

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

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
**For the quarterly period ended DECEMBER 31, 2025**

**OR**  
☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
**For the transition period from \_\_\_\_ to \_\_\_\_**

**Commission file number 1-2299**

**APPLIED INDUSTRIAL TECHNOLOGIES, INC.**  
**(Exact name of registrant as specified in its charter)**

**Ohio**  
(State or other jurisdiction of  
incorporation or organization)

**34-0117420**  
(I.R.S. Employer  
Identification Number)

**One Applied Plaza**                      **Cleveland**                      **Ohio**  
(Address of principal executive offices)

**44115**  
(Zip Code)

**(216) 426-4000**  
Registrant's telephone number, including area code

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

| Title of each class             | Trading Symbol | Name of each exchange on which registered |
|---------------------------------|----------------|-------------------------------------------|
| Common Stock, without par value | AIT            | 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. (Check one):

|                         |                                     |                           |                          |
|-------------------------|-------------------------------------|---------------------------|--------------------------|
| Large accelerated filer | <input checked="" type="checkbox"/> | Accelerated filer         | <input type="checkbox"/> |
| Non-accelerated filer   | <input type="checkbox"/>            | Smaller reporting company | <input type="checkbox"/> |
|                         |                                     | Emerging growth company   | <input type="checkbox"/> |

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 Act).    Yes ☐    No ☒

There were 37,302,440 (no par value) shares of common stock outstanding on January 16, 2026.

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APPLIED INDUSTRIAL TECHNOLOGIES, INC. AND SUBSIDIARIES

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PART I: FINANCIAL INFORMATION

ITEM I: FINANCIAL STATEMENTS

**APPLIED INDUSTRIAL TECHNOLOGIES, INC. AND SUBSIDIARIES**

**CONDENSED STATEMENTS OF CONSOLIDATED INCOME**

(Unaudited)

(In thousands, except per share amounts)

|                                                                          | Three Months Ended<br>December 31, |              | Six Months Ended<br>December 31, |              |
|--------------------------------------------------------------------------|------------------------------------|--------------|----------------------------------|--------------|
|                                                                          | 2025                               | 2024         | 2025                             | 2024         |
| Net sales                                                                | \$ 1,163,023                       | \$ 1,073,001 | \$ 2,362,546                     | \$ 2,171,945 |
| Cost of sales                                                            | 809,689                            | 744,951      | 1,647,783                        | 1,518,813    |
| Gross profit                                                             | 353,334                            | 328,050      | 714,763                          | 653,132      |
| Selling, distribution and administrative expense, including depreciation | 230,125                            | 207,180      | 462,524                          | 419,090      |
| Operating income                                                         | 123,209                            | 120,870      | 252,239                          | 234,042      |
| Interest expense (income), net                                           | 942                                | (936)        | 1,935                            | (1,563)      |
| Other income, net                                                        | (505)                              | (755)        | (1,053)                          | (3,036)      |
| Income before income taxes                                               | 122,772                            | 122,561      | 251,357                          | 238,641      |
| Income tax expense                                                       | 27,423                             | 29,271       | 55,201                           | 53,288       |
| Net income                                                               | \$ 95,349                          | \$ 93,290    | \$ 196,156                       | \$ 185,353   |
| Net income per share - basic                                             | \$ 2.54                            | \$ 2.43      | \$ 5.21                          | \$ 4.83      |
| Net income per share - diluted                                           | \$ 2.51                            | \$ 2.39      | \$ 5.14                          | \$ 4.76      |
| Weighted average common shares outstanding for basic computation         | 37,595                             | 38,427       | 37,676                           | 38,413       |
| Dilutive effect of potential common shares                               | 460                                | 536          | 485                              | 543          |
| Weighted average common shares outstanding for diluted computation       | 38,055                             | 38,963       | 38,161                           | 38,956       |

See notes to condensed consolidated financial statements.

