectively	(287.9)	(302.7)
Accumulated other comprehensive loss	(3.9)	(5.6)
Total equity	<u>1,703.8</u>	<u>1,211.6</u>
	<u>\$3,355.9</u>	<u>\$2,844.6</u>

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

AAR CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE YEARS ENDED MAY 31, 2026

(In millions)	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total Equity
Balance, May 31, 2023	\$45.3	\$484.5	\$ 910.6	\$(317.8)	\$(23.5)	\$1,099.1
Net income	—	—	46.3	—	—	46.3
Stock option activity	—	2.9	—	21.7	—	24.6
Restricted stock activity	—	6.5	—	3.7	—	10.2
Repurchase of shares	—	—	—	(5.1)	—	(5.1)
Other comprehensive income, net of tax . .	—	—	—	—	14.7	14.7
Balance, May 31, 2024	\$45.3	\$493.9	\$ 956.9	\$(297.5)	\$ (8.8)	\$1,189.8
Net income	—	—	12.5	—	—	12.5
Stock option activity	—	3.2	—	6.6	—	9.8
Restricted stock activity	—	8.1	—	(1.7)	—	6.4
Repurchase of shares	—	—	—	(10.1)	—	(10.1)
Other comprehensive income, net of tax . .	—	—	—	—	3.2	3.2
Balance, May 31, 2025	\$45.3	\$505.2	\$ 969.4	\$(302.7)	\$ (5.6)	\$1,211.6
Net income	—	—	187.7	—	—	187.7
Issuance of common stock	3.5	270.4	—	—	—	273.9
Stock option activity	—	7.6	—	15.3	—	22.9
Restricted stock activity	—	6.5	—	(0.5)	—	6.0
Other comprehensive income, net of tax . .	—	—	—	—	1.7	1.7
Balance, May 31, 2026	<u>\$48.8</u>	<u>\$789.7</u>	<u>\$1,157.1</u>	<u>\$(287.9)</u>	<u>\$ (3.9)</u>	<u>\$1,703.8</u>

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

AAR CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions)	For the Year Ended May 31,		
	2026	2025	2024
Cash flows provided by operating activities:			
Net income	\$ 187.7	\$ 12.5	\$ 46.3
Adjustments to reconcile income to net cash provided by operating activities:			
Depreciation and amortization	72.1	55.2	40.2
Amortization of financing costs	3.2	2.6	1.0
Stock-based compensation expense	17.8	19.9	15.3
Bargain purchase gain	(29.5)	—	—
Gain on sale of building	(9.8)	—	—
Provision for credit losses	2.1	0.2	0.7
Pension settlement charges	—	—	26.7
Deferred tax benefit	(3.2)	(5.5)	(20.5)
Loss (Earnings) from joint ventures	(7.2)	(5.4)	0.2
Loss (Gain) on sale of business	—	68.9	—
Impairment charges and loss on sale of investments	1.0	—	—
Changes in certain assets and liabilities, net of acquisitions:			
Accounts receivable	7.7	(82.8)	(5.3)
Contract assets	8.1	(26.6)	(17.1)
Inventories	(69.0)	(109.3)	(90.4)
Prepaid expenses and other current assets	(11.9)	(5.8)	(31.7)
Rotable assets	(22.3)	(23.9)	2.5
Accounts payable	(49.9)	70.5	59.4
Accrued and other liabilities	21.6	40.9	16.9
Other	(19.8)	24.7	(0.4)
Net cash provided by operating activities – continuing operations	98.7	36.1	43.8
Net cash used in operating activities – discontinued operations	—	—	(0.2)
Net cash provided by operating activities	98.7	36.1	43.6
Cash flows provided by (used in) investing activities:			
Property, plant and equipment expenditures	(36.6)	(34.7)	(29.7)
Acquisitions, net of cash acquired	(259.4)	(1.5)	(722.9)
Proceeds from sale of building and land	25.1	4.7	—
Proceeds from sale of business	0.6	48.0	—
Hangar expansion activity, net	(28.8)	(4.0)	(1.5)
Joint venture and other investment activity	(9.6)	(1.8)	(4.4)
Net cash provided by (used in) investing activities	(308.7)	10.7	(758.5)
Cash flows provided by (used in) financing activities:			
Proceeds from equity offering, net	273.9	—	—
Proceeds from long-term borrowings, net	153.0	—	550.0
Short-term borrowings (repayments), net	(227.0)	(20.0)	175.0
Purchase of treasury stock	—	(10.1)	(5.1)
Stock compensation activity	11.2	(3.5)	19.6
Financing costs	(2.5)	(0.1)	(10.3)
Net cash provided by (used in) financing activities	208.6	(33.7)	729.2
Increase (Decrease) in cash and cash equivalents	(1.4)	13.1	14.3
Cash, cash equivalents, and restricted cash at beginning of year	109.2	96.1	81.8
Cash, cash equivalents, and restricted cash at end of year	<u>\$ 107.8</u>	<u>\$ 109.2</u>	<u>\$ 96.1</u>

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

AAR CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in millions, except per share amounts)

1. Summary of Significant Accounting Policies

Description of Business

AAR CORP. (the “Company”) is a diversified provider of services and products to the worldwide commercial aviation and government and defense markets. We serve commercial, government and defense aircraft fleet operators, original equipment manufacturers, and independent service providers around the world, and various other domestic and foreign military customers.

Services and products include: aviation supply chain and parts support programs; customer fleet management and operations; maintenance, repair and overhaul (“MRO”) of airframes (“Airframe MRO”), and certain other components (“Component MRO”); design and manufacture of specialized pallets, shelters, and containers; aircraft modifications and aircraft and engine sales and leasing.

Principles of Consolidation

The accompanying Consolidated Financial Statements include the accounts of the Company and its majority-owned subsidiaries after elimination of intercompany accounts and transactions.

Certain reclassifications have been made to the prior year presentation to conform to the 2026 presentation.

Revenue Recognition

Revenue is measured based on the consideration specified in a contract with a customer, and excludes any sales incentives and amounts collected on behalf of third parties. We recognize revenue when we satisfy a performance obligation by transferring control over a product or service to a customer.

Our unit of accounting for revenue recognition is a performance obligation included in our customer contracts. A performance obligation reflects the distinct good or service that we must transfer to a customer. At contract inception, we evaluate if the contract should be accounted for as a single performance obligation or if the contract contains multiple performance obligations. In some cases, our contract with the customer is considered one performance obligation as it includes factors such as whether the good or service being provided is significantly integrated with other promises in the contract, whether the service provided significantly modifies or customizes another good or service or whether the good or service is highly interdependent or interrelated. If the contract has more than one performance obligation, we determine the standalone price of each distinct good or service underlying each performance obligation and allocate the transaction price based on their relative standalone selling prices.

The transaction price of a contract, which can include both fixed and variable amounts, is allocated to each performance obligation identified. Some contracts contain variable consideration, which could include incremental fees or penalty provisions related to performance. Variable consideration that can be reasonably estimated based on current assumptions and historical information is included in the transaction price at the inception of the contract but limited to the amount that is probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Variable consideration that cannot be reasonably estimated is recorded when known.

Our performance obligations are satisfied over time as work progresses or at a point in time based on transfer of control of products and services to our customers. The majority of our sales from products typically represent distinct performance obligations and are recognized at a point in time upon transfer of control to the customer, which generally occurs upon shipment. In connection with certain sales of products, we also provide logistics services, which include inventory management, replenishment, and other related services. The price of such services is generally included in the price of the products delivered to the customer, and revenues are recognized upon delivery of the product, at which point the customer has obtained control of the

AAR CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in millions, except per share amounts)

product. We do not account for these services separate from the related product sales as the services are inputs required to fulfill part orders received from customers.

For our performance obligations that are satisfied over time, we measure progress in a manner that depicts the performance of transferring control to the customer. As such, we utilize the input method of cost-to-cost to recognize revenue over time as this depicts when control of the promised goods or services are transferred to the customer. Revenue is recognized based on the relationship of actual costs incurred to date to the estimated total cost at completion of the performance obligation.

We are required to make certain judgments and estimates, including estimated revenues and costs, as well as inflation and the overall profitability of the arrangement. Key assumptions involved can include customer volume, future labor costs and efficiencies, repair or overhaul costs, overhead costs, and ultimate timing of product delivery. Differences may occur between the judgments and estimates made by management and actual program results. For contracts that are deemed to be loss contracts, we establish forward loss reserves for total estimated costs that are in excess of total estimated consideration in the period in which they become known.

We utilize the portfolio approach to estimate the amount of revenue to recognize for certain contracts which require over time revenue recognition. Such contracts are grouped together either by revenue stream, customer or product line with each portfolio of contracts grouped together based on having similar characteristics. The portfolio approach is utilized only when the result of the accounting is not expected to be materially different than if applied to individual contracts.

We also may enter into offset agreements or conditions as part of obtaining orders for our products and services from certain government customers in foreign countries. These agreements are designed to enhance the social and economic environment of the foreign country by requiring the contractor to promote investment in the country. These agreements also may be satisfied through our use of cash or other means of providing financial support for in-country projects with local companies. The amounts ultimately applied against our offset agreements are based on negotiations with the customer and satisfaction of our offset obligations are included in the estimates of our total costs to complete the contract.

When contracts are modified, we consider whether the modification either creates new or changes the existing enforceable rights and obligations. Contract modifications that are for goods or services that are not distinct from the existing contract, due to the significant integration with the original goods or services provided, are accounted for as if they were part of that existing contract with the effect of the contract modification recognized as an adjustment to revenue on a cumulative catch-up basis. When the modifications include additional performance obligations that are distinct, they are accounted for as a new contract and performance obligation, which are recognized prospectively.

Certain contracts with customers have options for the customer to acquire additional goods or services. In most cases, the pricing of these options is reflective of the standalone selling price of the good or service. These options do not provide the customer with a material right and are accounted for only when the customer exercises the option to purchase the additional goods or services. If the option on the customer contract is not indicative of the standalone selling price of the good or service, the material right would be accounted for as a separate performance obligation.

Under most of our U.S. government contracts, if the contract is terminated for convenience, we are entitled to payment for items delivered and fair compensation for work performed, the costs of settling and paying other claims, and a reasonable profit on the costs incurred or committed.

In the performance of our government contracts, we routinely request contract modifications that require additional funding from the customer. Most often, these requests are due to customer-directed changes in the scope of work. While we are entitled to recovery of these costs under our contracts, the administrative process with our customer may be protracted. Based on the circumstances, we periodically file requests for equitable

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adjustment (“REAs”) that are sometimes converted into claims. In some cases, these REAs are disputed by our customer. We believe our outstanding modifications, REAs and other similar claims will be resolved without material impact to our results of operations, financial condition or cash flows.

In the ordinary course of business, agencies of the U.S. and other governments audit our claimed costs and conduct inquiries and investigations of our business practices with respect to government contracts to determine whether our operations are conducted in accordance with these requirements and the terms of the relevant contracts. U.S. government agencies, including the Defense Contract Audit Agency (“DCAA”), routinely audit our claimed indirect costs, for compliance with the Cost Accounting Standards and the Federal Acquisition Regulations. These agencies also conduct reviews and investigations and make inquiries regarding our accounting and other systems in connection with our performance and business practices with respect to our government contracts and subcontracts.

Costs to fulfill and obtain a contract are considered for capitalization based on contract specific facts and circumstances. The incremental costs to fulfill a contract, including setup and implementation costs prior to beginning the period of performance, are capitalized when expenses are incurred prior to the start of satisfying a performance obligation. The capitalized costs are subsequently expensed over the contract’s period of performance.

We have elected to use certain practical expedients permitted under Accounting Standards Codification (“ASC”) 606. Shipping and handling fees and costs incurred associated with outbound freight after control over a product has transferred to a customer are accounted for as a fulfillment cost and are included in Cost of sales on our Consolidated Statements of Income, and are not considered a performance obligation to our customers. Our reported Sales on our Consolidated Statements of Income include sales and related non-income taxes. We also utilize the “as invoiced” practical expedient in certain cases where performance obligations are satisfied over time and the invoiced amount corresponds directly with the value we are providing to the customer.

Cumulative Catch-up Adjustments

Changes in estimates and assumptions related to our arrangements accounted for using the cost-to-cost method are recorded using the cumulative catch-up method of accounting. These changes are primarily adjustments to the estimated profitability for our long-term programs where we provide component inventory management, supply chain logistics programs, and/or repair services.

Favorable and unfavorable cumulative catch-up adjustments were as follows:

	May 31,		
	2026	2025	2024
Favorable cumulative catch-up adjustments	\$ —	\$ 3.8	\$12.1
Unfavorable cumulative catch-up adjustments	(2.7)	(6.6)	(9.1)
Net cumulative catch-up adjustments	<u>\$(2.7)</u>	<u>\$(2.8)</u>	<u>\$ 3.0</u>

Contract Assets and Liabilities

The timing of revenue recognition, customer billings, and cash collections results in a contract asset or contract liability at the end of each reporting period. For instances where we recognize revenue prior to having an unconditional right to payment, we record a contract asset. When an unconditional right to consideration exists, we reduce our contract asset and recognize an unbilled or trade receivable. When amounts are dependent on factors other than the passage of time in order for payment from a customer to be due, we record a contract asset which consists of costs incurred where revenue recognized over time using the cost-to-cost model exceeds the amounts billed to customers. Contract liabilities include advance payments and billings in excess of revenue recognized. Certain customers make advance payments prior to the satisfaction of our performance

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obligations on the contract. These amounts are recorded as contract liabilities until such performance obligations are satisfied, either over time as costs are incurred or at a point in time when deliveries are made. Contract assets and contract liabilities are determined on a contract-by-contract basis.

Net contract assets and liabilities are as follows:

	May 31,		
	2026	2025	Change
Contract assets – current	\$148.4	\$140.3	\$ 8.1
Contract assets – non-current	42.9	28.4	14.5
Contract liabilities:			
Deferred revenue – current	(50.3)	(40.3)	(10.0)
Deferred revenue on long-term contracts	(6.9)	(6.4)	(0.5)
Net contract assets	<u>\$134.1</u>	<u>\$122.0</u>	<u>\$ 12.1</u>

Contract assets — non-current is reported within Other non-current assets and deferred revenue on long-term contracts is reported within Other liabilities on our Consolidated Balance Sheets. Changes in contract assets and contract liabilities primarily result from the timing difference between our performance of services and payments from customers.

During fiscal 2024, we experienced delayed collections from one of our significant regional airline customers and issued the customer a Notice of Payment and Other Defaults during the second quarter of fiscal 2024 to request payment and reserve our rights under our agreements. In the fourth quarter of fiscal 2024, we terminated a power-by-the-hour (“PBH”) program with this customer which resulted in a net termination charge of \$4.8 million. The charge included a reduction in contract assets and revenue of \$7.8 million and the establishment of repair reserves of \$2.5 million partially offset by a \$5.5 million gain recognized from the customer’s obligation to purchase the rotatable assets we utilized to perform the PBH services. In conjunction with the termination for default, the customer was obligated to purchase the rotatable assets, and we sold the assets to the customer in the fourth quarter of fiscal 2025 for \$18.7 million.

During the first quarter of fiscal 2025, our Mobility Systems’ business received a stop-work order from our U.S. government customer on the Next Generation Pallet contract as the program was terminated for convenience by the customer. Under the conditions for the termination for convenience, we have the right to submit a proposal for recovery of our incurred costs. In conjunction with the termination, we expensed equipment and inventory of \$12.7 million and recognized a contract asset of \$9.5 million reflecting the estimated recovery on our incurred costs.

During the third quarter of fiscal 2025, we submitted our termination settlement proposal to the customer and increased our contract asset to \$13.5 million based on the revised estimated recovery. In conjunction with the termination settlement proposal submission, we also expensed an additional \$1.0 million of equipment and other costs.

