

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 September 30, 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 (State or other jurisdiction of Incorporation or Organization)	34-0451060 (I.R.S. Employer Identification No.)
6035 Parkland Boulevard, Cleveland, Ohio (Address of Principal Executive Offices)	44124-4141 (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 September 30, 2025: 126,186,699

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

PARKER-HANNIFIN CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
(In millions, except per share amounts)
(Unaudited)

	Three Months Ended September 30,	
	2025	2024
Net sales	\$ 5,084	\$ 4,904
Cost of sales	3,177	3,098
Selling, general and administrative expenses	873	849
Interest expense	101	113
Other income, net	(107)	(31)
Income before income taxes	1,040	875
Income taxes	232	177
Net income	\$ 808	\$ 698
Earnings per share:		
Basic	\$ 6.39	\$ 5.43
Diluted	\$ 6.29	\$ 5.34

See accompanying notes to consolidated financial statements.

PARKER-HANNIFIN CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In millions)
(Unaudited)

	Three Months Ended September 30,	
	2025	2024
Net income	\$ 808	\$ 698
Other comprehensive (loss) income, net of tax		
Foreign currency translation adjustment and other	(45)	345
Retirement benefits plan activity	4	3
Other comprehensive (loss) income	(41)	348
Total comprehensive income	\$ 767	\$ 1,046

See accompanying notes to consolidated financial statements.

PARKER-HANNIFIN CORPORATION
CONSOLIDATED BALANCE SHEETS
(In millions, except par value)
(Unaudited)

	September 30, 2025	June 30, 2025
Assets		
Current assets:		
Cash and cash equivalents	\$ 473	\$ 467
Trade accounts receivable, net of allowances of \$9 and \$10	2,873	2,910
Non-trade and notes receivable	331	318
Inventories	3,081	2,839
Prepaid expenses	296	263
Other current assets	173	153
Total current assets	7,227	6,950
Property, plant and equipment, net of accumulated depreciation of \$4,528 and \$4,480	2,972	2,937
Deferred income taxes	271	270
Other long-term assets	1,306	1,269
Intangible assets, net	7,760	7,374
Goodwill	11,141	10,694
Total assets	<u>\$ 30,677</u>	<u>\$ 29,494</u>
Liabilities and Equity		
Current liabilities:		
Notes payable and long-term debt payable within one year	\$ 2,848	\$ 1,791
Accounts payable, trade	2,150	2,126
Accrued payrolls and other compensation	432	587
Accrued domestic and foreign taxes	411	382
Other current liabilities	938	933
Total current liabilities	6,779	5,819
Long-term debt	7,485	7,494
Pensions and other postretirement benefits	253	267
Deferred income taxes	1,621	1,490
Other long-term liabilities	753	733
Total liabilities	16,891	15,803
Shareholders' equity:		
Serial preferred stock, \$.50 par value; authorized 3.0 shares; none issued	—	—
Common stock, \$.50 par value; authorized 600.0 shares; issued 181.0 shares	91	91
Additional paid-in capital	823	194
Retained earnings	22,355	21,775
Accumulated other comprehensive loss	(924)	(883)
Treasury shares, at cost; 54.9 shares and 54.4 shares	(8,568)	(7,495)
Total shareholders' equity	13,777	13,682
Noncontrolling interests	9	9
Total equity	13,786	13,691
Total liabilities and equity	<u>\$ 30,677</u>	<u>\$ 29,494</u>

See accompanying notes to consolidated financial statements.

PARKER-HANNIFIN CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)
(Unaudited)

	Three Months Ended September 30,	
	2025	2024
Cash flows from operating activities		
Net income	\$ 808	\$ 698
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	92	89
Amortization	140	140
Stock-based compensation expense	80	76
Deferred income taxes	3	(27)
Foreign currency transaction (gain) loss	(7)	37
Loss (gain) on property, plant and equipment	1	(8)
Other, net	(16)	3
Changes in assets and liabilities, net of effect of acquisitions and divestitures:		
Accounts receivable, net	76	138
Inventories	(163)	(136)
Prepaid expenses	(29)	4
Other current assets	(20)	(13)
Other long-term assets	(22)	(51)
Accounts payable, trade	(6)	(42)
Accrued payrolls and other compensation	(168)	(172)
Accrued domestic and foreign taxes	28	93
Other current liabilities	(10)	(46)
Pensions and other postretirement benefits	(13)	(8)
Other long-term liabilities	8	(31)
Net cash provided by operating activities	782	744
Cash flows from investing activities		
Acquisitions, net of cash acquired	(1,013)	—
Capital expenditures	(89)	(95)
Proceeds from sale of property, plant and equipment	6	13
Other, net	18	(5)
Net cash used in investing activities	(1,078)	(87)
Cash flows from financing activities		
Payments for common shares	(522)	(94)
Proceeds from (payments for) notes payable, net	1,057	(367)
Payments for long-term borrowings	(1)	(42)
Dividends paid	(228)	(210)
Other, net	—	2
Net cash provided by (used in) financing activities	306	(711)
Effect of exchange rate changes on cash	(4)	3
Net increase (decrease) in cash and cash equivalents	6	(51)
Cash and cash equivalents at beginning of year	467	422
Cash and cash equivalents at end of period	\$ 473	\$ 371

See accompanying notes to consolidated financial statements.

PARKER-HANNIFIN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In millions, except per share amounts or as otherwise noted)

1. Basis of presentation

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 September 30, 2025, the results of operations for the three months ended September 30, 2025 and 2024 and cash flows for the three months then ended. These financial statements should be read in conjunction with the consolidated financial statements and related notes included in the Company's 2025 Annual Report on Form 10-K.

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.

The Company has changed its presentation from thousands to millions and, as a result, any necessary rounding adjustments have been made to prior period disclosed amounts.

2. New accounting pronouncements

In September 2025, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2025-06, "Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software," which modernizes the accounting for costs related to internal-use software by removing all references to prescriptive and sequential software development stages. The amendments are effective for fiscal years beginning after December 15, 2027, and interim reporting periods within those annual reporting periods, with early adoption permitted. The Company is currently evaluating the ASU to determine its impact on the Company's disclosures and financial statements.

In November 2024, the FASB issued 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 should be applied retrospectively to all prior periods presented in the financial statements. The Company adopted the standard for annual disclosures in the fourth quarter of fiscal 2025, and interim disclosures for the first quarter of 2026. Refer to Note 16 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 September 30,	
	2025	2024
Motion Systems	\$ 824	\$ 849
Flow and Process Control	1,158	1,126
Filtration and Engineered Materials	1,461	1,481
Total	<u>\$ 3,443</u>	<u>\$ 3,456</u>

Aerospace Systems Segment revenues by market segment:

	Three Months Ended September 30,	
	2025	2024
Commercial original equipment manufacturer ("OEM")	\$ 539	\$ 434
Commercial aftermarket	594	521
Defense OEM	294	262
Defense aftermarket	214	231
Total	<u>\$ 1,641</u>	<u>\$ 1,448</u>

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

	Three Months Ended September 30,	
	2025	2024
North America	\$ 3,450	\$ 3,333
Europe	960	935
Asia Pacific	616	580
Latin America	58	56
Total	<u>\$ 5,084</u>	<u>\$ 4,904</u>

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:

	September 30, 2025	June 30, 2025
Contract assets, current (included within Other current assets)	\$ 168	\$ 149
Contract assets, noncurrent (included within Other long-term assets)	16	16
Total contract assets	<u>184</u>	<u>165</u>
Contract liabilities, current (included within Other current liabilities)	(211)	(211)
Contract liabilities, noncurrent (included within Other long-term liabilities)	(67)	(71)
Total contract liabilities	<u>(278)</u>	<u>(282)</u>
Net contract liabilities	<u>\$ (94)</u>	<u>\$ (117)</u>

Net contract liabilities at September 30, 2025 decreased from the June 30, 2025 amount primarily due to timing differences between when revenue was recognized and the receipt of advance payments. During the three months ended September 30, 2025, approximately \$75 million of revenue was recognized that was included in the contract liabilities at June 30, 2025.

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 September 30, 2025 was \$11.3 billion, of which approximately 70 percent is expected to be recognized as revenue within the next 12 months and the balance thereafter.

4. Acquisitions and divestitures

Acquisitions

On September 18, 2025, we acquired all outstanding stock of Curtis Instruments, Inc. ("Curtis") from Rehlko, for approximately \$1.0 billion, net of cash acquired. Curtis designs and manufactures motor speed controllers, instrumentation, power conversion and input devices that complement Parker's capabilities in electric and hybrid vehicle motors and controls, as well as hydraulic and pneumatic technologies for the mobile machinery market. For segment reporting purposes, Curtis is included within the Diversified Industrial Segment.

The acquisition of Curtis has been accounted for using the acquisition method of accounting, which requires the assets acquired and liabilities assumed to be recognized at their respective fair values as of the acquisition date. The following table presents the preliminary estimated fair values of Curtis's assets acquired and liabilities assumed on the acquisition date. These preliminary estimates are subject to revision during the measurement period, not to exceed 12 months from the date of the acquisition, as third-party valuations are finalized, additional information becomes available and as additional analysis is performed. Such revisions may have a material impact on the preliminary purchase price allocation.

	September 18, 2025
Cash and cash equivalents	\$ 53
Accounts receivable	38
Inventories	82
Prepaid expenses	5
Intangible assets	551
Property, plant and equipment	54
Other long-term assets	20
Accounts payable, trade	(32)
Other current liabilities	(19)
Deferred income taxes	(139)
Other long-term liabilities	(20)
Net assets acquired	\$ 593
Goodwill	472
Total purchase price	\$ 1,065

Goodwill is calculated as the excess of the purchase price over the net assets acquired and represents cost synergies and enhancements to our existing technologies. For tax purposes, Curtis's goodwill is not deductible. The intangible assets primarily include \$275 million of customer relationships, \$220 million of patents and technology and \$56 million of trademarks, with weighted-average estimated useful lives of 18, 10 and 13 years, respectively. These intangible assets were valued using the income approach, which includes significant assumptions around future revenue growth, earnings before interest, taxes, depreciation and amortization, royalty rates and discount rates. Such assumptions are classified as level 3 inputs within the fair value hierarchy.