**APPLIED INDUSTRIAL TECHNOLOGIES, INC. AND SUBSIDIARIES**  
**CONDENSED STATEMENTS OF CONSOLIDATED COMPREHENSIVE INCOME**  
(Unaudited)  
(In thousands)

|                                                                                                                                        | Three Months Ended<br>December 31, |                  | Six Months Ended<br>December 31, |                   |
|----------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|------------------|----------------------------------|-------------------|
|                                                                                                                                        | 2025                               | 2024             | 2025                             | 2024              |
| Net income per the condensed statements of consolidated income                                                                         | \$ 95,349                          | \$ 93,290        | \$ 196,156                       | \$ 185,353        |
| Other comprehensive income (loss), before tax:                                                                                         |                                    |                  |                                  |                   |
| Foreign currency translation adjustments                                                                                               | 3,777                              | (18,594)         | 4,586                            | (20,860)          |
| Post-employment benefits:                                                                                                              |                                    |                  |                                  |                   |
| Reclassification of net actuarial gains and prior service cost, net, into other income, net and included in net periodic pension costs | 2                                  | (8)              | 6                                | (13)              |
| Unrealized gain (loss) on cash flow hedge                                                                                              | 74                                 | 3,188            | 262                              | (971)             |
| Reclassification of interest from cash flow hedge into interest expense (income), net                                                  | (3,419)                            | (4,091)          | (7,153)                          | (8,782)           |
| Total other comprehensive income (loss), before tax                                                                                    | 434                                | (19,505)         | (2,299)                          | (30,626)          |
| Income tax benefit related to items of other comprehensive loss                                                                        | (810)                              | (179)            | (1,654)                          | (2,358)           |
| Other comprehensive income (loss), net of tax                                                                                          | 1,244                              | (19,326)         | (645)                            | (28,268)          |
| Comprehensive income, net of tax                                                                                                       | <u>\$ 96,593</u>                   | <u>\$ 73,964</u> | <u>\$ 195,511</u>                | <u>\$ 157,085</u> |

See notes to condensed consolidated financial statements.

APPLIED INDUSTRIAL TECHNOLOGIES, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(Unaudited)  
(In thousands)

|                                                                                   | December 31,<br>2025 | June 30,<br>2025    |
|-----------------------------------------------------------------------------------|----------------------|---------------------|
| <b>ASSETS</b>                                                                     |                      |                     |
| Current assets                                                                    |                      |                     |
| Cash and cash equivalents                                                         | \$ 405,986           | \$ 388,417          |
| Accounts receivable, net                                                          | 706,902              | 769,699             |
| Inventories                                                                       | 529,003              | 505,337             |
| Other current assets                                                              | 106,568              | 84,020              |
| Total current assets                                                              | 1,748,459            | 1,747,473           |
| Property, less accumulated depreciation of \$265,192 and \$256,016                | 129,531              | 128,154             |
| Operating lease assets, net                                                       | 181,831              | 188,654             |
| Identifiable intangibles, net                                                     | 328,787              | 348,600             |
| Goodwill                                                                          | 701,422              | 699,374             |
| Other assets                                                                      | 69,292               | 63,289              |
| <b>TOTAL ASSETS</b>                                                               | <b>\$ 3,159,322</b>  | <b>\$ 3,175,544</b> |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>                                       |                      |                     |
| Current liabilities                                                               |                      |                     |
| Accounts payable                                                                  | \$ 258,235           | \$ 280,124          |
| Compensation and related benefits                                                 | 84,396               | 99,630              |
| Other current liabilities                                                         | 132,851              | 146,397             |
| Total current liabilities                                                         | 475,482              | 526,151             |
| Long-term debt                                                                    | 572,300              | 572,300             |
| Other liabilities                                                                 | 237,132              | 232,573             |
| <b>TOTAL LIABILITIES</b>                                                          | <b>1,284,914</b>     | <b>1,331,024</b>    |
| Shareholders' equity                                                              |                      |                     |
| Preferred stock—no par value; 2,500 shares authorized; none issued or outstanding | —                    | —                   |
| Common stock—no par value; 80,000 shares authorized; 54,213 shares issued         | 10,000               | 10,000              |
| Additional paid-in capital                                                        | 200,168              | 198,970             |
| Retained earnings                                                                 | 2,626,827            | 2,447,931           |
| Treasury shares—at cost (16,829 and 16,345 shares, respectively)                  | (870,256)            | (720,695)           |
| Accumulated other comprehensive loss                                              | (92,331)             | (91,686)            |
| <b>TOTAL SHAREHOLDERS' EQUITY</b>                                                 | <b>1,874,408</b>     | <b>1,844,520</b>    |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>                                 | <b>\$ 3,159,322</b>  | <b>\$ 3,175,544</b> |