Changes in our deferred revenue were as follows:

	Year ended May 31,	
	2026	2025
Deferred revenue at beginning of period	\$ (46.7)	\$ (21.9)
Revenue deferred	(490.0)	(321.9)
Revenue recognized	498.3	307.6
Other ¹	(18.8)	(10.5)
Deferred revenue at end of period	<u>\$ (57.2)</u>	<u>\$ (46.7)</u>

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¹ Other includes cumulative catch-up adjustments, foreign currency translation, acquisitions, and other adjustments.

Remaining Performance Obligations

As of May 31, 2026, we had approximately \$777 million of remaining performance obligations, also referred to as firm backlog, which excludes unexercised contract options and potential orders under our indefinite-delivery, indefinite-quantity contracts. We expect that approximately 70% of this backlog will be recognized as revenue in fiscal 2027, an additional 20% of the firm backlog in fiscal 2028, and the balance thereafter. The amount of remaining performance obligations that are expected to be recognized as revenue beyond 12 months primarily relates to our long-term programs where we provide component inventory management, supply chain logistics programs, and/or repair services.

Financial Instruments and Concentrations of Market or Credit Risk

Financial instruments that potentially subject us to concentrations of market or credit risk consist principally of trade receivables. While our trade receivables are diverse and represent a number of entities and geographic regions, the majority are with the U.S. government and its contractors and entities in the aviation industry. The composition of our accounts receivable is as follows:

	May 31,	
	2026	2025
U.S. government contracts:		
Trade receivables	\$ 32.5	\$ 26.6
Unbilled receivables	8.8	13.4
	<u>41.3</u>	<u>40.0</u>
All other customers:		
Trade receivables	318.5	283.4
Unbilled receivables	27.0	31.4
	<u>345.5</u>	<u>314.8</u>
	<u>\$386.8</u>	<u>\$354.8</u>

The carrying amounts of cash and cash equivalents, accounts receivable, and accounts payable approximate fair value because of the short-term maturity of these instruments. Fair value estimates are made at a specific point in time based on relevant market information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Allowance for Credit Losses

We maintain an allowance for credit losses to reflect the expected uncollectibility of accounts receivable based on past collection history and specific risks identified among uncollected accounts. In determining the required allowance, we consider factors such as general and industry-specific economic conditions, customer credit history, and our customers' current and expected future financial performance. The majority of our customers are recurring customers with an established payment history. Certain customers are required to undergo an extensive credit check prior to delivery of products or services.

Our allowance for credit losses also includes reserves for estimated product returns based on historical return rates. The reserve for estimated product returns is recognized as a reduction to sales with a corresponding reduction to cost of sales for the estimated cost of inventory that is expected to be returned.

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We perform regular evaluations of customer payment experience, current financial condition, and risk analysis. We may require collateral in the form of security interests in assets, letters of credit, and/or obligation guarantees from financial institutions for transactions executed on other than normal trade terms. We also maintain trade credit insurance for certain customers to provide coverage, up to a certain limit, in the event of insolvency of some customers.

The change in our allowance for credit losses, including product return reserves, was as follows:

	May 31,		
	2026	2025	2024
Balance, beginning of year	\$10.7	\$14.1	\$13.4
Provision charged to operations, net of recoveries	2.1	0.2	0.7
Deductions for accounts written off and other reclassifications	1.4	(3.6)	—
Balance, end of year	<u>\$14.2</u>	<u>\$10.7</u>	<u>\$14.1</u>

Goodwill and Other Intangible Assets

Goodwill represents the excess of the fair value of consideration transferred over the fair value of the net assets acquired and liabilities assumed as of the acquisition date. In accordance with ASC 350, Intangibles — Goodwill and Other, goodwill and other intangible assets deemed to have indefinite lives are not amortized but are subject to annual impairment tests and more frequently if events or circumstances indicate that the carrying value of a reporting unit may not be recoverable.

We review and evaluate our goodwill and indefinite life intangible assets for potential impairment at a minimum annually, on May 31, or more frequently if circumstances indicate that impairment is possible. Goodwill is evaluated for impairment either under a qualitative or a quantitative assessment approach, which depends on the facts and circumstances of a reporting unit, consideration of the estimated excess of a reporting unit's fair value over its carrying amount, and changes in the business environment.

When performing a qualitative assessment, we consider factors including, but not limited to, current macroeconomic conditions, industry and market conditions, cost factors, financial performance and other relevant events to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value. If we determine that it is more likely than not that a reporting unit's fair value is less than its carrying value, a quantitative goodwill impairment test is performed which relies upon significant judgments and assumptions about expected future cash flows, weighted-average cost of capital, discount rates, expected long-term growth rates, operating margins and on the selection of guideline public companies.

When performing a quantitative goodwill impairment test, the reporting unit carrying value is compared to its fair value. Goodwill is deemed impaired if, and the impairment loss is recognized for the amount by which, the reporting unit carrying value exceeds its fair value.

Intangible assets with finite useful lives are amortized on a straight-line basis over their estimated useful lives. These intangible assets subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Foreign Currency

Our foreign subsidiaries generally utilize the local currency as their functional currency. All balance sheet accounts of foreign subsidiaries transacting business in currencies other than the U.S. dollar are translated at year-end exchange rates. Revenues and expenses are translated at average exchange rates during the year. Translation adjustments are excluded from the results of operations and are recorded in stockholders' equity as a component of accumulated other comprehensive loss until such subsidiaries are liquidated. Income and losses from foreign currency transactions re-measurements are included in Selling, general and administrative expenses.

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Business Combinations

Transaction costs related to business combinations are expensed as incurred. Assets acquired and liabilities assumed are measured and recognized based on their estimated fair values at the acquisition date, any excess of the purchase consideration when compared to the fair value of the net tangible and intangible assets acquired is recorded as goodwill.

If the initial accounting for the business combination is incomplete by the end of the reporting period in which the acquisition occurs, the business combination is recorded and disclosed on a preliminary basis. Subsequent to the acquisition date, and not later than one year from the acquisition date, adjustments to the initial preliminary recognized amounts are recorded to the extent new information is obtained about the measurement of assets and liabilities that existed as of the date of the acquisition.

Cash

Cash and cash equivalents consist of highly liquid instruments which have original maturities of three months or less when purchased. Restricted cash represents cash on hand that is legally restricted as to withdrawal or usage. As of May 31, 2026, restricted cash includes amounts on deposit with an escrow agent related to our acquisitions including \$5.4 million for Trax USA Corp. (“Trax”), \$3.1 million for Aerostrat Corp. (“Aerostrat”), and \$3.5 million for American Distributors Holding Co., LLC (“ADI”). We also have restricted cash of \$11.8 million required to be set aside by a contractual agreement to provide servicing related to receivable securitization arrangements.

The restrictions related to our acquisitions typically lapse at the time of resolution of certain contingencies including tax contingencies. The restrictions related to the receivable securitization arrangements lapse at the time we remit the customer payments collected by us as servicer of previously sold customer receivables to the purchaser.

Inventories and Rotable Assets

Inventories are valued at the lower of cost or net realizable value. Cost is determined by the specific identification, average cost, or first-in, first-out methods. Net realizable value is the estimated selling price in the ordinary course of business less reasonably predictable costs of disposal and transportation. From time-to-time, we purchase aircraft and engines for disassembly to individual parts and components. Costs are assigned to these individual parts and components utilizing list prices from original equipment manufacturers and recent sales history. Expenditures for the repair of parts and components are capitalized as inventory.

The following is a summary of inventories:

	May 31,	
	2026	2025
Aircraft and engine parts, components and finished goods	\$737.2	\$659.4
Raw materials and parts	185.7	119.9
Work-in-process	56.1	29.9
	\$979.0	\$809.2

In conjunction with the decision to exit our consumables and expendables product line, we do not expect certain inventories to be recoverable and have recognized an inventory reserve of \$4.9 million during fiscal 2026.

The cost of rotatable assets is typically the original purchase price plus overhaul costs. Depreciation is computed using the straight-line method over the estimated service life of the equipment. Rotable assets have been generally used for asset exchange or leasing transactions with customers. Future rent due to us under

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long-term leases of rotatable assets during each of the next five fiscal years is \$8.2 million in 2027, \$6.6 million in 2028, \$1.3 million in 2029, \$0.6 million in 2030, and \$0.4 million in 2031.

Property, Plant and Equipment and Other Non-Current Assets

We record property, plant and equipment at cost. Depreciation is computed on the straight-line method over useful lives of 10-40 years for buildings and improvements and 3-10 years for equipment, furniture and fixtures, and capitalized software. Leasehold improvements are amortized over the shorter of the estimated useful life or the term of the applicable lease.

Repair and maintenance expenditures are expensed as incurred. Upon sale or disposal, cost and accumulated depreciation are removed from the accounts, and related gains and losses are included in results of operations.

In accordance with ASC 360, *Property, Plant and Equipment*, we are required to test for impairment of long-lived assets whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable from its undiscounted cash flows. We utilize certain assumptions to estimate future undiscounted cash flows, including demand for our services, future market conditions and trends, business development pipeline of opportunities, current and future lease rates, lease terms, and residual values.

Investments

Investments where we have the ability to exercise significant influence, but do not control the entity, are accounted for under the equity method of accounting. Significant influence generally exists if we have a 20% to 50% ownership interest in the investee. Our share of the net earnings or loss of our investees is included in Operating income on our Consolidated Statements of Income since the activities of the investees are closely aligned with our operations.

Equity investments in entities over which we do not have the ability to exercise significant influence and whose securities do not have a readily determinable fair value are carried at cost less impairment, if any, adjusted for changes resulting from qualifying observable price changes for the identical investment of the same issuer should they occur.

We evaluate our investments for impairment whenever events or changes in circumstances indicate that the carrying amounts of such investments may be impaired. If a decline in the value of an investment is determined to be other than temporary, a loss is recorded in earnings in the current period. During fiscal 2026, we recognized impairment charges and losses on sales of investments of \$1.0 million.

Our investments are classified in Other non-current assets on our Consolidated Balance Sheets. Distributions from joint ventures are classified as operating or investing activities in the Consolidated Statements of Cash Flows based upon an evaluation of the specific facts and circumstances of each distribution.

Debt Issuance Costs

Debt issuance costs are amortized and recognized as interest expense using the effective interest rate method, or, when the results are not materially different, on a straight-line basis over the expected term of the related debt. Debt issuance costs are presented in the Consolidated Balance Sheets as a direct reduction to the carrying amount of the related debt.

Restructuring and Other Exit Costs

We recognize charges for restructuring and other exit costs such as product line exits and facility closures at their fair value when incurred. In cases where employees are required to render service until they are

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terminated in order to receive the termination benefits and will be retained beyond the minimum retention period, we recognize the expense ratably over the future service period.

Income Taxes

We are subject to income taxes in the U.S., state, and several foreign jurisdictions. In the ordinary course of business, there can be transactions and calculations where the ultimate tax determination is uncertain. We recognize deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns in accordance with applicable accounting guidance for accounting for income taxes, using currently enacted tax rates in effect for the year in which the differences are expected to reverse.

We record a valuation allowance when necessary to reduce deferred tax assets to the amount expected to be realized. Deferred tax assets are reduced by a valuation allowance if, based on the weight of available evidence, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Both positive and negative evidence are considered in forming our judgment as to whether a valuation allowance is appropriate, and more weight is given to evidence that can be objectively verified. Valuation allowances are reassessed whenever there are changes in circumstances that may cause a change in judgment.

The accounting for uncertainty in income taxes requires a more-likely-than-not threshold for financial statement recognition of tax positions taken or expected to be taken in a tax return. Where necessary, we record a liability for the difference between the benefit recognized for financial statement purposes and the tax position taken or expected to be taken on our tax return. To the extent that our assessment of such tax positions changes, the change in estimate is recorded in the period in which the determination is made.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

New Accounting Pronouncement Adopted in Fiscal 2026

In December 2023, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2023-09, *Income Taxes (Topic 740) Improvements to Income Tax Disclosures*. This ASU updates income tax disclosure requirements by requiring specific categories and greater disaggregation within the income tax rate reconciliation and disaggregation of income taxes paid by jurisdiction. The ASU is effective for fiscal years beginning after December 15, 2024, with early adoption permitted. The ASU would be applied on a prospective basis with retrospective application permitted. This ASU was adopted prospectively with no impact on our consolidated financial statements except for expanded income tax-related disclosures.

New Accounting Pronouncement Not Yet Adopted

In November 2024, the FASB issued ASU No. 2024-03, *Income Statement — Reporting Comprehensive Income — Expense Disaggregation Disclosures (Subtopic 220-40)*, *Disaggregation of Income Statement Expenses*. This ASU includes new disclosure requirements about specific expense categories, including but not limited to, purchases of inventory, employee compensation, depreciation, amortization, and selling expenses that are included in certain expense captions presented on the face of the income statement. The ASU is effective for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027. Early adoption is permitted and the ASU can be applied on a prospective or retrospective basis. We expect this ASU to only impact our disclosures with no impacts to our results of operations, cash flows, and financial condition.

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2. Acquisitions

Acquisition of the Aircraft Reconfig Technologies Business

On April 24, 2026, we acquired the outstanding shares of Aircraft Reconfig Technologies (“ART”), a leading aircraft interiors engineering company for \$36.0 million subject to customary post-closing adjustments for cash, working capital, and indebtedness.

We accounted for the acquisition using the acquisition method and included the results of ART’s operations in our consolidated financial statements from the effective date of the acquisition. ART’s results are reported within our Repair, Engineering, and Software segment. The base purchase price was paid at closing and transaction costs associated with the acquisition of \$1.1 million were expensed as incurred during fiscal 2026.

The purchase price was allocated to identifiable assets and liabilities based on information available at the date of acquisition. The allocation of the purchase price is preliminary and will potentially change in future periods as fair value estimates of the assets acquired and liabilities assumed are finalized, including those related to working capital, intangible assets, property and equipment, leases, and indemnification assets.

The final determination of the fair values will be completed within the one-year measurement period. The preliminary fair value of assets acquired and liabilities assumed is as follows:

Accounts receivable	\$ 2.1
Inventory	17.5
Other assets	0.2
Accounts payable and other liabilities	(12.9)
Net assets acquired	6.9
Goodwill	29.1
Purchase price, net of cash acquired	<u>\$ 36.0</u>

Acquisition of HAECO Americas

On November 3, 2025, we acquired the outstanding shares of HAECO Americas, LLC and its subsidiary HAECO Airframe Services, LLC (together, “HAECO Americas”) from HAECO USA, Inc. for a purchase price of \$78.0 million, which includes estimated post-closing adjustments for cash, working capital, and indebtedness. HAECO Americas provides heavy aircraft MRO and modification services across its hangars located in Greensboro, North Carolina and Lake City, Florida.

We accounted for the acquisition using the acquisition method and included the results of HAECO Americas’ operations in our consolidated financial statements from the effective date of the acquisition. HAECO Americas’ results are reported within our Repair, Engineering, and Software segment. The base purchase price was paid at closing and transaction costs associated with the acquisition of \$3.3 million were expensed as incurred in fiscal 2026.

The purchase price was allocated to identifiable assets and liabilities based on information available at the date of acquisition. The allocation of the purchase price is preliminary and will potentially change in future periods as fair value estimates of the assets acquired and liabilities assumed are finalized, including those primarily related to working capital.

The preliminary fair value of the identifiable assets acquired exceeded the total purchase price resulting in a bargain purchase gain of \$29.5 million, which we recognized in fiscal 2026. We believe the acquisition resulted in a bargain purchase gain as the seller was highly motivated to divest the business as part of its long-term strategies.