Our Consolidated Statements of Income for the first three months of fiscal 2026 include the results of operations of Curtis from the date of acquisition. Net sales attributable to Curtis during this period were \$11 million and segment operating results were immaterial.

Acquisition-related transaction costs totaled \$13 million for the current-year quarter. These costs are included in selling, general and administrative expenses in the Consolidated Statements of Income.

Unaudited pro forma financial information is not provided, as the impact of the acquisition did not have a material effect on the Company's consolidated financial statements.

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. There were no significant divestitures completed during the three months ended September 30, 2025 and 2024.

5. Earnings per share

The following table presents a reconciliation of the numerator and denominator of basic and diluted earnings per share.

	Three Months Ended September 30,	
	2025	2024
Numerator:		
Net income	\$ 808	\$ 698
Denominator:		
Basic - weighted average common shares	126.5	128.7
Dilutive effect of equity-based awards	1.9	2.0
Diluted - weighted-average common shares	128.4	130.7
Basic earnings per share ⁽¹⁾	\$ 6.39	\$ 5.43
Diluted earnings per share ⁽¹⁾	\$ 6.29	\$ 5.34

⁽¹⁾ Figures in the table may not recalculate exactly due to rounding. Earnings per share is calculated using unrounded numbers.

For the three months ended September 30, 2025 and 2024, 0.1 million and 0.2 million 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. Non-trade and notes receivable

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

	September 30, 2025	June 30, 2025
Notes receivable	\$ 80	\$ 84
Accounts receivable, other	251	234
Total	\$ 331	\$ 318

7. Inventories

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

	September 30, 2025	June 30, 2025
Finished products	\$ 843	\$ 778
Work in process	1,585	1,485
Raw materials	653	576
Total	\$ 3,081	\$ 2,839

8. 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 Sheets and payments made under the SCF programs are included within operating activities on the Consolidated Statements of Cash Flows. Accounts payable, trade included approximately \$190 million and \$175 million

payable to suppliers who have elected to participate in the SCF programs as of September 30, 2025 and June 30, 2025, respectively. The amounts settled through the SCF programs and paid to the participating financial intermediaries totaled \$147 million and \$107 million during the first three months of fiscal 2026 and 2025, respectively.

9. Business realignment

We incurred business realignment charges in the first three months of fiscal 2026 and 2025, 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 2026 and 2025, 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 September 30,	
	2025	2024
Diversified Industrial	\$ 14	\$ 9
Aerospace Systems	1	—
Other expense, net	—	1

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

	Three Months Ended September 30,	
	2025	2024
(Headcount in single units)		
Diversified Industrial	190	327
Aerospace Systems	25	—

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

	Three Months Ended September 30,	
	2025	2024
Cost of sales	\$ 9	\$ 5
Selling, general and administrative expenses	6	4
Other income, net	—	1

During the first three months of fiscal 2026, approximately \$15 million in payments were made relating to business realignment charges. Remaining payments related to business realignment actions of approximately \$27 million, a majority of which are expected to be paid by March 31, 2026, are primarily reflected within the accrued payrolls and other compensation and other current liabilities captions in the Consolidated Balance Sheets. 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.

10. Equity

Changes in equity for the three months ended September 30, 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, 2025	\$ 91	\$ 194	\$ 21,775	\$ (883)	\$ (7,495)	\$ 9	\$ 13,691
Net income	—	—	808	—	—	—	808
Other comprehensive income	—	—	—	(41)	—	—	(41)
Dividends paid (\$1.80 per share)	—	—	(228)	—	—	—	(228)
Stock incentive plan activity ⁽¹⁾	—	629	—	—	(594)	—	35
Shares purchased at cost, including excise tax	—	—	—	—	(479)	—	(479)
Balance at September 30, 2025	<u>\$ 91</u>	<u>\$ 823</u>	<u>\$ 22,355</u>	<u>\$ (924)</u>	<u>\$ (8,568)</u>	<u>\$ 9</u>	<u>\$ 13,786</u>

⁽¹⁾ During the three months ended September 30, 2025, the Company recorded a \$578 million reclassification between Treasury Shares and Additional Paid-in Capital to correct the historical accounting for shares withheld for taxes related to equity compensation issuances. The Company concluded the out-of-period adjustment was not material to the current period or any prior periods.

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Shares	Noncontrolling Interests	Total Equity
Balance at June 30, 2024	\$ 91	\$ 264	\$ 19,105	\$ (1,438)	\$ (5,950)	\$ 9	\$ 12,081
Net income	—	—	698	—	—	—	698
Other comprehensive income	—	—	—	348	—	—	348
Dividends paid (\$1.63 per share)	—	—	(210)	—	—	—	(210)
Stock incentive plan activity	—	11	—	—	23	—	34
Shares purchased at cost	—	—	—	—	(50)	—	(50)
Balance at September 30, 2024	<u>\$ 91</u>	<u>\$ 275</u>	<u>\$ 19,593</u>	<u>\$ (1,090)</u>	<u>\$ (5,977)</u>	<u>\$ 9</u>	<u>\$ 12,901</u>

Changes in accumulated other comprehensive loss in shareholders' equity by component are as follows:

	Three Months Ended September 30,	
	2025	2024
Foreign Currency Translation Adjustment and Other		
Beginning balance	\$ (717)	\$ (1,130)
Other comprehensive income (loss) before reclassifications	(49)	339
Income tax	4	6
Other comprehensive income (loss), net of tax	(45)	345
Ending balance	\$ (762)	\$ (785)
Retirement Benefit Plans		
Beginning balance	\$ (166)	\$ (308)
Other comprehensive income (loss) before reclassifications	2	(1)
Reclassified from accumulated other comprehensive loss:		
Amortization of net actuarial loss and other ⁽¹⁾	3	5
Tax benefit	(1)	(1)
Other comprehensive income (loss), net of tax	4	3
Ending balance	\$ (162)	\$ (305)
Total accumulated other comprehensive loss ending balance	\$ (924)	\$ (1,090)

⁽¹⁾ The amounts reclassified include the amortization of net actuarial loss and amortization of prior service cost. These costs are included in the computation of net periodic benefit cost (income) which is recorded in other income, net. Refer to Note 12 for additional information.

Share repurchase program

On October 22, 2014, the Board of Directors approved a share repurchase program authorizing the repurchase of up to 35.0 million of the Company's common shares. On August 21, 2025, the Board of Directors approved an update to the number of shares available under the Company's existing share repurchase authorization so that the aggregate number of shares available for repurchase as of such date was 20.0 million. There is no limitation on the number of shares that can be repurchased in a fiscal year and there is no expiration date for the program. Repurchases may be funded primarily from operating cash flows and commercial paper borrowings and the shares are initially held as treasury shares.

Under our share repurchase programs, the Company repurchased 0.6 million and 0.1 million shares for \$475 million and \$50 million during the three months ended September 30, 2025 and 2024, respectively. As of September 30, 2025, 19.4 million shares remained available under the repurchase authorization.

11. Goodwill and intangible assets

The changes in the carrying amount of goodwill for the three months ended September 30, 2025 are as follows:

	Diversified Industrial Segment	Aerospace Systems Segment	Total
Balance at June 30, 2025	\$ 7,728	\$ 2,966	\$ 10,694
Acquisition	472	—	472
Foreign currency translation	(19)	(6)	(25)
Balance at September 30, 2025	\$ 8,181	\$ 2,960	\$ 11,141

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:

	September 30, 2025		June 30, 2025	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Patents and technology	\$ 2,349	\$ 580	\$ 2,134	\$ 556
Trade names	1,090	512	1,037	499
Customer relationships and other	8,446	3,033	8,194	2,936
Total	<u>\$ 11,885</u>	<u>\$ 4,125</u>	<u>\$ 11,365</u>	<u>\$ 3,991</u>

Total intangible asset amortization expense for both the three months ended September 30, 2025 and 2024 was \$140 million. The estimated amortization expense for the five years ending June 30, 2026 through 2030 is \$584 million, \$587 million, \$578 million, \$558 million and \$529 million, respectively.

The increase in goodwill and intangible assets in fiscal 2026 relates to the acquisition of Curtis. Refer to Note 4 for more information.

12. Retirement benefits

The components of net periodic benefit cost (income) for our defined benefit pension and other postretirement plans were as follows:

	U.S. Pension Benefits Three Months Ended September 30,		Non-U.S. Pension Benefits Three Months Ended September 30,		Other Postretirement Benefits Three Months Ended September 30,	
	2025	2024	2025	2024	2025	2024
	\$	\$	\$	\$	\$	\$
Service cost	6	7	6	6	—	—
Interest cost	42	46	18	19	1	1
Expected return on plan assets	(58)	(61)	(23)	(22)	—	—
Amortization of prior service cost	1	1	—	—	—	—
Amortization of net actuarial loss (gain)	1	2	2	2	(1)	—
Net periodic benefit cost (income)	<u>\$ (8)</u>	<u>\$ (5)</u>	<u>\$ 3</u>	<u>\$ 5</u>	<u>\$ —</u>	<u>\$ 1</u>

Components of net periodic benefit cost (income), other than service cost, are included in other income, net in the Consolidated Statements of Income.

13. Debt

During the three months ended September 30, 2025, we amended our existing multi-currency revolving credit agreement, increasing the total line of credit by \$750 million to \$3.75 billion. Additionally, during the three months ended September 30, 2025, the authorization limit for short-term commercial paper notes was increased to \$3.75 billion. Commercial paper notes outstanding at September 30, 2025 and June 30, 2025 were \$2.8 billion and \$1.8 billion, respectively.

Based on the Company's rating level at September 30, 2025, the most restrictive financial covenant provides that the ratio of debt to debt-shareholders' equity cannot exceed 0.65 to 1.0. At September 30, 2025, our debt to debt-shareholders' equity ratio was 0.43 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.

14. Income taxes

On July 4, 2025, H.R. 1, commonly referred to as the One Big Beautiful Bill Act, (the "Act"), was signed into law. The Act makes various provisions of the 2017 Tax Cuts and Jobs Act permanent while restoring full expensing of research and development costs and capital investments. The Act did not have a significant impact on our current period financial statements.

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 September 30, 2025, we had gross unrecognized tax benefits of \$104 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 \$30 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 \$60 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 2013.

