



70 years of Doing It Right[®]



Dear fellow shareholders,

Fiscal Year 2025 marked our 70-year anniversary. It was a great year for our Company. We broke records, optimized our services portfolio to position the Company for future growth, and responded to the industry’s increased demand for aftermarket services. Our achievements highlighted our entrepreneurial spirit and ability to continue to evolve to meet the ever-changing needs of our industry.

Our 70th anniversary

Founded in 1955 with an astute understanding of the aviation industry’s emerging needs, AAR – known as Allen Aircraft Radio at the time – sought to transform the aftermarket. With this deftness and vision, throughout our history, we have innovated, strategically evolved our offerings, and prioritized safety and service. Today, we remain committed to these foundational tenets and continue to place our valued customers, team members, shareholders, communities, and the industry as a whole at the center of our activities. We proudly celebrate 70 years of Doing It Right®.

Our financial results

AAR’s financial discipline and strong execution yielded record-breaking financial results for FY2025. 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 revenue, adjusted EBITDA, and adjusted EPS, taking the Company well above our pre-pandemic highs.

Specifically, AAR’s consolidated sales grew 20% from \$2.3 billion to \$2.8 billion. Our adjusted operating margin reached 9.6%, up from 8.3% in FY2024. We recorded



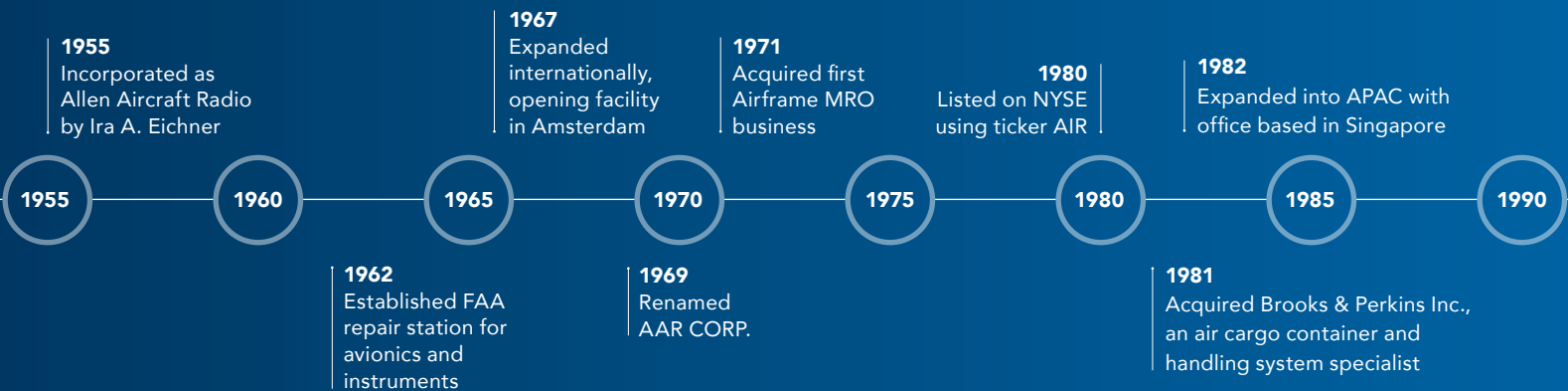
GAAP diluted earnings per share of \$0.35, compared to \$1.29 in FY2024, and our adjusted diluted earnings per share from continuing operations were \$3.91, up 17% from \$3.33 in FY2024.

Our investments

Disciplined allocation of our capital was central to AAR’s growth in FY2025 and is the basis for our future strategy.

In FY2023, we completed the acquisition of TraxSM, a leading aviation maintenance and engineering software company. After two years of investment, Trax has experienced significant growth and our acquisition thesis has been confirmed. We launched several new services and announced many new business wins with some of the largest airlines and MRO providers, and we have nearly doubled Trax’s revenue

70 years of Doing It Right®



since the acquisition. We are pleased with this outstanding success and are positioning the company to achieve opportunities for significant further growth.

This year, we substantially completed the integration of AAR's FY2024 Product Support acquisition, realizing synergies and delivering strong performance. Our Component Services activities benefited from the additional capabilities, expanded global footprint, and higher margin offerings brought through the acquisition.

AAR made considerable adjustments to optimize our portfolio, focusing on our core segments and highest margin offerings. With this emphasis, we also continue to strengthen our existing businesses through further investments. Digital technologies are transforming our Company and industry while affording superior profitability. In our Airframe MRO activities, digital advancements have driven efficiencies that contribute to significant margin expansion, and we continue to make progress toward additional maintenance capacity through the construction of two Airframe MRO facility expansions.

