UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

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

For the quarterly period ended March 31, 2025
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 1-4982

PARKER-HANNIFIN CORPORATION
(Exact name of registrant as specified in its charter)

Ohio	**34-0451060**
(State or other jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**
6035 Parkland Boulevard, Cleveland, Ohio	**44124-4141**
(Address of Principal Executive Offices)	**(Zip Code)**

Registrant's telephone number, including area code: (216) 896-3000

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on which Registered
Common Shares, $.50 par value	PH	New York Stock Exchange

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 (§232.405 of this chapter) 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 is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes ☐ No ☒

Number of Common Shares outstanding at March 31, 2025: 127,778,004

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

PARKER-HANNIFIN CORPORATION
CONSOLIDATED STATEMENT OF INCOME
(Dollars in thousands, except per share amounts)
(Unaudited)

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2025	2024	2025	2024
Net sales	$ 4,960,349	$ 5,074,356	$ 14,606,926	$ 14,742,791
Cost of sales	3,129,951	3,279,650	9,249,899	9,478,961
Selling, general and administrative expenses	784,355	816,337	2,415,565	2,496,830
Interest expense	95,942	123,732	309,835	387,229
Other income, net	(44,713)	(65,406)	(404,230)	(228,872)
Income before income taxes	994,814	920,043	3,035,857	2,608,643
Income taxes	33,628	193,309	427,494	548,780
Net income	961,186	726,734	2,608,363	2,059,863
Less: Noncontrolling interest in subsidiaries' earnings	320	160	535	611
Net income attributable to common shareholders	$ 960,866	$ 726,574	$ 2,607,828	$ 2,059,252
Earnings per share attributable to common shareholders:				
Basic	$ 7.48	$ 5.65	$ 20.28	$ 16.03
Diluted	$ 7.37	$ 5.56	$ 19.97	$ 15.82

See accompanying notes to consolidated financial statements.

PARKER-HANNIFIN CORPORATION
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(Dollars in thousands)
(Unaudited)

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2025	2024	2025	2024
Net income	$ 961,186	$ 726,734	$ 2,608,363	$ 2,059,863
Less: Noncontrolling interests in subsidiaries' earnings	320	160	535	611
Net income attributable to common shareholders	960,866	726,574	2,607,828	2,059,252
Other comprehensive income (loss), net of tax				
Foreign currency translation adjustment	167,432	(168,919)	62,826	(119,216)
Retirement benefits plan activity	3,336	1,369	10,197	4,098
Other comprehensive income (loss)	170,768	(167,550)	73,023	(115,118)
Less: Other comprehensive income (loss) for noncontrolling interests	23	(392)	(605)	384
Other comprehensive income (loss) attributable to common shareholders	170,745	(167,158)	73,628	(115,502)
Total comprehensive income attributable to common shareholders	$ 1,131,611	$ 559,416	$ 2,681,456	$ 1,943,750

See accompanying notes to consolidated financial statements.

PARKER-HANNIFIN CORPORATION

CONSOLIDATED BALANCE SHEET

(Dollars in thousands)
(Unaudited)

	March 31, 2025	June 30, 2024
ASSETS		
Current assets:		
Cash and cash equivalents	$ 408,735	$ 422,027
Trade accounts receivable, net	2,852,833	2,865,546
Non-trade and notes receivable	281,789	331,429
Inventories	2,822,547	2,786,800
Prepaid expenses	253,436	252,618
Other current assets	157,800	140,204
Total current assets	6,777,140	6,798,624
Property, plant and equipment	7,159,783	7,074,574
Less: Accumulated depreciation	4,338,217	4,198,906
Property, plant and equipment, net	2,821,566	2,875,668
Deferred income taxes	271,431	92,704
Investments and other assets	1,215,201	1,207,232
Intangible assets, net	7,370,524	7,816,181
Goodwill	10,461,946	10,507,433
Total assets	$ 28,917,808	$ 29,297,842
LIABILITIES		
Current liabilities:		
Notes payable and long-term debt payable within one year	$ 1,951,543	$ 3,403,065
Accounts payable, trade	1,980,967	1,991,639
Accrued payrolls and other compensation	473,725	581,251
Accrued domestic and foreign taxes	356,506	354,659
Other accrued liabilities	851,725	982,695
Total current liabilities	5,614,466	7,313,309
Long-term debt	7,421,370	7,157,034
Pensions and other postretirement benefits	389,891	437,490
Deferred income taxes	1,399,612	1,583,923
Other liabilities	692,644	725,193
Total liabilities	15,517,983	17,216,949
EQUITY		
Shareholders' equity:		
Serial preferred stock, $.50 par value; authorized 3,000,000 shares; none issued	—	—
Common stock, $.50 par value; authorized 600,000,000 shares; issued 181,046,128 shares at March 31 and June 30	90,523	90,523
Additional paid-in capital	243,658	264,508
Retained earnings	21,082,259	19,104,599
Accumulated other comprehensive (loss)	(1,364,384)	(1,438,012)
Treasury shares, at cost; 53,268,124 shares at March 31 and 52,442,162 shares at June 30	(6,661,082)	(5,949,646)
Total shareholders' equity	13,390,974	12,071,972
Noncontrolling interests	8,851	8,921
Total equity	13,399,825	12,080,893
Total liabilities and equity	$ 28,917,808	$ 29,297,842

See accompanying notes to consolidated financial statements.

PARKER-HANNIFIN CORPORATION

CONSOLIDATED STATEMENT OF CASH FLOWS
(Dollars in thousands)
(Unaudited)

	Nine Months Ended March 31, 2025	Nine Months Ended March 31, 2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 2,608,363	$ 2,059,863
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	263,454	257,700
Amortization	414,211	438,763
Stock incentive plan compensation	129,766	128,682
Deferred income taxes	(254,036)	(37,682)
Foreign currency transaction loss (gain)	14,616	(27,034)
(Gain) loss on property, plant and equipment and intangible assets	(8,531)	5,847
Gain on sale of businesses	(253,043)	(23,667)
Other, net	10,249	16,382
Changes in assets and liabilities, net of effect of acquisitions and divestitures:		
Accounts receivable, net	14,867	(96,390)
Inventories	(129,619)	(69,426)
Prepaid expenses	(2,316)	(669)
Other current assets	(22,647)	(10,029)
Other assets	(7,387)	(67,354)
Accounts payable, trade	13,401	(78,452)
Accrued payrolls and other compensation	(97,813)	(134,459)
Accrued domestic and foreign taxes	(5,914)	(13,123)
Other accrued liabilities	(303,860)	23,380
Pensions and other postretirement benefits	(33,819)	(87,911)
Other liabilities	(41,181)	(137,344)
Net cash provided by operating activities	2,308,761	2,147,077
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(304,153)	(283,328)
Proceeds from property, plant and equipment	31,871	8,905
Proceeds from sale of businesses	622,697	75,561
Other, net	(5,745)	4,561
Net cash provided by (used in) investing activities	344,670	(194,301)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from exercise of stock options	2,975	3,196
Payments for common shares	(859,900)	(240,885)
Acquisition of noncontrolling interests	—	(2,883)
Payments for notes payable, net	(202,674)	(941,135)
Proceeds from long-term borrowings	739,232	12,173
Payments for long-term borrowings	(1,730,510)	(264,411)
Dividends paid	(630,168)	(571,583)
Net cash used in financing activities	(2,681,045)	(2,005,528)
Effect of exchange rate changes on cash	14,322	(16,946)
Net decrease in cash and cash equivalents	(13,292)	(69,698)
Cash and cash equivalents at beginning of year	422,027	475,182
Cash and cash equivalents at end of period	$ 408,735	$ 405,484

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands, except per share amounts or as otherwise noted)

As used in this Quarterly Report on Form 10-Q, unless the context otherwise requires, the terms "Company", "Parker", "we" or "us" refer to Parker-Hannifin Corporation and its subsidiaries.

1. Management representation

In the opinion of the management of the Company, the accompanying unaudited consolidated financial statements contain all adjustments (consisting of only normal recurring adjustments) necessary to present fairly the Company's financial position as of March 31, 2025, the results of operations for the three and nine months ended March 31, 2025 and 2024 and cash flows for the nine months then ended. These financial statements should be read in conjunction with the consolidated financial statements and related notes included in the Company’s 2024 Annual Report on Form 10-K.

Subsequent Events

The Company has evaluated subsequent events that occurred through the date these financial statements were issued. No subsequent events have occurred that required adjustment to or disclosure in these financial statements.

2. New accounting pronouncements

In November 2024, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2024-03, “Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses,” which requires expanded interim and annual disclosures of expense information, including the amounts of inventory purchases, employee compensation, depreciation, amortization and depletion within commonly presented expense captions during the period. The amendments are effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. The amendments should be applied either (1) prospectively to financial statements issued for reporting periods after the effective date or (2) retrospectively to any or all prior periods presented in the financial statements. The Company is currently evaluating the ASU to determine its impact on the Company's disclosures.

In December 2023, the FASB issued ASU 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures," which enhances the disclosure requirements for income taxes primarily related to the rate reconciliation and income taxes paid information. The amendments are effective for fiscal years beginning after December 15, 2024. Early adoption is permitted. The amendment should be applied on a prospective basis. Retrospective application is permitted. The Company is currently evaluating the impact this guidance will have on the Company's disclosures.

In November 2023, the FASB issued ASU 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures," which updates reportable segment disclosure requirements primarily through enhanced disclosures about significant segment expenses. The amendments in this ASU are effective for fiscal years beginning after December 15, 2023, and for interim periods within fiscal years beginning after December 15, 2024. The amendments should be applied retrospectively to all prior periods presented in the financial statements. We plan to adopt the standard beginning with our fiscal 2025 Form 10-K. We expect this ASU to result in expanded disclosure of segment financial information with no impact on our financial position and results of operations.

In September 2022, the FASB issued ASU 2022-04, "Liabilities—Supplier Finance Programs (Subtopic 405-50): Disclosure of Supplier Finance Program Obligations," which requires a buyer in a supplier finance program to disclose information about the program’s nature, activity during the period, changes from period to period, and potential magnitude. To achieve that objective, the buyer should disclose qualitative and quantitative information about its supplier finance programs, including the outstanding amount under the program, the balance sheet presentation of the outstanding amount, and a rollforward of the obligations in the program. This ASU should be adopted retrospectively for each balance sheet period presented; however, the rollforward information should be provided prospectively. The Company adopted the guidance on July 1, 2023, except for the annual rollforward requirement, which was adopted on July 1, 2024, and will be presented in the Company's Annual Report on Form 10-K for fiscal 2025. The adoption did not have a material impact on the Company's consolidated financial statements. Refer to Note 10 for further discussion.

3. Revenue recognition

Revenue is derived primarily from the sale of products in the aerospace and defense, in-plant and industrial equipment, transportation, off-highway, energy and HVAC and refrigeration markets. A majority of the Company’s revenues are recognized at a point in time. However, a portion of the Company’s revenues are recognized over time.

Diversified Industrial Segment revenues by technology platform:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2025	2024	2025	2024
Motion Systems	$ 827,987	$ 942,667	$ 2,480,998	$ 2,802,947
Flow and Process Control	1,141,072	1,185,622	3,326,320	3,489,483
Filtration and Engineered Materials	1,419,700	1,537,354	4,290,405	4,506,214
Total	$ 3,388,759	$ 3,665,643	$ 10,097,723	$ 10,798,644

Aerospace Systems Segment revenues by market segment:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2025	2024	2025	2024
Commercial original equipment manufacturer ("OEM")	$ 492,517	$ 471,870	$ 1,373,890	$ 1,315,254
Commercial aftermarket	568,217	482,477	1,619,806	1,311,445
Defense OEM	285,548	260,818	832,673	787,196
Defense aftermarket	225,308	193,548	682,834	530,252
Total	$ 1,571,590	$ 1,408,713	$ 4,509,203	$ 3,944,147

Total Company revenues by geographic region based on the Company's selling operation's location:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2025	2024	2025	2024
North America	$ 3,369,139	$ 3,438,587	$ 9,900,550	$ 9,965,836
Europe	973,709	1,026,035	2,806,121	2,915,334
Asia Pacific	563,097	554,991	1,739,015	1,693,316
Latin America	54,404	54,743	161,240	168,305
Total	$ 4,960,349	$ 5,074,356	$ 14,606,926	$ 14,742,791

The majority of revenues from the Aerospace Systems Segment are generated from sales within North America.

Contract balances

Contract assets and contract liabilities are reported on a contract-by-contract basis. Contract assets reflect revenue recognized and performance obligations satisfied in advance of customer billing. Contract liabilities relate to payments received in advance of the satisfaction of performance under the contract. Payments from customers are received based on the terms established in the contract with the customer.

Total contract assets and contract liabilities are as follows:

	March 31, 2025	June 30, 2024
Contract assets, current (included within Other current assets)	$ 157,314	$ 136,814
Contract assets, noncurrent (included within Investments and other assets)	14,359	21,063
Total contract assets	171,673	157,877
Contract liabilities, current (included within Other accrued liabilities)	(185,499)	(183,868)
Contract liabilities, noncurrent (included within Other liabilities)	(97,941)	(77,957)
Total contract liabilities	(283,440)	(261,825)
Net contract liabilities	$ (111,767)	$ (103,948)

Net contract liabilities at March 31, 2025 increased from the June 30, 2024 amount primarily due to timing differences between when revenue was recognized and the receipt of advance payments. During the nine months ended March 31, 2025, approximately $164 million of revenue was recognized that was included in the contract liabilities at June 30, 2024.

Remaining performance obligations

Our backlog represents written firm orders from a customer to deliver products and, in the case of blanket purchase orders, only includes the portion of the order for which a schedule or release has been agreed to with the customer. We believe our backlog represents our unsatisfied or partially unsatisfied performance obligations. Backlog at March 31, 2025 was $11.0 billion, of which approximately 72 percent is expected to be recognized as revenue within the next12 months and the balance thereafter.

4. Divestitures

We continually assess our existing businesses and may divest those that are not considered to be a good long-term strategic fit for the Company.

During November 2024, we divested our composites and fuel containment ("CFC") business within the North America businesses of the Diversified Industrial Segment, which was acquired in the acquisition of Meggitt plc ("Meggitt"), for net proceeds of $555 million. The resulting pre-tax gain of $238 million is included in other income, net in the Consolidated Statement of Income. The operating results and net assets of this business were immaterial to the Company's consolidated results of operations and financial position.