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The final determination of the fair values will be completed within the one-year measurement period. The preliminary fair value of assets acquired and liabilities assumed is as follows:

Accounts receivable	\$ 25.9
Contract assets	15.7
Inventory	16.2
Right-of-use assets	95.2
Other assets	15.0
Accounts payable and accrued liabilities	(35.4)
Deferred taxes, net	(8.0)
Lease liabilities	<u>(17.1)</u>
Net assets acquired	107.5
Bargain purchase gain	<u>(29.5)</u>
Purchase price, net of cash acquired	<u>\$ 78.0</u>

As part of our integration activities, we are consolidating our facility footprint, which includes closing our Indianapolis, Indiana airframe maintenance facility and relocating the majority of those operations to the Greensboro, North Carolina facility. Expenses incurred for integration activities during fiscal 2026 were \$11.1 million.

Acquisition of ADI

On September 25, 2025, we acquired the outstanding shares of ADI, including ADI American Distributors, LLC and other of ADI's subsidiaries, for an initial purchase price of \$137.1 million. The post-closing adjustments for cash, working capital and indebtedness were resolved in the third quarter of fiscal 2026 resulting in a \$0.6 million reduction in the purchase price. ADI is a leading distributor of electronic components and assemblies to original equipment manufacturers ("OEMs") across the aerospace and defense industry. The initial purchase price was paid at closing except for \$4.5 million, which was placed on deposit with an escrow agent to secure potential indemnification obligations and fund post-closing adjustments for working capital and indebtedness. During the third quarter of fiscal 2026, the post-closing adjustments were finalized resulting in the release of \$1.0 million from the escrow.

We accounted for the acquisition using the acquisition method and included the results of ADI's operations in our consolidated financial statements from the effective date of the acquisition. ADI's results are reported within our Parts Supply segment. Transaction costs associated with the acquisition of \$4.1 million were expensed as incurred.

The purchase price was allocated to identifiable assets and liabilities based on information available at the date of acquisition. The allocation of the purchase price is preliminary and will potentially change in future periods as fair value estimates of the assets acquired and liabilities assumed are finalized, including those related to working capital and leases. The final determination of the fair values will be completed within the one-year measurement period. The preliminary fair value of assets acquired and liabilities assumed is as follows:

Accounts receivable	\$ 13.1
Inventory	66.6
Intangible assets	75.8
Other assets	5.4
Accounts payable and other liabilities	<u>(32.9)</u>
Net assets acquired	128.0
Goodwill	<u>9.1</u>
Purchase price, net of cash acquired	<u>\$137.1</u>

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Acquired amortizable intangible assets include customer relationships of \$43.3 million and backlog of \$16.4 million, which are being amortized over 12.5 years and 3 years, respectively. We also recognized indefinite-lived trademarks of \$16.1 million. The goodwill associated with the ADI acquisition is deductible for tax purposes and is primarily attributable to the benefits we expect to derive from expected synergies including complementary product lines, cross-selling opportunities, operational efficiencies, and intangible assets that do not qualify for separate recognition, such as their assembled workforce. Expenses incurred for integration activities during fiscal 2026 were \$0.3 million.

Acquisition of Aerostrat

On August 11, 2025, we acquired the outstanding shares of Aerostrat for a base purchase price of \$15.0 million plus contingent consideration of up to \$5.0 million. Aerostrat is a leading long-range maintenance planning software provider used by airlines, MRO facilities, and cargo companies to automate complex scheduling, ensure production capacity, and simplify aircraft allocation.

The base purchase price was paid at closing except for \$3.1 million, which was placed on deposit with an escrow agent to secure potential indemnification obligations and fund post-closing adjustments for working capital and indebtedness. The contingent consideration includes \$1.0 million subject to the successful launch of certain product offerings by December 31, 2026 and up to \$4.0 million based on the achievement of adjusted revenue targets by August 1, 2028. The estimated fair value of the contingent consideration was \$4.0 million at the acquisition date and has been included in the purchase price.

We accounted for the acquisition using the acquisition method and included the results of Aerostrat's operations in our consolidated financial statements from the effective date of the acquisition. Aerostrat's results are reported within our Repair, Engineering, and Software segment. Transaction costs associated with the acquisition of \$0.5 million were expensed as incurred in fiscal 2026.

The final fair value of assets acquired and liabilities assumed is as follows:

Current assets	\$ 0.6
Intangible assets	10.3
Deferred revenue	(0.6)
Deferred tax liabilities	(2.6)
Net assets acquired	<u>7.7</u>
Goodwill	<u>11.3</u>
Purchase price, net of cash acquired	<u><u>\$19.0</u></u>

Acquired amortizable intangible assets include customer relationships of \$4.7 million and developed technology of \$4.9 million, which are being amortized over 10 years and 20 years, respectively. Intangible assets also include tradenames of \$0.7 million which are indefinite-lived. The goodwill associated with the Aerostrat acquisition is not deductible for tax purposes and is primarily attributable to the benefits we expect to derive from expected synergies including complementary products and services, cross-selling opportunities and intangible assets that do not qualify for separate recognition, such as their assembled workforce.

Acquisition of Triumph Group's Product Support Business

On March 1, 2024, we completed the acquisition of Triumph Group, Inc.'s Product Support business ("Product Support") for an initial purchase price of \$725.0 million. The post-closing adjustments for cash, working capital and indebtedness were resolved in the first quarter of fiscal 2025 resulting in a \$2.9 million reduction in the purchase price. Product Support is a leading global provider of specialized MRO capabilities for critical aircraft components in the commercial and defense markets, providing MRO services for structural

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components, engine and airframe accessories, interior refurbishment and wheels and brakes. Product Support also designs proprietary designated engineering representative repairs and parts manufacturer approval parts.

Product Support's results are reported within our Repair, Engineering, and Software segment. The purchase price was paid at closing and was funded with debt financing. Transaction costs associated with the acquisition of \$21.0 million were expensed as incurred within Selling, general and administrative expenses in fiscal 2024.

In connection with the acquisition, we secured commitments for a bridge financing facility (the "Bridge Facility"). No amounts were drawn under the Bridge Facility, which was terminated on March 1, 2024 upon securing permanent debt financing and closing the acquisition. During fiscal 2024, we expensed \$6.1 million within Interest expense for the fees associated with the Bridge Facility.

We accounted for the acquisition using the acquisition method and included the results of Product Support's operations in our consolidated financial statements from the effective date of the acquisition.

The final fair value of assets acquired and liabilities assumed is as follows:

Accounts receivable	\$ 42.3
Contract assets	18.7
Inventory	62.8
Rotable assets	21.9
Property & equipment	44.6
Intangible assets	179.4
Investment in joint venture	17.9
Other assets	4.1
Accounts payable	(21.6)
Other liabilities	(14.9)
Net assets acquired	<u>355.2</u>
Goodwill	<u>364.8</u>
Purchase price, net of cash acquired	<u>\$720.0</u>

Acquired amortizable intangible assets include customer relationships of \$96.1 million and developed technology of \$83.3 million which are being amortized over 12.5 years and 20 years, respectively. The goodwill associated with the Product Support acquisition is deductible for tax purposes and is primarily attributable to the benefits we expect to derive from expected synergies including facility rationalization, complementary products and services, cross-selling opportunities, in-sourcing repair services and intangible assets that do not qualify for separate recognition, such as their assembled workforce.

As part of our integration activities, we are consolidating our facility footprint which included the closure of our Garden City, New York leased component repair facility and relocating those operations to certain Product Support facilities. In conjunction with the facility exit, environmental remediation obligations were identified and we recognized a liability for \$1.1 million in fiscal 2026 as our estimate of the future costs associated with the remediation. The timing of expenditures depends on a number of factors, including the nature and extent of contamination, the timing of regulatory approvals, the complexity of the investigation and remediation, and the standards for remediation. In addition to the liability for the environmental remediation obligations, we also recognized a liability of \$0.5 million which represents our estimated settlement cost for a related landlord dispute.

Expenses recognized for integration activities, including facility closure costs, severance, retention, and other related costs were \$2.5 million, \$7.5 million, and \$0.5 million in fiscal 2026, 2025, and 2024, respectively.

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Acquisition of Trax

On March 20, 2023, we acquired the outstanding shares of Trax for a purchase price of \$120.0 million plus contingent consideration of up to \$20.0 million based on Trax's adjusted revenue in calendar years 2023 and 2024. Trax is a leading provider of aircraft MRO and fleet management software supporting a broad spectrum of maintenance activities for a diverse global customer base of airlines and MROs.

The contingent consideration is based on an adjusted cumulative revenue target across calendar years 2023 and 2024. The adjusted cumulative revenue target is based on revenue recognized under U.S. GAAP adjusted for certain events related to deferred revenue, customer commitments, and other adjustments. The contingent consideration is treated as compensation expense within Selling, general and administrative expenses. Compensation expense recognized in fiscal 2025 and 2024 were \$0.7 million and \$6.3 million, respectively. No compensation expense was recognized in fiscal 2026. As of May 31, 2026, we have a contingent consideration liability of \$8.1 million, which was classified as Other accrued liabilities on our Consolidated Balance Sheet.

In November 2025, Trax's former owners filed a demand for arbitration contesting the determination of the contingent consideration and certain tax matters. We strongly disagree with the claims by Trax's former owners and we believe we have adequate support for our determination of the contingent consideration and our positions on the tax matters. We expect to finalize the contingent consideration in fiscal 2027.

3. Goodwill and Other Intangible Assets, Net

During the fourth quarter of fiscal 2026, our chief operating decision making officer ("CODM") implemented changes in how he organizes the business, allocates resources, and assesses performance. Specifically, the business units within our Integrated Solutions segment have been realigned, resulting in the following changes:

- Combine our government programs activities and our Mobility Systems business, previously reported as Expeditionary Services, into a new operating segment named Government Solutions;
- Re-position our software platform to our Repair and Engineering segment, which is renamed Repair, Engineering, and Software; and
- Legacy Commercial Programs, the remaining business unit within the Integrated Solutions segment, will be separately reported as its own operating segment.

These changes resulted in the following four operating segments:

- Parts Supply remains unchanged from the prior structure, primarily consisting of distribution of new parts and sales of used serviceable material, including aircraft, engine and airframe parts and components;
- Repair, Engineering, and Software primarily consists of Airframe MRO, Component MRO, and our software platforms, including Trax, Aerostrat, Airvoyant, and Airinmar;
- Government Solutions primarily consists of our fleet management and operations of customer-owned aircraft, customized performance-based supply chain logistics programs in support of the U.S. Department of War ("DoW"), the U.S. Department of State ("DoS") and foreign governments and the engineering, design, integration, manufacture, and repair of pallets, shelters, and containers; and
- Legacy Commercial Programs consists of asset-heavy flight hour-based component repair programs for commercial airlines and distribution of consumables and expendables inventory, previously reported within Integrated Solutions. During the fourth quarter of fiscal 2026, we announced our intention to exit our Legacy Commercial Programs business as it requires significant asset pools and no longer meets our capital return thresholds. We anticipate that the wind-down of this segment will

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take approximately three to four years as the Legacy Commercial Programs' existing customer contracts are terminated and its rotatable assets are sold.

Prior to the change in segments, each of our operating segments was comprised of a single reporting unit. Following the segment changes, we have six reporting units with our Repair, Engineering, and Software and Government Solutions segments each having two reporting units. During the fourth quarter of fiscal 2026, the goodwill of the former Integrated Solutions operating segment of \$92.7 million was allocated to the new reporting units based on their relative fair values.

We performed quantitative impairment assessments for the impacted reporting units immediately before and after the reassignment and determined no impairment existed. As part of the goodwill re-allocation, the Legacy Commercial Programs segment was assigned goodwill of \$16.4 million. As the wind-down of its operations and sale of its assets occurs over the next three to four years, the fair value of the segment will progressively decrease which will ultimately result in the full impairment of the Legacy Commercial Programs goodwill in a future period or periods.

Changes in the carrying amount of goodwill by segment for fiscal 2026 and 2025 are as follows:

	Current Segments				Former Segments		Total
	Parts Supply	Repair, Engineering and Software	Government Solutions	Legacy Commercial Programs	Integrated Solutions	Expeditionary Services	
Balance as of May 31, 2024	\$38.9	\$416.6	\$ —	\$ —	\$ 80.5	\$ 18.8	\$554.8
Acquisition	—	(10.4)	—	—	—	—	(10.4)
Sale of Landing Gear Overhaul business	—	(14.6)	—	—	—	—	(14.6)
Foreign currency translation adjustments	—	0.1	—	—	0.9	—	1.0
Balance as of May 31, 2025	38.9	391.7	—	—	81.4	18.8	530.8
Acquisitions	9.1	29.1	—	—	11.3	—	49.5
Goodwill re-allocation	—	29.8	65.3	16.4	(92.7)	(18.8)	—
Balance as of May 31, 2026	<u>\$48.0</u>	<u>\$450.6</u>	<u>\$65.3</u>	<u>\$16.4</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$580.3</u>

We utilized the qualitative assessment approach for all reporting units which considers general economic conditions, industry specific performance, changes in reporting unit carrying values, and assumptions used in the most recent fair value calculation. We concluded it was more likely than not that the fair value of each reporting unit exceeded its carrying value at May 31, 2026, and thus no impairment charges were recorded.

Intangible assets, other than goodwill, are comprised of the following:

	May 31, 2026		
	Gross	Accumulated Amortization	Net
Amortizable intangible assets:			
Customer relationships	\$184.6	\$(35.6)	\$149.0
Developed technology	110.2	(13.1)	97.1
Backlog	16.4	(5.0)	11.4
	<u>311.2</u>	<u>(53.7)</u>	<u>257.5</u>

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	May 31, 2026		
	Gross	Accumulated Amortization	Net
Unamortized intangible assets:			
Trademarks	24.1	—	24.1
	<u>\$335.3</u>	<u>\$(53.7)</u>	<u>\$281.6</u>
	May 31, 2025		
	Gross	Accumulated Amortization	Net
Amortizable intangible assets:			
Customer relationships	\$136.6	\$(21.9)	\$114.7
Developed technology	105.3	(7.6)	97.7
	<u>241.9</u>	<u>(29.5)</u>	<u>212.4</u>
Unamortized intangible assets:			
Trademarks	7.2	—	7.2
	<u>\$249.1</u>	<u>\$(29.5)</u>	<u>\$219.6</u>

Customer relationships are being amortized over 10-20 years, developed technology is being amortized over 20 years and backlog is being amortized over 27 months. Amortization expense recorded during fiscal 2026, 2025, and 2024 was \$24.1 million, \$16.2 million, and \$7.3 million, respectively. The estimated aggregate amount of amortization expense for intangible assets in each of the next five fiscal years is \$27.7 million in 2027, \$24.5 million in 2028, and \$20.1 million in each of 2029, 2030, and 2031.

4. Sale of Receivables

On February 23, 2018, we entered into a Purchase Agreement with Citibank N.A. (“Purchaser”) for the sale, from time to time, of certain accounts receivable due from certain customers (the “Purchase Agreement”). Under the Purchase Agreement, the maximum amount of receivables sold is limited to \$150 million and Purchaser may, but is not required to, purchase the eligible receivables we offer to sell. The term of the Purchase Agreement runs through February 22, 2027, but, the Purchase Agreement may be terminated earlier under certain circumstances. The term of the Purchase Agreement is automatically extended for annual terms unless either party provides advance notice that they do not intend to extend the term.

We have no retained interests in the sold receivables, other than limited recourse obligations in certain circumstances, and only perform collection and administrative functions for the Purchaser. We account for these receivable transfers as sales under ASC 860, *Transfers and Servicing*, and de-recognize the sold receivables from our Consolidated Balance Sheets.

