

Appendix of Non-GAAP Reconciliations

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Reconciliation of Organic Growth

(Dollars in thousands)
(Unaudited)

| Net Sales | Quarter-to-Date | | | |
|------------------------------|------------------------------|--------------|--------------------------|------------------------------|
| | As Reported June 30, 2021 | Currency | Organic June 30, 2021 | As Reported June 30, 2020 |
| Diversified Industrial: | | | | |
| North America | \$ 1,823,078 | \$ (11,821) | \$ 1,811,257 | \$ 1,440,263 |
| International | 1,505,835 | (97,107) | 1,408,728 | 1,096,380 |
| Total Diversified Industrial | 3,328,913 | (108,928) | 3,219,985 | 2,536,643 |
| Aerospace Systems | 629,956 | (1,650) | 628,306 | 623,960 |
| Total Parker Hannifin | \$ 3,958,869 | \$ (110,578) | \$ 3,848,291 | \$ 3,160,603 |
| | As reported | Currency | Organic | |
| Diversified Industrial: | | | | |
| North America | 26.6 % | 0.8 % | 25.8 % | |
| International | 37.3 % | 8.8 % | 28.5 % | |
| Total Diversified Industrial | 31.2 % | 4.3 % | 26.9 % | |
| Aerospace Systems | 1.0 % | 0.3 % | 0.7 % | |
| Total Parker Hannifin | 25.3 % | 3.5 % | 21.8 % | |

Reconciliation of Organic Growth

(Dollars in thousands)
(Unaudited)

| | Year-to-Date | | | | As Reported 6/30/2020 |
|------------------------------|------------------------------|-----------------|---------------------|---------------------------|--------------------------|
| | As Reported June 30, 2021 | Currency | Acquisitions | Adjusted June 30, 2021 | |
| Net Sales | | | | | |
| Diversified Industrial: | | | | | |
| North America | \$ 6,676,449 | \$ (7,624) | \$ (187,531) | \$ 6,481,294 | \$ 6,456,298 |
| International | 5,283,710 | (243,669) | (135,576) | 4,904,465 | 4,504,587 |
| Total Diversified Industrial | 11,960,159 | (251,293) | (323,107) | 11,385,759 | 10,960,885 |
| Aerospace Systems | 2,387,481 | (5,376) | (70,953) | 2,311,152 | 2,734,635 |
| Total Parker Hannifin | \$ 14,347,640 | \$ (256,669) | \$ (394,060) | \$ 13,696,911 | \$ 13,695,520 |
| | As reported | Currency | Acquisitions | Organic | |
| Diversified Industrial: | | | | | |
| North America | 3.4 % | 0.1 % | 2.9 % | 0.4 % | |
| International | 17.3 % | 5.4 % | 3.0 % | 8.9 % | |
| Total Diversified Industrial | 9.1 % | 2.3 % | 2.9 % | 3.9 % | |
| Aerospace Systems | (12.7)% | 0.2 % | 2.6 % | (15.5)% | |
| Total Parker Hannifin | 4.8 % | 1.9 % | 2.9 % | — % | |

Adjusted Amounts Reconciliation Consolidated Statement of Income

(Dollars in thousands, except per share data)