During November 2024, we divested a non-core filtration business within the North America businesses of the Diversified Industrial Segment for proceeds of $66 million. The resulting pre-tax gain of $11 million is included in other income, net in the Consolidated Statement of Income. The operating results and net assets of this business were immaterial to the Company's consolidated results of operations and financial position.

During December 2023, we divested our Filter Resources business, which was part of the Diversified Industrial Segment, for proceeds of $17 million. The resulting pre-tax gain of $12 million is included in other income, net in the Consolidated Statement of Income. The operating results and net assets of the Filter Resources business were immaterial to the Company's consolidated results of operations and financial position.

During September 2023, we divested the MicroStrain sensing systems business, which was part of the Diversified Industrial Segment, for proceeds of $37 million. The resulting pre-tax gain of $13 million is included in other income, net in the Consolidated Statement of Income. The operating results and net assets of the MicroStrain sensing systems business were immaterial to the Company's consolidated results of operations and financial position.

5. Earnings per share

The following table presents a reconciliation of the numerator and denominator of basic and diluted earnings per share for the three and nine months ended March 31, 2025 and 2024.

	Three Months Ended March 31,				Nine Months Ended March 31,			
	2025		2024		2025		2024	
Numerator:								
Net income attributable to common shareholders	$	960,866	$	726,574	$	2,607,828	$	2,059,252
Denominator:								
Basic - weighted average common shares		128,442,623		128,502,829		128,619,515		128,467,209
Increase in weighted average common shares from dilutive effect of equity-based awards		1,878,179		2,090,197		1,956,710		1,702,122
Diluted - weighted average common shares, assuming exercise of equity-based awards		130,320,802		130,593,026		130,576,225		130,169,331
Basic earnings per share	$	7.48	$	5.65	$	20.28	$	16.03
Diluted earnings per share	$	7.37	$	5.56	$	19.97	$	15.82

For the three months ended March 31, 2025 and 2024,199,230 and 113,956 common shares subject to equity-based awards, respectively, were excluded from the computation of diluted earnings per share because the effect of their exercise would be anti-dilutive.

For the nine months ended March 31, 2025 and 2024,310,681 and 400,506 common shares subject to equity-based awards, respectively, were excluded from the computation of diluted earnings per share because the effect of their exercise would be anti-dilutive.

6. Share repurchase program

The Company has a program to repurchase its common shares. On October 22, 2014, the Board of Directors of the Company approved an increase in the overall number of shares authorized for repurchase under the program so that, beginning on such date, the aggregate number of shares authorized for repurchase was 35 million. There is no limitation on the number of shares that can be repurchased in a fiscal year. There is no expiration date for this program. Repurchases may be funded primarily from operating cash flows and commercial paper borrowings and the shares are initially held as treasury shares. During the three months ended March 31, 2025, we repurchased 1,044,147 shares at an average price, including commissions, of $622.54 per share. During the nine months ended March 31, 2025, we repurchased 1,208,732 shares at an average price, including commissions, of $620.50 per share.

7. Trade accounts receivable, net

Trade accounts receivable are initially recorded at their net collectible amount and are generally recorded at the time the revenue from the sales transaction is recorded. We evaluate the collectibility of our receivables based on historical experience and current and forecasted economic conditions based on management's judgment. Additionally, receivables are written off to bad debt when management makes a final determination of uncollectibility. Allowance for credit losses was $12 million and $21 million at March 31, 2025 and June 30, 2024, respectively.

8. Non-trade and notes receivable

The non-trade and notes receivable caption in the Consolidated Balance Sheet is comprised of the following components:

	March 31, 2025		June 30, 2024	
Notes receivable	$	81,764	$	93,114
Accounts receivable, other		200,025		238,315
Total	$	281,789	$	331,429

9. Inventories

The inventories caption in the Consolidated Balance Sheet is comprised of the following components:

	March 31, 2025	June 30, 2024
Finished products	$ 760,669	$ 777,775
Work in process	1,501,348	1,421,104
Raw materials	560,530	587,921
Total	$ 2,822,547	$ 2,786,800

10. Supply chain financing

We have supply chain financing ("SCF") programs with financial intermediaries, which provide certain suppliers the option to be paid by the financial intermediaries earlier than the due date on the applicable invoice. We are not a party to the agreements between the participating financial intermediaries and the suppliers in connection with the programs. The range of payment terms we negotiate with our suppliers is consistent, irrespective of whether a supplier participates in the SCF programs. We do not reimburse suppliers for any costs they incur for participation in the SCF programs and their participation is voluntary.

Amounts due to our suppliers that elected to participate in the SCF programs are included in accounts payable, trade on the Consolidated Balance Sheet and payments made under the SCF programs are included within operating activities on the Consolidated Statement of Cash Flows. Accounts payable, trade included approximately $143 million and $116 million payable to suppliers who have elected to participate in the SCF programs as of March 31, 2025 and June 30, 2024, respectively. The amounts settled through the SCF programs and paid to the participating financial intermediaries totaled $324 million and $221 million during the first nine months of fiscal 2025 and 2024, respectively.

11. Business realignment and acquisition integration charges

We incurred business realignment and acquisition integration charges in the first nine months of fiscal 2025 and 2024, which included severance costs related to actions taken under the Company's simplification initiative aimed at reducing organizational and process complexity, as well as plant closures. In both fiscal 2025 and 2024, a majority of the business realignment charges were incurred in Europe. We believe the realignment actions will positively impact future results of operations, but will not have a material effect on liquidity and sources and uses of capital.

Business realignment charges by business segment are as follows:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2025	2024	2025	2024
Diversified Industrial	$ 10,249	$ 6,953	$ 38,492	$ 32,877
Aerospace Systems	35	(12)	429	318
Corporate general and administrative expenses	(21)	—	554	—
Other expense, net	116	1,527	1,265	2,719

Reductions to our workforce made in connection with such business realignment charges by business segment are as follows:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2025	2024	2025	2024
Diversified Industrial	156	143	876	658
Aerospace Systems	45	(1)	61	1
Corporate general and administrative expenses	(1)	—	13	—

The business realignment charges are presented in the Consolidated Statement of Income as follows:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2025	2024	2025	2024
Cost of sales	$ 4,742	$ 3,014	$ 20,772	$ 18,465
Selling, general and administrative expenses	5,521	3,927	18,703	14,730
Other income, net	116	1,527	1,265	2,719

During the first nine months of fiscal 2025, approximately $33 million in payments were made relating to business realignment charges. Remaining payments related to business realignment actions of approximately $22 million, a majority of which are expected to be paid by December 31, 2025, are primarily reflected within the accrued payrolls and other compensation and other accrued liabilities captions in the Consolidated Balance Sheet. Additional charges may be recognized in future periods related to the business realignment actions described above, the timing and amount of which are not known at this time.

We also incurred the following acquisition integration charges:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2025	2024	2025	2024
Diversified Industrial	$ 2,072	$ 1,292	$ 3,477	$ 3,302
Aerospace Systems	3,375	11,964	15,274	26,374

Charges incurred in fiscal 2025 and 2024 relate to the acquisition of Meggitt. In both fiscal 2025 and 2024, these charges were primarily included in selling, general and administrative expenses ("SG&A") within the Consolidated Statement of Income.

12. Equity

Changes in equity for the three months ended March 31, 2025 and 2024 are as follows:

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive (Loss)	Treasury Shares	Noncontrolling Interests	Total Equity
Balance at December 31, 2024	$ 90,523	$ 244,191	$ 20,331,500	$ (1,535,129)	$ (6,012,532)	$ 8,508	$ 13,127,061
Net income			960,866			320	961,186
Other comprehensive income				170,745		23	170,768
Dividends paid ($1.63 per share)			(210,107)				(210,107)
Stock incentive plan activity		(533)			6,595		6,062
Shares purchased at cost, including excise tax					(655,145)		(655,145)
Balance at March 31, 2025	$ 90,523	$ 243,658	$ 21,082,259	$ (1,364,384)	$ (6,661,082)	$ 8,851	$ 13,399,825

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive (Loss)	Treasury Shares	Noncontrolling Interests	Total Equity
Balance at December 31, 2023	$ 90,523	$ 352,817	$ 17,993,453	$ (1,241,216)	$ (5,892,999)	$ 9,801	$ 11,312,379
Net income			726,574			160	726,734
Other comprehensive loss				(167,158)		(392)	(167,550)
Dividends paid ($1.48 per share)			(190,468)				(190,468)
Stock incentive plan activity		(57,087)			25,579		(31,508)
Shares purchased at cost					(49,166)		(49,166)
Balance at March 31, 2024	$ 90,523	$ 295,730	$ 18,529,559	$ (1,408,374)	$ (5,916,586)	$ 9,569	$ 11,600,421

Changes in equity for the nine months endedMarch 31, 2025 and 2024 are as follows:

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive (Loss)	Treasury Shares	Noncontrolling Interests	Total Equity
Balance at June 30, 2024	$ 90,523	$ 264,508	$ 19,104,599	$ (1,438,012)	$ (5,949,646)	$ 8,921	$ 12,080,893
Net income			2,607,828			535	2,608,363
Other comprehensive income (loss)				73,628		(605)	73,023
Dividends paid ($4.89 per share)			(630,168)				(630,168)
Stock incentive plan activity		(20,850)			43,709		22,859
Shares purchased at cost, including excise tax					(755,145)		(755,145)
Balance at March 31, 2025	$ 90,523	$ 243,658	$ 21,082,259	$ (1,364,384)	$ (6,661,082)	$ 8,851	$ 13,399,825

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive (Loss)	Treasury Shares	Noncontrolling Interests	Total Equity
Balance at June 30, 2023	$ 90,523	$ 305,522	$ 17,041,502	$ (1,292,872)	$ (5,817,787)	$ 11,391	$ 10,338,279
Net income			2,059,252			611	2,059,863
Other comprehensive (loss) income				(115,502)		384	(115,118)
Dividends paid ($4.44 per share)			(571,195)			(388)	(571,583)
Stock incentive plan activity		(10,207)			50,368		40,161
Acquisition activity		415				(2,429)	(2,014)
Shares purchased at cost					(149,167)		(149,167)
Balance at March 31, 2024	$ 90,523	$ 295,730	$ 18,529,559	$ (1,408,374)	$ (5,916,586)	$ 9,569	$ 11,600,421

Changes in accumulated other comprehensive (loss) in shareholders' equity by component for the nine months ended March 31, 2025 and 2024 are as follows:

	Foreign Currency Translation Adjustment	Retirement Benefit Plans	Total
Balance at June 30, 2024	$ (1,129,997)	$ (308,015)	$ (1,438,012)
Other comprehensive income before reclassifications	63,431	—	63,431
Amounts reclassified from accumulated other comprehensive (loss)	—	10,197	10,197
Balance at March 31, 2025	$ (1,066,566)	$ (297,818)	$ (1,364,384)

	Foreign Currency Translation Adjustment	Retirement Benefit Plans	Total
Balance at June 30, 2023	$ (962,044)	$ (330,828)	$ (1,292,872)
Other comprehensive (loss) before reclassifications	(119,600)	—	(119,600)
Amounts reclassified from accumulated other comprehensive (loss)	—	4,098	4,098
Balance at March 31, 2024	$ (1,081,644)	$ (326,730)	$ (1,408,374)

Significant reclassifications out of accumulated other comprehensive (loss) in shareholders' equity for the nine months ended March 31, 2025 and 2024 are as follows:

Details about Accumulated Other Comprehensive (Loss) Components	Income (Expense) Reclassified from Accumulated Other Comprehensive (Loss)		Consolidated Statement of Income Classification
	Three Months Ended March 31, 2025	Nine Months Ended March 31, 2025	
Retirement benefit plans			
Amortization of prior service cost and initial net obligation	$ (846)	$ (2,499)	Other income, net
Recognized actuarial (loss)	(3,628)	(11,179)	Other income, net
Total before tax	(4,474)	(13,678)	
Tax benefit	1,138	3,481	
Net of tax	$ (3,336)	$ (10,197)	

Details about Accumulated Other Comprehensive (Loss) Components	Income (Expense) Reclassified from Accumulated Other Comprehensive (Loss)		Consolidated Statement of Income Classification
	Three Months Ended March 31, 2024	Nine Months Ended March 31, 2024	
Retirement benefit plans			
Amortization of prior service cost and initial net obligation	$ (319)	$ (955)	Other income, net
Recognized actuarial loss	(1,555)	(4,656)	Other income, net
Total before tax	(1,874)	(5,611)	
Tax benefit	505	1,513	
Net of tax	$ (1,369)	$ (4,098)	

13. Goodwill and intangible assets

The changes in the carrying amount of goodwill for the nine months ended March 31, 2025 are as follows:

	Diversified Industrial Segment	Aerospace Systems Segment	Total
Balance at June 30, 2024	$ 7,607,429	$ 2,900,004	$ 10,507,433
Divestitures	(89,549)	—	(89,549)
Foreign currency translation	33,478	10,584	44,062
Balance at March 31, 2025	$ 7,551,358	$ 2,910,588	$ 10,461,946

Divestitures relate to both CFC and a non-core filtration business. Refer to Note 4 for further discussion.

Goodwill is tested for impairment at the reporting unit level annually and between annual tests whenever events or circumstances indicate that the carrying value of a reporting unit may exceed its fair value. The Company performed its fiscal 2025 annual goodwill impairment test as of January 1, which indicated no impairment existed.

Intangible assets are amortized using the straight-line method over their legal or estimated useful lives. The following summarizes the gross carrying value and accumulated amortization for each major category of intangible assets:

	March 31, 2025		June 30, 2024	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Patents and technology	$ 2,100,813	$ 523,809	$ 2,116,999	$ 451,908
Trade names	1,014,874	473,713	1,041,633	441,382
Customer relationships and other	8,030,398	2,778,039	8,044,208	2,493,369
Total	$ 11,146,085	$ 3,775,561	$ 11,202,840	$ 3,386,659

Total intangible asset amortization expense for the nine months ended March 31, 2025 and 2024 was $414 million and $439 million, respectively. The estimated amortization expense for the five years ending June 30, 2025 through 2029 is $550 million, $545 million, $538 million, $531 million and $505 million, respectively.