15. Financial instruments

The Company utilizes derivative and non-derivative financial instruments, including forward exchange contracts, costless collar contracts, cross-currency swap contracts and certain foreign currency denominated debt, to manage foreign currency transaction and translation risk. The derivative financial instrument contracts are with major investment grade financial institutions, and the Company does not anticipate any material non-performance by any of the counterparties. The Company does not hold or issue derivative financial instruments for trading purposes.

Net Investment Hedges

The Company uses cross-currency swap contracts and foreign currency denominated debt, a non-derivative financial instrument, to hedge portions of the Company's investments in foreign subsidiaries and manage foreign exchange risk. The effect of translating the debt into U.S. dollars is recorded in foreign currency translation within accumulated other comprehensive loss and remains there until the underlying net investment is sold or substantially liquidated. For the cross-currency swap contracts that are designated as, and qualify as, net investment hedges, we assess the effectiveness using the spot method and the net gains or losses attributable to changes in the spot rate are recorded in foreign currency translation within accumulated other comprehensive loss. Any ineffective portions of the net investment hedges are reclassified from accumulated other comprehensive loss into earnings through interest expense during the period of change. During the three months ended September 30, 2025 and 2024, the periodic interest settlements related to the cross-currency swaps were not material.

The notional amounts for the cross-currency swap contracts designated as hedging instruments were €69 million, €290 million and ¥2.1 billion as of September 30, 2025 and 2024, respectively.

The Company's €700 million aggregate principal amount of 2.90 percent Senior Notes due 2030 have been designated as a hedge of the Company's net investment in certain foreign subsidiaries.

Non-Designated Derivative Contracts

In addition to the net investment hedges, the Company utilizes forward exchange contracts that are not designated as hedging instruments but serve as economic hedges of forecasted transactions. These derivatives are used to mitigate foreign exchange risk. Changes in the fair value of these instruments are recorded in other income, net in the Consolidated Statements of Income.

Financial Statement Impact

Derivative financial instruments are recognized on the Consolidated Balance Sheets as either assets or liabilities and are measured at fair value. The location and fair value of derivative financial instruments reported on the Consolidated Balance Sheets are as follows:

	Balance Sheet Caption	September 30, 2025	June 30, 2025
Net investment hedges			
Cross-currency swap contracts	Other long-term assets	\$ 5	\$ 4
Cross-currency swap contracts	Other long-term liabilities	23	26
Non-designated derivative contracts			
Forward exchange contracts	Non-trade and notes receivable	4	3
Forward exchange contracts	Other current liabilities	19	38

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

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

	Three Months Ended September 30,	
	2025	2024
Forward exchange contracts	\$ 8	\$ (13)

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

	Three Months Ended September 30,	
	2025	2024
Cross-currency swap contracts	\$ 2	\$ (10)
Foreign currency denominated debt	(1)	(22)

Fair Values of Financial Instruments

The Company's financial instruments include cash and cash equivalents, accounts receivable, accounts payable, notes payable and long-term debt. The carrying values for cash and cash equivalents, accounts receivable, accounts payable and notes payable approximate fair value due to their short-term nature.

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:

	September 30, 2025	June 30, 2025
Carrying value of long-term debt	\$ 7,543	\$ 7,555
Estimated fair value of long-term debt	7,237	7,174

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

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

	September 30, 2025	Level 1	Level 2	Level 3
Derivative assets	\$ 9	\$ —	\$ 9	\$ —
Derivative liabilities	42	—	42	—
	June 30, 2025	Level 1	Level 2	Level 3
Derivative assets	\$ 7	\$ —	\$ 7	\$ —
Derivative liabilities	64	—	64	—

The calculation of fair value for cross-currency swaps and forward contracts utilizes market observable inputs including both spot and forward prices for the same underlying currencies. The calculation of fair value of the cross-currency swap contracts also utilizes a present value cash flow model.

16. 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.

The Company's Chief Operating Decision Maker ("CODM") is the Chief Executive Officer. The CODM uses Segment Operating Income as a measure to assess performance, drive decisions and allocate human and financial capital to our reportable segments. Annual plan, monthly forecasts and prior year results are continually compared to this measure when evaluating performance. Other segment items are managed on a consolidated basis for the CODM's review.

	Three Months Ended September 30,	
	2025	2024
Net sales		
Diversified Industrial	\$ 3,443	\$ 3,456
Aerospace Systems	1,641	1,448
Total net sales	<u>\$ 5,084</u>	<u>\$ 4,904</u>
Other Segment Items: ⁽¹⁾		
Diversified Industrial	\$ 2,622	\$ 2,672
Aerospace Systems	1,230	1,125
	<u>\$ 3,852</u>	<u>\$ 3,797</u>
Segment operating income		
Diversified Industrial	\$ 821	\$ 784
Aerospace Systems	411	323
Total segment operating income	<u>1,232</u>	<u>1,107</u>
Corporate general and administrative expenses	<u>49</u>	<u>49</u>
Income before interest expense and other expense, net	<u>1,183</u>	<u>1,058</u>
Interest expense	101	113
Other expense, net	42	70
Income before income taxes	<u>\$ 1,040</u>	<u>\$ 875</u>

⁽¹⁾ Other segment items are primarily comprised of cost of sales; selling, general and administrative expenses; and income related to equity method investments.

	Assets	
	September 30, 2025	June 30, 2025
Diversified Industrial	\$ 17,079	\$ 15,953
Aerospace Systems ⁽¹⁾	12,220	12,218
Corporate	<u>1,378</u>	<u>1,323</u>
Total	<u>\$ 30,677</u>	<u>\$ 29,494</u>

⁽¹⁾ Assets include an investment in a joint venture in which ownership is 50 percent or less and in which the Company does not have operating control (\$225 million as of September 30, 2025 and \$226 million as of June 30, 2025).

	Property Additions				Depreciation				Amortization			
	Three Months Ended September 30,											
	2025		2024		2025		2024		2025		2024	
Diversified Industrial	\$	74	\$	75	\$	59	\$	59	\$	64	\$	65
Aerospace Systems		12		14		30		28		76		75
Corporate		3		6		3		2		—		—
Total	\$	89	\$	95	\$	92	\$	89	\$	140	\$	140

17. Other income, net

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

	Three Months Ended September 30,	
	2025	2024
Foreign currency transaction (gain) loss ⁽¹⁾	\$ (7)	\$ 37
Income related to equity method investments ⁽²⁾	(58)	(38)
Non-service components of retirement benefit cost (income) ⁽³⁾	(17)	(12)
Loss (gain) on disposal of assets and divestitures	1	(9)
Interest income	(5)	(3)
Gain on insurance recoveries ⁽⁴⁾	(20)	—
Other items, net	(1)	(6)
Total other income, net	<u>\$ (107)</u>	<u>\$ (31)</u>

⁽¹⁾ Foreign currency transaction (gain) loss primarily relates to the impact of exchange rates on cash, forward contracts and intercompany transactions.

⁽²⁾ 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. Sales to and services performed for joint venture companies totaled \$27 million and \$20 million for the three months ended September 30, 2025 and 2024, respectively. We received cash dividends from joint venture companies of \$59 million and \$32 million during the three months ended September 30, 2025 and 2024, respectively.

⁽³⁾ For further discussion of non-service components of retirement benefit cost (income) refer to Note 12.

⁽⁴⁾ Gain on insurance recoveries for damaged property associated with a fire at one of our U.S. facilities within the Diversified Industrial segment that occurred in the third quarter of fiscal 2025.

PARKER-HANNIFIN CORPORATION
FORM 10-Q
ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2025
AND COMPARABLE PERIOD ENDED SEPTEMBER 30, 2024

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to provide a reader of our financial statements with a narrative, from management's perspective, on our financial condition and results of operations. The following discussion and analysis should be read in conjunction with, the consolidated financial statements and the accompanying notes in Item 1 in this Quarterly Report on Form 10-Q, as well as our Annual Report on Form 10-K for the year ended June 30, 2025. 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. The Company has changed its presentation on the consolidated financial statements from thousands to millions and, as a result, any necessary rounding adjustments have been made to prior period disclosed amounts within MD&A.

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.

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.

CONSOLIDATED STATEMENTS OF INCOME

(dollars in millions)	Three Months Ended September 30,	
	2025	2024
Net sales	\$ 5,084	\$ 4,904
Gross profit margin	37.5 %	36.8 %
Selling, general and administrative expenses	\$ 873	\$ 849
Selling, general and administrative expenses, as a percent of sales	17.2 %	17.3 %
Interest expense	\$ 101	\$ 113
Other income, net	\$ (107)	\$ (31)
Effective tax rate	22.3 %	20.2 %
Net income	\$ 808	\$ 698
Net income, as a percent of sales	15.9 %	14.2 %

Net sales increased in the current-year quarter due to higher sales in the Aerospace Systems Segment, partially offset by lower sales in the Diversified Industrial Segment. The effect of currency exchange rate changes increased net sales during the current-year quarter by approximately \$33 million. The impact of prior-year divestiture activity decreased net sales by approximately \$108 million during the current-year quarter. The impact of the acquisition of Curtis increased net sales by approximately \$11 million during the current-year quarter.

Gross profit margin (calculated as net sales minus cost of sales, divided by net sales) increased in the current-year quarter due to higher margins in the Diversified Industrial Segment primarily due to favorable product mix, cost containment initiatives and benefits from prior-year business realignment activities.

Cost of sales also included business realignment charges of \$9 million and \$5 million for the current and prior-year quarter, respectively.

Selling, general and administrative expenses ("SG&A") increased in the current-year quarter primarily due to higher acquisition-related expenses and stock compensation expense, partially offset by lower research and development costs.

SG&A also included business realignment and acquisition integration charges of \$12 million and \$10 million for the current and prior-year quarter, respectively.

Interest expense decreased during the current-year quarter primarily due to lower average interest rates and lower average debt outstanding.