Receivables sold under the Purchase Agreement during fiscal 2026, 2025, and 2024 were \$232.7 million, \$209.2 million, and \$144.4 million, respectively. Amounts remitted to the Purchaser on its behalf during fiscal 2026, 2025, and 2024 were \$228.3 million, \$201.6 million, and \$143.5 million, respectively. As of May 31, 2026 and May 31, 2025, we had collected cash of \$11.8 million and \$7.4 million, respectively, which was not yet remitted to the Purchaser as of those dates and was classified as Restricted cash on our Consolidated Balance Sheets.

We recognize discounts on the sale of our receivables and other fees related to the Purchase Agreement in Other expense, net on our Consolidated Statements of Income. During fiscal 2026, 2025, and 2024, we incurred discounts on the sale of our receivables and other fees of \$0.9 million, \$0.9 million, and \$0.7 million, respectively.

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5. Financing Arrangements

Debt Outstanding

A summary of the carrying amount of our debt is as follows:

	<u>May 31,</u>	
	<u>2026</u>	<u>2025</u>
Senior Notes	\$700.0	\$550.0
Amended Revolving Credit Facility with interest payable monthly	200.0	427.0
Debt premium, net	2.3	—
Debt issuance costs, net	(8.4)	(9.0)
Long-term debt	<u>\$893.9</u>	<u>\$968.0</u>

Credit Agreement

On December 14, 2022, we entered into a new credit agreement with various financial institutions as lenders and Wells Fargo Bank, N.A. as administrative agent for the lenders (the “Credit Agreement”) that included an unsecured revolving credit facility (the “Revolving Credit Facility”) that we can draw upon for working capital and general corporate purposes. In conjunction with the Credit Agreement, we terminated our revolving credit facility under the credit agreement dated April 12, 2011, as amended, (the “2011 Credit Agreement”) with the outstanding borrowings under the 2011 Credit Agreement at the date of its termination rolled over to the Credit Agreement.

On March 1, 2024, we entered into an amendment (the “Revolver Amendment”) to our Credit Agreement, which governs the Company’s existing revolving credit facility (the revolving credit facility as amended by the Revolver Amendment, the “Amended Revolving Credit Facility”). Among other things, the Revolver Amendment (i) increased the aggregate commitments under the Amended Revolving Credit Facility to \$825.0 million from \$620 million under the Revolving Credit Facility, (ii) increased the maximum leverage ratio permitted under the financial covenants applicable to the Amended Revolving Credit Facility and (iii) included an additional pricing level that will increase the applicable interest rate margins on the Amended Revolving Credit Facility to 250 basis points (in the case of secured overnight financing rate (“SOFR”)) and 150 basis points (in the case of Base Rate loans) if our adjusted total debt to EBITDA ratio exceeds 3.75:1.00.

Under certain circumstances, we may request an increase to the lending commitments under the Credit Agreement by an aggregate amount of up to \$300 million, not to exceed \$1,125 million in total. The Credit Agreement expires on December 14, 2027. Borrowings under the Credit Agreement bear interest at an applicable variable rate based on SOFR plus 112.5 to 250 basis points based on certain financial measurements plus 10 basis points if a SOFR loan, or at the offered fluctuating Base Rate plus 12.5 to 150 basis points based on certain financial measurements if a Base Rate loan.

Borrowings outstanding under the Amended Revolving Credit Facility at May 31, 2026 were \$200.0 million and there were approximately \$10.5 million of outstanding letters of credit, which reduced the availability of this facility to \$614.5 million.

Our Credit Agreement requires us to comply with leverage and interest coverage ratios and comply with certain affirmative and negative covenants, including those relating to financial reporting and notification, compliance with applicable laws, and limitations on additional liens, indebtedness, acquisitions, investments and disposition of assets. Our Credit Agreement also requires our significant domestic subsidiaries to provide a guarantee of payment under the Credit Agreement.

Senior Notes — Original Issuance

On March 1, 2024, we issued \$550.0 million aggregate principal amount of 6.75% Senior Notes due 2029 (the “Notes”) to fund a portion of the purchase price for the acquisition of the Product Support business. The

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Notes were issued pursuant to an indenture (the “Base Indenture”), dated as of March 1, 2024, between us and Wilmington Trust, National Association (the “Trustee”), as trustee, and a First Supplemental Indenture, dated as of March 1, 2024 (the “Supplemental Indenture” and, together with the Base Indenture, the “Indenture”), among us, the Note Guarantors (as defined below) and the Trustee.

Our domestic subsidiaries that guarantee the Amended Revolving Credit Facility (collectively, the “Note Guarantors”) guaranteed (the “Note Guarantees”) all of the Company’s obligations under the Notes and the Indenture. The Notes and the Note Guarantees have not been, and will not be, registered under the Securities Act of 1933, as amended (the “Securities Act”).

The Notes bear interest at a rate of 6.75% per year, payable semiannually in cash in arrears on March 15 and September 15 of each year, commencing September 15, 2024. The Notes will mature on March 15, 2029. The Company may redeem the Notes, in whole or in part, at specified redemption prices if redeemed during the twelve-month period beginning on March 15 of the years indicated below:

2026	103.375%
2027	101.688%
2028 and thereafter	100.000%

The Notes are jointly and severally guaranteed by each of the Note Guarantors. The Notes and the Note Guarantees are the general unsecured obligations of us or each of the Note Guarantors and, as applicable, (i) rank equal in right of payment to all of our or such Note Guarantor’s existing and future senior indebtedness, (ii) rank senior in right of payment to all of our or such Note Guarantor’s obligations that are, by their terms expressly subordinated in right of payment to the Notes or the Note Guarantees, (iii) are effectively subordinated to all of our or such Note Guarantor’s secured indebtedness, to the extent of the value of the assets securing such indebtedness and (iv) in the case of the Note Guarantees, are structurally subordinated to indebtedness and other liabilities of our subsidiaries that are not Note Guarantors.

The Indenture contains customary covenants, including limitations on the ability of us and our restricted subsidiaries to (i) incur debt, certain disqualified stock and preferred stock, (ii) create liens, (iii) pay dividends or distributions or redeem or repurchase equity, (iv) prepay subordinated debt or make certain investments, (v) transfer and sell assets, (vi) engage in consolidations, mergers or dispositions of all or substantially all of our or their assets, (vii) enter into agreements that restrict dividends, loans and other distributions from subsidiaries and (viii) enter into transactions with affiliates. These covenants are subject to a number of important exceptions and qualifications described in the Indenture. In addition, the Indenture contains a number of customary events of default, including, among other things, payment default, failure to comply with covenants or agreements contained in the Indenture or the Notes and certain provisions related to bankruptcy events.

Senior Notes — Subsequent Issuance

On August 14, 2025, we issued an additional \$150.0 million aggregate principal amount of our Notes (the “Additional Notes”). The Additional Notes were issued under the existing Indenture and other than with respect to the date of issuance and the offering price, the Additional Notes have the same terms as the Notes.

Debt issuance costs of \$2.5 million were incurred in connection with the Additional Notes which were issued at an original issuance premium of 102% of their principal amount, or \$3.0 million. The premium and debt issuance costs are amortized and recognized as interest expense using the effective interest rate method, or, when the results are not materially different, on a straight-line basis over the expected term of the related debt. The premium and debt issuance costs are classified within Long-term debt on our Consolidated Balance Sheet and are amortized into interest expense over the contractual term of the Notes.

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At May 31, 2026, our variable and fixed rate debt had a fair value that approximates their carrying values and is classified as Level 3 in the fair value hierarchy as their fair values are determined based upon one or more significant unobservable inputs.

At May 31, 2026, we were in compliance with the financial and other covenants in our financing agreements.

Borrowing activity under the Credit Agreement during fiscal 2026, 2025, and 2024 is as follows:

	For the Year Ended May 31,		
	2026	2025	2024
Maximum amount borrowed	\$650.0	\$617.0	\$577.0
Average daily borrowings	394.5	527.5	386.3
Average interest rate during the year	5.80%	6.54%	6.69%

We also have \$9.9 million available under foreign lines of credit as of May 31, 2026.

Total interest paid during fiscal 2026, 2025, and 2024 was \$71.7 million, \$74.4 million, and \$31.9 million, respectively.

6. Equity

Common Stock Offering

During the second quarter of fiscal 2026, we sold 3,450,000 shares of our common stock at \$83.00 per share in a registered underwritten offering. After deducting underwriting fees and other offering expenses, we received \$273.9 million in net proceeds.

Stock-Based Compensation

We grant stock-based awards under the AAR CORP. 2013 Stock Plan, as Amended and Restated Effective July 13, 2020 (the “2013 Stock Plan”) which has been approved by our stockholders. Under the 2013 Stock Plan, we are authorized to issue stock options to employees and non-employee directors that allow the grant recipients to purchase shares of common stock at a price not less than the fair market value of the common stock on the date of grant. Generally, stock options awarded expire ten years from the date of grant and are exercisable in three annual increments commencing one year after the date of grant. In addition to stock options, the 2013 Stock Plan also provides for the grant of time-based restricted stock awards and performance-based restricted stock awards. The 2013 Stock Plan also provides for the grant of stock appreciation units and restricted stock units; however, to date, no such awards have been granted.

Restricted stock grants (whether time-based or performance-based) are designed, among other things, to align employee interests with the interests of stockholders and to encourage the recipient to build a career with us. Restricted stock typically vests over periods of one to three years from the date of grant. Restricted stock grants may be performance-based with vesting to generally occur over a period of three years. All restricted stock that has been granted and, if performance-based, earned according to performance criteria carries full dividend and voting rights, regardless of whether it has vested.

Substantially all stock options and restricted stock are subject to forfeiture prior to vesting if the employee’s employment terminates for any reason other than death, disability or retirement. Under the 2013 Stock Plan, we have granted a total of 7,182,579 shares, and there were 1,102,614 shares available for grant as of May 31, 2026.

Stock Options

During fiscal 2026, 2025, and 2024, we granted stock options with respect to 160,085 shares, 157,310 shares and 141,545 shares, respectively. The weighted average fair value per share of stock options granted

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during fiscal 2026, 2025 and 2024 was \$28.99, \$25.51 and \$25.31, respectively. The fair value of each stock option grant was estimated on the date of grant using the Black-Scholes option pricing model using the following weighted average assumptions:

	Stock Options Granted In Fiscal Year		
	2026	2025	2024
Risk-free interest rate	3.9%	4.2%	4.1%
Expected volatility of common stock	34.1%	36.0%	42.3%
Dividend yield	0.0%	0.0%	0.0%
Expected option term in years	4.8	4.9	5.1

The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant. The expected volatility is based on historical volatility of our common stock, and the expected option term represents the period of time that the stock options granted are expected to be outstanding based on historical exercise trends. The dividend yield represents our anticipated cash dividends at the grant date over the expected option term.

A summary of stock option activity for the three years ended May 31, 2026 consisted of the following (shares in thousands):

	2026		2025		2024	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding at beginning of year	935	\$44.94	1,004	\$38.49	1,573	\$33.24
Granted	160	80.17	157	67.02	142	58.27
Exercised	(474)	40.42	(212)	29.81	(706)	30.67
Cancelled	(27)	72.61	(14)	60.59	(5)	48.40
Outstanding at end of year	<u>594</u>	<u>\$54.24</u>	<u>935</u>	<u>\$44.94</u>	<u>1,004</u>	<u>\$38.49</u>
Options exercisable at end of year	<u>318</u>	<u>\$39.94</u>	<u>635</u>	<u>\$38.13</u>	<u>696</u>	<u>\$33.95</u>

The weighted-average remaining term (in years) for options outstanding at the end of the year was 7.0 years, 6.1 years, and 6.4 years at May 31, 2026, 2025, and 2024, respectively. The weighted-average remaining term (in years) for options exercisable at the end of the year was 5.6 years, 5.0 years, and 5.5 years at May 31, 2026, 2025, and 2024, respectively.

The total grant date fair value of stock options that vested during fiscal 2026, 2025, and 2024 was \$3.5 million, \$2.9 million, and \$3.3 million, respectively. The total intrinsic value of stock options exercised during fiscal 2026, 2025, and 2024 was \$26.3 million, \$8.0 million, and \$22.5 million, respectively. The aggregate intrinsic value of options outstanding was \$31.4 million and \$16.3 million as of May 31, 2026 and 2025, respectively.

Expense recognized in Selling, general and administrative expenses for stock options during fiscal 2026, 2025, and 2024 was \$3.7 million, \$3.5 million, and \$3.0 million, respectively. As of May 31, 2026, we had \$4.1 million of unrecognized compensation expense related to stock options that will be expensed over an average period of 1.8 years.

Restricted Stock

We provide executives and other key employees an opportunity to be awarded performance-based and time-based restricted stock. The fair value of restricted shares is the market value of our common stock on the

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date of grant. The performance-based awards are contingent upon the achievement of certain objectives, which generally include cumulative income, average return on capital, and relative total shareholder return over a three-year performance period. Performance-based restricted shares of 180,125, 124,200, and 81,100 were granted to executives and key employees during fiscal 2026, 2025 and 2024, respectively. Time-based restricted shares of 82,596, 78,541, and 111,018 were granted to executives and key employees during fiscal 2026, 2025, and 2024, respectively. We also award time-based restricted stock to our non-employee directors as part of their annual compensation. Time-based restricted shares of 24,178, 19,401, and 23,888 were granted to members of the Board of Directors during fiscal 2026, 2025, and 2024, respectively.

Restricted share activity during fiscal 2026 was as follows (shares in thousands):

	Number of Shares	Weighted Average Fair Value on Grant Date
Nonvested at May 31, 2025	536	\$56.47
Granted	287	68.05
Vested	(268)	44.16
Forfeited	(49)	68.93
Nonvested at May 31, 2026	<u>506</u>	68.31

Expense recognized in Selling, general and administrative expenses for all restricted share programs during fiscal 2026, 2025, and 2024 was \$14.1 million, \$16.4 million, and \$12.3 million, respectively. As of May 31, 2026 we had \$15.0 million of unearned compensation related to restricted shares that will be expensed over a weighted average period of 1.7 years.

Earnings per Share

The computation of basic earnings per share is based on the weighted average number of common shares outstanding during each period. The computation of diluted earnings per share is based on the weighted average number of common shares outstanding during the period plus, when their effect is dilutive, incremental shares related to outstanding stock options.

At May 31, 2026 and 2025, respectively, outstanding options to purchase 4,000 shares of common stock and 151,000 shares of common stock were not included in the computation of diluted earnings per share, because the exercise price of these options was greater than the average market price of the common shares for the year then ended. At May 31, 2024, no stock options were determined to be anti-dilutive.

Treasury Stock

During fiscal 2026, treasury stock decreased \$14.8 million reflecting the re-issuance of shares upon exercise of stock options, net of shares withheld to satisfy statutory tax obligations of \$15.3 million partially offset by an increase from restricted stock activity of \$0.5 million.

During fiscal 2025, treasury stock increased \$5.2 million reflecting the repurchase of 0.2 million common shares for \$10.1 million and restricted stock activity of \$1.7 million partially offset by re-issuance of shares upon exercise of stock options, net of shares withheld to satisfy statutory tax obligations, of \$6.6 million.

During fiscal 2024, treasury stock decreased \$20.3 million reflecting the re-issuance of shares upon exercise of stock options, net of shares withheld to satisfy statutory tax obligations, of \$21.7 million and restricted stock activity of \$3.7 million partially offset by the repurchase of 0.1 million common shares for \$5.1 million.

