

Non-GAAP Reconciliations

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Reconciliation of Organic Growth

(Dollars in thousands)
(Unaudited)

	Quarter-to-Date			As Reported March 31, 2021
	As Reported March 31, 2022	Currency	Organic March 31, 2022	
Net Sales				
Diversified Industrial:				
North America	\$ 2,014,715	\$ (1,207)	\$ 2,013,508	\$ 1,758,383
International	1,439,357	73,598	1,512,955	1,388,999
Total Diversified Industrial	3,454,072	72,391	3,526,463	3,147,382
Aerospace Systems	632,315	1,588	633,903	598,944
Total Parker Hannifin	\$ 4,086,387	\$ 73,979	\$ 4,160,366	\$ 3,746,326
	As reported	Currency	Organic	
Diversified Industrial:				
North America	14.6 %	0.1 %	14.5 %	
International	3.6 %	(5.3)%	8.9 %	
Total Diversified Industrial	9.7 %	(2.3)%	12.0 %	
Aerospace Systems	5.6 %	(0.2)%	5.8 %	
Total Parker Hannifin	9.1 %	(2.0)%	11.1 %	

Adjusted Amounts Reconciliation Consolidated Statement of Income

(Dollars in thousands, except per share data)

(Unaudited)

	Quarter-to-Date FY 2022									
	As Reported March 31, 2022	% of Sales	Acquired Intangible Asset Amortization	Business Realignment Charges	Integration Costs to Achieve	Acquisition Related Expenses	Loss on Deal- Contingent Forward Contracts	Russia Liquidation	Adjusted March 31, 2022	% of Sales
Net Sales	\$ 4,086,387	100.0 %	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 4,086,387	100.0 %
Cost of Sales	2,927,991	71.7 %	—	1,757	226	—	—	9,493	2,916,515	71.4 %
Selling, general, and admin. expenses	412,431	10.1 %	78,865	1,332	707	11,657	—	2,847	317,023	7.8 %
Interest expense	63,272	1.5 %	—	—	—	—	—	—	63,272	1.5 %
Other expense (income), net	248,704	6.1 %	—	63	—	1,067	246,983	7,717	(7,126)	(0.2)%
Income before income taxes	433,989	10.6 %	(78,865)	(3,152)	(933)	(12,724)	(246,983)	(20,057)	796,703	19.5 %
Income taxes	85,901	2.1 %	18,060	722	214	2,913	56,559	2,089	166,458	4.1 %
Net Income	348,088	8.5 %	(60,805)	(2,430)	(719)	(9,811)	(190,424)	(17,968)	630,245	15.4 %
Less: Noncontrollable interests	71	0.0 %	—	—	—	—	—	—	71	0.0 %
Net Income - common shareholders	\$ 348,017	8.5 %	\$ (60,805)	\$ (2,430)	\$ (719)	\$ (9,811)	\$ (190,424)	\$ (17,968)	\$ 630,174	15.4 %
Diluted earnings per share	\$ 2.67		\$ (0.47)	\$ (0.02)	\$ (0.01)	\$ (0.07)	\$ (1.46)	\$ (0.13)	\$ 4.83	

Adjusted Amounts Reconciliation Consolidated Statement of Income

(Dollars in thousands, except per share data)

(Unaudited)

	Quarter-to-Date FY 2021							
	As Reported		Acquired Intangible Asset Amortization	Business Realignment Charges	Lord Costs to Achieve	Exotic Costs to Achieve	Adjusted	
	March 31, 2021*	% of Sales					March 31, 2021*	% of Sales
Net sales	\$ 3,746,326	100.0 %	\$ —	\$ —	\$ —	\$ —	\$ 3,746,326	100.0 %
Cost of sales	2,712,785	72.4 %	—	3,056	425	—	2,709,304	72.3 %
Selling, general and admin. expenses	386,831	10.3 %	81,253	2,545	2,206	24	300,803	8.0 %
Interest expense	60,830	1.6 %	—	—	—	—	60,830	1.6 %
Other (income) expense, net	(13,460)	(0.4)%	—	1	—	—	(13,461)	(0.4)%
Income before income taxes	599,340	16.0 %	(81,253)	(5,602)	(2,631)	(24)	688,850	18.4 %
Income taxes	126,101	3.4 %	18,851	1,300	610	6	146,868	3.9 %
Net income	473,239	12.6 %	(62,402)	(4,302)	(2,021)	(18)	541,982	14.5 %
Less: Noncontrolling interests	86	0.0 %	—	—	—	—	86	0.0 %
Net income - common shareholders	\$ 473,153	12.6 %	\$ (62,402)	\$ (4,302)	\$ (2,021)	\$ (18)	\$ 541,896	14.5 %
Diluted earnings per share	\$ 3.60		\$ (0.47)	\$ (0.03)	\$ (0.02)	\$ —	\$ 4.12	

*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 2022									
	As Reported		Acquired Intangible Asset Amortization	Business Realignment Charges	Integration Costs to Achieve	Acquisition Related Expenses	Loss on Deal-Contingent Forward Contracts	Russia Liquidation	Adjusted	
	March 31, 2022	% of Sales							March 31, 2022	% of Sales ²
Diversified Industrial										
North America ¹	\$ 413,998	20.5 %	\$ 47,408	\$ 355	\$ 297	\$ —	\$ —	\$ —	\$ 462,058	22.9 %
International ¹	298,475	20.7 %	18,704	2,416	636	—	—	6,257	326,488	22.7 %
Aerospace Systems ¹	119,016	18.8 %	12,753	318	—	—	—	6,570	138,657	21.9 %
Total segment operating income	831,489	20.3 %	(78,865)	(3,089)	(933)	—	—	(12,827)	927,203	22.7 %
Corporate administration	57,405	1.4 %	—	—	—	—	—	—	57,405	1.4 %
Income before interest and other	774,084	18.9 %	(78,865)	(3,089)	(933)	—	—	(12,827)	869,798	21.3 %
Interest expense	63,272	1.5 %	—	—	—	—	—	—	63,272	1.5 %
Other (income) expense	276,823	6.8 %	—	63	—	12,724	246,983	7,230	9,823	0.2 %
Income before income taxes	\$ 433,989	10.6 %	\$ (78,865)	\$ (3,152)	\$ (933)	\$ (12,724)	\$ (246,983)	\$ (20,057)	\$ 796,703	19.5 %