Other income, net included the following:

(dollars in millions)	Three Months Ended September 30,	
	2025	2024
Expense (income)		
Foreign currency transaction (gain) loss ⁽¹⁾	\$ (7)	\$ 37
Income related to equity method investments	(58)	(38)
Non-service components of retirement benefit cost (income)	(17)	(12)
Loss (gain) on disposal of assets and divestitures	1	(9)
Interest income	(5)	(3)
Gain on insurance recoveries ⁽²⁾	(20)	—
Other items, net	(1)	(6)
Total other income, net	\$ (107)	\$ (31)

⁽¹⁾ Foreign currency transaction (gain) loss primarily relates to the impact of exchange rates on cash, forward contracts and intercompany transactions.

⁽²⁾ Gain on insurance recoveries for damaged property associated with a fire at one of our U.S. facilities within the Diversified Industrial segment that occurred in the third quarter of fiscal 2025.

Effective tax rate for the current-year quarter of fiscal 2026 was greater than the U.S. Federal statutory rate of 21 percent due to U.S. state and local taxes and taxes related to international activities, which were partially offset by tax benefits from share-based compensation and foreign-derived intangible income.

The effective tax rate for the comparable prior-year period was lower than the U.S. Federal statutory rate of 21 percent due to tax benefits from 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.

The fiscal 2026 effective tax rate is expected to be approximately 22.5 percent.

BUSINESS SEGMENT INFORMATION

The Company operates in two reportable business segments: Diversified Industrial and Aerospace Systems. 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 September 30,	
	2025	2024
Net sales		
North America businesses	\$ 2,044	\$ 2,100
International businesses	1,399	1,356
Diversified Industrial Segment	3,443	3,456
Operating income		
North America businesses	507	485
International businesses	314	299
Diversified Industrial Segment	\$ 821	\$ 784
Operating margin		
North America businesses	24.8 %	23.1 %
International businesses	22.4 %	22.1 %
Diversified Industrial Segment	23.8 %	22.7 %
Backlog	\$ 3,622	\$ 4,197

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

	Period Ending September 30, 2025
	Three Months
North America businesses – as reported	(2.7)%
Acquisitions	0.3 %
Divestitures	(5.1)%
Currency	— %
North America businesses – without acquisitions, divestitures and currency ⁽¹⁾	2.1 %
International businesses – as reported	3.2 %
Acquisitions	0.4 %
Currency	1.8 %
International businesses – without acquisitions and currency ⁽¹⁾	1.0 %
Diversified Industrial Segment – as reported	(0.4)%
Acquisitions	0.3 %
Divestitures	(3.1)%
Currency	0.7 %
Diversified Industrial Segment – without acquisitions, divestitures and currency ⁽¹⁾	1.7 %

⁽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 acquisitions and divestitures for 12 months after their completion as well as changes in currency exchange rates (a non-GAAP measure). The effects of acquisitions, 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 \$13 million from the prior-year quarter. The effect of the Curtis acquisition increased sales by approximately \$11 million in the current-year quarter. The effect of changes in currency exchange rates increased sales by approximately \$25 million in the current-year quarter. The impact of divestiture activity decreased sales by approximately \$108 million in the current-year quarter. Excluding the effects of the acquisition, changes in currency exchange rates and divestiture activity, sales increased \$59 million from the prior-year quarter.

North America businesses - Sales decreased \$56 million from the prior-year quarter. The effect of the Curtis acquisition increased sales by approximately \$6 million in the current-year quarter. The effects of divestiture activity decreased sales by approximately \$108 million in the current-year quarter. Currency exchange rates did not materially impact sales in the current-year quarter. Excluding the effects of the acquisition, divestiture activity and changes in currency exchange rates, sales in the North America businesses increased \$45 million in the current-year quarter, which was primarily due to higher demand from end users in the in-plant and industrial equipment, HVAC and refrigeration and aerospace and defense markets, partially offset by lower demand from end users in the transportation market.

International businesses - Sales increased \$43 million from the prior-year quarter. The effect of the Curtis acquisition increased sales by approximately \$5 million in the current-year quarter. The effect of changes in currency exchange rates increased sales by approximately \$24 million in the current-year quarter. Excluding the effects of the acquisition and changes in currency exchange rates, sales in the International businesses increased \$14 million in the current-year quarter primarily due to higher sales in the Asia Pacific region, partially offset by a decrease in sales in Europe.

Within Europe, sales in the current-year quarter decreased primarily due to lower sales in the energy market related to the timing of customer capital projects, partially offset by higher user demand in the in-plant and industrial equipment and transportation markets.

Within the Asia Pacific region, sales in the current-year quarter increased primarily due to higher demand within the electronics and semiconductor market, partially offset by lower demand from end users in the transportation market.

Within Latin America, sales in the current-year quarter remained flat primarily due to higher demand within the energy market, offset by lower demand from end users across the transportation, in-plant and industrial equipment and off-highway markets.

Operating Margin

Diversified Industrial Segment operating margin increased during the current-year quarter, in both the North America and International businesses, primarily due to favorable product mix and benefits from prior-year business realignment activities. Within the North America businesses operating margins also benefitted from operational efficiencies, partially offset by an increase in material costs. Operating margins in the International businesses also increased due to price increases and cost containment initiatives.

Business Realignment and Acquisition Integration Charges

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

(dollars in millions)	Three Months Ended September 30,	
	2025	2024
North America businesses	\$ 2	\$ 4
International businesses	14	6
Diversified Industrial Segment	\$ 16	\$ 10

In both periods, business realignment and acquisition integration charges primarily related to business realignment activities. 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. Business realignment 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 three months of fiscal 2026 will not materially impact operating income in fiscal 2026 and 2027. We expect to continue to take actions necessary to appropriately structure the operations of the Diversified Industrial Segment. We currently anticipate incurring approximately \$55 million of additional business realignment charges in the remainder of fiscal 2026. However, continually changing business conditions could impact the ultimate costs we incur.

Backlog

Diversified Industrial Segment backlog, as of September 30, 2025, decreased from the comparable prior-year quarter primarily due to the prior year divestiture of composites and fuel containment business within the North America businesses. Excluding the impact of the prior year divestiture activity, backlog remained relatively flat compared to the prior-year quarter.

Diversified Industrial Segment backlog decreased from the June 30, 2025 amount of \$3.7 billion primarily due to shipments exceeding orders in the North America businesses.

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

(dollars in millions)	Three Months Ended September 30,	
	2025	2024
Net sales	\$ 1,641	\$ 1,448
Operating income	\$ 411	\$ 323
Operating margin	25.0 %	22.3 %
Backlog	\$ 7,716	\$ 6,852

Net Sales

Aerospace Systems Segment sales increased in the current-year quarter primarily due to higher volume in the commercial OEM and aftermarket, as well as the defense OEM market segment.

Operating Margin

Aerospace Systems Segment operating margin increased during the current-year quarter due to higher sales volume, aftermarket profitability, as well as benefits from cost containment initiatives.

Business Realignment and Acquisition Integration Charges

Within the Aerospace Systems Segment, we incurred business realignment and acquisition integration charges of \$5 million in both the current and prior-year quarter. In both periods, these charges primarily related to acquisition integration activities. We do not expect to incur material business realignment or acquisition integration charges for the remainder of fiscal 2026. However, continually changing business conditions could impact the ultimate costs we incur.

Backlog

Aerospace Systems Segment backlog as of September 30, 2025, increased from both the comparable prior-year quarter and the June 30, 2025 balance of \$7.4 billion, primarily due to orders exceeding shipments in all market segments, especially in the commercial OEM and aftermarket market segments.

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

(dollars in millions)	Three Months Ended September 30,	
	2025	2024
Expense		
Corporate general and administrative expense	\$ 49	\$ 49
Corporate general and administrative expense, as a percent of sales	1.0 %	1.0 %

Corporate general and administrative expenses primarily included salaries, benefits and incentive compensation expense, professional service fees, information technology, charitable contributions and other discretionary spending.

Other expense, net

(dollars in millions)	Three Months Ended September 30,	
	2025	2024
Expense (income)		
Foreign currency transaction (gain) loss ⁽¹⁾	\$ (7)	\$ 37
Stock-based compensation expense	80	58
Non-service components of retirement benefit cost (income)	(17)	(12)
Acquisition-related expenses	13	—
Loss (gain) on disposal of assets and divestitures	1	(9)
Interest income	(5)	(3)
Gain on insurance recoveries ⁽²⁾	(20)	—
Other items, net	(3)	(1)
	\$ 42	\$ 70

⁽¹⁾ Foreign currency transaction (gain) loss primarily relates to the impact of exchange rates on cash, forward contracts and intercompany transactions.

⁽²⁾ Gain on insurance recoveries for damaged property associated with a fire at one of our U.S. facilities within the Diversified Industrial segment that occurred in the third quarter of fiscal 2025.

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:

- Investing in organic growth and productivity
- Continuing our record annual dividend increases
- 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)	Three Months Ended September 30,		Change
	2025	2024	
Cash provided by (used in):			
Operating activities	\$ 782	\$ 744	\$ 38
Investing activities	(1,078)	(87)	(991)
Financing activities	306	(711)	1,017
Effect of exchange rates	(4)	3	(7)
Net increase (decrease) in cash and cash equivalents	\$ 6	\$ (51)	\$ 57

Net cash provided by operating activities increased \$38 million for the first three months of fiscal 2026 compared to the first three months of fiscal 2025, primarily driven by higher net income adjusted for non-cash items, such as depreciation, amortization, stock-based compensation expense and deferred income taxes. This was partially offset by changes in working capital relating to accounts receivable and inventories. We continue to focus on managing inventory and other working capital requirements.

- Days sales outstanding relating to trade accounts receivable was 52 days at September 30, 2025, 51 days at June 30, 2025 and 52 days at September 30, 2024.
- Days supply of inventory on hand was 93 days at September 30, 2025, 82 days at June 30, 2025 and 91 days at September 30, 2024.

Net cash used in investing activities increased for the first three months of fiscal 2026 compared to the first three months of fiscal 2025, primarily driven by a \$1.0 billion increase in cash paid for acquisitions, net of cash acquired related to the acquisition of Curtis.