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7. Income Taxes

Our income tax expense includes the following components:

	<u>For the Year Ended May 31,</u>		
	<u>2026</u>	<u>2025</u>	<u>2024</u>
Current:			
Federal	\$37.6	\$20.7	\$ 21.0
State	11.3	3.1	4.0
Foreign	12.5	8.1	7.5
	<u>61.4</u>	<u>31.9</u>	<u>32.5</u>
Deferred	(3.2)	(5.5)	(20.5)
	<u>\$58.2</u>	<u>\$26.4</u>	<u>\$ 12.0</u>

Income (Loss) before income tax expense includes the following components:

	<u>For the Year Ended May 31,</u>		
	<u>2026</u>	<u>2025</u>	<u>2024</u>
Domestic	\$184.2	\$(22.5)	\$14.6
Foreign	61.7	61.4	43.7
	<u>\$245.9</u>	<u>\$ 38.9</u>	<u>\$58.3</u>

Our foreign earnings are comprised primarily of the results of our operations in Canada and Thailand.

The Company adopted ASU 2023-09, *Income Taxes (Topic 740) Improvements To Income Tax Disclosures*, on a prospective basis beginning with the year ended May 31, 2026. The following table presents the required disclosure to reconcile the U.S. federal statutory income tax amount and rate to our effective amount and rate for the year ended May 31, 2026 pursuant to the new ASU:

	<u>Amount</u>	<u>Percent</u>
Income tax expense at the U.S. federal statutory rate	\$51.6	21.0%
State income taxes, net of federal benefit	9.6	3.9
Foreign tax effects	0.1	—
Nontaxable or nondeductible items:		
Bargain purchase gain	(6.2)	(2.5)
Compensation	2.6	1.1
Other	1.9	0.8
Tax benefit from stock-based compensation	(1.4)	(0.6)
	<u>\$58.2</u>	<u>23.7%</u>

State income taxes in Illinois and Florida comprise the majority (greater than 50%) of the tax effect of this category.

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The following table presents the required disclosures prior to our adoption of new ASU and reconciles the U.S. federal statutory income tax rate of 21.0% to our effective income tax rate:

	For the Year Ended May 31,	
	2025	2024
Income tax expense at the U.S. federal statutory rate	21.0%	21.0%
FCPA settlement	26.7	—
State income taxes, net of federal benefit	10.1	5.0
Non-deductible compensation	7.1	4.4
Tax benefit from stock-based compensation	(1.7)	(5.1)
Pension settlement	—	(8.6)
Other	4.7	3.9
Effective income tax rate	<u>67.9%</u>	<u>20.6%</u>

The following table presents the required disclosure to present income taxes paid (net of refunds received) for the year ended May 31, 2026 pursuant to the new ASU:

U.S. federal taxes	\$23.5
State taxes	7.1
Foreign taxes:	
Canada	12.1
Other foreign jurisdictions	6.9
	<u>\$49.6</u>

Income taxes paid (net of refunds received) during fiscal 2025 and 2024 was \$23.7 million and \$41.8 million, respectively.

Income tax payable was \$8.8 million at May 31, 2026 and was included in Other accrued liabilities on the Consolidated Balance Sheet. Income tax receivable was \$5.6 million at May 31, 2025 and was included in Prepaid expenses and other current assets on the Consolidated Balance Sheet.

Deferred tax assets and liabilities result primarily from the differences in the timing of the recognition of transactions for financial reporting and income tax purposes. Our deferred tax assets and liabilities consist of the following components:

	May 31,	
	2026	2025
Deferred tax assets:		
Operating lease liabilities	\$ 26.8	\$ 25.4
Employee and retirement benefits	10.4	8.9
Inventory	9.4	—
State net operating losses	7.3	6.4
Other	4.0	8.2
Total deferred tax assets	57.9	49.0
Valuation allowance	(1.8)	(0.1)
Total deferred tax assets net of valuation allowance	<u>56.1</u>	<u>48.9</u>

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	May 31,	
	2026	2025
Deferred tax liabilities:		
ROU operating lease assets	(34.9)	(25.8)
Intangible assets	(33.9)	(32.2)
Tangible assets	(7.5)	(5.0)
Other	(2.9)	(4.3)
Total deferred tax liabilities	<u>(79.2)</u>	<u>(67.3)</u>
Net deferred tax liabilities	<u>\$ (23.1)</u>	<u>\$ (18.4)</u>

Our net operating losses have carry forward periods that range from 5 to 20 years. Our history of operating earnings, our expectations for continued future earnings, the nature of certain of our deferred tax assets and the scheduled reversal of deferred tax liabilities, primarily related to depreciation, support the recoverability of the majority of the deferred tax assets.

Our federal income tax returns for fiscal years 2023 and subsequent are open for examination. Various states and foreign jurisdictions also remain open subject to their applicable statute of limitations.

8. Employee Benefit Plans

Defined Benefit Plans

Prior to January 1, 2000, the pension plan for substantially all domestic salaried and non-union hourly employees (“U.S. Retirement Plan”) had a benefit formula based primarily on years of service and compensation. Effective January 1, 2000, we converted the U.S. Retirement Plan to a cash balance pension plan with the retirement benefit expressed as a dollar amount in an account that grew with annual pay-based credits and interest on the account balance. Effective June 1, 2005, the U.S. Retirement Plan was frozen and the annual pay-based credits were discontinued.

Prior to May 31, 2022, our domestic plans also include a defined benefit pension plan for certain union hourly employees in which benefits are based primarily on a fixed amount per year of service (“Union Plan”). The Union Plan was frozen in fiscal 2018. Effective May 31, 2022, our Union and U.S. Retirement Plans were merged (collectively, the “Merged U.S. Plan”).

During the three-month period ended August 31, 2023, we settled all future obligations under the Merged U.S. Plan. The settlement included a combination of lump-sum payments to participants who elected to receive them and the transfer of the remaining benefit obligations to a third-party insurance company under group annuity contracts. The purchase of the group annuity contracts was funded directly by assets of the Merged U.S. Plan and required no additional cash or asset contributions from us. As a result of the settlements, we recognized a non-cash, pre-tax pension settlement charge of \$26.7 million (\$16.1 million after-tax) related to the accelerated recognition of all unamortized net actuarial losses in Accumulated other comprehensive loss. Surplus plan assets of \$7.6 million remained after the settlement. In fiscal 2026, we utilized the remaining surplus assets to fund our non-elective, discretionary contributions to the 401(k) plan.

We also have a defined benefit pension plan covering certain employees in the Netherlands (“Netherlands Plan”). Benefit formulas are generally based on years of service and compensation. Effective January 1, 2022, the Netherlands Plan was frozen and any benefits subsequent to that date are earned by participants in a multi-employer defined contribution plan with the premiums charged to us determined by the third-party pension fund who administers the multi-employer plan. Pension expense in fiscal 2026, 2025, and 2024 for this defined contribution plan was \$2.0 million, \$1.4 million, and \$1.3 million, respectively.

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The change to our projected benefit obligation and the fair value of our plan assets for our Netherlands plan for the years ended May 31, 2026 and 2025 was as follows:

	For the Year Ended May 31,	
	2026	2025
Change in projected benefit obligation:		
Projected benefit obligation at beginning of year	\$53.8	\$52.7
Service cost	0.2	0.2
Interest cost	2.0	1.9
Net actuarial gain	(3.8)	(1.1)
Benefits and administrative payments	(2.4)	(2.2)
Foreign currency translation adjustment	1.5	2.3
Projected benefit obligation at end of year	<u>\$51.3</u>	<u>\$53.8</u>
Change in the fair value of plan assets:		
Fair value of plan assets at beginning of year	\$53.6	\$51.4
Actual return on plan assets	0.8	1.7
Benefits and administrative payments	(2.4)	(2.2)
Employer contributions	0.2	0.4
Foreign currency translation adjustment	1.5	2.3
Fair value of plan assets at end of year	<u>\$53.7</u>	<u>\$53.6</u>
Funded status at end of year	<u>\$ 2.4</u>	<u>\$ (0.2)</u>
Accumulated other comprehensive loss	\$ 4.9	\$ 6.8
Accumulated benefit obligation	49.9	51.8

The funded status of our Netherlands plan as of May 31, 2026 and 2025 is recognized in Other non-current assets and Other liabilities, respectively, on our Consolidated Balance Sheets.

Net Periodic Benefit Cost

Pension benefit charged to the Consolidated Statements of Income for our Netherlands plan includes the following components:

	For the Year Ended May 31,		
	2026	2025	2024
Service cost	\$ 0.2	\$ 0.2	\$ 0.2
Interest cost	2.0	1.9	1.9
Expected return on plan assets	(2.6)	(2.5)	(2.4)
Recognized net actuarial loss	—	0.1	—
	<u>\$(0.4)</u>	<u>\$(0.3)</u>	<u>\$(0.3)</u>

The non-service cost components above are classified in Other expense, net on the Consolidated Statements of Income.

Assumptions

The assumptions used in accounting for the Netherlands Plan are estimates of factors including, among other things, the amount and timing of future benefit payments. The discount rate was determined by

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discounting the expected future benefit payments and settlements for the projected benefit obligation, discounting those expected payments using a theoretical zero-coupon spot yield curve derived from a universe of high-quality bonds as of the measurement date and solving for the single equivalent discount rate that resulted in the same projected benefit obligation.

The discount rate assumptions used in the measurement of the Netherlands projected benefit obligations were 4.30% and 3.70% at May 31, 2026 and 2025, respectively. The discount rate assumptions used to determine the Netherlands Plan net periodic pension expense were 3.70%, 3.60%, and 3.70% for fiscal 2026, 2025, and 2024, respectively. The expected long-term rate of return on Netherlands Plan assets were 4.80%, 4.80%, and 4.80% for fiscal 2026, 2025, and 2024, respectively.

Plan Assets

The assets of the Netherlands Plan are primarily invested in funds-of-funds where each fund holds a portfolio of equity and fixed income mutual funds. To develop our expected rate of return assumption, we use long-term historical return information for our targeted asset mix and current market conditions as of the measurement date. The expected return for each asset class is weighted based on the target asset allocation to develop the expected long-term rate of return on plan assets assumption.

The following table sets forth by level, within the fair value hierarchy, the Netherlands Plan assets at their fair value as of May 31, 2026:

	Level 2 ¹	Level 3 ²	Total
Funds-of-funds	\$42.1	\$ —	\$42.1
Insurance annuities	—	11.6	11.6
	<u>\$42.1</u>	<u>\$11.6</u>	<u>\$53.7</u>

The following table sets forth by level, within the fair value hierarchy, the Netherlands Plan assets at their fair value as of May 31, 2025:

	Level 2 ¹	Level 3 ²	Total
Funds-of-funds	\$42.2	\$ —	\$42.2
Insurance annuities	—	11.4	11.4
	<u>\$42.2</u>	<u>\$11.4</u>	<u>\$53.6</u>

¹ Inputs other than quoted prices in active markets for identical assets that are directly observable for the asset or indirectly observable through corroboration with observable market data.

² Unobservable inputs, such as internally developed pricing models or third party valuations for the asset due to little or no market activity for the asset.

The entirety of the change in Level 3 pension assets is attributable to the return on the assets.

Valuation Techniques Used to Determine Fair Value

Equity and fixed income mutual funds are maintained by investment companies that hold certain investments in accordance with a stated set of fund objectives, which are consistent with our overall investment strategy. The values of some of these funds are publicly quoted. As certain of our funds-of-funds investments are also derived from quoted prices in active markets, we have categorized certain funds-of-funds investments as Level 2.

Insurance annuities require the utilization of unobservable inputs, including undiscounted cash flow techniques which results in Level 3 treatment in the fair value hierarchy.

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Future Benefit Payments and Funding

The following table summarizes our estimated future pension payments by fiscal year:

	Fiscal Year					2032 to
	2027	2028	2029	2030	2031	2036
Estimated future pension payments	\$2.4	\$2.5	\$2.5	\$2.6	\$2.5	\$13.9

For our Netherlands Plan, our policy is to fund at least the minimum amount required by the local laws and regulations. We anticipate contributing approximately \$0.2 million to our pension plans during fiscal 2027.

U.S. Defined Contribution Plans

Our U.S. defined contribution plans are intended to qualify as 401(k) plans under the Internal Revenue Code. Employees may contribute up to 75% of their pretax compensation, subject to applicable regulatory limits and we may make matching contributions up to 6% of employee compensation. For participants hired prior to January 1, 2020, retirement contributions (based upon a participant's age plus service) ranging from 0.5% to 4.0%, may also be contributed to a participant's account at our discretion. Our contributions vest on a pro-rata basis during the first three years of employment.

Expense recognized in the Consolidated Statements of Income for our matching contributions during fiscal 2026, 2025, and 2024 was \$8.3 million, \$9.4 million, and \$8.2 million, respectively. Expense recognized in the Consolidated Statements of Income for our non-elective, discretionary contributions during fiscal 2026, 2025, and 2024 was \$3.9 million, \$3.9 million, and \$3.7 million, respectively.

We also maintain a non-qualified retirement plan that makes up 401(k) benefits that would otherwise be lost as a result of Internal Revenue Code limits and provides additional employer contributions for certain executives and key employees to supplement the benefits provided by the defined contribution plans. Expense recognized in the Consolidated Statements of Income for the non-qualified contributions during fiscal 2026, 2025, and 2024 was \$0.4 million, \$1.7 million, and \$1.2 million, respectively.

9. Accumulated Other Comprehensive Loss

Changes in our accumulated other comprehensive loss ("AOCL") by component for each of the years in the three-year period ended May 31, 2026 were as follows (all amounts are net of tax):

	Currency Translation Adjustments	Pension Plans	Total
Balance as of June 1, 2023	\$(5.7)	\$(17.8)	\$(23.5)
Other comprehensive loss before reclassifications	0.2	(0.3)	(0.1)
Amounts reclassified from AOCL	—	14.8	14.8
Total other comprehensive loss	0.2	14.5	14.7
Balance as of May 31, 2024	(5.5)	(3.3)	(8.8)
Other comprehensive income (loss) before reclassifications	3.1	0.3	3.4
Amounts reclassified from AOCL	—	(0.2)	(0.2)
Total other comprehensive income	3.1	0.1	3.2
Balance as of May 31, 2025	(2.4)	(3.2)	(5.6)
Other comprehensive income before reclassifications	0.3	1.4	1.7
Total other comprehensive income	0.3	1.4	1.7
Balance as of May 31, 2026	<u>\$(2.1)</u>	<u>\$ (1.8)</u>	<u>\$ (3.9)</u>

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10. Other Non-current Assets

At May 31, 2026 and 2025, other non-current assets consisted of the following:

	May 31,	
	2026	2025
Investments in joint ventures	\$ 49.0	\$ 32.3
Contract assets	42.9	28.4
License fees, net	41.2	46.0
Assets under deferred compensation plan	26.1	23.4
Debt and equity investments	13.6	14.5
Other	21.1	14.8
	\$193.9	\$159.4

Investment in Indian Joint Venture

Our investments in joint ventures previously included a 40% ownership interest in a joint venture in India to operate an airframe maintenance facility. We had also guaranteed 40% of the Indian joint venture's debt and each of the partners in the Indian joint venture had a loan to the joint venture proportionate to its equity ownership.

During the first quarter of fiscal 2025, we executed a Share Purchase Agreement with our Indian joint venture partners whereby we agreed to sell our equity to those partners for \$0.1 million conditional on the repayment of our loan and the release of our guarantee of the Indian joint venture's debt. During the first quarter of fiscal 2025, we were released from our debt guarantee obligations and de-recognized the related \$9.4 million guarantee liability. In the second quarter of fiscal 2025, we received \$2.1 million reflecting the principal value of our shareholder loan. In conjunction with these transactions, the Share Purchase Agreement, and transition services arrangements, we recognized a gain of \$2.1 million during fiscal 2025.