Intangible assets are evaluated for impairment whenever events or circumstances indicate that the undiscounted net cash flows to be generated by their use over their expected useful lives and eventual disposition may be less than their net carrying value. No material intangible asset impairments occurred during the nine months ended March 31, 2025 and 2024.

14. Retirement benefits

Net pension (benefit) expense recognized included the following components:

	U.S. Pension Benefits Three Months Ended March 31,		Non-U.S. Pension Benefits Three Months Ended March 31,	
	2025	2024	2025	2024
Service cost	$ 6,972	$ 7,326	$ 5,378	$ 5,320
Interest cost	46,013	47,376	18,461	20,268
Expected return on plan assets	(61,243)	(64,383)	(21,084)	(23,998)
Amortization of prior service cost	762	227	63	92
Amortization of net actuarial loss	2,577	401	1,604	1,591
Net pension (benefit) expense	$ (4,919)	$ (9,053)	$ 4,422	$ 3,273

We recognized $0.3 million and $0.5 million in expense related to other postretirement benefits during the three months ended March 31, 2025 and 2024, respectively.

	U.S. Pension Benefits Nine Months Ended March 31,		Non-U.S. Pension Benefits Nine Months Ended March 31,	
	2025	2024	2025	2024
Service cost	$ 20,918	$ 21,977	$ 16,459	$ 16,616
Interest cost	138,039	142,128	56,267	59,949
Expected return on plan assets	(183,730)	(193,148)	(64,263)	(71,714)
Amortization of prior service cost	2,287	681	191	274
Amortization of net actuarial loss	7,732	1,204	4,890	4,763
Net pension (benefit) expense	$ (14,754)	$ (27,158)	$ 13,544	$ 9,888

We recognized $1.3 million and $1.6 million in expense related to other postretirement benefits during the nine months ended March 31, 2025 and 2024, respectively.

Components of retirement benefits expense, other than service cost, are included in other income, net in the Consolidated Statement of Income.

15. Debt

In February 2025, the Company issued €700 million aggregate principal amount of 2.90 percent Senior Notes due March 1, 2030 (the “Notes”). Interest on the Notes will be paid annually on March 1 of each year, commencing March 1, 2026. We used the net proceeds from the issuance of the Notes, together with cash on hand, to repay the €700 million aggregate principal amount of 1.125 percent Senior Notes upon maturity in March 2025.

Our debt portfolio included a term loan facility (the “Term Loan Facility”). During the nine months ended March 31, 2025, we repaid the remaining principal balance of $490 million of the Term Loan Facility. Additionally, we repaid the $500 million aggregate principal amount of fixed rate medium-term notes bearing interest of 3.3 percent upon maturity in November 2024. Refer to the Company’s 2024 Annual Report on Form 10-K for further discussion.

Commercial paper notes outstanding at March 31, 2025 and June 30, 2024 were $1.9 billion and $2.1 billion, respectively.

Based on the Company’s rating level at March 31, 2025, the most restrictive financial covenant provides that the ratio of debt to debt-shareholders' equity cannot exceed 0.65 to 1.0. At March 31, 2025, our debt to debt-shareholders' equity ratio was 0.41 to 1.0. We are in compliance, and expect to remain in compliance, with all covenants set forth in the credit agreement and indentures governing certain debt securities.

16. Income taxes

In December 2021, the Organization for Economic Cooperation and Development ("OECD") published a framework, known as Pillar Two, defining a global minimum tax of 15 percent on large corporations. The OECD has since issued administrative guidance providing transition and safe harbor rules around the implementation of the Pillar Two global minimum tax. Several countries have proposed or enacted legislation to implement core elements of the Pillar Two proposal effective for years beginning after December 31, 2023, which for us is fiscal year 2025. Pillar Two does not currently have a significant impact on our consolidated financial statements. Future legislation and guidance may result in a change to our assessment.

During the three months ended March 31, 2025, we completed an initiative that simplified our foreign legal entity structure. The initiative impacted our evaluation of certain foreign tax loss carryforwards whose realizability was previously considered to be remote. This led to a valuation allowance release and the recording of a $180 million discrete tax benefit.

Unrecognized tax benefits reflect the difference between positions taken or expected to be taken on income tax returns and the amounts reflected in the financial statements. As of March 31, 2025, we had gross unrecognized tax benefits of $82 million, all of which, if recognized, would impact the effective tax rate. The accrued interest and accrued penalties related to the gross unrecognized tax benefits, excluded from the amount above, is $22 million and $2 million, respectively. It is reasonably possible that within the next 12 months the amount of gross unrecognized tax benefits could be reduced by up to approximately $30 million as a result of the revaluation of existing uncertain tax positions arising from developments in the examination process or the closure of tax statutes. Any increase in the amount of gross unrecognized tax benefits within the next 12 months is expected to be insignificant.

We file income tax returns in the United States and in various foreign jurisdictions. In the normal course of business, we are subject to examination by taxing authorities throughout the world. We are open to assessment on our U.S. federal income tax returns by the Internal Revenue Service for fiscal years after 2013, and our state and local returns for fiscal years after 2018. We are also open to assessment for significant foreign jurisdictions for fiscal years after 2011.

17. Financial instruments

Our financial instruments consist primarily of cash and cash equivalents, accounts receivable and long-term investments, as well as obligations under accounts payable, trade, notes payable and long-term debt. Due to their short-term nature, the carrying values for cash and cash equivalents, accounts receivable, accounts payable, trade and notes payable approximate fair value.

The carrying value of long-term debt, which excludes the impact of net unamortized debt issuance costs, and estimated fair value of long-term debt are as follows:

	March 31, 2025	June 30, 2024
Carrying value of long-term debt	$ 7,483,808	$ 8,469,739
Estimated fair value of long-term debt	7,082,399	7,884,556

The fair value of long-term debt is classified within level 2 of the fair value hierarchy.

We utilize derivative and non-derivative financial instruments, including forward exchange contracts, cross-currency swap contracts and certain foreign currency denominated debt designated as net investment hedges, to manage foreign currency transaction and translation risk. The derivative financial instrument contracts are with major investment grade financial institutions, and we do not anticipate any material non-performance by any of the counterparties. We do not hold or issue derivative financial instruments for trading purposes.

In February 2025, the Company issued €700 million aggregate principal amount of 2.90 percent Senior Notes due 2030. We used the net proceeds from the issuance of the Notes, together with cash on hand, to repay the €700 million aggregate principal amount of 1.125 percent Senior Notes due 2025. The Company's €700 million aggregate principal amount of Notes have been designated as a hedge of the Company's net investment in certain foreign subsidiaries. The effect of translating the Notes into U.S. dollars is recorded in accumulated other comprehensive (loss) and remains there until the underlying net investment is sold or substantially liquidated.

Derivative financial instruments are recognized on the Consolidated Balance Sheet as either assets or liabilities and are measured at fair value.

The location and fair value of derivative financial instruments reported in the Consolidated Balance Sheet are as follows:

	Balance Sheet Caption	March 31, 2025	June 30, 2024
Net investment hedges			
Cross-currency swap contracts	Investments and other assets	$ 20,014	$ 16,325
Cross-currency swap contracts	Other liabilities	—	208
Other derivative contracts			
Forward exchange contracts	Non-trade and notes receivable	6,719	7,625
Forward exchange contracts	Other accrued liabilities	28,040	72

The cross-currency swap and forward exchange contracts are reflected on a gross basis in the Consolidated Balance Sheet. We have not entered into any master netting arrangements.

The €69 million, €290 million and ¥2.1 billion of cross-currency swap contracts have been designated as hedging instruments. The forward exchange contracts have not been designated as hedging instruments and are considered to be economic hedges of forecasted transactions.

The forward exchange contracts are adjusted to fair value by recording gains and losses in other income, net in the Consolidated Statement of Income.

Derivatives designated as hedges are adjusted to fair value by recording gains and losses through accumulated other comprehensive (loss) on the Consolidated Balance Sheet until the hedged item is recognized in earnings. We assess the effectiveness of the €69 million, €290 million and ¥2.1 billion of cross-currency swap contracts designated as hedging instruments using the spot method. Under this method, the periodic interest settlements are recognized directly in earnings through interest expense.

Gains (losses) on derivative financial instruments that were recorded in the Consolidated Statement of Income are as follows:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2025	2024	2025	2024
Forward exchange contracts	$ (30,769)	$ 9,192	$ (4,783)	$ 7,379

Gains (losses) on derivative and non-derivative financial instruments that were recorded in accumulated other comprehensive (loss) on the Consolidated Balance Sheet are as follows:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2025	2024	2025	2024
Cross-currency swap contracts	$ 4,039	$ 2,519	$ 1,838	$ (12,798)
Foreign currency denominated debt	(23,671)	13,237	(4,687)	6,536

During the nine months ended March 31, 2025 and 2024, the periodic interest settlements related to the cross-currency swap contracts were not material.

A summary of financial assets and liabilities that were measured at fair value on a recurring basis at March 31, 2025 and June 30, 2024 are as follows:

	Fair Value at March 31, 2025	Quoted Prices In Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Derivatives	$ 26,733	$ —	$ 26,733	$ —
Liabilities:				
Derivatives	28,040	—	28,040	—

	Fair Value at June 30, 2024	Quoted Prices In Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Derivatives	$ 23,950	$ —	$ 23,950	$ —
Liabilities:				
Derivatives	280	—	280	—

Derivatives consist of forward exchange and cross-currency swap contracts, the fair values of which are calculated using market observable inputs including both spot and forward prices for the same underlying currencies. The calculation of the fair value of the cross-currency swap contracts also utilizes a present value cash flow model.

The primary investment objective for all derivatives is to manage foreign currency transaction and translation risk.

There are no other financial assets or financial liabilities that are marked to market on a recurring basis.

18. Business segment information

The Company operates in two reportable business segments: Diversified Industrial and Aerospace Systems. Both segments utilize eight core technologies, including hydraulics, pneumatics, electromechanical, filtration, fluid and gas handling, process control, engineered materials and climate control, to drive superior customer problem solving and value creation.

Diversified Industrial - This segment is an aggregation of several business units that design, manufacture, and provide aftermarket support for highly engineered solutions that create value for customers primarily in aerospace and defense, in-plant and industrial equipment, transportation, off-highway, energy, and HVAC and refrigeration markets around the world. Diversified Industrial Segment products are marketed direct to OEMs and independent distributors through field sales employees.

Aerospace Systems - This segment designs, manufactures, and provides aftermarket support for highly engineered airframe and engine solutions for both OEMs and end users. Our components and systems are utilized across commercial transport, defense fixed wing, business jets, regional transport, helicopter and energy applications. Aerospace Systems Segment products are marketed by field sales employees and are sold directly to manufacturers and end users.

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2025	2024	2025	2024
Net sales				
Diversified Industrial	$ 3,388,759	$ 3,665,643	$ 10,097,723	$ 10,798,644
Aerospace Systems	1,571,590	1,408,713	4,509,203	3,944,147
Total net sales	$ 4,960,349	$ 5,074,356	$ 14,606,926	$ 14,742,791
Segment operating income				
Diversified Industrial	$ 779,103	$ 800,211	$ 2,273,211	$ 2,359,299
Aerospace Systems	372,908	289,339	1,034,078	778,711
Total segment operating income	1,152,011	1,089,550	3,307,289	3,138,010
Corporate general and administrative expenses	43,698	56,782	148,756	162,340
Income before interest expense and other expense (income), net	1,108,313	1,032,768	3,158,533	2,975,670
Interest expense	95,942	123,732	309,835	387,229
Other expense (income), net	17,557	(11,007)	(187,159)	(20,202)
Income before income taxes	$ 994,814	$ 920,043	$ 3,035,857	$ 2,608,643

19. Other income, net

The table below includes the components of other income, net in the Consolidated Statement of Income:

	Three Months Ended March 31,		Nine Months Ended March 31,	
Expense (income)	2025	2024	2025	2024
Foreign currency transaction loss (gain)	$ 9,413	$ (11,102)	$ 14,616	$ (27,034)
Income related to equity method investments	(48,792)	(38,868)	(125,762)	(113,523)
Non-service components of retirement benefit cost	(12,552)	(17,873)	(37,198)	(53,346)
(Gain) loss on disposal of assets and divestitures	(4,226)	3,047	(261,574)	(17,820)
Interest income	(3,378)	(2,810)	(8,626)	(8,350)
Saegertown incident	7,725	—	7,725	—
Other items, net	7,097	2,200	6,589	(8,799)
	$ (44,713)	$ (65,406)	$ (404,230)	$ (228,872)

Equity method investments consist of investments in joint-venture companies in which ownership is 50 percent or less and in which the Company does not have operating control. During the nine months ended March 31, 2025 and 2024, we received cash dividends from equity method investments of $112 million and $114 million, respectively. Sales to and services performed for equity method investments totaled $27 million and $20 million for the three months ended March 31, 2025 and 2024, respectively, and $69 million and $54 million for the nine months ended March 31, 2025 and 2024, respectively.

For further discussion of the (gain) loss on disposal of assets and divestitures and non-service components of retirement benefit cost refer to Notes 4 and 14, respectively.

Saegertown incident represents the deductible and retained liability expense associated with a fire at our plant in Saegertown, Pennsylvania in February 2025.

PARKER-HANNIFIN CORPORATION

FORM 10-Q
ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FOR THE THREE AND NINE MONTHS ENDED MARCH 31, 2025 AND COMPARABLE PERIODS ENDED MARCH 31, 2024

OVERVIEW

The Company is a global leader in motion and control technologies. Leveraging a unique combination of interconnected technologies, we design, manufacture, and provide aftermarket support for highly engineered solutions that create value for customers primarily in aerospace and defense, in-plant and industrial equipment, transportation, off-highway, energy, and HVAC and refrigeration markets around the world.

By aligning around our purpose, Enabling Engineering Breakthroughs that Lead to a Better Tomorrow, Parker is better positioned for the challenges and opportunities of tomorrow.

The Win Strategy 3.0 is Parker's business system that defines the goals and initiatives that create responsible, sustainable growth and enable Parker's long-term success. It works with our purpose, which is a foundational element of The Win Strategy, to engage team members and create responsible and sustainable growth. Our shared values shape our culture and our interactions with stakeholders and the communities in which we operate and live.