Net cash provided by (used in) financing activities for the first three months of fiscal 2026 and 2025 were impacted by the following factors:

- Net commercial paper borrowings of \$1.1 billion in the first three months of fiscal 2026 compared to net commercial paper repayments of \$377 million in the first three months of fiscal 2025.
- Principal payments totaling \$40 million related to borrowings under a term loan facility in the first three months of fiscal 2025.
- Repurchases under the Company's share repurchase program amounted to 0.6 million common shares for \$475 million during the first three months of fiscal 2026, compared to 0.1 million common shares for \$50 million during the first three months of 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 targeting 2.5 percent of sales for capital expenditures for 2026 and have a long-term target of two percent. We will continue to prioritize capital expenditures related to safety, productivity and strategic investments. 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 \$1.80 per share on August 21, 2025, which was paid on September 12, 2025. Dividends have been paid for 301 consecutive quarters, including a yearly increase in dividends for 69 consecutive fiscal years. Additionally, we declared a quarterly cash dividend of \$1.80 per share on October 22, 2025, payable on December 5, 2025.

Share Repurchases

On August 21, 2025, the Board of Directors approved an update to the number of shares available under the Company's previous share repurchase authorization so that the aggregate number of shares available for repurchase as of such date was 20.0 million. There is no limitation on the number of shares that can be repurchased in a year and there is no expiration date for the program. As of September 30, 2025, 19.4 million shares remained available under the repurchase authorization. Refer to Note 10 to the consolidated financial statements for further discussion of share repurchases.

Liquidity

Cash, comprised of cash and cash equivalents, marketable securities and other investments, includes \$384 million and \$344 million held by the Company's foreign subsidiaries at September 30, 2025 and June 30, 2025, 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.

As of September 30, 2025, the Company had a line of credit totaling \$3.75 billion through a multi-currency revolving credit agreement with a group of banks, of which \$0.9 billion was available for borrowing as of September 30, 2025. The multi-currency revolving credit agreement was amended on August 21, 2025, to increase the total line of credit by \$750 million to \$3.75 billion. 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.

On August 21, 2025, the authorization limit to sell short-term commercial paper notes was increased from \$3.0 billion to \$3.75 billion. As of September 30, 2025, \$2.8 billion of commercial paper notes were outstanding, and the largest amount of commercial paper notes outstanding during the current-year quarter was \$3.1 billion.

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 13 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 September 30, 2025, the most restrictive financial covenant provides that the ratio of debt to debt-shareholders' equity cannot exceed 0.65 to 1.0. At September 30, 2025, the Company's debt to debt-shareholders' equity ratio was 0.43 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 September 30, 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 8 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 September 18, 2025, we completed the acquisition of Curtis, for approximately \$1.0 billion, net of cash acquired. Refer to Note 4 to the consolidated financial statements for further discussion.

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, orders, 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 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; including the integration of Curtis Instruments, Inc.;
- 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, 2025 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 September 30, 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 Sheets as either assets or liabilities and are measured at fair value. Further information on the fair value of these contracts is provided in Note 15 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 Statements of Income. Derivatives that are designated as hedges are adjusted to fair value by recording gains and losses through accumulated other comprehensive loss in the Consolidated Balance Sheets 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 loss and remains there until the underlying net investment is sold or substantially liquidated. A 10 percent change in foreign exchange rates related to our forward exchange contracts as of September 30, 2025 would affect earnings by approximately \$116 million. A majority of the impact would be offset by changes in value from the remeasurement of the underlying items being hedged. Collectively, the forward exchange contracts and their associated hedged items do not create material market risk.

The Company's debt portfolio contains variable rate debt, consisting of commercial paper, inherently exposing the Company to interest rate risk. 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 commercial paper borrowings for the three months ended September 30, 2025, by approximately \$28 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 September 30, 2025. Based on this evaluation, the Company's principal executive officer and principal financial officer concluded that, as of September 30, 2025, the Company's disclosure controls and procedures were effective.

The Company acquired Curtis on September 18, 2025. As a result of the acquisition, management is in the process of integrating, evaluating and, where necessary, implementing changes in controls and procedures. Other than with respect to the acquisition, there have been no changes in the Company's internal control over financial reporting during the quarter ended September 30, 2025 that materially affected, or are 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⁾
July 1, 2025 through July 31, 2025	35,100	\$ 717.43	35,100	4,774,423
August 1, 2025 through August 31, 2025	34,200	\$ 736.86	34,200	19,988,500
September 1, 2025 through September 30, 2025	561,853	\$ 755.75	561,853	19,426,647
Total:	631,153		631,153	

⁽¹⁾ On August 21, 2025, the Board of Directors approved an update to the number of shares available under the Company's previous share repurchase authorization so that the aggregate number of shares available for repurchase as of such date was 20.0 million. There is no limitation on the number of shares that can be repurchased in a year and there is no expiration date for the 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 September 30, 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)	Parker-Hannifin Corporation Amended and Restated Officer Annual Cash Incentive Plan, effective July 1, 2025. *
10(b)	Form of 2025 Parker-Hannifin Corporation Stock Appreciation Rights Award Agreement. *
10(c)	2025 Parker-Hannifin Corporation Stock Appreciation Rights Terms and Conditions. *
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 Statements of Income for the three months ended September 30, 2025 and 2024, (ii) Consolidated Statements of Comprehensive Income for the three months ended September 30, 2025 and 2024, (iii) Consolidated Balance Sheets at September 30, 2025 and June 30, 2025, (iv) Consolidated Statements of Cash Flows for the three months ended September 30, 2025 and 2024, and (v) Notes to Consolidated Financial Statements for the three months ended September 30, 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: November 7, 2025

PARKER-HANNIFIN CORPORATION
OFFICER ANNUAL CASH INCENTIVE PLAN

I. Effective Date and Purposes

The Human Resources and Compensation Committee (the “HRCC”) of the Board of Directors (the “Board”) of Parker-Hannifin Corporation, an Ohio corporation (“Parker”), originally adopted this Parker-Hannifin Corporation Officer Annual Cash Incentive Plan (the “Plan”), effective July 1, 2022, and subsequently approved this amendment and restatement of the Plan, effective July 1, 2025. The Plan is intended to motivate and reward Officers and other designated participants by making a portion of their cash compensation dependent on the achievement of certain performance goals. The Plan is intended incentivize creativity, dedication and the use of good judgment in working for the overall profitability and growth of Parker.

II. Definitions

“**Administrator**” means the HRCC or the committee, person or persons to which the HRCC delegates its authority and responsibilities pursuant to Section III of the Plan.

“**Affiliate**” means any corporation or other entity (including, but not limited to, partnerships, limited liability companies, branches and joint ventures) controlled by Parker.

“**Annual Eligible Earnings**” means a Participant’s base salary actually paid during the Performance Period while the individual is a Participant. Annual Eligible Earnings excludes pay that is variable in nature including, but not limited to spot bonuses, recognition awards and sales incentives. The determination of Annual Eligible Earnings will be made in each jurisdiction in a manner that complies with local law.

“**Award**” means an award to which a Participant may become entitled under the Plan if the performance goals for a Performance Period are satisfied.

“**Award Payout**” means the amount of the Award earned for a Performance Period as determined pursuant to Section V.A.

“**Cash Flow**” shall mean, with respect to any Performance Period, Parker’s net cash flow provided by operating activities less capital expenditures, expressed as a percentage of Parker’s net sales; provided, however, that (i) any discretionary pension contributions and effects of acquisitions will not be included, and (ii) the HRCC may include or exclude other specified items (e.g., discontinued operations, expenses for restructuring or productivity initiatives, or other extraordinary, unusual, non-recurring or special items).

“**Claw-back Policy**” shall mean (i) the Parker-Hannifin Corporation Claw-back Policy as amended from time to time or any successor policy thereto and (ii) the Parker-Hannifin Corporation Section 16 Officer Clawback Policy as amended from time to time or any successor policy thereto.

“**Code**” means the Internal Revenue Code of 1986, as amended.

“**Detrimental Activity**” means any conduct or activity, whether or not related to the business of Parker or an Affiliate, that is determined in individual cases, by the OCE (or with respect to an individual who is an Officer, by the HRCC) to be detrimental to the interests of Parker or an Affiliate, including without limitation (i) the rendering of services to an organization, or engaging in a business, that is, in the judgment of the OCE (or with respect to an individual who is an Officer, of the HRCC) in competition with Parker; (ii) the disclosure to anyone outside of Parker, or the use for any purpose other than Parker’s business, of confidential information or material related to Parker, whether acquired by the Participant during or after employment with Parker or an Affiliate; (iii) fraud, embezzlement, theft-in-office or other illegal activity; or (iv) a violation of Parker’s Global Code of Business Conduct or other policies. Notwithstanding the foregoing, if the Participant is a resident of California, prong (i) of the Detrimental Activity definition shall not apply to the Participant.

“**Disability**” means the Participant has qualified to receive long-term disability benefits under the applicable disability plan of Parker or its Affiliates covering the Participant.

“Maximum” means the performance level required to earn a maximum payout under the Plan and determined for each of the Metrics within 90 days of the commencement of a Performance Period by the Administrator.

“Metrics” means, collectively, Cash Flow, Segment Operating Income and Sales Revenue.

“Office of Chief Executive” or “OCE” means the Chief Executive Officer, Vice Chairman and President, Chief Operating Officer, and Chief Financial Officer of Parker.

“Officer” means an individual who serves as an officer of Parker within the meaning of Rule 16a-1(f) under the Securities Exchange Act of 1934, as amended.

“Participant” means, as to any Performance Period, an Officer or any other Team Member who is designated as a Participant pursuant to Section IV.A.

“Performance Period” means a fiscal year of Parker.

“Retirement” means the Participant’s voluntary termination of employment on or after the Participant has reached age 55 and has at least 5 years of service with Parker and its Affiliates.

“Sales Revenue” shall mean, with respect to any Performance Period, Parker’s consolidated net sales revenue as reported (disregarding any effects of currency rate changes, acquisitions and divestitures).

“Segment Operating Income” shall mean, with respect to any Performance Period, Parker’s consolidated segment operating income as reported (disregarding any effects of currency rate changes, acquisitions and divestitures).

“Target” is the performance level required to earn a target payout under the Plan and determined for each of the Metrics within 90 days of the commencement of a Performance Period by the Administrator.

“Target Opportunity” means the percent of Annual Eligible Earnings to be paid if Target is achieved. Target Opportunity is determined for each Officer by the Administrator and for each other Participant by the OCE.

“Team Member” means any person employed by Parker or an Affiliate.