| | Quarter-to-Date FY 2021 | | | | | | | | |
|---|------------------------------|------------|---|------------------------------------|-----------------------------|-------------------------------|------------------------------------|---------------------------|------------|
| | As Reported June 30, 2021 | % of Sales | Acquired Intangible Asset Amortization | Business Realignment Charges | Lord Costs to Achieve | Exotic Costs to Achieve | Acquisition Related Expenses | Adjusted June 30, 2021 | % of Sales |
| Net Sales | \$ 3,958,869 | 100.0 % | \$ — | \$ — | \$ — | \$ — | \$ — | \$ 3,958,869 | 100.0 % |
| Cost of Sales | 2,832,281 | 71.5 % | — | 4,357 | 425 | — | — | 2,827,499 | 71.4 % |
| Selling, general, and admin. expenses | 414,048 | 10.5 % | 81,254 | 3,435 | 1,302 | 20 | 3,549 | 324,488 | 8.2 % |
| Interest expense | 60,258 | 1.5 % | — | — | — | — | — | 60,258 | 1.5 % |
| Other (income), net | (4,269) | (0.1)% | — | — | — | — | — | (4,269) | (0.1)% |
| Income before income taxes | 656,551 | 16.6 % | (81,254) | (7,792) | (1,727) | (20) | (3,549) | 750,893 | 19.0 % |
| Income taxes | 151,582 | 3.8 % | 19,338 | 1,854 | 411 | 5 | 845 | 174,035 | 4.4 % |
| Net Income | 504,969 | 12.8 % | (61,916) | (5,938) | (1,316) | (15) | (2,704) | 576,858 | 14.6 % |
| Less: Noncontrollable interests | 176 | 0.0 % | — | — | — | — | — | 176 | 0.0 % |
| Net Income - common shareholders | \$ 504,793 | 12.8 % | \$ (61,916) | \$ (5,938) | \$ (1,316) | \$ (15) | \$ (2,704) | \$ 576,682 | 14.6 % |
| Diluted earnings per share | \$ 3.84 | | \$ (0.47) | \$ (0.04) | \$ (0.01) | \$ — | \$ (0.02) | \$ 4.38 | |

Adjusted Amounts Reconciliation Consolidated Statement of Income

(Dollars in thousands, except per share data)

(Unaudited)

| | Quarter-to-Date FY 2020 | | | | | | | | | |
|---|-------------------------|--------------|--|------------------------------------|-----------------------------|-------------------------------|------------------------------------|--------------------------------|-------------------|---------------|
| | As Reported | | Acquired Intangible Asset Amortization | Business Realignment Charges | Lord Costs to Achieve | Exotic Costs to Achieve | Acquisition Related Expenses | Favorable Tax Settlement | Adjusted | |
| | June 30, 2020* | % of Sales | | | | | | | June 30, 2020* | % of Sales |
| Net sales | \$ 3,160,603 | 100.0 % | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 3,160,603 | 100.0 % |
| Cost of sales | 2,365,531 | 74.8 % | - | 37,566 | 324 | - | - | - | 2,327,641 | 73.6 % |
| Selling, general and admin. expenses | 352,793 | 11.2 % | 80,737 | 10,035 | 1,842 | 338 | 4,437 | - | 255,404 | 8.1 % |
| Interest expense | 74,549 | 2.4 % | - | - | - | - | - | - | 74,549 | 2.4 % |
| Other (income) expense, net | 5,374 | 0.2 % | - | - | - | - | - | - | 5,374 | 0.2 % |
| Income before income taxes | 362,356 | 11.5 % | (80,737) | (47,601) | (2,166) | (338) | (4,437) | - | 497,635 | 15.7 % |
| Income taxes | 72,879 | 2.3 % | 18,812 | 11,091 | 505 | 79 | 1,034 | 6,039 | 110,439 | 3.5 % |
| Net income | 289,477 | 9.2 % | (61,925) | (36,510) | (1,661) | (259) | (3,403) | 6,039 | 387,196 | 12.3 % |
| Less: Noncontrolling interests | (21) | (0.0)% | - | - | - | - | - | - | (21) | (0.0)% |
| Net income - common shareholders | \$ 289,498 | 9.2 % | \$ (61,925) | \$ (36,510) | \$ (1,661) | \$ (259) | \$ (3,403) | \$ 6,039 | \$ 387,217 | 12.3 % |
| Diluted earnings per share | \$ 2.23 | | \$ (0.48) | \$ (0.28) | \$ (0.02) | \$ - | \$ (0.03) | \$ 0.05 | \$ 2.99 | |

*Prior periods have been adjusted to reflect the change in inventory accounting method

Adjusted Amounts Reconciliation Business Segment Information

(Dollars in thousands)