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 March 31,	
(Amounts in dollars)	<u>2022</u>	<u>2021*</u>
Earnings per diluted share	\$ 2.67	\$ 3.60
Adjustments:		
Acquired intangible asset amortization expense	0.61	0.62
Business realignment charges	0.02	0.04
Integration costs to achieve	0.01	0.02
Acquisition-related expenses	0.10	—
Loss on deal-contingent forward contracts	1.89	—
Russia liquidation	0.15	—
Tax effect of adjustments ¹	<u>(0.62)</u>	<u>(0.16)</u>
Adjusted earnings per diluted share	\$ 4.83	\$ 4.12

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 March 31, 2022		Three Months Ended March 31, 2021	
	Operating income	Operating margin	Operating income	Operating margin
Total segment operating income	\$ 831,489	20.3 %	\$ 713,319	19.0 %
Adjustments:				
Acquired intangible asset amortization expense	78,865		81,253	
Business realignment charges	3,089		5,445	
Integration costs to achieve	933		2,655	
Russia liquidation	12,827		—	
Adjusted total segment operating income	\$ 927,203	22.7 %	\$ 802,672	21.4 %

Reconciliation of EBITDA to Adjusted EBITDA

(Unaudited) (Dollars in thousands)	Three Months Ended March 31,		Nine Months Ended March 31,
	2022	2021*	2022
Net sales	\$ 4,086,387	\$ 3,746,326	\$ 11,673,776
Net income	\$ 348,088	\$ 473,239	\$ 1,187,280
Income taxes	85,901	126,101	308,778
Depreciation	63,832	69,295	194,945
Amortization	78,865	81,253	237,377
Interest expense	63,272	60,830	183,982
EBITDA	639,958	810,718	2,112,362
Adjustments:			
Business realignment charges	3,152	5,602	9,811
Integration costs to achieve	933	2,655	2,942
Acquisition-related expenses	12,724	—	84,065
Loss on deal-contingent forward contracts	246,983	—	396,365
Russia liquidation	20,057	—	20,057
Adjusted EBITDA	\$ 923,807	\$ 818,975	\$ 2,625,602
EBITDA margin	15.7 %	21.6 %	18.1 %
Adjusted EBITDA margin	22.6 %	21.9 %	22.5 %

*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>Nine Months Ended March 31, 2022</u>	<u>Nine Months Ended March 31, 2021*</u>
Net income	\$ 1,187,280	\$ 1,241,892
Cash flow from operations	\$ 1,548,438	\$ 1,881,405
Capital Expenditures	(158,864)	(136,064)
Free cash flow	<u>\$ 1,389,574</u>	<u>\$ 1,745,341</u>
Free cash flow conversion (free cash flow / net income)	117 %	141 %

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

Reconciliation of Adjusted Net Debt to EBITDA

(Unaudited)	
(Dollars in thousands)	
	March 31, 2022
Notes payable and long-term debt payable within one year	\$ 1,923,860
Long-term debt	6,229,654
Add: Deferred debt issuance costs	56,021
Total gross debt	<u>\$ 8,209,535</u>
Cash and cash equivalents	\$ 467,711
Marketable securities and other investments	38,561
Restricted cash (within Prepaid expenses and other)	2,487,446
Adjusted total cash	<u>\$ 2,993,718</u>
Adjusted net debt (Gross debt less adjusted total cash)	\$ 5,215,817
TTM EBITDA	<u>\$ 2,975,753</u>
Adjusted net debt/TTM EBITDA	<u><u>1.8</u></u>

Supplemental Sales Information

Global Technology Platforms

(Unaudited) (Dollars in thousands)	Three Months Ended March 31,		Nine Months Ended March 31,	
	2022	2021	2022	2021
Net sales				
Diversified Industrial:				
Motion Systems	\$ 895,839	\$ 820,514	\$ 2,568,166	\$ 2,197,971
Flow and Process Control	1,197,590	1,081,570	3,386,417	2,955,643
Filtration and Engineered Materials	1,360,643	1,245,298	3,875,843	3,477,632
Aerospace Systems	632,315	598,944	1,843,350	1,757,525
Total	\$ 4,086,387	\$ 3,746,326	\$ 11,673,776	\$ 10,388,771

Reconciliation of EPS

Fiscal Year 2022 Guidance

(Unaudited)	
(Amounts in dollars)	
	<u>Fiscal Year 2022</u>
Forecasted earnings per diluted share	\$13.00 to \$13.30
Adjustments:	
Business realignment charges	0.15
Costs to achieve	0.04
Acquisition-related intangible asset amortization expense	2.43
Acquisition-related expenses	0.64
Loss on deal-contingent forward contracts	3.04
Russia Liquidation	0.15
Tax effect of adjustments ¹	<u>(1.45)</u>
Adjusted forecasted earnings per diluted share	<u>\$18.00 to \$18.30</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.