“Threshold” means the performance level required to begin to earn a payout under the Plan and determined for each of the Metrics within 90 days of the commencement of a Performance Period by the Administrator.

III. Plan Administration and Governance

A. Plan Administration

The Administrator is responsible for the administration of the Plan. The Administrator is authorized, and has the discretion, to interpret or supply any omission to the terms of the Plan, to prescribe, amend and rescind regulations relating to the Plan, and to make all other determinations necessary or advisable for the administration of the Plan. The Administrator may delegate to one or more persons the authority to take any action or make any determination or exercise any authority of the Administrator under this Plan. Determinations, interpretations or other actions made or taken by the Administrator pursuant to the provisions of the Plan shall be final, binding and conclusive for all purposes.

and upon all Participants and their beneficiaries and all other persons who have or claim an interest herein.

B. Governance

The terms set forth in this Plan will govern the terms of the Awards granted under the Plan globally; provided, however, that to the extent any terms of the Plan conflict with the laws of any applicable jurisdiction, the laws of such jurisdiction shall prevail.

C. Award Payouts Subject to the U.S. Internal Revenue Code

The following additional terms will apply to any Participant who receives a payment that is subject to the Code.

- Code Section 409A. The timing of payments made pursuant to this Plan are intended to either: (i) satisfy the conditions of an exception from Section 409A of the Code (*e.g.*, the short-term deferrals exception described in Treasury Regulation Section 1.409A-1(b)(4)); or (ii) comply with Section 409A of the Code; provided, further, that in the absence of such terms regarding the timing of payments, such payments shall occur no later than the 15th day of the third month of the calendar year following the calendar year in which the Participant's right to payment ceased being subject to a substantial risk of forfeiture.
- Deferral of Award. The Administrator, in its sole discretion, may permit a Participant to defer the payment of an Award that would otherwise be paid under the Plan. Any deferral election shall be subject to such rules and procedures as shall be determined by the Administrator in its sole discretion. Any such deferral election must be made pursuant to the terms and conditions of the Parker Executive Deferral Plan or any successor plan.

IV. Eligibility and Participation

A. Eligibility

For each Performance Period, eligibility to be a Participant in the Plan is limited to Officers and to any other active Team Members who are designated by the OCE.

B. New Hires and Newly Eligible Participants

An Officer or other Team Member who is newly hired or first becomes a Participant after commencement of a Performance Period will be eligible to receive an Award based on Annual Eligible Earnings earned while a Participant during the applicable Performance Period.

V. Determination and Timing of Payments

A. Basis for Payout

The amount of payment for an Award for a Performance Period is based on the achievement of performance goals tied to each of the Metrics for the Performance Period. During the first 90 days of the Performance Period, the Threshold, Target, and Maximum performance levels required for the specified payouts of an Award shall be established by the Administrator and communicated to all Participants. The payout amount for an Award is not guaranteed for a Performance Period and could be zero.

The actual Award earned by Participants shall be determined based on Parker's actual performance at the end of the Performance Period relative to the achievement of the Threshold, Target and Maximum performance levels. The resulting performance will be multiplied by the performance weights identified below:

Metrics:	Weight:
Segment Operating Income	40%
Sales Revenue	20%
Cash Flow	40%

The Award Payout earned for achievement of Threshold, Target and Maximum performance levels, each as a percentage of Target Opportunity, is provided in the table below:

Performance Level Achieved:	Payout:
Threshold	50%
Target	100%
Maximum	200%

The percentage payout shall be interpolated for performance levels achieved between Threshold and Target or between Target and Maximum. Performance for each of the Metrics shall be calculated separately.

The Award Payout may be modified by applying a multiplier of up to +/- 20% (the "Performance Multiplier"). The Performance Multiplier shall be based upon performance against Participant goals relating to strategic imperatives. The Performance Multipliers to be applied to Award Payouts will be determined by the HRCC for the Chief Executive Officer, will be recommended by the Chief Executive Officer and approved by the HRCC for all other Officers, and will be determined by the Chief Executive Officer for all other Participants. The application of the Performance Multiplier cannot increase an Award Payout above the Plan's maximum payout level of 200% of Target Opportunity.

B. Payment

At the end of the Performance Period each Participant's Annual Eligible Earnings for the full Performance Period will be used to determine the full Performance Period's Award Payout. Within 75 days after the end of the applicable Performance Period and in accordance with applicable law, the Participant will be paid the Award Payout for the Performance Period. As a condition to receiving a payment under this Plan, the Participant must be employed as a Participant on the last day of the Performance Period, except as provided in Section V.D.

C. Participants Who Transfer Between Eligible Positions

A Participant who transfers from one eligible position under the Plan to another eligible position under the Plan will continue to be eligible for an Award Payout, but the amount of the Award Payout will be based on the Annual Eligible Earnings earned while assigned to each eligible position and the Target Opportunity applicable to each eligible position, in each case based upon procedures established by the Administrator. Participants are only to be transferred as of the first of a calendar month for Plan purposes.

D. Participants Who Terminate

When a Participant ceases to be a Team Member or transfers to a position that is not eligible for participation in the Plan, the individual will cease to be a Participant. Except as provided in this Section V.D., no individual will be entitled to any Award Payout or any other payments under this Plan after the individual ceases to be a Participant. When a Participant terminates from the Plan as a result of (i) Parker or an Affiliate terminating the Participant's employment due to a termination without cause (as reasonably determined by Parker or an Affiliate) or Disability, (ii) Retirement, (iii) being transferred to another position with Parker or an Affiliate that is not eligible for the participation in the Plan, or (iv) death, the former Participant (or his or her estate in the event of death) will be entitled to (1) the Award Payout for any full Performance Period completed on or prior to the date of such termination that has not yet been paid, and (2) if the termination occurs during a Performance Period, an Award Payout based upon performance for that full Performance Period and applied to Annual Eligible Earnings applicable to the time the Participant was employed as a Participant (excluding severance pay, unused vacation payout, and any other amount determined by the Administrator to be excluded) during that Performance Period. Any Award Payout under this Section V.D. will be paid within 75 days after the end of the applicable Performance Period and in accordance with applicable law.

Notwithstanding any provision of this Plan to the contrary, in the event that a Participant has entered into a Change in Control Severance Agreement with Parker (a "CIC Agreement") and the Participant experiences a termination of employment or Disability that results in payments to the Participant under the CIC Agreement, then any amounts owed to the Participant with respect to an Award Payout for the Performance Period during which such termination of employment or Disability occurs will be determined and paid in accordance with the terms of the CIC Agreement and not pursuant to this Section V.D.

VI. General

A. Amendments and Termination

The HRCC may amend the Plan as it shall deem advisable from time to time. The HRCC may, in its sole discretion, terminate the Plan at any time without the consent of the Participant or any other person.

B. Tax Withholding

Parker and the Affiliates shall have the right to withhold from the payment of any Award hereunder or require prior to the payment of any amount pursuant to an Award, payment by the Participant of any Federal, country, state, local or other taxes which may be required to be withheld or paid in connection with such Award. Neither Parker nor any Affiliate is obligated to guarantee any particular tax result for a Participant with respect to any payment provided to the Participants under the Plan, and each Participant will be responsible for any taxes imposed on the Participant with respect to any such payment.

C. No Right of Participation or Employment

No person shall have any right to participate in the Plan. Neither the Plan nor any Award made hereunder shall confer upon any person any right to continued employment by Parker or any Affiliate or affect in any manner the right of Parker or any Affiliate of Parker to terminate the employment of any person at any time without liability hereunder.

D. Awards are Subject to the Claw-back Policy

To the extent permitted by applicable law, all Awards granted under the Plan will be subject to reduction, forfeiture, recoupment or similar treatment in the event a Participant engages in Detrimental Activity, as determined by the OCE (or with respect to a Participant who is an Officer, by the HRCC) or in accordance with the Claw-back Policy or any other clawback or similar policy or provisions that may be implemented by Parker from time to time, including such policies or provisions that may be implemented after the date an Award is granted, including pursuant to the listing standards of any national securities exchange or association on which Parker's securities are listed or as is otherwise required by the Dodd-Frank Wall Street Reform and Consumer Protection Act or other applicable law, or other agreement or arrangement with a Participant.

E. Governing Law

The Plan and each Award granted pursuant to the Plan, and all determinations made and actions taken pursuant thereto, to the extent not otherwise governed by the laws of the United States, shall be governed by the laws of the State of Ohio and construed in accordance therewith without giving effect to principles of conflicts of laws.

F. Other Plans

Payments pursuant to the Plan shall not be treated as compensation for purposes of any other compensation or benefit plan, program or arrangement of Parker or any of its Affiliates, unless either (a) such other plan provides that payments made pursuant to the Plan are to be considered as compensation thereunder or (b) the OCE (or with respect to an individual who is an Officer, the HRCC) so determines in writing. The adoption of the Plan shall not be construed as limiting the power of Parker or the OCE to adopt such other incentive arrangements as it may otherwise deem appropriate.

G. Binding Effect

The Plan shall be binding upon Parker and its successors and assigns and the Participants and their beneficiaries, personal representatives and heirs. If Parker becomes a party to any merger, consolidation or reorganization, then the Plan shall remain in full force and effect as an obligation of Parker or its successors in interest, unless the Plan is amended or terminated pursuant to Section VI.A.

H. Unfunded Arrangement

The Plan shall at all times be entirely unfunded and no provision shall at any time be made with respect to segregating assets of Parker for payment of any benefit hereunder. No Participant shall have any interest in any particular assets of Parker or any of its affiliates by reason of the right to receive a benefit under the Plan and any such Participant shall have only the rights of an unsecured creditor of Parker with respect to any rights under the Plan.

I. Severability

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

J. Waiver

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

K. Captions

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

EXECUTED at Cleveland, Ohio this 20th day of August, 2025.