Investment in AAR Sumisho Aviation Services (ASAS)

Our investments in joint ventures include a 50% ownership interest in a joint venture to provide aviation aftermarket supply chain solutions to Japanese defense and global commercial markets. Each of the partners in the ASAS joint venture have provided financial guarantees to third-parties to guarantee the payments for ASAS's financing arrangements, including inventory purchases. No liabilities have been recognized on the outstanding guarantees. We are unable to estimate our maximum exposure under these guarantees as they are largely dependent on the volume of inventory purchase orders outstanding.

Our sales to the ASAS joint venture, including service fees earned by us on providing support to the ASAS joint venture, were \$15.4 million, \$7.4 million, and \$4.9 million for fiscal 2026, 2025, and 2024, respectively.

Investments in Aircraft Joint Ventures

Under the terms of servicing agreements with certain of our aircraft joint ventures, we provide administrative services and technical advisory services, including aircraft evaluations, oversight and logistical support of the maintenance process and records management. We also provide evaluation and inspection services prior to the purchase of an aircraft and remarketing services with respect to the divestiture of aircraft by the joint ventures. During fiscal 2026, 2025, and 2024, we were paid \$4.1 million, \$2.1 million, and \$1.6 million, respectively, for such services.

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Investment in xCelle Americas, LLC (“xCelle”)

Our investments in joint ventures include a 49.9% ownership interest in a joint venture to provide component repair services including overhaul of nacelles on next generation aircraft. In March 2025, we provided a loan to xCelle for \$3.3 million with semi-annual principal payments over the five-year term of the loan. Interest is payable semi-annually at SOFR plus 2.7%.

Investment in xCelle Asia Joint Venture

In December 2025, we invested \$7.1 million for a 49.9% interest in xCelle Asia Limited (“xCelle Asia JV”) based in Thailand. The xCelle Asia JV operations include nacelle MRO services, including on-wing and on-site inspections and rotatable support for next generation aircraft nacelles.

11. Leases

We lease land, facilities, offices, vehicles, and equipment. We determine at inception whether an arrangement that provides us control over the use of an asset is a lease. ROU assets and lease liabilities are recognized on the Consolidated Balance Sheets at lease commencement date based on the present value of the future minimum lease payments over the lease term. Our lease agreements do not provide a readily determinable implicit rate nor is it available to us from our lessors. We estimate our incremental borrowing rate based on information available at lease commencement in order to discount lease payments to present value.

Our lease costs are allocated over the remaining lease term on a straight-line basis unless another systematic or rational basis is more representative of the pattern in which the underlying asset is expected to be used. Variable lease costs are expensed in the period in which the obligation for those payments are incurred. ROU assets are evaluated for impairment in a manner consistent with the treatment of other long-lived assets. We elected the practical expedients to not separate lease and non-lease components for both lessee and lessor relationships and to not apply the recognition requirements to leases with terms of twelve months or less.

Certain leases include options to renew or extend the terms of the lease, which are included in the determination of the ROU assets and lease liabilities when it is reasonably certain that the option will be exercised. Our leases may also include variable lease payments such as escalation clauses based on consumer price index rates, maintenance costs and utilities. Variable lease payments that depend on an index or a rate are included in the determination of ROU assets and lease liabilities using the index or rate at the lease commencement date, whereas variable lease payments that do not depend on an index or rate are recorded as lease expense in the period incurred. Our lease agreements do not contain any significant residual value guarantees or restrictive covenants.

The summary of our operating lease cost is as follows:

	For the Year Ended May 31,		
	2026	2025	2024
Operating lease cost	\$42.4	\$28.0	\$23.9
Short-term lease cost	5.3	6.0	6.6
Variable lease cost	13.0	5.9	5.4
	<u>\$60.7</u>	<u>\$39.9</u>	<u>\$35.9</u>

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With the exception of land leases for certain airframe maintenance facilities that expire in 2122 and 2108, our operating leases expire at various dates through 2061. Maturities of our operating lease payments as of May 31, 2026 are as follows:

2027	\$ 22.8
2028	18.9
2029	13.8
2030	10.6
2031	9.4
Thereafter	152.3
Total undiscounted payments	227.8
Less: Imputed interest	109.7
Present value of minimum lease payments	118.1
Less: Operating lease liabilities – current	(17.0)
Operating lease liabilities – non-current	<u>\$101.1</u>

The current portion of operating lease liabilities are presented within Other accrued liabilities on our Consolidated Balance Sheets.

Our weighted-average remaining lease term and weighted-average discount rate are as follows:

	May 31,	
	2026	2025
Remaining lease term	14.7 years	11.9 years
Discount rate	7.4%	6.9%

Supplemental cash flow information related to leases was as follows:

	For the Year Ended May 31,		
	2026	2025	2024
Cash paid for amounts included in the measurement of lease liabilities	\$40.1	\$15.9	\$16.4
Operating lease liabilities arising from obtaining ROU assets	58.4	21.7	42.0

As of May 31, 2026, we have additional future payments on a lease for our new Corporate headquarters that has not yet commenced of approximately \$31 million. This lease is expected to commence in late fiscal 2027 and has a lease term of approximately 15 years.

12. Commitments

We enter into purchase obligations, which arise in the ordinary course of business and represent a binding commitment to acquire inventory, including raw materials, parts and components, as well as equipment to support the operations of our business. The aggregate amount of purchase obligations due in each of the next five fiscal years is \$798.8 million in 2027, \$275.5 million in 2028, \$71.5 million in 2029, \$9.5 million in 2030 and \$1.3 million in 2031.

We routinely issue letters of credit and performance bonds in the ordinary course of our business. These instruments are typically issued in conjunction with insurance contracts or other business requirements. The total of these instruments outstanding at May 31, 2026 was approximately \$10.5 million.

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13. Government Subsidies

We receive grants from certain governments in exchange for compliance with certain conditions relating to our activities in a specific jurisdiction. Grants can be structured to encourage investment, job creation, job retention, employee training, and other related activities. We recognize government grants when there is reasonable assurance that we will comply with the conditions of the grant and the grant is received or is probable of receipt and the amount is determinable. Government grants are recorded as a reduction to the related expense to which the grant relates in our Consolidated Statement of Income.

We have multiple government grants that are used to support job training and workforce development costs primarily at our Airframe MRO facilities. For these grants, we recognized contra-expense within Cost of sales and Selling, general and administrative expenses of \$1.5 million and \$0.3 million, respectively, in fiscal 2026. In fiscal 2025, we recognized contra-expense within Cost of sales and Selling, general and administrative expenses of \$1.9 million and \$0.6 million, respectively. In fiscal 2024, we recognized contra-expense within Cost of sales and Selling, general and administrative expenses of \$1.5 million and \$0.2 million, respectively.

14. Divestitures

Sale of Landing Gear Overhaul Business

On December 19, 2024, we entered into an agreement to divest our LGO business to GA Telesis for \$51 million subject to post-closing adjustments for working capital, cash, and debt. In the third quarter of fiscal 2025, the LGO assets and liabilities were reclassified to assets and liabilities held for sale and we recognized a non-cash, pre-tax impairment charge of \$63.0 million to adjust the carrying value of the LGO assets to their estimated fair value. Goodwill of \$14.6 million was also reclassified to assets held for sale and was included in the determination of the impairment charge.

The LGO business was reported within our Repair, Engineering, and Software segment. The divestiture did not represent a strategic shift that will have a major effect on our operations and financial results and, therefore, did not qualify for presentation as discontinued operations.

The sale closed in the fourth quarter of fiscal 2025 with net proceeds received of \$48.0 million. We recognized \$6.6 million of additional loss on the sale resulting from purchase price adjustments in the fourth quarter of fiscal 2025.

15. Business Segment Information

Our operating segments are comprised of:

- Parts Supply, primarily consisting of distribution of new parts and sales of used serviceable material, including aircraft, engine and airframe parts and components;
- Repair, Engineering, and Software primarily consists of Airframe MRO, Component MRO, and our software platforms, including Trax, Aerostrat, Airvoyant, and Airinmar;
- Government Solutions primarily consists of our fleet management and operations of customer-owned aircraft, customized performance-based supply chain logistics programs in support of the DoW, the DoS and foreign governments and the engineering, design, integration, manufacture, and repair of pallets, shelters, and containers; and
- Legacy Commercial Programs primarily consists of asset-heavy flight hour-based component repair programs for commercial airlines and distribution of consumables and expendables (“C&E”) inventory.

Our CODM is our Chief Executive Officer and he evaluates performance on our operating segments using operating income as the primary profitability measure. Our operating segments are aligned principally

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around differences in products and services and are consistent with how our CODM allocates resources, assesses performance, and makes decisions.

We have not aggregated operating segments for purposes of identifying reportable segments. Inter-segment sales are recorded at fair value which results in intercompany profit on inter-segment sales that is eliminated in consolidation. Corporate selling, general and administrative expenses include centralized functions such as legal, finance, treasury and human resources with a portion of the costs allocated to our operating segments.

Significant expenses for each segment are as follows:

Year Ended May 31, 2026					
	Sales	Cost of Sales	Selling, General and Administrative	Other Segment Items	Operating Income
Parts Supply	\$1,487.7	\$1,192.9	\$116.0	\$(7.4)	\$186.2
Repair, Engineering, and Software	1,080.8	862.8	132.7	0.7	84.6
Government Solutions	502.3	405.8	39.8	—	56.7
Legacy Commercial Programs	237.2	224.3	13.2	(0.3)	—
	<u>\$3,308.0</u>	<u>\$2,685.8</u>	<u>\$301.7</u>	<u>\$(7.0)</u>	<u>\$327.5</u>
Corporate and other					(49.7)
					277.8
Bargain purchase gain					29.5
Gain on sale of headquarters building					9.8
Gain related to sale and exit of business					1.4
Other expense, net					(2.1)
Interest expense					(72.1)
Interest income					1.6
Income before income taxes					<u>\$245.9</u>

Year Ended May 31, 2025					
	Sales	Cost of Sales	Selling, General and Administrative	Other Segment Items	Operating Income
Parts Supply	\$1,099.6	\$ 868.8	\$ 76.2	\$(2.2)	\$156.8
Repair, Engineering, and Software	931.0	724.9	124.8	(2.7)	84.0
Government Solutions	495.4	424.1	36.2	—	35.1
Legacy Commercial Programs	254.5	232.5	13.2	0.2	8.6
	<u>\$2,780.5</u>	<u>\$2,250.3</u>	<u>\$250.4</u>	<u>\$(4.7)</u>	<u>\$284.5</u>
Corporate and other					(99.3)
					185.2
Losses related to sale and exit of businesses					(72.4)
Other expense, net					(0.3)
Interest expense					(75.4)
Interest income					1.8
Income before income taxes					<u>\$ 38.9</u>

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Year Ended May 31, 2024					
	Sales	Cost of Sales	Selling, General and Administrative	Other Segment Items	Operating Income
Parts Supply	\$ 967.0	\$ 758.4	\$ 98.3	\$ 0.5	\$109.8
Repair, Engineering, and Software	681.3	534.7	99.1	(0.4)	47.9
Government Solutions	451.7	386.9	40.6	(0.6)	24.8
Legacy Commercial Programs	218.9	196.8	15.0	(0.1)	7.2
	<u>\$2,318.9</u>	<u>\$1,876.8</u>	<u>\$253.0</u>	<u>\$(0.6)</u>	<u>\$189.7</u>
Corporate and other					(60.5)
					129.2
Pension settlement charge					(26.7)
Gain related to sale and exit of businesses, net . . .					(2.8)
Other expense, net					(0.4)
Interest expense					(43.2)
Interest income					2.2
Income before income taxes					<u>\$ 58.3</u>

Selected financial information for each segment is as follows:

For the Year Ended May 31, 2026			
	Third-Party Sales	Inter-segment Sales	Total Sales
Parts Supply	\$1,487.7	\$ 32.6	\$1,520.3
Repair, Engineering, and Software	1,080.8	72.7	1,153.5
Government Solutions	502.3	4.2	506.5
Legacy Commercial Programs	237.2	3.7	240.9
	<u>\$3,308.0</u>	<u>\$113.2</u>	<u>\$3,421.2</u>

For the Year Ended May 31, 2025			
	Third-Party Sales	Inter-segment Sales	Total Sales
Parts Supply	\$1,099.6	\$ 19.8	\$1,119.4
Repair, Engineering, and Software	931.0	90.2	1,021.2
Government Solutions	495.4	1.3	496.7
Legacy Commercial Programs	254.5	0.5	255.0
	<u>\$2,780.5</u>	<u>\$111.8</u>	<u>\$2,892.3</u>

AAR CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in millions, except per share amounts)

	For the Year Ended May 31, 2024		
	Third-Party	Inter-segment	Total
	Sales	Sales	Sales
Parts Supply	\$ 967.0	\$ 8.6	\$ 975.6
Repair, Engineering, and Software	681.3	87.7	769.0
Government Solutions	451.7	0.9	452.6
Legacy Commercial Programs	218.9	—	218.9
	<u>\$2,318.9</u>	<u>\$97.2</u>	<u>\$2,416.1</u>
May 31,			
	<u>2026</u>	<u>2025</u>	
Total assets:			
Parts Supply		\$1,099.9	\$ 818.8
Repair, Engineering, and Software		1,598.2	1,328.0
Government Solutions		282.8	253.2
Legacy Commercial Programs		250.2	273.8
Corporate and other		124.8	170.8
		<u>\$3,355.9</u>	<u>\$2,844.6</u>
For the Year Ended May 31,			
	<u>2026</u>	<u>2025</u>	<u>2024</u>
Capital expenditures:			
Parts Supply	\$ 0.9	\$ 0.2	\$ 0.8
Repair, Engineering, and Software	25.6	23.9	14.2
Government Solutions	7.5	8.7	11.0
Legacy Commercial Programs	—	0.1	0.4
Corporate and other	2.6	1.8	3.3
	<u>\$36.6</u>	<u>\$34.7</u>	<u>\$29.7</u>
For the Year Ended May 31,			
	<u>2026</u>	<u>2025</u>	<u>2024</u>
Depreciation and amortization: ¹			
Parts Supply	\$24.0	\$ 9.7	\$ 8.4
Repair, Engineering, and Software	35.7	32.5	17.3
Government Solutions	7.1	6.4	3.8
Legacy Commercial Programs	7.2	7.5	10.0
Corporate	15.9	19.0	16.0
	<u>\$89.9</u>	<u>\$75.1</u>	<u>\$55.5</u>

¹ Includes amortization of stock-based compensation.