We believe many opportunities for profitable growth are available. The Company intends to focus primarily on business opportunities in the areas of aerospace and defense, in-plant and industrial equipment, transportation, off-highway, energy and HVAC and refrigeration. We believe we can meet our strategic objectives by:

- serving the customer and continuously enhancing its experience with the Company;
- successfully executing The Win Strategy initiatives relating to engaged people, premier customer experience, profitable growth and financial performance;
- maintaining a decentralized division and sales company structure;
- fostering a safety-first and entrepreneurial culture;
- engineering innovative systems and products to provide superior customer value through improved service, efficiency and productivity;
- delivering products, systems and services that have demonstrable savings to customers and are priced by the value they deliver;
- enabling a sustainable future by providing innovative technology solutions that offer a positive global environmental impact and operating responsibly by reducing our energy use and emissions;
- acquiring strategic businesses;
- organizing around targeted regions, technologies and markets;
- driving efficiency by implementing lean enterprise principles; and
- creating a culture of empowerment through our values, inclusion and diversity, accountability and teamwork.

Our order rates provide a near-term perspective of the Company’s outlook particularly when viewed in the context of prior and future order rates. The Company publishes its order rates on a quarterly basis. The lead time between the time an order is received and revenue is realized generally ranges from one day to 12 weeks for mobile and industrial orders and from one day to 18 months for aerospace orders.

We manage our supply chain through our "local for local" manufacturing strategy, ongoing supplier management process and broadened supply base. We actively monitor global trade policies and inflation, managing their impact through a variety of cost and pricing measures. In addition, continuous improvement and lean initiatives, along with disciplined workforce and discretionary spending management, further enhance our ability to mitigate these impacts. At the same time, we are appropriately addressing the ongoing needs of our business so that we continue to serve our customers.

Over the long term, the extent to which our business and results of operations will be impacted by global economic and political uncertainty, geopolitical risks and public health crises depends on future developments that remain uncertain. We will continue to monitor the global environment and manage our business with the goal to minimize unfavorable impacts on operations and financial results.

On February 9, 2025, a fire damaged a portion of our Saegertown, Pennsylvania facility, causing a pause in production. Some production and operations were re-established within days of the event and global resources have been deployed to restore capacity to minimize customer disruption. Full capacity is expected to be restored during the fourth quarter of fiscal 2025. There was no material impact as a result of this disruption during the third quarter of fiscal 2025 and none are expected during future periods.

We maintain third-party insurance coverage for property damage, clean-up, replacement and business interruption, subject to an $8 million deductible and liability retention for the event, which was recorded in other income, net during the third quarter. While we expect to be reimbursed for a significant portion of our business interruption impacts by our third-party insurance coverage, we will not record any associated gain until realized.

The discussion below is structured to separately discuss the Consolidated Statement of Income, Business Segments, and Liquidity and Capital Resources. As used in this Quarterly Report on Form 10-Q, unless the context otherwise requires, the terms "Company", "Parker", "we" or "us" refer to Parker-Hannifin Corporation and its subsidiaries. Dollars are presented in millions (except per share amounts or as otherwise noted) and computed based on the amounts in thousands; therefore, totals may not sum due to rounding.

CONSOLIDATED STATEMENT OF INCOME

	Three Months Ended March 31,		Nine Months Ended March 31,	
(dollars in millions)	**2025**	**2024**	**2025**	**2024**
Net sales	$ 4,960	$ 5,074	$ 14,607	$ 14,743
Gross profit margin	36.9 %	35.4 %	36.7 %	35.7 %
Selling, general and administrative expenses	$ 784	$ 816	$ 2,416	$ 2,497
Selling, general and administrative expenses, as a percent of sales	15.8 %	16.1 %	16.5 %	16.9 %
Interest expense	$ 96	$ 124	$ 310	$ 387
Other income, net	$ (45)	$ (65)	$ (404)	$ (229)
Effective tax rate	3.4 %	21.0 %	14.1 %	21.0 %
Net income	$ 961	$ 727	$ 2,608	$ 2,060
Net income, as a percent of sales	19.4 %	14.3 %	17.9 %	14.0 %

Net sales decreased in the current-year quarter due to lower sales in the Diversified Industrial Segment, partially offset by higher sales in the Aerospace Systems Segment. The effect of currency exchange rate changes decreased net sales during the current-year quarter by approximately $57 million, which was primarily attributable to the Diversified Industrial Segment. The impact of divestiture activity decreased net sales by approximately $105 million during the current-year quarter.

Net sales decreased in the first nine months of fiscal 2025 due to lower sales in the Diversified Industrial Segment, partially offset by higher sales in the Aerospace Systems Segment. The effect of currency exchange rate changes decreased net sales during the first nine months of fiscal 2025 by approximately $105 million, of which $110 million was attributable to the Diversified Industrial Segment, partially offset by an increase of $5 million in the Aerospace Systems Segment. The impact of divestiture activity decreased net sales by approximately $180 million during the first nine months of fiscal 2025.

Gross profit margin (calculated as net sales minus cost of sales, divided by net sales) increased in the current-year quarter and first nine months of fiscal 2025 due to higher margins in both segments primarily resulting from price increases, favorable product mix and cost containment, as well as benefits from prior-year business realignment activities, partially offset by decreased volume within the Diversified Industrial Segment.

Cost of sales also included business realignment and acquisition integration charges of $5 million and $4 million for the current and prior-year quarter, respectively, and $21 million for both the first nine months of fiscal 2025 and 2024.

Selling, general and administrative expenses ("SG&A") decreased in the current-year quarter and first nine months of fiscal 2025 primarily due to lower research and development expenses and benefits from prior-year restructuring and acquisition-integration activities, as well as cost containment. In the first nine months of fiscal 2025 lower intangible asset amortization also contributed to the decrease in SG&A.

SG&A also included business realignment and acquisition integration charges of $11 million and $16 million for the current and prior-year quarter, respectively, and $37 million and $42 million for the first nine months of fiscal 2025 and 2024, respectively.

Interest expense decreased during the current-year quarter and the first nine months of fiscal 2025 primarily due to lower average debt outstanding.

Other income, net included the following:

	Three Months Ended March 31,		Nine Months Ended March 31,	
(dollars in millions)	**2025**	**2024**	**2025**	**2024**
Expense (income)				
Foreign currency transaction loss (gain)	$ 9	$ (11)	$ 15	$ (27)
Income related to equity method investments	(49)	(39)	(126)	(114)
Non-service components of retirement benefit cost	(13)	(18)	(37)	(53)
(Gain) loss on disposal of assets and divestitures	(4)	3	(262)	(18)
Interest income	(3)	(3)	(9)	(8)
Saegertown incident	8	—	8	—
Other items, net	7	2	7	(9)
	$ (45)	$ (65)	$ (404)	$ (229)

Foreign currency transaction loss (gain) primarily relates to the impact of exchange rates on intercompany transactions, forward contracts, cash, as well as accounts and notes payables and receivables. (Gain) loss on disposal of assets and divestitures during the first nine months of fiscal 2025 primarily relates to the divestiture of the composites and fuel containment ("CFC") business. Refer to Note 4 to the Consolidated Financial Statements for further discussion.

Effective tax rate for the current-year quarter of fiscal 2025 was lower than the U.S. Federal statutory rate of 21 percent due to tax benefits from the release of a foreign valuation allowance, share-based compensation, and foreign-derived intangible income, which were partially offset by U.S. state and local taxes and taxes related to international activities. Refer to Note 16 to the Consolidated Financial Statements for further discussion.

The effective tax rate for the first nine months of fiscal 2025 was lower than the U.S. Federal statutory rate of 21 percent for the same reasons as those listed above for the current-year quarter, plus a tax benefit from a lower taxable gain on divestitures than gain under accounting principles generally accepted in the United States of America ("GAAP").

The effective tax rate for the comparable prior-year periods was equal to the U.S. Federal statutory rate of 21 percent due to tax benefits from share-based compensation and foreign-derived intangible income, which were offset by U.S. state and local taxes and taxes related to international activities.

The fiscal 2025 effective tax rate is expected to be approximately 16 percent.

BUSINESS SEGMENT INFORMATION

The Business Segment information presents sales and operating income on a basis that is consistent with the manner in which the Company's various businesses are managed for internal review and decision-making.

Diversified Industrial Segment

(dollars in millions)	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024	Nine Months Ended March 31, 2025	Nine Months Ended March 31, 2024
Net sales				
North America businesses	$ 2,031	$ 2,231	$ 6,059	$ 6,572
International businesses	1,358	1,434	4,038	4,227
Diversified Industrial Segment	3,389	3,666	10,098	10,799
Operating income				
North America businesses	467	490	1,378	1,458
International businesses	312	310	895	901
Diversified Industrial Segment	$ 779	$ 800	$ 2,273	$ 2,359
Operating margin				
North America businesses	23.0 %	22.0 %	22.7 %	22.2 %
International businesses	23.0 %	21.6 %	22.2 %	21.3 %
Diversified Industrial Segment	23.0 %	21.8 %	22.5 %	21.8 %
Backlog	$ 3,748	$ 4,364	$ 3,748	$ 4,364

The Diversified Industrial Segment operations experienced the following percentage changes in net sales in the current-year periods versus the comparable prior-year periods:

	Period Ending March 31, 2025 Three Months	Period Ending March 31, 2025 Nine Months
North America businesses – as reported	(9.0)%	(7.8)%
Divestitures	(4.7)%	(2.7)%
Currency	(0.8)%	(0.6)%
North America businesses – without divestitures and currency[1]	(3.5)%	(4.5)%
International businesses– as reported	(5.3)%	(4.5)%
Currency	(2.5)%	(1.8)%
International businesses – without currency[1]	(2.8)%	(2.7)%
Diversified Industrial Segment – as reported	(7.6)%	(6.5)%
Divestitures	(2.9)%	(1.7)%
Currency	(1.5)%	(1.0)%
Diversified Industrial Segment – without divestitures and currency[1]	(3.2)%	(3.8)%

[1]This table reconciles the percentage changes in net sales of the Diversified Industrial Segment reported in accordance with GAAP to percentage changes in net sales adjusted to remove the effects of divestitures for 12 months after their completion as well as changes in currency exchange rates (a non-GAAP measure). The effects of divestitures and changes in currency exchange rates are removed to allow investors and the Company to meaningfully evaluate the percentage changes in net sales on a comparable basis from period to period.

Net Sales

Diversified Industrial Segment sales decreased $277 million and $701 million from the prior-year quarter and first nine months of fiscal 2024, respectively. The effect of changes in currency exchange rates decreased sales by approximately $54 million and $110 million in the current-year quarter and first nine months of fiscal 2025, respectively. The impact of divestiture activity decreased sales by approximately $105 million and $180 million in the current-year quarter and first nine months of fiscal 2025, respectively. Excluding the effects of the changes in currency exchange rates and divestiture activity, sales decreased $118 million and $411 million from the prior-year quarter and first nine months of fiscal 2024, respectively.

North America businesses - Sales decreased $201 million and $512 million from the prior-year quarter and first nine months of fiscal 2024, respectively. The effect of changes in currency exchange rates decreased sales by approximately $17 million and $37 million in the current-year quarter and first nine months of fiscal 2025, respectively. The effects of divestiture activity decreased sales by approximately $105 million and $180 million in the current-year quarter and first nine months of fiscal 2025, respectively. Excluding the effects of changes in currency exchange rates and divestiture activity, sales in the North America businesses decreased $78 million and $296 million in the current-year quarter and first nine months of fiscal 2025, respectively. In the current-year quarter and first nine months of fiscal 2025, the decrease in sales is primarily due to lower demand from end users in the in-plant and industrial equipment, off-highway, transportation and energy markets, partially offset by an increase in end-user demand in the HVAC and refrigeration and aerospace and defense markets.

International businesses - Sales decreased $76 million and $189 million from the prior-year quarter and first nine months of fiscal 2024, respectively. The effect of changes in currency exchange rates decreased sales by approximately $37 million and $73 million in the current-year quarter and first nine months of fiscal 2025. Excluding the effects of changes in currency exchange rates, sales in the International businesses decreased $40 million and $115 million in the current-year quarter and first nine months of fiscal 2025, respectively. In both the current-year quarter and first nine months of fiscal 2025, this decrease in sales was due to lower sales in Europe, partially offset by an increase in sales in the Asia Pacific region and Latin America.

Within Europe, sales in the current-year quarter and first nine months of fiscal 2025 decreased primarily due to lower demand from end users across the in-plant and industrial equipment, off-highway and transportation markets.

Within the Asia Pacific region, sales in the current-year quarter and first nine months of fiscal 2025 increased primarily due to higher end-user demand in the electronics and semiconductor and in-plant and industrial equipment markets, partially offset by lower demand from end users in the transportation, energy and off-highway markets.

Within Latin America, sales in the current-year quarter increased primarily due to higher end-user demand in the in-plant and industrial equipment, off-highway and transportation markets, partially offset by lower demand from end users in the energy market. In the first nine months of fiscal 2025, sales increased primarily due to higher end-user demand in the in-plant and industrial equipment, transportation, off-highway and energy markets.

Operating Margin

Diversified Industrial Segment operating margin increased during the current-year quarter and first nine months of fiscal 2025 in both the North America and International businesses due to favorable product mix, price increases and benefits related to prior- year restructuring activities as well as cost containment, partially offset by decreased sales volume. Also, during the current-year quarter and first nine months of fiscal 2025, operating margin in the North America businesses benefited from divestiture activity.

Business Realignment

The following business realignment and acquisition integration charges are included in the Diversified Industrial Segment operating income:

	Three Months Ended March 31,		Nine Months Ended March 31,	
(dollars in millions)	**2025**	**2024**	**2025**	**2024**
North America businesses	$ 5	$ 4	$ 15	$ 11
International businesses	7	4	27	25
Diversified Industrial Segment	$ 12	$ 8	$ 42	$ 36

The business realignment charges primarily consist of severance costs related to actions taken under the Company's simplification initiative aimed at reducing organizational and process complexity, as well as plant closures. Acquisition integration charges relate to the acquisition of Meggitt plc ("Meggitt"). Business realignment and acquisition integration charges within the International businesses were primarily incurred in Europe.