PARKER-HANNIFIN CORPORATION

By: /s/ Todd M. Leombruno

Title: Executive Vice President and Chief Financial Officer

By: /s/ Mark J. Hart

Title: Executive Vice President-Human Resources and External Affairs



TO: [PARTICIPANT NAME]

**PARKER-HANNIFIN CORPORATION
STOCK APPRECIATION RIGHTS AWARD AGREEMENT (SAR-OS37)**

The Human Resources and Compensation Committee of the Board of Directors (the “Committee”) of Parker-Hannifin Corporation (the “Company”) has awarded to you the following number of Stock Appreciation Rights (“SARs”) under the Parker-Hannifin Corporation 2023 Omnibus Stock Incentive Plan (the “Plan”) and subject to the Parker-Hannifin Corporation Stock Appreciation Right Terms and Conditions (SAR-OS37) (the “Terms and Conditions”):

Grant Date: August 20, 2025

Number of SARs: [Number Granted]

Grant Price: US \$[Grant Price] per Common Share

Expiration Date: August 19, 2035 at 4:00 PM U.S. Eastern Time

Each SAR granted under this award entitles you upon exercise to receive the increase in value between the Grant Price and the Fair Market Value of one Common Share at exercise, subject to the Terms and Conditions and the Plan.

Vesting Dates. Except as otherwise provided in the Terms and Conditions, while you are an active full-time employee, one-third (1/3) of the SARs will vest and become exercisable on each of the first, second, and third anniversaries of the Grant Date. Once SARs become vested and exercisable, you may exercise those SARs at any time prior to the Expiration Date, except as otherwise provided in the Terms and Conditions. Scheduled vesting dates and amounts for this award are viewable by clicking on the Grant Date hyperlink on your Stock Appreciation Rights Grant Information page on the Stock Incentive Plan Administrator’s web site.

Your Action Items. Please take the following actions:

Accept your Award by clicking on “Accept”. In relation to your award acceptance, attached below for your review and incorporated into this Award Agreement are the Terms and Conditions.

Inform the Company of any change in address or contact information, as necessary. Refer to Section 21 of the Terms and Conditions 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
STOCK APPRECIATION RIGHTS TERMS AND CONDITIONS (SAR-OS37)

Pursuant to the Stock Appreciation Rights Award Agreement (the “Award Agreement”) available on the website of the third-party Plan administrator for Parker-Hannifin Corporation (the “Company”), the Human Resources and Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of the Company has awarded you a number of Stock Appreciation Rights (“SARs”). The SARs have been awarded to you as of the grant date specified in the Award Agreement (the “Grant Date”), and the SARs are subject to the terms, conditions, and restrictions set forth in the Parker-Hannifin Corporation 2023 Omnibus Stock Incentive Plan, as amended from time to time (the “Plan”) and these Stock Appreciation Rights Terms and Conditions (SAR-OS37) (the “Terms and Conditions”). To the extent that, in accordance with the terms of the Plan, the Committee has delegated to any persons any of the Committee’s authority with respect to these Terms and Conditions, references to the Committee in these Terms and Conditions shall be deemed to be references to those persons with respect to authority so delegated.

1. Description of SARs. Your SARs award entitles you to receive the increase in value between the Grant Price set forth in your Award Agreement and the Fair Market Value at exercise (the “Appreciation”) of the number of Common Shares to which your award applies, subject to these Terms and Conditions. Upon exercise, the Appreciation will be paid to you in Common Shares having a value equal to the amount of the Appreciation. The calculation of Appreciation is described in more detail below. Your unexercised SARs will expire and cease to be exercisable without further action or notice on the Expiration Date set forth in your Award Agreement or such earlier date (a “Lapse Date”) as may be applicable pursuant to Section 3(d) of these Terms and Conditions. Solely for purposes of this Agreement, “Fair Market Value” means the price of a Common Share at the time of exercise as reasonably determined by the Company in compliance with Section 409A of the Code (to the extent applicable), unless otherwise determined by the Committee.

2. Calculation of Appreciation. Appreciation shall be determined by the Company (or its third-party Plan administrator) by subtracting the Grant Price from the Fair Market Value of a Common Share at the time of your exercise of SARs, and multiplying the result by the number of SARs exercised. The number of Common Shares issued upon exercise of SARs will be the number derived from dividing the Appreciation by the Fair Market Value at exercise of a Common Share, rounded down to the nearest whole share. You will not receive cash for any fractional share eliminated by rounding.

3. Vesting and Exercisability of SARs.

(a) Subject to these Terms and Conditions, all or a portion of the SARs will vest and become exercisable on the vesting date(s) described in the Award Agreement (each a “Vesting Date”), provided that you have remained in the continuous full-time employment of the Company and its Subsidiaries (collectively referred to herein as the “Parker Companies”) through the applicable Vesting Date(s).

(b) Notwithstanding anything to the contrary in these Terms and Conditions, if your continuous full-time employment with the Parker Companies is terminated prior to the applicable Vesting Date, your awards shall be treated as follows:

If your Termination is due to:	SARs that have not yet vested and become exercisable shall:
Death or Disability	Immediately vest and become exercisable as of the date of such termination of employment.
Retirement	Immediately vest as of the date of your Retirement and become exercisable upon the applicable Vesting Date(s).
Qualifying Termination	Immediately vest and become exercisable as of the date of your termination of employment.
Any other reason	Immediately be forfeited.

For purposes of these Terms and Conditions “Retirement” shall have the meaning set out in the applicable retirement plan or policy of the Parker Companies in which you participate or, if Retirement is not defined in an applicable retirement plan or policy, Retirement shall mean your termination of employment with the Parker Companies after the attainment of age 55 and ten years of service.

(c) Except as otherwise provided in Section 3(d), any SARs that have vested and become exercisable in accordance with this Section 3 may be exercised only while you are a full-time employee of the Parker Companies at any time until the earlier of the Expiration Date or the applicable Lapse Date.

(d) If your continuous full-time employment with the Parker Companies is terminated prior to the Expiration Date for any reason, any vested and exercisable SARs shall remain exercisable until the Lapse Date set forth below:

Termination Reason	End of Exercise Period
If your continuous full-time employment terminates due to:	Then your vested and exercisable SARs will lapse and cease to be exercisable on:
Disability	The Expiration Date.
Retirement	The Expiration Date.
Death	If you are Retirement-eligible at the time of death, the Expiration Date. Otherwise, the <u>earlier</u> of (i) two (2) years after the date of death or (ii) the Expiration Date.
Qualifying Termination	If you are Retirement-eligible at the time of termination, the Expiration Date. Otherwise, the <u>earlier</u> of: (i) three (3) months from the date of termination or (ii) the Expiration Date.
Any other reason	The <u>earlier</u> of: (i) three (3) months from the date of termination or (ii) the Expiration Date.

(e) For purposes of this Section 3, your continuous full-time employment with the Parker Companies shall not be deemed to have been interrupted, and you shall not be deemed to have ceased to be an employee of the Parker Companies, by reason of (i) the transfer of your employment among the Parker Companies, or (ii) the transfer of your employment to an entity that is 50% owned (directly or indirectly) by the Company provided that you remain actively and continuously employed by such entity.

4. Forfeiture of SARs. Any SARs that have not yet vested and become exercisable pursuant to Section 3 shall be forfeited automatically without further action or notice if you cease to be employed by the Parker Companies prior to a Vesting Date other than as provided in Section 3(b).

5. Exercise and Settlement Procedures.

(a) Exercise of all or any portion of your vested and exercisable SARs shall be subject to such exercise procedures of the Company and its third-party Plan administrator, as the same shall be in effect from time to time. Upon your exercise of SARs in accordance with such procedures and these Terms and Conditions, the Company will instruct its stock transfer agent to issue the net number of Common Shares you are entitled to receive.

(b) Any vested and exercisable SARs granted under your Award Agreement that have not lapsed and have net Appreciation (after all applicable withholding taxes) but that remain unexercised on the business day preceding the Expiration Date shall automatically be self-exercised on the Expiration Date. **NOTE: AWARDS THAT LAPSE PRIOR TO THE ORIGINAL EXPIRATION DATE AND AWARDS THAT HAVE NOT BEEN ACCEPTED BY YOU ARE NOT ELIGIBLE FOR SELF-EXERCISE. ANY AWARDS THAT HAVE NOT BEEN EXERCISED ON OR BEFORE THE EXPIRATION DATE SHALL EXPIRE WITH NO VALUE.**

(c) The Company's obligations with respect to the SARs shall be satisfied in full upon the delivery of the Common Shares underlying vested SARs that are exercised in accordance with these Terms and Conditions.

6. Transferability. Neither the SARs nor any interest therein or in the Common Shares underlying the SARs may be transferred, assigned, pledged or hypothecated in any manner, or be subject to execution, attachment or similar process, by operation of law or otherwise, except by will or the laws of descent and distribution or pursuant to a beneficiary designation made in accordance with Section 11, unless otherwise provided herein or under the Plan. Your SARs are not transferable or assignable during your life except to (a) your spouse, children or their lineal descendants ("Immediate Family Members"); (b) one or more trusts for the benefit of you and/or one or more of your Immediate Family Members; or (c) a partnership or limited liability company in which you or your Immediate Family Members are the only partners or members; provided, however, in each case that you (i) submit a completed SAR Assignment Form to the Plan Administrator or comply with other procedures in effect at the time of the transfer and (ii) do not receive any consideration for the transfer. All transferred SARs remain subject to the terms, conditions and restrictions of the Plan and these Terms and Conditions (except that such transferred SARs are not transferable by the transferee during life). Any purported transfer or encumbrance in violation of the provisions of this Section 6 shall be null and void, and the other party to any such purported transaction shall not obtain any rights to or interest in such SARs.

7. No Rights to Future Awards. By voluntarily acknowledging and accepting your award of SARs, you acknowledge and understand that the SARs shall not form part of any contract of

employment between you and the Company. Nothing in these Terms and Conditions, your Award Agreement, the Plan or the plan summary and prospectus which describes the Plan (the "Prospectus") shall confer upon you any right to continue to receive stock incentive awards in the future. You further acknowledge that your award of SARs is for future services and is not under any circumstances to be considered compensation for past services.