(Unaudited)

| | Quarter-to-Date FY 2021 | | | | | | | | |
|----------------------------------|------------------------------|------------|--|------------------------------------|--------------------------|-------------------------------|------------------------------------|---------------------------|-------------------------|
| | As Reported June 30, 2021 | % of Sales | Acquired Intangible Asset Amortization | Business Realignment Charges | Lord Costs to Achieve | Exotic Costs to Achieve | Acquisition Related Expenses | Adjusted June 30, 2021 | % of Sales ² |
| Diversified Industrial | | | | | | | | | |
| North America ¹ | \$ 360,378 | 19.8 % | \$ 47,497 | \$ 2,130 | \$ 889 | \$ — | \$ — | \$ 410,894 | 22.5 % |
| International ¹ | 306,513 | 20.4 % | 20,988 | 5,180 | 838 | — | — | 333,519 | 22.1 % |
| Aerospace Systems ¹ | 123,097 | 19.5 % | 12,769 | 37 | — | 20 | — | 135,923 | 21.6 % |
| Total segment operating income | 789,988 | 20.0 % | (81,254) | (7,347) | (1,727) | (20) | — | 880,336 | 22.2 % |
| Corporate administration | 54,883 | 1.4 % | — | 445 | — | — | — | 54,438 | 1.4 % |
| Income before interest and other | 735,105 | 18.6 % | (81,254) | (7,792) | (1,727) | (20) | — | 825,898 | 20.9 % |
| Interest expense | 60,258 | 1.5 % | — | — | — | — | — | 60,258 | 1.5 % |
| Other (income) expense | 18,296 | 0.5 % | — | — | — | — | 3,549 | 14,747 | 0.4 % |
| Income before income taxes | \$ 656,551 | 16.6 % | \$ (81,254) | \$ (7,792) | \$ (1,727) | \$ (20) | \$ (3,549) | \$ 750,893 | 19.0 % |

¹Segment operating income as a percent of sales is calculated on as reported segment sales.

²Adjusted amounts as a percent of sales are calculated on as reported segment sales.

Reconciliation of Earnings per Diluted Share to Adjusted Earnings per Diluted Share

| (Unaudited) | Three Months Ended June 30, | |
|--|-----------------------------|----------------|
| (Amounts in dollars) | <u>2021</u> | <u>2020*</u> |
| Earnings per diluted share | \$ 3.84 | \$ 2.23 |
| Adjustments: | | |
| Acquired intangible asset amortization expense | 0.62 | 0.62 |
| Business realignment charges | 0.06 | 0.37 |
| Lord costs to achieve | 0.01 | 0.02 |
| Acquisition-related expenses | 0.03 | 0.03 |
| Tax effect of adjustments ¹ | (0.18) | (0.23) |
| Favorable tax settlement | — | (0.05) |
| Adjusted earnings per diluted share | \$ 4.38 | \$ 2.99 |

¹This line item reflects the aggregate tax effect of all non-tax adjustments reflected in the preceding line items of the table. We estimate the tax effect of each adjustment item by applying our overall effective tax rate for continuing operations to the pre-tax amount, unless the nature of the item and/or the tax jurisdiction in which the item has been recorded requires application of a specific tax rate or tax treatment, in which case the tax effect of such item is estimated by applying such specific tax rate or tax treatment.

*Prior periods have been adjusted to reflect the change in inventory accounting method

Reconciliation of Earnings per Diluted Share to Adjusted Earnings per Diluted Share

RECONCILIATION OF EPS TO ADJUSTED EPS

(Unaudited)