We anticipate that cost savings realized from the workforce reduction measures taken in the first nine months of fiscal 2025 will not materially impact operating income in fiscal 2025 and will increase operating income by approximately two percent in fiscal 2026 for both the North America and International businesses. We expect to continue to take actions necessary to appropriately structure the operations of the Diversified Industrial Segment. We currently anticipate incurring approximately $20 million of additional business realignment charges in the remainder of fiscal 2025. However, continually changing business conditions could impact the ultimate costs we incur.

Backlog

Diversified Industrial Segment backlog, as of March 31, 2025, decreased from the prior-year quarter. Approximately 95 percent of the decrease in backlog was related to the CFC divestiture in the North America businesses. Approximately five percent of the decrease was due to shipments exceeding orders in the International businesses. Within the International businesses, Latin America, Europe and the Asia Pacific region accounted for approximately 60 percent, 30 percent and 10 percent of the decrease, respectively.

Diversified Industrial Segment backlog decreased from the June 30, 2024 amount of $4.2 billion. The decrease in backlog was related to the CFC divestiture in the North America businesses, partially offset by an increase in backlog in the International businesses. Within the International businesses, the increase in backlog from the June 30, 2024 amount was primarily attributable to Europe and the Asia Pacific region, partially offset by a decrease in backlog in Latin America.

Backlog consists of written firm orders from a customer to deliver products and, in the case of blanket purchase orders, only includes the portion of the order for which a schedule or release date has been agreed to with the customer. The dollar value of backlog is equal to the amount that is expected to be billed to the customer and reported as a sale.

Aerospace Systems Segment

	Three Months Ended March 31,		Nine Months Ended March 31,	
(dollars in millions)	**2025**	**2024**	**2025**	**2024**
Net sales	$ 1,572	$ 1,409	$ 4,509	$ 3,944
Operating income	$ 373	$ 289	$ 1,034	$ 779
Operating margin	23.7 %	20.5 %	22.9 %	19.7 %
Backlog	$ 7,292	$ 6,465	$ 7,292	$ 6,465

Net Sales

Aerospace Systems Segment sales increased in both the current-year quarter and first nine months of fiscal 2025 primarily due to higher volume in the commercial and defense aftermarket. Higher volume in the commercial and defense original equipment manufacturer ("OEM") market segments also contributed to the sales increase.

Operating Margin

Aerospace Systems Segment operating margin increased during both the current-year quarter and first nine months of fiscal 2025 due to higher sales volume and favorable aftermarket mix, as well as benefits from cost containment initiatives and prior-year acquisition integration activities.

Business Realignment

Within the Aerospace Systems Segment, we incurred acquisition integration and business realignment charges of $3 million and $12 million in the current and prior-year quarter, respectively, and $16 million and $27 million in the first nine months of fiscal 2025 and 2024, respectively. We do not expect to incur material business realignment and acquisition integration charges in the remainder of fiscal 2025. However, continually changing business conditions could impact the ultimate costs we incur.

Backlog

Aerospace Systems Segment backlog, as of March 31, 2025, increased from the prior-year quarter primarily due to orders exceeding shipments in the defense and commercial OEM market segments. The increase in backlog from the June 30, 2024 amount of $6.7 billion is primarily due to orders exceeding shipments in the commercial and defense OEM market segments. Commercial and defense aftermarket backlog at March 31, 2025 remained relatively flat when compared to the June 30, 2024 amount.

Backlog consists of written firm orders from a customer to deliver products and, in the case of blanket purchase orders, only includes the portion of the order for which a schedule or release date has been agreed to with the customer. The dollar value of backlog is equal to the amount that is expected to be billed to the customer and reported as a sale.

Corporate general & administrative expenses

	Three Months Ended March 31,		Nine Months Ended March 31,	
(dollars in millions)	**2025**	**2024**	**2025**	**2024**
Expense				
Corporate general and administrative expense	$ 44	$ 57	$ 149	$ 162
Corporate general and administrative expense, as a percent of sales	0.9 %	1.1 %	1.0 %	1.1 %

Corporate general and administrative expenses decreased in the current-year quarter primarily due to lower benefits and incentive compensation expense, net expense associated with the Company's deferred compensation plan and related investments, charitable contributions and professional service fees.

Corporate general and administrative expenses decreased in the first nine months of fiscal 2025 primarily due to lower incentive compensation expense, lower net expense associated with the Company's deferred compensation plan and related investments, information technology expenses and discretionary spend, partially offset by an increase in professional service fees.

Other expense (income), net

	Three Months Ended March 31,		Nine Months Ended March 31,	
(dollars in millions)	**2025**	**2024**	**2025**	**2024**
Expense (income)				
Foreign currency transaction loss (gain)	$ 9	$ (11)	$ 15	$ (27)
Stock-based compensation	12	11	85	84
Non-service components of retirement benefit cost	(13)	(18)	(37)	(53)
(Gain) loss on disposal of assets and divestitures	(4)	3	(262)	(18)
Interest income	(3)	(3)	(9)	(8)
Saegertown incident	8	—	8	—
Other items, net	9	7	13	2
	$ 18	$ (11)	$ (187)	$ (20)

Foreign currency transaction loss (gain) primarily relates to the impact of exchange rates on intercompany transactions, forward contracts, cash, as well as accounts and notes payables and receivables. (Gain) loss on disposal of assets and divestitures during the first nine months of fiscal 2025 primarily relates to the divestiture of the CFC business. Refer to Note 4 to the Consolidated Financial Statements for further discussion.

LIQUIDITY AND CAPITAL RESOURCES

We believe that we are great generators and deployers of cash. We assess our liquidity in terms of our ability to generate cash to fund our operations and meet our strategic capital deployment objectives, which include the following:

- Continuing our record annual dividend increases
- Investing in organic growth and productivity
- Strategic acquisitions that strengthen our portfolio
- Share repurchases, including repurchases under the 10b5-1 share repurchase program

Cash Flows

A summary of cash flows follows:

(dollars in millions)	Nine Months Ended March 31, 2025	Nine Months Ended March 31, 2024
Cash provided by (used in):		
Operating activities	$ 2,309	$ 2,147
Investing activities	345	(194)
Financing activities	(2,681)	(2,006)
Effect of exchange rates	14	(17)
Net decrease in cash and cash equivalents	$ (13)	$ (70)

Cash flows from operating activities for the first nine months of fiscal 2025 were $2,309 million compared to $2,147 million for the first nine months of fiscal 2024. This increase of $162 million was primarily related to an increase in earnings combined with strong management of working capital items. We continue to focus on managing inventory and other working capital requirements.

- Days sales outstanding relating to trade accounts receivable was 53 days at March 31, 2025, 51 days at June 30, 2024 and 53 days at March 31, 2024.
- Days supply of inventory on hand was 85 days at March 31, 2025, 80 days at June 30, 2024 and 87 days at March 31, 2024.

Cash flows from investing activities for the first nine months of fiscal 2025 and 2024 were impacted by the following factors:

- Capital expenditures of $304 million in fiscal 2025 compared to $283 million in fiscal 2024.
- Net proceeds totaling $621 million from the sale of the CFC and non-core filtration businesses in fiscal 2025.
- Proceeds totaling $74 million from the sale of the MicroStrain sensing systems and Filter Resources businesses in fiscal 2024.

Cash flows from financing activities for the first nine months of fiscal 2025 and 2024 were impacted by the following factors:

- Net commercial paper repayments of $213 million in fiscal 2025 compared to net commercial paper repayments of $941 million in fiscal 2024.
- Principal payments totaling $490 million related to borrowings under the term loan facility ("Term Loan Facility") in fiscal 2025 compared to principal payments totaling $250 million related to the Term Loan Facility in fiscal 2024.
- Aggregate principal payment of $500 million related to the maturity of medium-term notes during fiscal 2025.
- Repurchases under the Company's share repurchase program amounted to 1.2 million common shares for $750 million during fiscal 2025, compared to 0.3 million common shares for $149 million during fiscal 2024.
- Issuance of €700 million aggregate principal amount of 2.90 percent Senior Notes due 2030 (the "Notes") for which the proceeds were used to repay the €700 million aggregate principal amount of 1.125 percent Senior Notes due 2025 in fiscal 2025.

Cash Requirements

We are actively monitoring our liquidity position and remain focused on managing our inventory and other working capital requirements. We are continuing to target two percent of sales for capital expenditures and are prioritizing those related to safety, strategic investments and sustainability initiatives. We believe that cash generated from operations and our commercial paper program will satisfy our operating needs for the foreseeable future.

Dividends

We declared a quarterly cash dividend of $1.63 per share on January 23, 2025, which was paid on March 7, 2025. Dividends have been paid for 299 consecutive quarters. Additionally, we declared a quarterly cash dividend of $1.80 per share on April 24, 2025, payable on June 6, 2025, increasing our annual dividend per share paid to shareholders for 69 consecutive fiscal years.

Share Repurchases

The Company has a program to repurchase its common shares. On October 22, 2014, the Board of Directors of the Company approved an increase in the overall number of shares authorized to repurchase under the program so that, beginning on such date, the aggregate number of shares authorized for repurchase was 35 million. There is no limitation on the number of shares that can be repurchased in a year. Repurchases may be funded primarily from operating cash flows and commercial paper borrowings and the shares are initially held as treasury shares. Refer to Note 6 to the Consolidated Financial Statements for further discussion of share repurchases.

Liquidity

Cash, comprised of cash and cash equivalents and marketable securities and other investments, includes $329 million and $311 million held by the Company's foreign subsidiaries at March 31, 2025 and June 30, 2024, respectively. The Company does not permanently reinvest certain foreign earnings. The distribution of these earnings could result in non-federal U.S. or foreign taxes. All other undistributed foreign earnings remain permanently reinvested.

We are currently authorized to sell up to $3.0 billion of short-term commercial paper notes. As of March 31, 2025, $1.9 billion of commercial paper notes were outstanding, and the largest amount of commercial paper notes outstanding during the current-year quarter was $2.2 billion.

The Company has a line of credit totaling $3.0 billion through a multi-currency revolving credit agreement with a group of banks, of which $1.1 billion was available as of March 31, 2025. Advances from the credit agreement can be used for general corporate purposes, including acquisitions, and for the refinancing of existing indebtedness. The credit agreement supports our commercial paper program, and issuances of commercial paper reduce the amount of credit available under the credit agreement. The credit agreement expires in June 2028; however, the Company has the right to request a one-year extension of the expiration date on an annual basis, which may result in changes to the current terms and conditions of the credit agreement. The credit agreement requires the payment of an annual facility fee, the amount of which is dependent upon the Company’s credit ratings. Although a lowering of the Company’s credit ratings would increase the cost of future debt, it would not limit the Company’s ability to use the credit agreement, nor would it accelerate the repayment of any outstanding borrowings.

We primarily utilize unsecured medium-term notes and senior notes to meet our financing needs and we expect to continue to borrow funds at reasonable rates over the long term. Refer to the Cash flows from financing activities section above and Note 15 to the Consolidated Financial Statements for further discussion.

In February 2025, the Company issued €700 million aggregate principal amount of 2.90 percent Senior Notes due March 1, 2030. Interest on the Notes will be paid annually on March 1 of each year, commencing March 1, 2026. We used the net proceeds from the issuance of the Notes, together with cash on hand, to repay the €700 million aggregate principal amount of 1.125 percent Senior Notes upon maturity in March 2025. Refer to Notes 15 and 17 to the Consolidated Financial Statements for further discussion.

Our debt portfolio included a Term Loan Facility. During the nine months ended March 31, 2025, we repaid the remaining principal balance of $490 million of the Term Loan Facility. Refer to Note 15 to the Consolidated Financial Statements for further discussion.

The Company’s credit agreement and indentures governing certain debt securities contain various covenants, the violation of which would limit or preclude the use of the credit agreements for future borrowings, or might accelerate the maturity of the related outstanding borrowings covered by the indentures. Based on the Company’s rating level at March 31, 2025, the most restrictive financial covenant provides that the ratio of debt to debt-shareholders' equity cannot exceed 0.65 to 1.0. At March 31, 2025, the Company's debt to debt-shareholders' equity ratio was 0.41 to 1.0. We are in compliance and expect to remain in compliance with all covenants set forth in the credit agreement and indentures.

Our goal is to maintain an investment-grade credit profile. The rating agencies periodically update the Company's credit ratings as events occur. At March 31, 2025, the long-term credit ratings assigned to the Company's senior debt securities by the credit rating agencies engaged by the Company were as follows:

Fitch Ratings	A-
Moody's Investors Services, Inc.	A3
Standard & Poor's	BBB+

Supply Chain Financing

We continue to identify opportunities to improve our liquidity and working capital efficiency, which include the extension of payment terms with our suppliers. We have supply chain financing programs with financial intermediaries, which provide certain suppliers the option to be paid by the financial intermediaries earlier than the due date on the applicable invoice. We do not believe that changes in the availability of supply chain financing will have a significant impact on our liquidity. Refer to Note 10 to the Consolidated Financial Statements for further discussion.

Strategic Acquisitions and Divestitures

Acquisitions will be considered from time to time to the extent there is a strong strategic fit, while at the same time maintaining the Company’s strong financial position. In addition, we will continue to assess our existing businesses and initiate efforts to divest businesses that are not considered to be a good long-term strategic fit for the Company. On July 28, 2024, the Company signed an agreement to divest its CFC business within the North America businesses of the Diversified Industrial Segment, which was acquired as part of the Meggitt acquisition. This divestiture closed on November 1, 2024 for net proceeds of $555 million. Refer to Note 4 to the Consolidated Financial Statements for further discussion. Additionally, we divested a non-core filtration business within the North America businesses of the Diversified Industrial Segment for proceeds of $66 million on November 1, 2024.

Forward-Looking Statements

Forward-looking statements contained in this and other written and oral reports are made based on known events and circumstances at the time of release, and as such, are subject in the future to unforeseen uncertainties and risks. Often but not always, these statements may be identified from the use of forward-looking terminology such as “anticipates,” “believes,” “may,” “should,” “could,” “expects,” “targets,” “is likely,” “will,” or the negative of these terms and similar expressions, and include all statements regarding future performance, earnings projections, events or developments. Neither Parker nor any of its respective associates or directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements will actually occur. Parker cautions readers not to place undue reliance on these statements. It is possible that the future performance and earnings projections of the company, including its individual segments, may differ materially from past performance or current expectations. A change in the economic conditions in individual markets may have a particularly volatile effect on segment performance.