Our impact

AAR's record financial performance was achieved by the Best Team in Aviation: AAR's 6,000 global team members. We endeavor to foster a positive Company culture that values each team member and unifies them in our pursuits. Our success was validated in March 2025, when AAR earned the prestigious Great Place to Work® Certification based on team member feedback. Team AAR ranked our regard for their safety as the Company's most salient attribute and reported a widespread feeling of pride in our shared accomplishments. AAR also earned repeat Military Friendly®

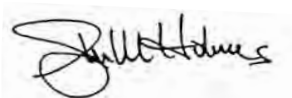
Employer and Spouse Employer designations for our comprehensive, impactful initiatives supporting current members of the military, veterans, and their families.

AAR's positive Company culture translates to successful outcomes for our operations and customers. This is seen in our recognition from Newsweek as one of America's Most Responsible Companies 2025, from The145.com as the overall Top Shop for Best Total Solutions Provider Repair, and from NATO Support and Procurement Agency, which ranked AAR's Component Services – Amsterdam facility as the No. 1 Best Source of Repair.

Our future

For the past seven decades, AAR has optimized our parts and services portfolio to meet the needs of the aviation industry. As we look to the year ahead, we are focused on creating value through our differentiated offerings, organic growth through market share gains and capacity expansions, and investing in strategic M&A. We remain focused on delivering unmatched support for our customers, superior returns for our shareholders, and meaningful opportunities for our team members. We are committed to Doing It Right® in the decades ahead.

Thank you for your continued 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	2025	2024	2023	2022	2021
Operating performance					
Net sales	\$ 2,780.5	\$ 2,318.9	\$ 1,990.5	\$ 1,820.0	\$ 1,652.3
Operating income	185.2	129.2	133.9	106.9	85.2
Diluted earnings per share from continuing operations	0.35	1.29	2.52	2.16	1.30
Financial position					
Working capital	955.9	922.7	746.4	659.0	600.2
Total assets	2,844.6	2,770.0	1,833.1	1,573.9	1,539.7
Total debt	997.0	997.0	272.0	100.0	135.2
Stockholders' equity	1,211.6	1,189.8	1,099.1	1,034.5	974.4

Adjusted operating income

(in millions - unaudited)

For the year ended May 31	2025	2024
Operating income	\$ 185.2	\$ 129.2
FCPA settlement and investigation costs	65.3	10.5
Acquisition, integration, and amortization expenses	26.8	36.7
Contract termination/restructuring costs and loss provisions, net	0.2	4.8
Russian bankruptcy court judgment (reversal)	(11.1)	11.2
Gain related to sale of joint venture	(2.1)	—
Government COVID-related subsidy liability	0.8	—
Severance costs	—	0.5
Adjusted operating income	\$ 265.1	\$ 192.9

Adjusted diluted earnings per share

(unaudited)

For the year ended May 31	2025	2024
Diluted earnings per share	\$ 0.35	\$ 1.29
Acquisition, integration, and amortization expenses	0.74	1.21
Pension settlement charges	—	0.76
FCPA settlement and investigation costs	1.84	0.29
Russian bankruptcy court judgment (reversal)	(0.31)	0.32
Contract termination cost	—	0.14
Losses related to sale and exit of business/joint venture, net	1.97	0.07
Severance charges	—	0.01
Government COVID-related subsidy liability	0.02	—
Tax effect on adjustments ^(a)	(0.70)	(0.76)
Adjusted diluted earnings per share	\$ 3.91	\$ 3.33

^(a) Calculation uses estimated statutory tax rates on non-GAAP adjustments except for the impact of the non-deductible portion of the FCPA settlement charge and the tax effect of the pension settlement charge, which includes income taxes previously recognized in accumulated other comprehensive loss.

Adjusted EBITDA

(in millions - unaudited)

For the year ended May 31	2025
Net income	\$ 12.5
Income tax expense	26.4
Other expense, net	0.3
Interest expense, net	73.6
Depreciation and amortization	55.2
Acquisition and integration expenses	10.8
Russian bankruptcy court judgment (reversal)	(11.1)
FCPA settlement and investigation costs	65.3
Contract termination cost	0.2
Losses related to sale and exit of business/joint venture	70.3
Government COVID-related liability	0.8
Stock-based compensation	19.9
Adjusted EBITDA	\$ 324.2

Net debt

(in millions - unaudited)

May 31	2025
Total debt	\$ 977.0
Less: Cash and cash equivalents	(96.5)
Net debt	\$ 880.5

Net debt to adjusted EBITDA

(in millions - unaudited)

May 31	2025
Adjusted EBITDA for the year ended	\$ 324.2
Net debt at year end	880.5
Net debt to adjusted EBITDA	2.72

Adjusted operating income, adjusted diluted earnings per share, adjusted EBITDA, net debt, and net debt to pro forma adjusted EBITDA 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, bridge financing fees, intangible asset amortization, integration costs, and compensation expense related to contingent consideration and retention agreements.
- Pension settlement charges associated with the settlement and termination of our frozen defined benefit pension plan.