(Amounts in Dollars)

| | 12 Months ended 6/30/16 | 12 Months ended 6/30/17 | 12 Months ended 6/30/18 | 12 Months ended 6/30/19* | 12 Months ended 6/30/20* | 12 Months ended 6/30/21 |
|---|-------------------------------|-------------------------------|-------------------------------|--------------------------------|--------------------------------|-------------------------------|
| Earnings per diluted share | \$ 5.89 | \$ 7.25 | \$ 7.83 | \$ 11.57 | \$ 9.26 | \$ 13.35 |
| Adjustments: | | | | | | |
| Acquisition-related intangible asset amortization expense | 0.74 | 1.02 | 1.59 | 1.51 | 2.19 | 2.49 |
| Business realignment charges | 0.80 | 0.42 | 0.34 | 0.12 | 0.59 | 0.36 |
| Acquisition-related expenses & Costs to achieve | | 0.76 | 0.27 | 0.23 | 1.62 | 0.11 |
| (Gain) / loss on sale and writedown of assets or land | | | 0.24 | | | (0.77) |
| Tax effect of adjustments ¹ | (0.44) | (0.59) | (0.42) | (0.44) | (1.03) | (0.50) |
| Favorable tax settlement | | | | | (0.19) | |
| Tax expense related to U.S. Tax Reform | | | 1.72 | 0.11 | | |
| Adjusted earnings per diluted share | \$ 6.99 | \$ 8.86 | \$ 11.57 | \$ 13.10 | \$ 12.44 | \$ 15.04 |

¹This line item reflects the aggregate tax effect of all non-tax adjustments reflected in the preceding line items of the table. We estimate the tax effect of each adjustment item by applying our overall effective tax rate for continuing operations to the pre-tax amount, unless the nature of the item and/or the tax jurisdiction in which the item has been recorded requires application of a specific tax rate or tax treatment, in which case the tax effect of such item is estimated by applying such specific tax rate or tax treatment.

*FY19 and FY20 have been adjusted to reflect the change in inventory accounting method



Reconciliation of Total Segment Operating Margin to Adjusted Total Segment Operating Margin

| (Unaudited) (Dollars in thousands) | Three Months Ended June 30, 2021 | | Three Months Ended June 30, 2020 | |
|--|-------------------------------------|------------------|-------------------------------------|------------------|
| | Operating income | Operating margin | Operating income | Operating margin |
| Total segment operating income | \$ 789,988 | 20.0 % | \$ 500,646 | 15.8 % |
| Adjustments: | | | | |
| Acquired intangible asset amortization expense | 81,254 | | 80,737 | |
| Business realignment charges | 7,347 | | 46,619 | |
| Lord costs to achieve | 1,727 | | 2,166 | |
| Exotic costs to achieve | 20 | | 338 | |
| Adjusted total segment operating income | \$ 880,336 | 22.2 % | \$ 630,506 | 19.9 % |

Reconciliation of EBITDA to Adjusted EBITDA

| (Unaudited) (Dollars in thousands) | Three Months Ended June 30, | |
|---------------------------------------|-----------------------------|--------------|
| | 2021 | 2020* |
| Net sales | \$ 3,958,869 | \$ 3,160,603 |
| Net income | \$ 504,969 | \$ 289,477 |
| Income taxes | 151,582 | 72,879 |
| Depreciation and amortization | 146,582 | 146,582 |
| Interest expense | 60,258 | 74,549 |
| EBITDA | 863,391 | 583,487 |
| Adjustments: | | |
| Business realignment charges | 7,792 | 47,601 |
| Lord costs to achieve | 1,727 | 2,166 |
| Exotic costs to achieve | 20 | 338 |
| Acquisition-related expenses | 3,549 | 4,437 |
| Adjusted EBITDA | \$ 876,479 | \$ 638,029 |
| EBITDA margin | 21.8 % | 18.5 % |
| Adjusted EBITDA margin | 22.1 % | 20.2 % |

*Prior periods have been adjusted to reflect the change in inventory accounting method

Reconciliation of EBITDA to Adjusted EBITDA

(Unaudited)