Among other factors which may affect future performance are:

- changes in business relationships with and orders by or from major customers, suppliers or distributors, including delays or cancellations in shipments;
- disputes regarding contract terms, changes in contract costs and revenue estimates for new development programs;
- changes in product mix;
- ability to identify acceptable strategic acquisition targets;
- uncertainties surrounding timing, successful completion or integration of acquisitions and similar transactions;
- ability to successfully divest businesses planned for divestiture and realize the anticipated benefits of such divestitures;
- the determination and ability to successfully undertake business realignment activities and the expected costs, including cost savings, thereof;
- ability to implement successfully business and operating initiatives, including the timing, price and execution of share repurchases and other capital initiatives;
- availability, cost increases of or other limitations on our access to raw materials, component products and/or commodities if associated costs cannot be recovered in product pricing;
- ability to manage costs related to insurance and employee retirement and health care benefits;
- legal and regulatory developments and other government actions, including related to environmental protection, and associated compliance costs;
- supply chain and labor disruptions, including as a result of tariffs and labor shortages;
- threats associated with international conflicts and cybersecurity risks and risks associated with protecting our intellectual property;
- uncertainties surrounding the ultimate resolution of outstanding legal proceedings, including the outcome of any appeals;
- effects on market conditions, including sales and pricing, resulting from global reactions to U.S. trade policies;
- manufacturing activity, air travel trends, currency exchange rates, difficulties entering new markets and economic conditions such as inflation, deflation, interest rates and credit availability;
- inability to obtain, or meet conditions imposed for, required governmental and regulatory approvals;
- changes in the tax laws in the United States and foreign jurisdictions and judicial or regulatory interpretations thereof; and
- large scale disasters, such as floods, earthquakes, hurricanes, industrial accidents and pandemics.

Readers should consider these forward-looking statements in light of risk factors discussed in Parker’s Annual Report on Form 10-K for the fiscal year ended June 30, 2024 and other periodic filings made with the Securities and Exchange Commission.

The Company makes these statements as of the date of the filing of this Quarterly Report on Form 10-Q for the quarter ended March 31, 2025, and undertakes no obligation to update them unless otherwise required by law.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

A substantial portion of our operations are conducted by our subsidiaries outside of the U.S. in currencies other than the U.S. dollar. Most of our non-U.S. subsidiaries conduct their business primarily in their local currencies, which are also their functional currencies. Foreign currency exposures arise from the translation of foreign currency-denominated assets and liabilities into U.S. dollars and from transactions denominated in a currency other than the subsidiary's functional currency. We continue to manage the associated foreign currency transaction and translation risk using existing processes.

The Company manages foreign currency transaction and translation risk by utilizing derivative and non-derivative financial instruments, including forward exchange contracts, cross-currency swap contracts and certain foreign currency denominated debt designated as net investment hedges. The derivative financial instrument contracts are with major investment grade financial institutions and we do not anticipate any material non-performance by any of the counterparties. We do not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are recognized on the Consolidated Balance Sheet as either assets or liabilities and are measured at fair value. Further information on the fair value of these contracts is provided in Note 17 to the Consolidated Financial Statements. Derivatives that are not designated as hedges are adjusted to fair value by recording gains and losses through the Consolidated Statement of Income. Derivatives that are designated as hedges are adjusted to fair value by recording gains and losses through accumulated other comprehensive income (loss) in the Consolidated Balance Sheet until the hedged item is recognized in earnings. For cross-currency swap contracts measured using the spot method, the periodic interest settlements are recognized directly in earnings through interest expense. The translation of the foreign currency denominated debt that has been designated as a net investment hedge is recorded in accumulated other comprehensive income (loss) and remains there until the underlying net investment is sold or substantially liquidated.

The Company's debt portfolio contains variable rate debt, consisting of commercial paper, inherently exposing the Company to interest rate risk. The Term Loan Facility, which had a variable interest rate, was repaid as of December 31, 2024. Our objective is to maintain a 60/40 mix between fixed rate and variable rate debt thereby limiting our exposure to changes in near-term interest rates. A 100 basis point increase in near-term interest rates would increase annual interest expense on variable rate debt, consisting of weighted-average commercial paper borrowings for the nine months ended March 31, 2025, by approximately $18 million.

ITEM 4. CONTROLS AND PROCEDURES

The Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's principal executive officer and principal financial officer, of the effectiveness of the Company's disclosure controls and procedures as of March 31, 2025. Based on this evaluation, the Company's principal executive officer and principal financial officer concluded that, as of March 31, 2025, the Company's disclosure controls and procedures were effective.

There was no change to our internal control over financial reporting during the third quarter of fiscal 2025 that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PARKER-HANNIFIN CORPORATION

PART II - OTHER INFORMATION

ITEM 1. Legal Proceedings.

From time to time we are involved in matters that involve governmental authorities as a party under federal, state and local laws that have been enacted or adopted regulating the discharge of materials into the environment or primarily for the purpose of protecting the environment. We will report such matters that exceed, or that we reasonably believe may exceed, $1.0 million or more in monetary sanctions.

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds

(a) ***Unregistered Sales of Equity Securities.*** Not applicable.

(b) ***Use of Proceeds.*** Not applicable.

(c) ***Issuer Purchases of Equity Securities.***

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid Per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	(d) Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs (1)
January 1, 2025 through January 31, 2025	25,700	$ 654.80	25,700	7,123,049
February 1, 2025 through February 28, 2025	22,600	$ 683.98	22,600	7,100,449
March 1, 2025 through March 31, 2025	995,847	$ 620.29	995,847	6,104,602
Total:	1,044,147		1,044,147	

(1) On October 22, 2014, the Company publicly announced that the Board of Directors increased the overall maximum number of shares authorized for repurchase under the Company's share repurchase program, first announced on August 16, 1990, so that, beginning on October 22, 2014, the maximum aggregate number of shares authorized for repurchase was 35 million shares. There is no limitation on the amount of shares that can be repurchased in a fiscal year. There is no expiration date for this program.

ITEM 5. Other Information

None of the Company's directors or officers adopted, modified or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement during the Company's fiscal quarter ended March 31, 2025.

ITEM 6. Exhibits.

The following documents are furnished as exhibits and are numbered pursuant to Item 601 of Regulation S-K:

Exhibit No.	Description of Exhibit
10(a)	Form of Notice of Award under the Parker-Hannifin Corporation Long-Term Incentive Plan Under the Performance Bonus Plan, as Amended and Restated, effective as of January 22, 2025.*
31(a)	Certification of the Principal Executive Officer Pursuant to 17 CFR 240.13a-14(a), as Adopted Pursuant to §302 of the Sarbanes-Oxley Act of 2002.*
31(b)	Certification of the Principal Financial Officer Pursuant to 17 CFR 240.13a-14(a), as Adopted Pursuant to §302 of the Sarbanes-Oxley Act of 2002.*
32	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to §906 of the Sarbanes-Oxley Act of 2002*
101.INS	Inline XBRL Instance Document.*
101.SCH	Inline XBRL Taxonomy Extension Schema Document.*
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.*
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document. *
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.*
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.*
104	Cover page Interactive Data File (formatted as Inline XBRL with applicable taxonomy extension information contained in Exhibits 101).

* Submitted electronically herewith.

Attached as Exhibit 101 to this report are the following formatted in Inline XBRL (Extensible Business Reporting Language): (i) Consolidated Statement of Income for the three and nine months ended March 31, 2025 and 2024, (ii) Consolidated Statement of Comprehensive Income for the three and nine months ended March 31, 2025 and 2024, (iii) Consolidated Balance Sheet at March 31, 2025 and June 30, 2024, (iv) Consolidated Statement of Cash Flows for the nine months ended March 31, 2025 and 2024, and (v) Notes to Consolidated Financial Statements for the nine months ended March 31, 2025.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PARKER-HANNIFIN CORPORATION
(Registrant)

/s/ Todd M. Leombruno

Todd M. Leombruno
Executive Vice President and Chief Financial Officer

Date: May 6, 2025

TO: [PARTICIPANT NAME]

PARKER-HANNIFIN CORPORATION
OFFICER LONG-TERM INCENTIVE PERFORMANCE PLAN (LTIP)

OFFICER AWARD AGREEMENT
(L34)

The Human Resources and Compensation Committee of the Board of Directors (the "Committee") of Parker-Hannifin Corporation (the "Company") has awarded to you the contingent right to receive the following number of common shares of the Company ("Maximum Shares") under the Company's Officer Long-Term Incentive Performance Plan (As Amended and Restated) (the "Plan"), which operates under the Parker-Hannifin Corporation 2023 Omnibus Stock Incentive Plan (as defined in the Plan):

Grant Date: [Grant Date]
Performance Period: CY 2025-2026-2027
Maximum Shares: [Number]
Target Shares: [Number Granted]

The number of Maximum Shares and Target Shares granted is based on your grade level at the Grant Date and your expected service in your position through the end of the Performance Period. The number of Maximum Shares and Target Shares granted is subject to adjustment in the event of a change in your grade level or your employment status with the Company during the Performance Period as provided in the Plan. Your award constitutes a performance-based Restricted Stock Unit Award for purposes of the Stock Incentive Plan.

Payout of Your Award. Your right to earn all or a portion of the Target Shares under your award will be based upon the Company's performance during the Performance Period in comparison to a defined peer group for certain key objective financial metrics described in the Plan, and the Committee's discretion to reduce the amount payable under your award (including for example, a possible reduction to the number of Target Shares set out above), based on the Company's performance in comparison to its peer group and otherwise as described in the Plan. Subject to your continued employment through the end of the Performance Period, any amount payable under your award will be paid in the form of Shares (as defined in the Plan), to be issued in April 2028 following the Committee's certification of performance results of the Company, subject to the Committee's exercise of any discretion to reduce the amount payable, and the Committee's authorization of payment.

Subject to your continued employment through the end of the Performance Period, any Shares earned hereunder will be issued after the end of the Performance Period following the Committee's certification of performance results, authorization of any Share issuance, and

considerations of other appropriate factors as the Committee may determine.

Peer Group (as defined in the Plan):

- Caterpillar Inc.
- Cummins Inc.
- Deere & Company
- Dover Corporation
- Eaton Corporation plc
- Emerson Electric Co.
- Flowserve Corporation
- Fortive Corporation
- Honeywell International Inc.
- Illinois Tool Works Inc.
- Ingersoll Rand Inc.
- ITT Inc.
- Johnson Controls International plc
- Moog Inc.
- RTX Corporation
- Rockwell Automation Inc.
- Textron Inc.
- Trane Technologies plc
- 3M Co.

Clawback Provisions. By accepting this award, you acknowledge and agree that the terms and conditions set forth in the Claw-back Policy of Parker-Hannifin Corporation that applies to compensation granted or paid on or after July 1, 2009 (as may be amended and restated from time to time, the "Clawback Policy") and the Parker-Hannifin Corporation Section 16 Officer Clawback Policy (as may be amended and restated from time to time, the "Dodd-Frank Policy") are incorporated in this Award Agreement by reference. To the extent the Clawback Policy or the Dodd-Frank Policy is applicable to you, it creates additional rights for the Company with respect to your award and other applicable compensation, including, without limitation, annual cash incentive compensation awards granted to you by the Company. Notwithstanding any provisions in this Award Agreement, the Plan or the Stock Incentive Plan to the contrary, any award granted under the Stock Incentive Plan and such other applicable compensation, including, without limitation, annual cash incentive compensation, will be subject to potential mandatory cancellation, forfeiture and/or repayment by you to the Company to the extent you are, or in the future become, subject to (a) any Company clawback or recoupment policy, including the Clawback Policy, the Dodd-Frank Policy, and any other policies that are adopted by the Company, whether to comply with the requirements of any applicable laws, rules, regulations, stock exchange listing standards or otherwise, or (b) any applicable laws that impose mandatory clawback or recoupment requirements under the circumstances set forth in such laws, including as required by the Sarbanes-Oxley Act of 2002, the Dodd-Frank Wall Street Reform and Consumer Protection Act, or other applicable laws, rules, regulations or stock exchange listing standards, as may be in effect from time to time, and which may operate to create additional rights for the Company with respect to awards and the recovery of amounts relating thereto. By accepting this award and pursuant to this Award Agreement, you consent to be bound by the terms of the Clawback Policy or the Dodd-Frank Policy, if applicable, and agree and acknowledge that you are obligated to cooperate with, and provide any and all assistance necessary to, the Company in its efforts to recover or recoup this award, any gains or earnings related to this award, or any other applicable compensation, including, without limitation, annual cash incentive compensation, that is subject to clawback or recoupment pursuant to such laws, rules, regulations, stock exchange listing standards or Company policy. Such cooperation and assistance shall include, but is not limited to, executing, completing and submitting any documentation necessary to facilitate the recovery or recoupment by the Company from you of any such amounts, including from your accounts or from any other compensation, to the extent any such amounts, including from your accounts or from any other compensation, to the extent permissible under Section 409A of the Internal Revenue Code of 1986, as amended.

Your Action Items. Please take the following actions:

Accept your Awards by clicking on the "Accept" button below. In relation to the award described herein (your "Award"), attached below for your review and incorporated into this Award Agreement is the Plan. Inform the Company of any change in address or contact information, as necessary. Refer to the section of the Plan titled "Notification of Change in Personal Data" for instructions on how to provide notification to the Company.

Also available through your UBS One Source account are the following documents pertinent to your Award:

2023 Omnibus Stock Incentive Plan
2023 Omnibus Stock Incentive Plan Prospectus
Annual Report and Proxy Statement

Parker-Hannifin Corporation
Officer Long-Term Incentive Performance Plan (as Amended and Restated Effective January 22, 2025)

Summary and
Terms and Conditions

1. Effective Date and Purpose. Parker-Hannifin Corporation, an Ohio corporation (the "Company"), originally adopted this Plan effective as of January 26, 2011, thereafter amended and restated the Plan from time to time, and most recently amended and restated the Plan effective as of January 22, 2025. The purpose of this Plan is to attract and retain key executives for the Company and to provide such persons with incentives for superior performance in the form of an opportunity to earn a long-term incentive award structured as a performance-based Restricted Stock Unit Award under the Stock Incentive Plan and payable in Common Shares ("Shares"). This Plan and each Award Opportunity hereunder shall be subject to the terms and conditions of this Plan and the applicable Award Agreement and the terms and conditions of the Stock Incentive Plan. Capitalized terms not defined in this Plan shall have the meanings set forth in the Stock Incentive Plan.