8. Detrimental Activity; Clawback Policies.

(a) If the Committee finds in its discretion that you have engaged in any Detrimental Activity (as defined in the Plan), the Committee may at any time and in its sole discretion cancel and revoke all or any unexercised portion of your SARs. In addition, if the Committee finds that you have engaged in any Detrimental Activity, either during your employment with the Company or within twelve months thereafter, then you shall be required to (a) return to the Company, in exchange for payment by the Company of any amount actually paid therefor by you, all Common Shares that you have not disposed of that were issued pursuant to these Terms and Conditions within twelve months prior to the commencement of such Detrimental Activity, and (b) pay to the Company in cash, within ten days after demand therefor, the difference between any amount actually paid therefor by you and the Fair Market Value at exercise of all Common Shares that you have disposed of that were issued pursuant to these Terms and Conditions. The Plan defines "Detrimental Activity" as any conduct or activity, whether or not related to the business of the Company or a Subsidiary, that is determined in individual cases, by the Committee or its express delegate, to be detrimental to the interests of the Company or a Subsidiary, including without limitation (i) the rendering of services to an organization, or engaging in a business, that is, in the judgment of the Committee or its express delegate, in competition with the Company; (ii) 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 you during or after employment with the Company; (iii) fraud, embezzlement, theft-in-office or other illegal activity; or (iv) a violation of the Company's Code of Ethics or other policies. Notwithstanding the foregoing, if you are a resident of California, prong (i) of the Detrimental Activity definition shall not apply to you.

(b) By accepting your award of SARs, you acknowledge that the SARs and the Common Shares underlying such SARs 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.

(c) Notwithstanding anything in these Terms and Conditions to the contrary, (i) nothing in the Plan, these Terms and Conditions, the Award Agreement or otherwise limits your 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, the Dodd-Frank Wall Street Reform and Consumer Protection Act or The Sarbanes-Oxley Act of 2002); and (ii) nothing in the Plan, these Terms and Conditions, the Award Agreement or otherwise prevents you 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, you are

not prohibited from providing information voluntarily to the Securities and Exchange Commission pursuant to Section 21F of the Exchange Act.

9. Relation to Other Benefits. Any economic or other benefit to you under these Terms and Conditions or the Plan shall not be taken into account in determining any benefits to which you may be entitled under any profit-sharing, retirement or other benefit or compensation plan maintained by the Parker Companies and shall not affect the amount of any life insurance coverage available to any beneficiary under any life insurance plan covering employees of the Parker Companies. Without limiting the foregoing, by voluntarily acknowledging and accepting your award of SARs, you agree that no benefits accruing under your Award Agreement, these Terms and Conditions or the Plan will be reflected in any severance or indemnity payments that the Parker Companies may make or be required to make to you in the future, regardless of the jurisdiction in which you may be located.

10. Taxes and Withholding. The Parker Companies have the right to deduct or cause to be deducted, or collect or cause to be collected, with respect to the taxation of the SARs, any federal, state or local taxes, social taxes or other taxes required to be withheld or paid with respect to the SARs, and you will be required to pay any such amounts or such amounts will be deducted from any amount payable to you. To the extent the Parker Companies are required to withhold any federal, state, local, foreign or other taxes in connection with the delivery of Common Shares under these Terms and Conditions, then the Company or Subsidiary (as applicable) will retain a number of Common Shares otherwise deliverable hereunder with a value equal to the required withholding (based on the fair market value of the Common Shares on the date of delivery); provided that in no event shall the value of the Common Shares retained exceed the minimum amount of taxes required to be withheld or such other amount that will not result in a negative accounting impact.

11. Beneficiary Designation. To the extent permitted by the Committee, in its sole discretion, you shall have the right to designate one or more beneficiaries to receive all or part of any Common Shares underlying the SARs in the event of your death. Any beneficiary designation permitted by the Committee shall be effective when it is submitted in writing to the Committee during your lifetime on a form prescribed by the Committee. The submission of a new beneficiary designation shall cancel all prior beneficiary designations. Any finalized divorce or marriage subsequent to the date of a beneficiary designation shall revoke such designation, unless in the case of divorce your previous spouse was not designated as beneficiary and unless in the case of marriage your new spouse was previously designated as beneficiary. If you are married, your spouse shall consent to any designation of a beneficiary other than the spouse, and the spouse's consent shall be witnessed by a notary public. If you fail to designate a beneficiary as may be permitted by the Committee, or if such beneficiary designation is revoked by marriage, divorce, or otherwise without execution of a new designation, or if every person designated as beneficiary predeceases you or dies prior to the exercise of your SARs, then the Company shall issue any Common Shares payable under your SARs to the estate of the last to die of you and any beneficiaries.

12. Adjustments. The SARs and the number of Common Shares deliverable pursuant to exercise of the SARs, and the other terms and conditions of the grant evidenced by these Terms and Conditions, are subject to adjustment, including as provided in Sections 4.3 and 12 of the Plan.

13. Compliance with Law. The Company shall make reasonable efforts to comply with all applicable federal and state securities laws and listing requirements with respect to the SARs; provided, however, notwithstanding any other provision of these Terms and Conditions, and only to the extent permitted under Section 409A of the Code, the Company shall not be obligated to deliver any Common Shares pursuant to these Terms and Conditions if the delivery thereof would result in a violation of any such law or listing requirement. The Company intends that the Award Agreement and these Terms and Conditions be exempt from the requirements of Section 409A of the Code and they will be interpreted, construed and administered accordingly.

14. Amendments. Subject to the terms of the Plan, the Committee may amend these Terms and Conditions upon written notice to you. Any amendment to the Plan shall be deemed to be an amendment to these Terms and Conditions to the extent that the amendment is applicable hereto. Notwithstanding the foregoing, no amendment of the Plan or these Terms and Conditions shall adversely affect your rights under these Terms and Conditions without your consent unless the Committee determines that such amendment is necessary or advisable to conform the Plan or these Terms and Conditions to any present or future law, regulation or rule applicable to the Plan.

15. Severability. In the event that one or more of the provisions of these Terms and Conditions shall be invalidated for any reason by a court of competent jurisdiction, any provision so invalidated shall be deemed to be separable from the other provisions hereof, and the remaining provisions hereof shall continue to be valid and fully enforceable.

16. Relation to Plan. These Terms and Conditions and all rights under your Award Agreement and these Terms and Conditions are at all times subject to all other terms, conditions and provisions of the Plan (and any rules or procedures adopted under the Plan by the Committee). All capitalized terms not defined in these Terms and Conditions shall have the meaning ascribed to such terms in the Plan. In the event of a conflict between the terms of the Plan and these Terms and Conditions, your Award Agreement or the Prospectus, the terms of the Plan shall control. These Terms and Conditions, the Plan and the Award Agreement contain the entire agreement and understanding of the parties with respect to the subject matter contained in these Terms and Conditions, and supersede all prior written or oral communications, representations and negotiations in respect thereto.

17. Successors and Assigns. Without limiting Section 6, the provisions of these Terms and Conditions shall inure to the benefit of, and be binding upon, your successors, administrators, heirs, legal representatives and assigns, and the successors and assigns of the Company.

18. Governing Law. The interpretation, performance, and enforcement of these Terms and Conditions shall be governed by the laws of the State of Ohio, without regard to its conflict of law rules.

19. Non-U.S. Employees. Notwithstanding any provision of these Terms and Conditions, if your employment with the Parker Companies is subject to the rules and regulations of one or more non-United States jurisdictions, then your SARs shall be subject to any special terms and conditions as set forth in any appendix for your country (an “Appendix”). Moreover, if you relocate to one of the countries included in an Appendix, the special terms and conditions for such country will apply to you, to the extent the Company determines that the application of such terms and conditions is necessary or advisable in order to comply with local law or facilitate the administration of these Terms and Conditions or the Plan. An Appendix shall constitute part of these Terms and Conditions.

20. Consent to Transfer Personal Data. By accepting your award of SARs, you voluntarily acknowledge and consent to the collection, use, processing and transfer of personal data as described in this Section 20. You are not obliged to consent to such collection, use, processing and transfer of personal data. However, failure to provide the consent may affect your ability to participate in the Plan. The Parker Companies hold certain personal information about you, that may include your 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 Common Shares awarded, canceled, purchased, vested, unvested or outstanding in your favor, for the purpose of managing and administering the Plan (“Data”). The Parker Companies will transfer Data amongst themselves as necessary for the purpose of implementation, administration and management of your participation in the Plan, and the Parker Companies may further transfer Data to any third parties assisting the Parker Companies in the implementation, administration and management of the Plan. These recipients may be located throughout the world, including the United States. You authorize them to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing your participation in the Plan, including any requisite transfer of such Data as may be required for the administration of the Plan and/or the subsequent holding of shares of stock on your behalf to a broker or other third party with whom you may elect to deposit any shares of stock acquired pursuant to the Plan. You 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 your consent may affect your ability to participate in the Plan.

21. Notification of Change in Personal Data. If your address or contact information changes while any portion of your SARs remains unexercised, the Company must be notified in order to administer this award. Notification of such changes should be provided to the Company as follows:

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

1. Active employees: Update your address and contact information directly through your Personal Profile section in the Employee Self-Service site.
2. Retired, terminated or family member of deceased participant: Contact the Benefits Service Center at 1-800-992-5564.

j) **Rest of World Participants** (employees who are not on the U.S. or Canadian payroll system): Contact your country Human Resources Manager.

22. Electronic Delivery. You hereby consent and agree 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 this and any other award made or offered under the Plan. You also understand that you shall have the right at any time to request that the Company deliver written copies of any and all materials referred to above at no charge. You hereby consent 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 you agree that your electronic signature is the same as, and shall have the same force and effect as, your manual signature. You consent and agree that any such procedures and delivery may be effected by a third party engaged by the Company to provide administrative services related to the Plan.

23. Prospectus Notification. Copies of the Prospectus and the most recent Annual Report on Form 10-K and Proxy Statement issued by the Company are available for your review on the UBS One Source Web site. You have the right to receive a printed copy of the Prospectus upon request by either calling the third-party Plan Administrator at 888-751-0295 or by sending your written request to the Company's Total Rewards Department.

24. Acknowledgment. You are hereby advised that (a) you have at least 14 days to review the Award Agreement and (b) you have the right to consult counsel regarding the contents of the Award Agreement. By accepting your award of SARs, you acknowledge that you have been advised of the foregoing rights.

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: November 7, 2025

/s/ Jennifer A. Parmentier

Jennifer A. Parmentier
Chief Executive Officer

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: November 7, 2025

/s/ Todd M. Leombruno

Todd M. Leombruno

Executive Vice President and Chief Financial Officer

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 September 30, 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: November 7, 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