- 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, acquisition, integration, and amortization expenses from recent acquisition activity, pension settlement charges, certain legal judgments, and significant customer contract terminations.



70 years of commercial expertise

Fiscal Year 2025 was a banner year for our commercial activities. With 70 years of commercial expertise as our foundation, we achieved growth in all segments.

Our Parts Supply segment drove considerable value for the Company, with our new parts Distribution business, which serves both the commercial and government markets, increasing market share through new business wins and experiencing 25% organic growth during the year. In the commercial market, original equipment manufacturers (OEMs) recognize the unique value proposition of AAR's new parts Distribution services: They benefit from AAR's expanded stocking locations, reduced customer lead times, and enhanced customer service, while AAR grows our robust product offerings and adds exclusivity to many contracts. This combination enabled AAR to incrementally add OEMs and product lines, including through multiple long-term distribution

agreements with Ontic and a multi-year agreement with Whippany, a TransDigm Group business. Separately, in an agreement with OTTO Engineering, Inc., we leveraged our international expertise to expand our Americas-based electronics distribution services to the global market. Also within our Parts Supply segment, we signed two agreements with Chromalloy to distribute Parts Manufacturer Approval (PMA) parts for the CF6-80C2 and PW4000 engine types. We further strengthened our engine activities with the extension of our exclusive Serviceable Engine Products agreement with FTAI to provide CFM56, the most popular engine platform in the world, engine material to the global aviation aftermarket through 2030.



~650 aircraft maintained, repaired, and overhauled

3.8M+ commercial parts shipped / received

5.5M labor hours on aircraft

Data from FY2025

In Repair & Engineering, our Airframe MRO teams continued to deliver reliable, high-quality, and on-time service, and we increased our efficiency and throughput. Two facilities transitioned to fully paperless processes, and others are working toward implementing the same technologies to enhance their operations. The facility expansions underway in Miami and Oklahoma City will enable us to meet increased MRO demand for committed customers in the future. The first full fiscal year of our Product Support acquisition unlocked opportunities to cross-sell parts and services. The integration of our expanded Component Services capabilities across business units also enables us to keep more repairs in house, and we see room for continued

international growth, including through our plan to form an Asian-based joint venture with Air France.

In our Integrated Solutions segment, our TraxSM subsidiary signed multiple agreements to modernize aviation maintenance processes by deploying Trax's software suite to WestJet, Cathay Pacific, SIA Engineering Company, and Amerijet International. Trax also announced a collaboration with Rolls-Royce to launch an interface that will improve engine on-wing operations. Trax continues to win new business, deliver high margins, and make innovative advancements for the benefit of our Company, customers, and the industry. Additionally, our Airinmar[®] subsidiary renewed and extended existing contracts, including

for Singapore Airlines' repair cycle management services, and added Airhub Aviation and GetJet Airlines as new customers for repair cost oversight.

Our new Cebu Pacific agreement includes supplying engine material for the airline's CFM56-5B engine overhauls and providing warranty management and repair cost oversight services through our Airinmar subsidiary.

The breadth and reach of our global sales force and footprint, paired with our digital offerings, grew AAR's commercial activities in FY2025. Looking ahead, we expect to further build on these strengths and continue this momentum to support the commercial aftermarket.



70 years of government and defense expertise

In Fiscal Year 2025, AAR built upon 70 years of government and defense expertise and strengthened our Integrated Solutions, new parts Distribution, which serves both the commercial and government markets, and Mobility Systems activities.

In our Integrated Solutions segment, AAR won two five-year contracts with the U.S. Navy's Naval Air Systems Command (NAVAIR) in support of the P-8A Poseidon. Under the first contract, AAR will continue to perform depot airframe maintenance and provide depot field team support for the U.S. Navy, government of Australia, and foreign military sales (FMS) customers. Under the second contract, AAR and strategic partner Delta TechOps will perform engine depot maintenance and repair. The contracts retain AAR's position as a leader of commercial derivative airframe maintenance for the U.S. Department of Defense and are expected to increase the volume of AAR's engine parts sales, respectively. In further support of the U.S. Navy, KALS LLC, a joint venture between AAR and KIRA Aviation Services under the federal

government's Small Business Administration Mentor-Protégé Program, was awarded an undefinitized contract for in-flight training and currency for Naval Aviators in support of the U.S. Navy's E-6B Mercury.

A leading supporter of the F-16, AAR's Integrated Solutions segment continues to expand our scope of services across this platform. During the fiscal year, we opened seven new Contractor Field Team locations globally, where our teams perform various modifications and upgrade work on this critical fleet. Our existing contracts also continue to fuel other areas of our business. Through our KC-46 parts indefinite delivery, indefinite quantity (IDIQ) contract and others, our government customers continue to realize the value of FAA-certified overhauled parts, driving sales in our Parts Supply



200K parts shipped to support government customers

900+ team members supporting government and defense business

29 government fleet types supported

Data from FY2025

segment. Our positions on these contracts are also driving additional new parts Distribution agreements and OEM partnerships.