AAR CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in millions, except per share amounts)

	For the Year Ended May 31,		
	2026	2025	2024
Earnings (Loss) from joint ventures:			
Parts Supply	\$ 7.3	\$2.0	\$(0.5)
Repair, Engineering, and Software	(0.1)	3.4	0.3
	<u>\$ 7.2</u>	<u>\$5.4</u>	<u>\$(0.2)</u>

	May 31,	
	2026	2025
Investments in joint ventures:		
Parts Supply	\$15.8	\$ 8.4
Repair, Engineering, and Software	33.2	23.9
	<u>\$49.0</u>	<u>\$32.3</u>

The DoW, DoS, other U.S. government agencies and their contractors are our only customers representing 10% or more of total sales in any of the last three fiscal years. Sales by segment for these customers are as follows:

	For the Year Ended May 31,		
	2026	2025	2024
Parts Supply	\$253.3	\$143.3	\$ 99.3
Repair, Engineering, and Software	79.5	82.2	62.0
Government Solutions	455.0	462.1	414.8
	<u>\$787.8</u>	<u>\$687.6</u>	<u>\$576.1</u>
Percentage of total sales	<u>23.8%</u>	<u>24.7%</u>	<u>24.8%</u>

Sales across the major customer markets for each of our operating segments were as follows:

	For the Year Ended May 31,		
	2026	2025	2024
Parts Supply:			
Commercial	\$1,153.4	\$ 879.2	\$800.6
Government and defense	334.3	220.4	166.4
	<u>\$1,487.7</u>	<u>\$1,099.6</u>	<u>\$967.0</u>
Repair, Engineering, and Software:			
Commercial	\$ 990.2	\$ 838.4	\$612.3
Government and defense	90.6	92.6	69.0
	<u>\$1,080.8</u>	<u>\$ 931.0</u>	<u>\$681.3</u>
Government Solutions:			
Commercial	\$ 3.3	\$ 4.0	\$ 6.1
Government and defense	499.0	491.4	445.6
	<u>\$ 502.3</u>	<u>\$ 495.4</u>	<u>\$451.7</u>

AAR CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in millions, except per share amounts)

	For the Year Ended May 31,		
	2026	2025	2024
Legacy Commercial Programs:			
Commercial	\$237.2	\$254.5	\$218.9

Sales by type of product/service for each of our operating segments were as follows:

	For the Year Ended May 31,		
	2026	2025	2024
Government Solutions:			
Government programs	\$409.2	\$394.7	\$381.8
Mobility Systems	93.1	100.7	69.9
	<u>\$502.3</u>	<u>\$495.4</u>	<u>\$451.7</u>
Legacy Commercial Programs:			
Component repair programs	\$210.4	\$225.1	\$185.1
Distribution of C&E inventory	26.8	29.4	33.8
	<u>\$237.2</u>	<u>\$254.5</u>	<u>\$218.9</u>

For our Parts Supply and Repair, Engineering, and Software segments, each of those segments is comprised of similar products and services within the individual segment.

Geographic Data

Sales by geographic region for the fiscal years ended May 31, 2026, 2025, and 2024 were as follows:

	For the Year Ended May 31,		
	2026	2025	2024
Parts Supply:			
North America	\$ 840.6	\$ 631.6	\$532.1
Europe/Africa	331.4	263.2	252.9
Asia	250.4	166.1	146.4
Other	65.3	38.7	35.6
	<u>\$1,487.7</u>	<u>\$1,099.6</u>	<u>\$967.0</u>
Repair, Engineering, and Software:			
North America	\$ 881.1	\$ 735.9	\$589.1
Europe/Africa	99.7	100.1	55.0
Asia	94.4	86.8	31.1
Other	5.6	8.2	6.1
	<u>\$1,080.8</u>	<u>\$ 931.0</u>	<u>\$681.3</u>
Government Solutions:			
North America	\$ 499.9	\$ 493.1	\$440.1
Europe/Africa	2.1	2.1	11.3
Asia	0.3	0.2	0.3
	<u>\$ 502.3</u>	<u>\$ 495.4</u>	<u>\$451.7</u>

AAR CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in millions, except per share amounts)

	For the Year Ended May 31,		
	2026	2025	2024
Legacy Commercial Programs:			
North America	\$ 140.6	\$ 167.6	\$147.4
Europe	73.4	66.4	53.4
Asia	23.2	20.5	18.1
	<u>\$ 237.2</u>	<u>\$ 254.5</u>	<u>\$218.9</u>
	May 31,		
	2026	2025	
Long-lived assets:			
United States	\$1,370.3	\$1,110.8	
Europe	96.7	93.8	
Other	146.8	129.4	
	<u>\$1,613.8</u>	<u>\$1,334.0</u>	

Sales to unaffiliated customers in foreign countries (including sales through foreign sales offices of domestic subsidiaries) were \$1,135.4 million (34.3% of sales), \$951.7 million (34.2% of sales), and \$770.0 million (33.2% of sales) in fiscal 2026, 2025, and 2024, respectively.

16. Legal Proceedings and Other Matters

We are involved in various claims and legal actions, including environmental matters, arising in the ordinary course of business. We are not a party to any material pending legal proceeding (including any governmental or environmental proceeding) other than routine litigation incidental to our business except for the following:

Russian Bankruptcy Litigation

During calendar years 2016 and 2017, certain subsidiaries of the Company purchased four engines from VIM-AVIA Airlines, LLC (“VIM-AVIA”), a company organized in Russia. Subsequent to the purchase of the engines, VIM-AVIA declared bankruptcy in Russian courts, and in November 2019, the receiver of the VIM-AVIA bankruptcy estate (“Receiver”) and one of the major creditors of VIM-AVIA filed a clawback action in the Arbitration Court of the Russian Republic of Tartarstan (the “Russian Trial Court”) against our subsidiaries alleging that the contracts entered into with VIM-AVIA in the 2016 – 2017 timeframe are invalid. The clawback action alleged that our subsidiaries owe the VIM-AVIA bankruptcy estate approximately \$13 million, the alleged fair market value of the four engines at the time of sale.

On March 3, 2023, the Russian Trial Court awarded a \$1.8 million judgment against the Company relating to one engine, and dismissed all the other claims against the Company relating to the three remaining engines. The Company recognized a corresponding charge of \$1.8 million in the third quarter of fiscal 2023. Further court proceedings and multiple appeals ensued in 2024 and 2025.

On September 26, 2023, the Russian Eleventh Arbitration Court of Appeal (the “Russian Appellate Court”) issued an order (i) affirming the Russian Trial Court’s adverse judgment against the Company relating to one of the four engines; (ii) reversing the Russian Trial Court’s dismissal of the claims relating to the remaining three engines; and (iii) awarding a judgment against the Company in the total amount of \$13.0 million. During the first quarter of fiscal 2024, the Company recognized a charge for \$11.2 million representing the judgment against the Company for the remaining three engines.

AAR CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in millions, except per share amounts)

Ultimately, on October 11, 2024, the Russian Court of Cassation issued a ruling that effectively affirmed (i) the \$1.8 million judgment against the Company relating to one of the four engines, and (ii) the dismissal of the Receiver's clawback claims relating to the remaining three engines. On February 10, 2025, the Russian Supreme Court denied both the Company's request and the Receiver's request for review of the October 11, 2024 ruling. The \$1.8 million judgment against the Company is final and not subject to further review in the Russian courts. The Receiver's claims against the Company in the VIM / AVIA bankruptcy litigation have therefore been concluded and \$11.2 million liability was reversed in the third quarter of fiscal 2025.

The Company believes that the claims brought against it by the Receiver, and the resulting \$1.8 million judgment against it, were a result of, among other things, a hostile business and legal environment for foreign companies in Russia, which has been caused by developments in the Russia/Ukraine conflict, including the imposition of a range of sanctions and export controls on Russian entities and individuals by the U.S. and its North Atlantic Treaty Organization allies.

In June 2026, the Receiver sold the \$1.8 million judgment and related interest to two Russian nationals. As such, the purchasers, rather than the Receiver, may attempt to enforce the judgments against the Company. Although there can be no assurances, the Company also believes it would have strong defenses to any attempt that may be made to recognize and enforce the judgment outside of Russia. The Company's ability to satisfy the judgment, in whole or in part, may be restricted by the Company's obligation to comply with U.S. trade restrictions. As of May 31, 2026, our Consolidated Balance Sheet included a liability for the matter, including accrued interest, of \$2.1 million classified as long-term in Other liabilities.

Performance Guarantee

In conjunction with the fiscal 2021 sale of our Composites business, we retained a performance guarantee to a customer of the Composites business (the "Customer") under an existing contract providing flap track fairings on the A220 aircraft ("A220 Contract"). The term of the A220 Contract and our performance guarantee extend for the duration that A220 aircraft are in service and the customer continues to maintain support for the A220 aircraft. The performance guarantee does not contain a financial cap.

In March 2022, the buyer of the Composites business (the "Buyer") filed for bankruptcy and moved to have the bankruptcy court reject the A220 Contract. The Customer also notified us that it believes the Buyer has failed to timely deliver products in accordance with the terms of the A220 Contract and that the Customer has incurred losses related to the asserted non-compliance that the Customer believes is covered by our performance guarantee. To date, the Customer has provided us with limited details in support of the extent of the Customer's claimed losses with respect to the A220 Contract and its contention that we may be responsible under our performance guarantee to reimburse the Customer for any portion of its claimed losses. The Customer filed suit against us during the fourth quarter of fiscal 2023 claiming damages of at least \$32 million.

In this regard, while we are continuing to seek additional detail around the facts and legal basis underlying the claim for losses the Customer attributed to the A220 Contract and the Customer's corresponding claim under the performance guarantee, we strongly disagree with the premise of the Customer's claim based on the information available and known to us at this time, and we believe that we have numerous defenses available against this claim that we will vigorously pursue. While it is reasonably possible that we will incur a loss from the claim under the performance guarantee, we are unable to estimate the range of loss on this claim. There can be no assurance that the Customer's claim under the performance guarantee will not have a material adverse effect on our operations, financial position and cash flows.

In the fourth quarter of fiscal 2026, we were awarded \$1.5 million for reimbursement of a portion of our legal fees incurred in connection with the Buyer's bankruptcy proceedings. We expect the Bankruptcy Court to release the funds to us before the end of calendar 2026.

AAR CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in millions, except per share amounts)

Self-Reporting of Potential Foreign Corrupt Practices Act Violations

As previously disclosed, in 2019, the Company retained outside counsel to investigate possible violations of the U.S. Foreign Corrupt Practices Act (the “FCPA”) relating to certain transactions in Nepal and South Africa and self-reported these matters to the U.S. Department of Justice (the “DoJ”), the SEC, and the U.K. Serious Fraud Office.

On December 19, 2024, after cooperating with the DoJ’s and SEC’s investigations, the Company resolved with the DoJ pursuant to a Non-Prosecution Agreement (“NPA”) and with the SEC pursuant to a Cease-and-Desist Order (the “SEC Order”), both dated December 19, 2024. Pursuant to the NPA, the DoJ agreed that it will not prosecute the Company for conduct described in the NPA provided that the Company complies with the terms of the NPA for the NPA’s 18-month term.

In the second quarter of fiscal 2025, we recognized a charge for the \$55.6 million under the NPA and SEC Order.

Enforcement Proceeding in Nepal

As previously disclosed, the Company became aware via news reports that Nepal’s Commission for Investigation of Abuse of Authority (“CIAA”) apparently initiated a criminal proceeding in April 2024 against over 35 entities and individuals, including AAR International, Inc., a subsidiary of the Company. The charges alleged violations of Nepalese public procurement law and were related to the same transactions in Nepal that the Company previously self-reported, as described above. The proceeding also named a former AAR International, Inc. employee, as well as John Holmes in his capacity as president of AAR International, Inc. at the time of the alleged conduct.

AAR International, Inc. does not accept or admit these charges, and neither AAR International, Inc. nor Mr. Holmes appeared before the Special Court for several reasons including because the Company believes that any proceedings before the Special Court lack appropriate due process protections.

Based on news reports and a summary judgment from the Nepalese court, we understand that several defendants were convicted in connection with the charges, including AAR International, Inc. The conviction against AAR International, Inc. purportedly carries a fine of approximately \$0.9 million as well as a prison sentence of 1.5 years. AAR understands that Mr. Holmes was not personally convicted, but because under Nepalese law it is the responsibility of the company’s principal business executive to accept the sentence of the company, Mr. Holmes has been assigned the company’s sentence by the court. The Company does not currently intend to participate in the proceedings, and does not intend to pay the fine, believing the proceedings and outcome lack due process. The Company does not believe that the outcome of these proceedings will have a material adverse effect on the Company’s operations, financial position, or cash flows. We recognized a liability for the \$0.9 million fine in the second quarter of fiscal 2025.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not Applicable.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Act”), as of May 31, 2026. This evaluation was carried out under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures. Therefore, effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives.

Based upon our evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective as of May 31, 2026, ensuring that information required to be disclosed in the reports that are filed under the Act is recorded, processed, summarized and reported in a timely manner.

Management Report on Internal Control Over Financial Reporting

Management of AAR CORP. is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) of the Act. The Company’s internal control over financial reporting is a process designed by, or under the supervision of, our Chief Executive Officer and Chief Financial Officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with U.S. GAAP and 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 assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. GAAP, 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. Internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems which are determined to be effective provide only reasonable assurance with respect to financial statement preparation and presentation. 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.

Management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer and oversight of the Board of Directors, assessed the effectiveness of our internal control over financial reporting as of May 31, 2026 based on the criteria for effective internal control over financial reporting described in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. However, under guidelines established by the Securities and Exchange Commission, companies are allowed to exclude acquired businesses from management’s report on internal control over financial reporting for the first year subsequent to acquisition. Accordingly, in making its assessment of internal control over financial reporting as of May 31, 2026, management excluded the internal control activities of American Distributors Holding Co., LLC, HAECO Americas, Aircraft Reconfig Technologies and Aerostrat Corp. (see Note 2 of Notes to Consolidated Financial Statements) which constituted approximately 7.6% of total sales and 11.8% of total assets as of and for the year ended May 31, 2026.

Based on our assessment, management concluded that the Company maintained effective internal control over financial reporting as of May 31, 2026.

KPMG LLP, our independent registered public accounting firm, has issued a report on the effectiveness of our internal control over financial reporting. That report appears below.

Changes in Internal Control Over Financial Reporting

There were no changes in the Company's internal control over financial reporting during the quarter ended May 31, 2026, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors
AAR CORP.:

Opinion on Internal Control Over Financial Reporting

We have audited AAR CORP. and subsidiaries' (the Company) internal control over financial reporting as of May 31, 2026, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of May 31, 2026, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of May 31, 2026 and May 31, 2025, the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for each of the years in the three-year period ended May 31, 2026, and the related notes (collectively, the consolidated financial statements), and our report dated July 21, 2026 expressed an unqualified opinion on those consolidated financial statements.

The Company acquired American Distributors Holding Co., LLC, HAECO Americas, Aircraft Reconfig Technologies and Aerostrat Corp. during fiscal 2026, and management excluded from its assessment of the effectiveness of the Company's internal control over financial reporting as of May 31, 2026, American Distributors Holding Co., LLC, HAECO Americas, Aircraft Reconfig Technologies and Aerostrat Corp.'s internal control over financial reporting associated with 11.8% of total assets and 7.6% of total revenues included in the consolidated financial statements of the Company as of and for the year ended May 31, 2026. Our audit of internal control over financial reporting of the Company also excluded an evaluation of the internal control over financial reporting of American Distributors Holding Co., LLC, HAECO Americas, Aircraft Reconfig Technologies and Aerostrat Corp.

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 Report on Internal Control Over Financial Reporting. 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 of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and

expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

/s/ KPMG LLP

Chicago, Illinois
July 21, 2026

ITEM 9B. OTHER INFORMATION

During the three months ended May 31, 2026, none of our directors or “officers” (as defined in Rule 16a-1(f) promulgated under the Exchange Act) adopted, modified or terminated a “Rule 10b5-1 trading arrangement” or a “non-Rule 10b5-1 trading arrangement” as such terms are defined under Item 408 of Regulation S-K.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this item regarding the Directors of the Company and nominees for election of the Board is incorporated by reference to the information contained under the caption “Information about Our Director Nominees and Our Continuing Directors” in our definitive proxy statement for the 2026 Annual Meeting of Stockholders.

The information required by this item regarding the Executive Officers of the Company appears under the caption “Information about our Executive Officers” in Part I, Item 1 above.

The information required by this item regarding the identification of the Audit Committee as a separately-designated standing committee of the Board and the status of one or more members of the Audit Committee being an “audit committee financial expert” is incorporated by reference to the information contained under the caption “The Board’s Role and Responsibilities — Role and Responsibilities of the Board Committees” in our definitive proxy statement for the 2026 Annual Meeting of Stockholders.

The information required by this item regarding our Code of Conduct applicable to our directors, officers and employees is incorporated by reference to the information contained under the caption “Board Practices and Policies — Code of Conduct” in our definitive proxy statement for the 2026 Annual Meeting of Stockholders.