2. Eligibility. The Committee shall designate the Participants, if any, for each Performance Period. An Eligible Officer who is designated as a Participant for a given Performance Period is not guaranteed of being selected as a Participant for any other Performance Period.

3. Establishment of Award Opportunities. Not later than the 90th day of each Performance Period, the Committee shall establish the Maximum Shares and Target Shares for each Participant's Award Opportunity for the Performance Period. The Committee shall provide an Award Agreement to each Participant as soon as practical following the establishment of the

Maximum Shares and Target Shares under the Participant's Award Opportunity for the Performance Period.

4. Dividend Equivalent Units; Voting and Other Rights.

A. Shareholder Rights Generally. A Participant shall have no rights of ownership in the Shares underlying an Award Opportunity and no right to vote the Shares underlying an Award Opportunity until the date on which the Shares underlying such Award Opportunity are issued or transferred to the Participant pursuant to Section 6 or Section 8 hereof.

B. Dividend Equivalent Units. With respect to each Award Opportunity, from and after the applicable Grant Date and until the earlier of (i) the time when the Award Opportunity is paid in accordance with Section 6 or Section 8 hereof or (ii) the time when the applicable Participant's right to payment of the Award Opportunity is forfeited in accordance with Section 7 hereof or otherwise, on the date that the Company pays a cash dividend (if any) to holders of Shares generally, such Participant shall be credited with a number of additional Target Shares (the "Dividend Equivalent Units") determined by dividing the aggregate amount of the cash dividend that would be payable on such date to a holder of a number of Shares equal to the number of such Participant's unpaid Target Shares with respect to such Award Opportunity by the closing price per Share on the New York Stock Exchange on the last trading day preceding the dividend payment date. Any such Dividend Equivalent Units will be considered Target Shares for purposes of the applicable Award Opportunity and this Plan, and will be subject to all of the terms, conditions and restrictions set forth herein.

5. Determination of Amount Payable Under Award Opportunities.

A. Committee Certification of Management Objectives. Subject to potential reduction as set forth in Section 5.B and further subject to the other terms and conditions of this Plan, the full number of Maximum Shares granted to a Participant with respect to a Performance Period shall be earned as of the last day of such Performance Period, provided that (i) following the end of the Performance Period, the Committee has certified that the Company has achieved either (a) average Return on Average Equity of 4% during the Performance Period, or (b) average Free Cash Flow Margin of 4% during the Performance Period; and (ii) the Participant has been continuously employed by the Company and its Affiliates through the last day of the Performance Period.

B. Committee Discretion to Reduce Long-Term Incentive Awards. Notwithstanding Section 5.A, the actual number of Shares payable to a Participant with respect to a Performance Period may be reduced (including a reduction to zero) by the Committee in its sole and absolute discretion based on such factors as the Committee determines to be appropriate including, without limitation, the Company's performance with respect to the performance measures (the "Peer Performance Measures") set out below, with the number of a Participant's Target Shares under an Award Opportunity allocated to each of the Peer Performance Measures in proportion to the percentages set out below. Achievement with respect to the Peer Performance Measures shall be determined for the Company at the conclusion of the Performance Period, in comparison to the performance of the members of the Company's Peer

Group, determined for each member of the Peer Group based on its performance at the conclusion of the three fiscal year period of such company ending with or immediately prior to the conclusion of the Performance Period.

Peer Performance Measure:	Weight:
Revenue Growth	40%
Earnings Per Share Growth	40%
Average Return on Invested Capital	20%

It is the intention of the Committee that the Committee will exercise its discretion as it deems appropriate to reduce the number of Shares that may be delivered to a Participant with respect to each Performance Period based on the Company's percentile ranking among the members of the Peer Group with respect to each Peer Performance Measure in accordance with the following table; provided, however, that the Committee reserves the right to deviate from such approach and may exercise its discretion to reduce the number of Shares that may be delivered to a Participant with respect to each Performance Period, if any, based on such other factors as the Committee in its sole and absolute discretion determines to be appropriate:

Company Percentile Ranking Among Peer Group:	% of Allocable Target Shares Earned:
75^{th} percentile or higher	200%
50^{th} percentile	100% (Target Shares)
25^{th} percentile	50%
lower than 25^{th} percentile	0%

To the extent that the Company's percentile ranking among the members of the Peer Group with respect to a Peer Performance Measure is between the 25^{th} and the 50^{th} percentile, or between the 50^{th} and the 75^{th} percentile, it is currently intended that the Committee will exercise its discretion to determine the appropriate percentage of the allocable Target Shares that are earned by straight-line interpolation between the percentages set out in the table above.

6. Payment of Awards. Except as otherwise provided in this Plan, during the fourth month following the end of the applicable Performance Period, the Company shall deliver to each Participant the Shares, if any, that the Committee has determined (in accordance with Section 5) to be payable with respect to any Award Opportunity.

7. Terminations. Except as otherwise provided in this Section 7 or Section 8, a Participant must remain continuously employed by the Company and its Affiliates through the last day of a Performance Period in order to be entitled to receive payment with respect to any Award Opportunity pursuant to this Plan for such Performance Period.

A. Qualifying Retirement. Notwithstanding the foregoing, in the event of a Participant's termination of employment during a Performance Period due to a Qualifying Retirement with respect to such Performance Period, the Participant will be entitled to receive the Shares, if any, that the Committee determines (in accordance with Section 5) to be payable with respect to the Award Opportunity for such Performance Period, as if the Participant had

remained continuously employed through the end of the Performance Period. Any such Shares will be payable at the time provided in Section 6, following the certification of the achievement of the management objectives by the Committee in accordance with Section 5.A.

B. Death, Disability, Termination Without Cause, Other Retirement. Notwithstanding the foregoing, in the event of a Participant's termination of employment during a Performance Period due to death, Disability, termination of employment by the Company without Cause, or Other Retirement, the Participant will be entitled to receive prorated Shares with respect to the Award Opportunity for that Performance Period equal to the product of the number of Shares, if any, determined to be payable with respect to such Award Opportunity by the Committee (pursuant to Section 5) multiplied by a fraction, the numerator of which is the number of full months of continuous employment during the Performance Period and the denominator of which is 36. Any such prorated amount will be payable at the time provided in Section 6, following the certification of the achievement of the management objectives by the Committee in accordance with Section 5.A.

C. Other Terminations. Except as otherwise provided pursuant to Section 8, in the event of a Participant's termination of employment during a Performance Period for any reason other than Qualifying Retirement, Other Retirement, death, Disability, or termination of employment by the Company without Cause, the Participant will forfeit his or her Award Opportunity for such Performance Period, without any further action or notice.

8. Change in Control. In the event of a Change in Control (as defined in the Stock Incentive Plan and including the date immediately prior to an "Anticipatory Termination" as defined therein) of the Company during a Performance Period, each Participant then holding an outstanding Award Opportunity granted under this Plan for such Performance Period shall receive payment of his or her Award Opportunity as follows: (a) within fifteen (15) days following the date of the Change in Control, each such Participant shall receive a number of Shares equal to the number of Target Shares subject to such Award Opportunity; and (b) within forty-five (45) days after the date of such Change in Control, each such Participant shall receive a number of Shares equal to the excess, if any, of (i) the number of Shares that would be payable in accordance with Section 5 if the Company had achieved the management objectives described in Section 5.A for the Performance Period, the Committee had exercised its discretion to reduce the number of Shares payable in accordance with Section 5.B based on the Company's percentile ranking among the Peer Group with respect to the Peer Performance Measures as described therein, and the Company's percentile ranking among the Peer Group for each of those Peer Performance Measures during the Performance Period through the end of the fiscal quarter immediately preceding the date of the Change in Control continued throughout the Performance Period at the same level; over (ii) the number of Target Shares subject to such Award Opportunity.

9. Promotions and New Hires. With respect to a Participant who is newly hired or is promoted by the Company during a Performance Period, the Committee shall grant an Award Opportunity, or adjust an Award Opportunity previously granted, to such Participant for such Performance Period pursuant to the provisions of this Section 9.

A. Pro-Rated Award Opportunities for Newly-Eligible Executives. A

A. Pro Rated Award Opportunities for Newly Eligible Executives. A

Participant who is granted an Award Opportunity more than 90 days after the beginning of the Performance Period, either because the Participant is a newly hired Eligible Officer or is promoted into an Eligible Officer position, will be granted an Award Opportunity under this Plan for such Performance Period based on the number of Maximum Shares and Target Shares established by the Committee during the first 90 days of the Performance Period for the Participant's grade level, with the number of Maximum Shares and Target Shares pro-rated based on the ratio of the number of full months remaining in the Performance Period on and after the date of hire or promotion (as applicable) to the total number of months in the Performance Period. For any salary grade created between the salary grades for which the Committee has established the number of Maximum Shares and Target Shares as described above, straight-line interpolation shall be used to determine the pro-rated number of Maximum Shares and Target Shares in accordance with this Section 9.A.

B. Adjustments to Outstanding Award Opportunities. If a Participant is promoted after the beginning of a Performance Period, the Participant's outstanding Award Opportunity granted for such Performance Period will be adjusted, effective as of the date of such promotion, based on the number of Maximum Shares and Target Shares established by the Committee during the first 90 days of the Performance Period for the Participant's grade level. The adjustments to each such Participant's Award Opportunity shall be pro-rated on a monthly basis, with the number of Maximum Shares and Target Shares for the Participant's original position applicable for the number of full months preceding the effective date of the promotion and the number of Maximum Shares and Target Shares for the Participant's new position applicable for the remaining number of months in the Performance Period. For any salary grade created between the salary grades for which the Committee has established the number of Maximum Shares and Target Shares as described above, straight-line interpolation shall be used to determine the pro-rated number of Maximum Shares and Target Shares in accordance with this Section 9.B.

C. Negative Discretion. Notwithstanding any other provision of this Section 9, the Committee retains the discretion to reduce the amount of any Award Opportunity, including a reduction of such amount to zero. By way of illustration, and not in limitation of the foregoing, the Committee may, in its discretion, determine (i) not to grant a pro-rated Award Opportunity pursuant to Section 9.A above, (ii) not to adjust an outstanding Award Opportunity pursuant to Section 9.B above, (iii) to grant a pro-rated Award Opportunity in a smaller amount than would otherwise be provided by Section 9.A above, or (iv) to adjust an outstanding Award Opportunity to produce a smaller Award Opportunity than would otherwise be provided by Section 9.B above.

10. Plan Administration. The Committee shall be responsible for administration of this Plan. The Committee is authorized to interpret this Plan, to prescribe, amend and rescind regulations relating to this Plan, and to make all other determinations necessary or advisable for the administration of this Plan, but only to the extent not contrary to the express provisions of this Plan and the Stock Incentive Plan. Determinations, interpretations or other actions made or taken by the Committee pursuant to the provisions of this Plan shall be final, binding and conclusive for all purposes and upon all Participants, Eligible Officers, Beneficiaries and all other persons who have or claim an interest herein. Subject to the terms of the Stock Incentive

Plan and applicable law and stock exchange requirements, the Committee may, in its discretion, delegate to one or more directors or employees of the Company any of the Committee's authority under this Plan. The acts of any such delegates shall be treated under this Plan as acts of the Committee with respect to any matters so delegated, and any reference to the Committee in this Plan shall be deemed a reference to any such delegates with respect to any matters so delegated.

11. Tax Withholding. Each Participant is responsible for any federal, state, local, foreign or other taxes with respect to any amount payable under this Plan. To the extent the Company is required to withhold any federal, state, local, foreign or other taxes in connection with the delivery of Shares or any other payment or vesting event under this Plan, then the Company may, in its sole discretion, (a) retain a number of Shares otherwise deliverable hereunder with a value equal to the required withholding (based on the Fair Market Value (as defined in the Stock Incentive Plan) of the Shares on the applicable date), (b) facilitate a sale of Shares payable pursuant to the Award Opportunity to cover such tax withholding obligation, or (c) apply any other withholding method determined by the Company; provided that in no event shall the value of the Shares retained or sold exceed the minimum amount of taxes required to be withheld or such other amount that will not result in a negative accounting impact.

12. Unfunded Plan. Each Award Opportunity granted under this Plan represents only a contingent right to receive all or a portion of the number of Maximum Shares subject to the terms and conditions of the Award Agreement, this Plan, and the Stock Incentive Plan. Nothing in this Plan shall be construed to create a trust or to establish or evidence any Participant's claim of any right to payment of an Award Opportunity earned under this Plan other than as an unsecured general creditor with respect to any payment to which he or she may be entitled under this Plan.

13. Rights of Employer; No Right to Future Awards. Neither anything contained in this Plan nor any action taken under this Plan or the Award Agreement shall be construed as a contract of employment or as giving any Participant or Eligible Officer any right to continued employment with the Company or any Affiliate. Each Award Opportunity granted under this Plan to a Participant is a voluntary, discretionary award being made on a one-time basis and it does not constitute a commitment to make any future awards. The grant of an Award Opportunity and any payments made hereunder will not be considered salary or other compensation for purposes of any severance pay or similar allowance, except as otherwise required by law.

14. Nontransferability. Except as otherwise provided in this Plan or the Award Agreement, the benefits provided under this Plan may not be alienated, assigned, transferred, pledged or hypothecated by or to any person or entity, except by will or the laws of descent and distribution, and these benefits shall be exempt from the claims of creditors of any Participant or other claimants and from all orders, decrees, levies, garnishment or executions against any Participant to the fullest extent allowed by law. Notwithstanding the foregoing, to the extent permitted by the Company, a Participant may designate a Beneficiary or Beneficiaries (both primary and contingent) to receive, in the event of the Participant's death, any Shares remaining to be delivered with respect to the Participant under this Plan. The Participant shall have the

right to revoke any such designation and to re-designate a Beneficiary or Beneficiaries in such manner as may be prescribed by the Company.

15. Successors. The rights and obligations of the Company under this Plan shall inure to the benefit of, and shall be binding upon, the successors and assigns of the Company.