A trusted partner for 70 years, our new parts Distribution team continues to focus on strengthening relationships with governments and militaries within the U.S. and internationally. We became Defense Logistics Agency (DLA) Richmond's first Supply Chain Alliance (SCA) partner with a charter that will enable efficient operational execution and further advance strategic readiness and the broader National Defense Strategy. We also signed an SCA with U.S. DLA Land and Maritime, formalizing a commitment to strengthening our joint support of the nation's warfighter. The alliance recognizes AAR as a top provider of supply chain

management solutions while enhancing AAR's position to effectively support OEM customers and expediting the process of awarding work. We continue to partner across the defense industry, with OEMs recognizing our unique value proposition. AAR's new parts Distribution team bridged our commercial and government defense initiatives by adding Unison products – a current commercial partner – under our Supplier Capabilities Contract with the DLA. As we execute on our strategic plan, we are poised to continue gaining market share by providing our enhanced value-added services to our government and defense customers and partners.

Under an existing contract with the U.S. Air Force, AAR's Mobility Systems tripled production of HCU 6/E legacy cargo pallets, an offering we have

provided the Air Force since 1963. We also won a contract to provide the Air Force KC-46 palletized seating systems, a cornerstone of our Mobility Systems activities, to enhance the warfighter's abilities to transport military personnel globally. Additionally, our Mobility Systems team is positioned to support the Department of Defense's significant demand requirements for shelter systems expected in the year ahead.

AAR is proud of our tremendous wins in FY2025 and optimistic about our pipeline of future opportunities. We are committed to serving the government and defense market and are well positioned to continue providing our differentiated services to support global readiness in the years ahead.

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

Sarah L. Flanagan

Vice President, Financial Operations

Jessica A. Garascia

Senior Vice President, General Counsel,
Chief Administrative Officer, and Secretary

Rahul S. Ghai

Senior Vice President and Chief Digital
and Technology Officer

Sean M. Gillen

Senior Vice President and
Chief Financial Officer

Nicholas P. Gross

Senior Vice President,
Integrated Solutions

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

Mark 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}

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

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 Supply

- New parts Distribution to commercial and government customers
- Used serviceable material (USM)
- Parts, loans, and exchange services
- Aircraft and engine sales and leasing
- Online PAARTSSM Store
- Worldwide 24/7 AOG service



Repair & Engineering

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



Integrated Solutions

- Government aircraft maintenance, logistics, and operations support programs (CLS, PBL, 3PL)
- Commercial flight-hour-based aircraft component support
- Consumable and expendable parts
- Airinmar[®]
- TraxSM



Expeditionary Services

- Mobility Systems: Rapid deployment sustainment solutions for governments, militaries, and nonprofit organizations
- Specialized pallets
 - Containers for customized air-mobile shipping and storage of equipment
 - Mobile tactical shelter systems

Stockholder information

Corporate headquarters

AAR CORP.
1100 N. Wood Dale Rd.
Wood Dale, IL 60191 USA
T: +1-630-227-2000
F: +1-630-227-2058
aarcorp.com

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 Tuesday, September 16, 2025.

Investor service program

AAR CORP. provides its stockholders the opportunity to purchase additional shares of common stock of the Company by automatic reinvestment of dividends and optional additional investments. Stockholders may obtain information regarding this plan by contacting the Corporate Secretary, AAR CORP., 1100 N. Wood Dale Rd., Wood Dale, IL 60191 USA.

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 25, 2025, 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.



60+ locations around the world

40 countries with AAR team members

6 continents served

Americas

AAR
1100 N. Wood Dale Rd.
Wood Dale, IL 60191 USA
T: +1-630-227-2000
F: +1-630-227-2058

Europe

AAR
3rd Floor Eastside
World Business Centre 1
1206 Newall Rd.
Heathrow Airport, Middlesex
London, TW6 2RE UK
T: +44-208-990-6700

Asia Pacific

AAR
7 Changi Business Park Vista #03-01
Soo Kee Building
Singapore 486042
T: +65-6508-6460

Worldwide 24/7 AOG

T: +1-630-227-2470
AOG@aarcorp.com

PAARTSSM Store

shop.aarcorp.com

aarcorp.com

TraxSM

2811 Ponce de Leon Boulevard Suite 300
Coral Gables, FL 33134 USA
T: +1-877-264-8729
trax.aero

Airinmar®

7 Ivanhoe Rd, Hogwood Industrial Estate
Wokingham, RG40 4QQ UK
T: +44-0-118-932-8880
airinmar.com