The information required by this item regarding our insider trading policy and procedures is incorporated by reference to the information contained under the caption “Insider Trading, Anti-Hedging and Anti-Pledging Policies” in our definitive proxy statement for the 2026 Annual Meeting of Stockholders.

There have been no material changes to the procedures by which stockholders may recommend nominees to the Company’s board of directors. The information regarding these procedures is incorporated by reference to the information contained under the caption “Director Nominations and Qualifications” in our definitive proxy statement for the 2026 Annual Meeting of Stockholders.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item is incorporated by reference to the information contained under the captions “Executive Compensation” and “Director Compensation” of our definitive proxy statement for the 2026 Annual Meeting of Stockholders.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this item regarding security ownership of certain beneficial owners and management is incorporated by reference to the information contained under the caption “Stock Ownership Information” in our definitive proxy statement for the 2026 Annual Meeting of Stockholders.

The information required by this item regarding equity compensation plan information is incorporated by reference to the information contained under the caption “Equity Compensation Plan Information” in our definitive proxy statement for the 2026 Annual Meeting of Stockholders.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this item is incorporated by reference to the information contained under the captions “Director Independence” and “Board Practices and Policies — Related Person Transaction Policy” in our definitive proxy statement for the 2026 Annual Meeting of Stockholders.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this item is incorporated by reference to the information contained under the caption “Independent Registered Public Accounting Firm Fees and Services” in our definitive proxy statement for the 2026 Annual Meeting of Stockholders.

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) (1) Financial Statements

Our consolidated financial statements are as set forth under Item 8 of this Annual Report on Form 10-K.

(a) (2) Financial Statement Schedules

All schedules are omitted because they are not applicable, not required, or the information is included in the consolidated financial statements.

(a) (3) Exhibits

Index		Exhibits	
3.	Articles of Incorporation and By-Laws	3.1	Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Registrant’s Annual Report on Form 10-K for the fiscal year ended May 31, 2004)
		3.2	By-Laws, as amended and restated through January 22, 2025 (incorporated by reference to Exhibit 3.1 to the Registrant’s Current Report on Form 8-K dated January 23, 2025)
4.	Instruments defining the rights of security holders	4.1	Restated Certificate of Incorporation (see Exhibit 3.1).
		4.2	By-Laws, as amended and restated through January 22, 2025 (see Exhibit 3.2).
		4.3	Description of Capital Stock (incorporated by reference to Exhibit 4.3 to the Registrant’s Annual Report on Form 10-K for the year ended May 31, 2022)
		4.4	Indenture providing for Issuance of Debt Securities between AAR CORP. as Issuer and U.S. Bank Trust Company, National Association (as successor in interest to U.S. Bank National Association), as Trustee dated as of December 1, 2010 (incorporated by reference to Exhibit 4.1 to the Registrant’s Quarterly Report on Form 10-Q for the quarterly period ended November 30, 2010)
		4.5	Indenture providing for Issuance of Subordinated Debt Securities between AAR CORP. as Issuer and U.S. Bank Trust Company, National Association (as successor in interest to U.S. Bank National Association), as Trustee dated as of December 1, 2010 (incorporated by reference to Exhibit 4.2 to the Registrant’s Quarterly Report on Form 10-Q for the quarterly period ended November 30, 2010)

Index	Exhibits
	4.6 Base Indenture, dated as of March 1, 2024, by and between the Escrow Issuer and the Trustee (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed March 1, 2024)
	4.7 Form of 6.750% Senior Note due 2029 (included in Exhibit 4.1) (incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K filed March 1, 2024)
	4.8 First Supplemental Indenture, dated as of March 1, 2024, by and among the Company, the Note Guarantors and the Trustee (incorporated by reference to Exhibit 4.3 to the Registrant's Current Report on Form 8-K filed March 1, 2024)
	4.9 Second Supplemental Indenture, dated as of October 8, 2024, by and among AAR CORP., as issuer, AAR Allen Services, Inc., as guaranteeing subsidiary, and Wilmington Trust, National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended November 30, 2024)
10. Material Contracts	10.1* AAR CORP. Directors' Retirement Plan, dated April 14, 1992 (incorporated by reference to Exhibits to the Registrant's Annual Report on Form 10-K for the fiscal year ended May 31, 1992), amended May 26, 2000 (incorporated by reference to Exhibit 10.5 to the Registrant's Annual Report on Form 10-K for the fiscal year ended May 31, 2000) and April 10, 2001 (incorporated by reference to Exhibit 10.5 to the Registrant's Annual Report on Form 10-K for the fiscal year ended May 31, 2001)
	10.2* AAR CORP. Supplemental Key Employee Retirement Plan, as Amended and Restated effective July 13, 2020 (incorporated by reference to Exhibit 10.3 to the Registrant's Annual Report on Form 10-K for the fiscal year ended May 31, 2020)
	10.3* First Amendment dated December 5, 2023 to AAR CORP. Supplemental Key Employee Retirement Plan, as Amended and Restated effective July 13, 2020 (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended February 29, 2024)
	10.4* AAR CORP. Nonemployee Directors' Deferred Compensation Plan, as Amended and Restated effective July 10, 2017 (incorporated by reference to Exhibit 10.4 to the Registrant's Annual Report on Form 10-K for the fiscal year ended May 31, 2019)
	10.5* Form of Directors' and Officers' Indemnification Agreement (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended August 31, 2008)
	10.6* AAR CORP. 2013 Stock Plan, as amended and restated effective July 13, 2020 (reflecting amendments since July 13, 2020) (incorporated by reference to Appendix C to the Registrant's Proxy Statement filed on August 8, 2023)

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| 10.7* | Third Amendment to the AAR CORP. 2013 Stock Plan (as amended and restated effective July 13, 2020) dated March 19, 2024 (incorporated by reference to Exhibit 10.9 to the Registrant's Annual Report on Form 10-K for the fiscal year ended May 31, 2024) |
| 10.8* | Form of Severance and Change in Control Agreement (incorporated by reference to Exhibit 10.15 to the Registrant's Annual Report on Form 10-K for the fiscal year ended May 31, 2020) |
| 10.9* | First Amendment to Form of Severance and Change in Control Agreement dated March 19, 2024 (incorporated by reference to Exhibit 10.11 to the Registrant's Annual Report on Form 10-K for the fiscal year ended May 31, 2024) |
| 10.10 | Credit Agreement dated December 14, 2022 among AAR CORP., Wells Fargo, N.A., as administrative agent, and the various financial institutions party thereto (incorporated by reference to Exhibit 10.10 to the Registrant's Annual Report on Form 10-K for the fiscal year ended May 31, 2023) |
| 10.11 | Revolver Amendment, dated as of March 1, 2024, by and among the Company, as borrower, the lenders from time to time party thereto and Wells Fargo Bank, N.A., as administrative agent (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed March 1, 2024) |
| 10.12 | Amendment No. 2 to Credit Agreement, dated as of February 27, 2025, by and among AAR CORP., as borrower, the lenders party thereto and Wells Fargo Bank, N.A., as administrative agent (incorporated by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended February 28, 2025) |
| 10.13 | Purchase Agreement dated February 23, 2018 by and among AAR CORP., as seller representative and servicer, the sellers time to time party thereto, and Citibank, N.A., as buyer (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K dated February 28, 2018) |
| 10.14 | First Amendment to Purchase Agreement dated as of May 22, 2018 by and among AAR CORP., as seller representative and servicer, the sellers time to time party thereto, and Citibank, N.A., as buyer (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K dated May 25, 2018) |
| 10.15 | Second Amendment to Purchase Agreement dated as of October 25, 2018 by and among AAR CORP., as seller representative and servicer, the sellers time to time party thereto, and Citibank, N.A., as buyer (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended November 30, 2020) |
| 10.16 | Third Amendment to Purchase Agreement dated as of October 7, 2020 by and among AAR CORP., as seller representative and servicer, the sellers time to time party thereto, and Citibank, N.A., as buyer (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended November 30, 2020) |

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| 10.17 | Amendment dated December 23, 2021 to Purchase Agreement dated as of February 23, 2018 by and among AAR CORP., as seller representative and servicer, the sellers time to time party thereto, and Citibank, N.A., as buyer (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended February 28, 2022) |
| 10.18 | Fifth Amendment to Purchase Agreement, dated as of December 3, 2024, by and between AAR CORP., as seller representative, servicer and parent, and Citibank, N.A., as buyer (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended November 30, 2024) |
| 10.19* | Amended and Restated Employment Agreement dated as of May 24, 2018 between AAR CORP. and John M. Holmes (incorporated by reference to Exhibit 10.4 to the Registrant's Current Report on Form 8-K dated May 25, 2018) |
| 10.20* | First Amendment to the Amended and Restated Employment Agreement dated as of July 30, 2020 between AAR CORP. and John M. Holmes (incorporated by reference to Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended August 31, 2020) |
| 10.21* | Form of AAR CORP. Fiscal 2023 Non-Qualified Stock Option Agreement (incorporated by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended August 31, 2022) |
| 10.22* | Form of AAR CORP. Fiscal 2024 Non-Qualified Stock Option Agreement (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended August 31, 2023) |
| 10.23* | Form of AAR CORP. Fiscal 2024 Restricted Stock Agreement (incorporated by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended August 31, 2023) |
| 10.24* | Form of AAR CORP. Fiscal 2024 Performance Restricted Stock Agreement (incorporated by reference to Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended August 31, 2023) |
| 10.25* | Form of AAR CORP. Fiscal 2025 Non-Qualified Stock Option Agreement (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended August 31, 2024) |
| 10.26* | Form of AAR CORP. Fiscal 2025 Restricted Stock Agreement (incorporated by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended August 31, 2024) |
| 10.27* | Form of AAR CORP. Fiscal 2025 Performance Restricted Stock Agreement (incorporated by reference to Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended August 31, 2024) |

Index	Exhibits
	10.28* Supplemental Guaranty, dated as of September 10, 2024, by AAR Allen Services, Inc., as guarantor, to Wells Fargo Bank, N.A., as administrative agent and contractual representative (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended November 30, 2024) 10.29* Form of Fiscal 2026 Director Restricted Stock Agreement (incorporated by reference to Exhibit 10.43 to the Registrant's Annual Report on Form 10-K for the fiscal year ended May 31, 2025) 10.30* Form of AAR CORP. Fiscal 2026 Short-Term Incentive Plan (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended August 31, 2025) 10.31* Form of AAR CORP. Fiscal 2026 Non-Qualified Stock Option Agreement (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended August 31, 2025) 10.32* Form of AAR CORP. Fiscal 2026 Restricted Stock Agreement (incorporated by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended August 31, 2025) 10.33* Form of AAR CORP. Fiscal 2026 Performance Restricted Stock Agreement (incorporated by reference to Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended August 31, 2025) 10.34* Form of Fiscal 2027 Director Restricted Stock Agreement (filed herewith)
19. Insider Trading Policies and Procedures	19.1 AAR CORP. Insider Trading Policy (incorporated by reference to Exhibit 19.1 to the Registrant's Annual Report on Form 10-K for the fiscal year ended May 31, 2024)
21. Subsidiaries of the Registrant	21.1 Subsidiaries of AAR CORP. (filed herewith)
23. Consents of experts and counsel	23.1 Consent of Independent Registered Public Accounting Firm (filed herewith)
31. Rule 13a-14(a)/15d-14(a) Certifications	31.1 Section 302 Certification dated July 21, 2026 of John M. Holmes, Chairman, President and Chief Executive Officer of Registrant (filed herewith)
	31.2 Section 302 Certification dated July 21, 2026 of Dylan Z. Wolin, Senior Vice President and Chief Financial Officer of Registrant (filed herewith)
32. Section 1350 Certifications	32.1 Section 906 Certification dated July 21, 2026 of John M. Holmes, Chairman, President and Chief Executive Officer of Registrant (furnished herewith)
	32.2 Section 906 Certification dated July 21, 2026 of Dylan Z. Wolin, Senior Vice President and Chief Financial Officer of Registrant (furnished herewith)

<u>Index</u>		<u>Exhibits</u>
97	Policy Relating to Recovery of Erroneously Awarded Compensation	97.1 AAR CORP. Compensation Recoupment Policy effective October 2, 2023 (incorporated by reference to Exhibit 97.1 to the Registrant's Annual Report on Form 10-K for the fiscal year ended May 31, 2024)
101.	Interactive Data File	101 The following materials from the Registrant's Annual Report on Form 10-K for the fiscal year ended May 31, 2026, formatted in XBRL (eXtensible Business Reporting Language): (i) Consolidated Balance Sheets at May 31, 2026 and 2025, (ii) Consolidated Statements of Income for the fiscal years ended May 31, 2026, 2025, and 2024, (iii) Consolidated Statements of Comprehensive Income for fiscal years ended May 31, 2026, 2025, and 2024, (iv) Consolidated Statements of Cash Flows for the fiscal years ended May 31, 2026, 2025, and 2024, (v) Consolidated Statement of Changes in Equity for the three years ended May 31, 2026 and (vi) Notes to Consolidated Financial Statements.**
104.	Cover Page Interactive Data File	104 Cover Page Interactive Data File (embedded within the Inline XBRL document and contained in Exhibit 101)

+ Excludes certain portions of the exhibit pursuant to Item 601(b)(10)(iv) of Regulation S-K. A copy of the omitted portions will be furnished to the SEC upon request.

++ Pursuant to Item 601(b)(4)(iii)(A) of Regulation S-K, the Registrant is not filing certain documents. The Registrant agrees to furnish a copy of each such document upon the request of the Commission.

* Management contracts and compensatory arrangements.

** Pursuant to Rule 406T of Regulation S-T, the Interactive Data Files on Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

ITEM 16. FORM 10-K SUMMARY

Not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

AAR CORP.
(Registrant)

Date: July 21, 2026

BY: /s/ JOHN M. HOLMES

John M. Holmes

Chairman, President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report on Form 10-K has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ JOHN M. HOLMES John M. Holmes	<i>Chairman, President and Chief Executive Officer (Principal Executive Officer)</i>	July 21, 2026
/s/ DYLAN Z. WOLIN Dylan Z. Wolin	<i>Senior Vice President and Chief Financial Officer (Principal Financial Officer)</i>	
/s/ ERIC S. PACHAPA Eric S. Pachapa	<i>Vice President, Controller and Chief Accounting Officer (Principal Accounting Officer)</i>	
/s/ MICHAEL R. BOYCE Michael R. Boyce	<i>Director</i>	
/s/ JOHN W. DIETRICH John W. Dietrich	<i>Director</i>	
/s/ JEFFREY N. EDWARDS Jeffrey N. Edwards	<i>Director</i>	
/s/ ROBERT F. LEDUC Robert F. Leduc	<i>Director</i>	
/s/ ELLEN M. LORD Ellen M. Lord	<i>Director</i>	
/s/ DUNCAN J. MCNABB Duncan J. McNabb	<i>Director</i>	
/s/ BILLY J. NOLEN Billy J. Nolen	<i>Director</i>	
/s/ PETER PACE Peter Pace	<i>Director</i>	
/s/ JENNIFER L. VOGEL Jennifer L. Vogel	<i>Director</i>	
/s/ MARC J. WALFISH Marc J. Walfish	<i>Director</i>	
/s/ HEMA WIDHANI Hema Widhani	<i>Director</i>	



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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.



Doing it right. Nonstop.™



AAR locations

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

Software

- TraxSM
- AerostratSM
- Airinmar[®]
- AirvoyantSM

AAR joint ventures

- ASASSM (Sumitomo Corporation)
- xCelleSM Americas (Air France Industries KLM Engineering & Maintenance)
- xCelleSM Asia (Air France Industries KLM Engineering & Maintenance)
- KALS (KIRA Aviation Services)

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