16. Governing Law. This Plan and all Award Opportunities shall be construed in accordance with and governed by the laws of the State of Ohio, but without regard to its conflict of law provisions.

17. Amendment or Termination. The Committee reserves the right, at any time, without either the consent of, or any prior notification to, any Participant, Eligible Officer or other person, to amend, suspend or terminate this Plan or any Award Opportunity granted thereunder, in whole or in part, in any manner, and for any reason; provided that any such amendment shall not, after the end of the 90-day period described in Section 3 of this Plan, cause the amount payable under an Award Opportunity to be increased as compared to the amount that would have been paid in accordance with the terms established as of the end of such period. Notwithstanding the foregoing, no amendment, suspension or termination of this Plan following a Change in Control (as defined in the Stock Incentive Plan) may adversely affect in a material way any Award Opportunity that was outstanding on the date of the Change in Control, without the consent of the affected Participant.

18. Claw-back Policy; Investigations.

A. Claw-back Policy. Each Award Opportunity granted, and each Share paid, pursuant to this Plan shall be subject to the terms and conditions of the Claw-back Policy of Parker-Hannifin Corporation that applies to compensation granted or paid on or after July 1, 2009 (as may be amended and restated from time to time) and the Parker-Hannifin Corporation Section 16 Officer Clawback Policy (as may be amended and restated from time to time), to the extent provided under the terms of each such policy.

B. Investigations. Notwithstanding anything in this Plan or the Stock Incentive Plan to the contrary, nothing in this Plan or the Stock Incentive Plan (or in any other agreement, contract or arrangement with the Company or its Subsidiaries or affiliates, or in any policy, procedure or practice of the Company or its Subsidiaries or affiliates) (i) prevents a Participant from providing, without prior notice to the Company, information to governmental authorities regarding possible legal violations or otherwise testifying or participating in any investigation or proceeding by any governmental authorities regarding possible legal violations, and, for purpose of clarity, Participants are not prohibited from providing information voluntarily to the Securities and Exchange Commission pursuant to Section 21F of the Exchange Act or (ii) limits a Participant's right to any monetary award offered by a government-administered whistleblower award program for providing information directly to a government agency (including the Securities and Exchange Commission pursuant to Section 21F of the Exchange Act).

19. Section 409A of the Code. It is the Company's intent that each Award Opportunity payable under this Plan shall be compliant with or exempt from the requirements of

Section 409A of the Code under the "short-term deferral" exception set out in Section 1.409A-1(b)(4) of the Treasury Regulations. This Plan and each Award Agreement hereunder shall be interpreted and administered in a manner consistent with such intent, and any provision that would cause an Award Agreement or this Plan to fail to satisfy Section 409A of the Code shall have no force or effect until amended to comply with or being exempt from Section 409A of the Code (which amendment may be retroactive to the extent permitted by Section 409A of the Code and may be made by the Company without the consent of any Participant).

20. Plan Terms Control. In the event of a conflict between the terms and conditions of any Award Agreement and the terms and conditions of this Plan, the terms and conditions of this Plan shall prevail. In the event of a conflict between the terms and conditions of any Award Agreement or this Plan and the terms and conditions of the Stock Incentive Plan, the terms and conditions of the Stock Incentive Plan shall prevail.

21. Severability. If any provision of this Plan is held invalid, void or unenforceable, the same shall not affect, in any respect whatsoever, the validity of any other provisions of this Plan.

22. Waiver. The waiver by the Company of any breach of any provision of this Plan by a Participant shall not operate or be construed as a waiver of any subsequent breach.

23. Captions. The captions of the sections of this Plan are for convenience only and shall not control or affect the meaning or construction of any of its provisions.

24. Consent to Transfer Personal Data. By acknowledging an Award Opportunity, each Participant will voluntarily acknowledge and consent to the collection, use, processing and transfer of personal data as described in this Section 24. Participants are not obliged to consent to such collection, use, processing and transfer of personal data. However, failure to provide the consent may affect the Participant's ability to participate in this Plan. The Company and its Affiliates hold certain personal information about each Participant, that may include name, home address and telephone number, fax number, email address, family size, marital status, sex, beneficiary information, emergency contacts, passport / visa information, age, language skills, drivers license information, date of birth, birth certificate, social security number or other employee identification number, nationality, C.V. (or resume), wage history, employment references, job title, employment or severance contract, current wage and benefit information, personal bank account number, tax related information, plan or benefit enrollment forms and elections, option or benefit statements, any shares of stock or directorships in the Company, details of all options or any other entitlements to Shares awarded, canceled, purchased, vested, unvested or outstanding in the Participant's favor, for the purpose of managing and administering this Plan ("Data"). The Company and its Affiliates will transfer Data amongst themselves as necessary for the purpose of implementation, administration and management of each Participant's participation in this Plan, and may further transfer Data to any third parties assisting the Company and its Affiliates in the implementation, administration and management of this Plan. These recipients may be located throughout the world, including the United States. By acknowledging an Award Opportunity, each Participant will authorize such third parties to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the Participant's participation in this Plan, including

implementing, administering and managing the Participant's participation in this Plan, including any requisite transfer of such Data as may be required for the administration of this Plan and/or the subsequent holding of Shares on the Participant's behalf to a broker or other third party with whom the Participant may elect to deposit any Shares acquired pursuant to this Plan. A Participant may, at any time, review Data, require any necessary amendments to it or withdraw the consents herein in writing by contacting the Company; however, withdrawing such consent may affect the Participant's ability to participate in this Plan.

25. Notification of Change in Personal Data. If a Participant's address or contact information changes prior to the delivery of any Shares pursuant to an Award Opportunity, the Company must be notified in order to administer this Plan and such Award Opportunity. Notification of such changes should be provided to the Company as follows:

A. U.S. and Canada Participants (employees who are on the U.S. or Canadian payroll system):

- Active employees: A Participant must update the Participant's address and contact information directly through the Participant's Personal Profile section in the Employee Self-Service site.

- Retired, terminated or family member of deceased Participant: A Participant must contact the Benefits Service Center at 1-800-992-5564.

B. Rest of World Participants (employees who are not on the U.S. or Canadian payroll system): A Participant' must contact the Participant's country Human Resources Manager.

26. Electronic Delivery. By acknowledging an Award Opportunity, each Participant consents and agrees to electronic delivery of any documents that the Company may elect to deliver (including, but not limited to, prospectuses, prospectus supplements, grant or award notifications and agreements, account statements, annual and quarterly reports, and all other forms of communications) in connection with any Award Opportunity granted under this Plan. By acknowledging an Award Opportunity, each Participant consents to any and all procedures the Company has established or may establish for an electronic signature system for delivery and acceptance of any such documents that the Company may elect to deliver, and each Participant agrees that his or her electronic signature is the same as, and shall have the same force and effect as, his or her manual signature. By acknowledging an Award Opportunity, each Participant consents and agrees that any such procedures and delivery may be effected by a third party engaged by the Company to provide administrative services related to this Plan.

27. Prospectus Notification. Copies of the Stock Incentive Plan, the plan summary and prospectus which describes the Stock Incentive Plan (the "Prospectus") and the most recent Annual Report and Proxy Statement issued by the Company (collectively, the "Prospectus Information") are available for review by Participants on the UBS One Source Web site. Each Participant shall have the right to receive a printed copy of the Prospectus Information, free of charge, upon request by either calling the third party Plan Administrator at 877-742-7471 or by sending a written request to the Company's Total Rewards Department.

28. Definitions. The following capitalized words as used in this Plan shall have the following meanings:

"Affiliate" means any corporation or other entity (including, but not limited to, partnerships, limited liability companies and joint ventures) controlled by the Company.

"Award Agreement" means a written or electronic communication to a Participant with respect to a Performance Period, which provides notice of the Participant's Maximum Shares and Target Shares for such Performance Period, subject to the terms and conditions of this Plan and the Stock Incentive Plan.

"Award Opportunity" means an opportunity granted by the Committee to a Participant to earn a long-term incentive award under this Plan with respect to a Performance Period (which opportunity constitutes a performance-based Restricted Stock Unit Award under the Stock Incentive Plan), with such opportunity subject to the terms and conditions of the Award Agreement, this Plan, and the Stock Incentive Plan.

"Beneficiary" means a person designated by a Participant in accordance with Section 14 of this Plan to receive, in the event of the Participant's death, any Shares remaining to be delivered with respect to the Participant under this Plan.

"Board" means the Board of Directors of the Company.

"Cause" means any conduct or activity, whether or not related to the business of the Company, that is determined in individual cases by the Committee to be detrimental to the interests of the Company, including without limitation (a) the rendering of services to an organization, or engaging in a business, that is, in the judgment of the Committee, in competition with the Company; (b) the disclosure to anyone outside of the Company, or the use for any purpose other than the Company's business, of confidential information or material related to the Company, whether acquired by the Participant during or after employment with the Company; (c) fraud, embezzlement, theft-in-office or other illegal activity; or (d) a violation of the Company's Code of Conduct or other policies.

"Code" means the Internal Revenue Code of 1986, as amended.

"Committee" means the Human Resources and Compensation Committee of the Board, or such other committee appointed by the Board to administer this Plan.

"Company" has the meaning given such term in Section 1 of this Plan.

"Disability" has the meaning set forth in the Parker-Hannifin Corporation Executive Long-Term Disability Plan or such other long-term disability program of the Company or an Affiliate in which the Participant participates.

"Eligible Officer" means any employee of the Company or an Affiliate, who is an executive officer of the Company, whether such person is so employed at the time this Plan is

adopted or becomes so employed subsequent to the adoption of this Plan, who is eligible for awards under the Stock Incentive Plan.

"Free Cash Flow Margin" means the Company's net cash flow provided by operating activities less capital expenditures for a calendar year in the Performance Period, expressed as a percentage of the Company's net sales for such calendar year. Free Cash Flow Margin shall be determined in accordance with generally accepted accounting principles as in effect on the first day of the applicable Performance Period. Discretionary pension contributions by the Company during the Performance Period are not included in the calculation of Free Cash Flow Margin. For this purpose, a discretionary pension contribution means a contribution by the Company or one of its Subsidiaries to a qualified pension plan for employees of the Company or its Subsidiaries where absent actions taken by the Company to affect its funding level in a particular year, no minimum required contribution would have been required under applicable laws and regulations.

"Maximum Shares" means, with respect to an Award Opportunity granted to a Participant for a Performance Period, the notional number of Shares equal to 200% of the Participant's Target Shares for such Performance Period. Each Maximum Share shall represent the contingent right to receive one Share and shall at all times be equal in value to one Share.

"Other Retirement" means a termination of employment by a Participant during a Performance Period that constitutes "retirement" under the policy of the Company or an Affiliate applicable to the Participant at the time of such termination of employment, other than a Qualifying Retirement. For purposes of clarity, whether a Participant's termination of employment constitutes an Other Retirement will be determined separately with respect to each Performance Period for which such Participant has an outstanding Award Opportunity at the time of termination of employment.

"Participant" means an Eligible Officer who has been granted an Award Opportunity with respect to a Performance Period.

"Peer Group" means the group of peer companies established as such by the Committee for each Award Opportunity and set forth in the Award Agreement for such Award Opportunity.

"Performance Period" means a period of three consecutive calendar years.

"Plan" means the Parker-Hannifin Corporation Officer Long-Term Incentive Performance Plan, as amended from time to time.

"Qualifying Retirement" applies to participants in this Plan who receive their first Award Opportunity pursuant to this Plan on or before January 24, 2018, and means termination of employment by a Participant during a Performance Period (i) after attainment of age 65, or (ii) after attainment of age 60 with at least 10 years of service and after completion of at least 12 months of continuous employment during such Performance Period. For purposes of clarity, whether a Participant's termination of employment constitutes a Qualifying Retirement will be

determined separately with respect to each Performance Period for which such Participant has an outstanding Award Opportunity at the time of termination of employment.

"Return on Average Equity" means the Company's net income for a calendar year in the Performance Period, divided by the average of shareholder's equity as of the first and last day of such calendar year. Return on Average Equity shall be determined in accordance with generally accepted accounting principles as in effect on the first day of the applicable Performance Period.

"Stock Incentive Plan" means the Parker-Hannifin Corporation 2023 Omnibus Stock Incentive Plan, as amended from time to time, or any successor plan.

"Target Shares" means the notional number of Shares specified as such in a Participant's Award Agreement for a Performance Period, which may be used by the Committee in the exercise of its discretion under Section 5.B of this Plan to reduce the amount otherwise payable pursuant to the Participant's Award Opportunity.

Exhibit 31(a)

CERTIFICATIONS

I, Jennifer A. Parmentier, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Parker-Hannifin Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the Registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the Registrant’s internal control over financial reporting that occurred during the Registrant’s most recent fiscal quarter (the Registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant’s internal control over financial reporting; and

5. The Registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant’s auditors and the audit committee of the Registrant’s board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant’s ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant’s internal control over financial reporting.

Date: May 6, 2025

/s/ Jennifer A. Parmentier
Jennifer A. Parmentier
Chief Executive Officer

Exhibit 31(b)

CERTIFICATIONS

I, Todd M. Leombruno, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Parker-Hannifin Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the Registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the Registrant’s internal control over financial reporting that occurred during the Registrant’s most recent fiscal quarter (the Registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant’s internal control over financial reporting; and

5. The Registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant’s auditors and the audit committee of the Registrant’s board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant’s ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant’s internal control over financial reporting.

Date: May 6, 2025

/s/ Todd M. Leombruno
Todd M. Leombruno
Executive Vice President and Chief Financial Officer

Exhibit 32

Certification Pursuant to
18 U.S.C. Section 1350,
As Adopted Pursuant to
§ 906 of the Sarbanes-Oxley Act of 2002

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, in connection with the filing of the Quarterly Report on Form 10-Q of Parker-Hannifin Corporation (the “Company”) for the quarterly period ended March 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), each of the undersigned officers of the Company certifies, that, to such officer’s knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

Dated: May 6, 2025

/s/ Jennifer A. Parmentier
Name: Jennifer A. Parmentier
Title: Chief Executive Officer

/s/ Todd M. Leombruno
Name: Todd M. Leombruno
Title: Executive Vice President and Chief Financial Officer