(Dollars in millions)

| | 12 Months ended 6/30/16 | 12 Months ended 6/30/17 | 12 Months ended 6/30/18 | 12 Months ended 6/30/19 ¹ | 12 Months ended 6/30/20 ¹ | 12 Months ended 6/30/21 |
|---|-------------------------------|-------------------------------|-------------------------------|--|--|-------------------------------|
| Net sales | \$ 11,361 | \$ 12,029 | \$ 14,302 | \$ 14,320 | \$ 13,696 | \$ 14,348 |
| Net income | 807 | 984 | 1,061 | 1,525 | 1,202 | 1,747 |
| Income taxes | 308 | 345 | 641 | 424 | 305 | 500 |
| Depreciation and Amortization | 307 | 355 | 466 | 436 | 538 | 595 |
| Interest Expense | 137 | 162 | 214 | 190 | 308 | 250 |
| EBITDA* | \$ 1,558 | \$ 1,846 | \$ 2,382 | \$ 2,576 | \$ 2,353 | \$ 3,092 |
| Adjustments: | | | | | | |
| Voluntary retirement expense | 12 | | | | | |
| Business realignment charges | 97 | 56 | 46 | 16 | 76 | 48 |
| Acquisition-related expenses & Costs to Achieve | | 103 | 37 | 30 | 211 | 15 |
| (Gain) / Loss on Sale and Writedown of Assets or land | | | 32 | | | (101) |
| Adjusted EBITDA* | \$ 1,667 | \$ 2,006 | \$ 2,497 | \$ 2,621 | \$ 2,639 | \$ 3,055 |
| EBITDA margin | 13.7% | 15.3% | 16.7% | 18.0% | 17.2% | 21.6% |
| Adjusted EBITDA margin | 14.7% | 16.7% | 17.5% | 18.3% | 19.3% | 21.3% |

¹Amounts have been adjusted to reflect the change in inventory accounting method.

*Totals may not foot due to rounding



Reconciliation of Free Cash Flow Conversion

| (Unaudited) (Dollars in thousands) | <u>Twelve Months Ended June 30, 2021</u> | <u>Twelve Months Ended June 30, 2020</u> |
|--|--|--|
| Net income | \$ 1,746,861 | \$ 1,202,332 |
| Cash flow from operations | \$ 2,575,001 | \$ 2,070,949 |
| Capital Expenditures | (209,957) | (232,591) |
| Free cash flow | \$ 2,365,044 | \$ 1,838,358 |
| Free cash flow conversion (free cash flow / net income) | 135 % | 153 % |

Supplemental Sales Information

Global Technology Platforms

| (Unaudited) (Dollars in thousands) | Three Months Ended June 30, | | Twelve Months Ended June 30, | |
|---------------------------------------|-----------------------------|---------------------|------------------------------|----------------------|
| | 2021 | 2020 | 2021 | 2020 |
| Net sales | | | | |
| Diversified Industrial: | | | | |
| Motion Systems | \$ 883,395 | \$ 698,684 | \$ 3,081,366 | \$ 2,996,645 |
| Flow and Process Control | 1,152,437 | 826,919 | 4,108,080 | 3,795,952 |
| Filtration and Engineered Materials | 1,293,081 | 1,011,040 | 4,770,713 | 4,168,288 |
| Aerospace Systems | 629,956 | 623,960 | 2,387,481 | 2,734,635 |
| Total | \$ 3,958,869 | \$ 3,160,603 | \$ 14,347,640 | \$ 13,695,520 |

Reconciliation of EPS

Fiscal Year 2022 Guidance

| | |
|---|----------------------------------|
| (Unaudited) | |
| (Amounts in dollars) | <u>Fiscal Year 2022</u> |
| Forecasted earnings per diluted share | \$14.08 to \$14.88 |
| Adjustments: | |
| Business realignment charges | 0.27 |
| Costs to achieve | 0.05 |
| Acquisition-related intangible asset amortization expense | 2.43 |
| Tax effect of adjustments ¹ | <u>(0.63)</u> |
| Adjusted forecasted earnings per diluted share | <u>\$16.20 to \$17.00</u> |

¹This line item reflects the aggregate tax effect of all non-tax adjustments reflected in the preceding line items of the table. We estimate the tax effect of each adjustment item by applying our overall effective tax rate for continuing operations to the pre-tax amount, unless the nature of the item and/or the tax jurisdiction in which the item has been recorded requires application of a specific tax rate or tax treatment, in which case the tax effect of such item is estimated by applying such specific tax rate or tax treatment.