See notes to condensed consolidated financial statements.

APPLIED INDUSTRIAL TECHNOLOGIES, INC. AND SUBSIDIARIES  
CONDENSED STATEMENTS OF CONSOLIDATED CASH FLOWS  
(Unaudited)  
(In thousands)

|                                                                                   | Six Months Ended<br>December 31, |            |
|-----------------------------------------------------------------------------------|----------------------------------|------------|
|                                                                                   | 2025                             | 2024       |
| Cash Flows from Operating Activities                                              |                                  |            |
| Net income                                                                        | \$ 196,156                       | \$ 185,353 |
| Adjustments to reconcile net income to net cash provided by operating activities: |                                  |            |
| Depreciation and amortization of property                                         | 13,076                           | 11,850     |
| Amortization of intangibles                                                       | 20,329                           | 15,167     |
| (Recovery of) provision for losses on accounts receivable                         | (240)                            | 3,605      |
| Amortization of stock appreciation rights                                         | 2,887                            | 2,453      |
| Other share-based compensation expense                                            | 3,280                            | 3,101      |
| Changes in operating assets and liabilities, net of acquisitions                  | (26,230)                         | 1,451      |
| Other, net                                                                        | 9,718                            | (96)       |
| Net Cash provided by Operating Activities                                         | 218,976                          | 222,884    |
| Cash Flows from Investing Activities                                              |                                  |            |
| Net cash paid for acquisitions, net of cash acquired                              | (2,425)                          | (273,142)  |
| Capital expenditures                                                              | (13,578)                         | (10,746)   |
| Proceeds from property sales                                                      | 642                              | 922        |
| Net Cash used in Investing Activities                                             | (15,361)                         | (282,966)  |
| Cash Flows from Financing Activities                                              |                                  |            |
| Long-term debt repayments                                                         | —                                | (25,106)   |
| Interest rate swap settlement receipts                                            | 5,083                            | 6,797      |
| Payment of debt issuance costs                                                    | (1,611)                          | —          |
| Purchases of treasury shares                                                      | (143,401)                        | (30,084)   |
| Dividends paid                                                                    | (34,723)                         | (28,469)   |
| Acquisition holdback payments                                                     | (1,210)                          | (1,210)    |
| Exercise of stock appreciation rights and options                                 | (1)                              | —          |
| Taxes paid for shares withheld                                                    | (11,191)                         | (13,037)   |
| Net Cash used in Financing Activities                                             | (187,054)                        | (91,109)   |
| Effect of Exchange Rate Changes on Cash                                           | 1,008                            | (5,985)    |
| Increase (Decrease) in Cash and Cash Equivalents                                  | 17,569                           | (157,176)  |
| Cash and Cash Equivalents at Beginning of Period                                  | 388,417                          | 460,617    |
| Cash and Cash Equivalents at End of Period                                        | \$ 405,986                       | \$ 303,441 |

See notes to condensed consolidated financial statements.

**APPLIED INDUSTRIAL TECHNOLOGIES, INC. AND SUBSIDIARIES**  
**CONDENSED STATEMENTS OF SHAREHOLDERS' EQUITY**  
(Unaudited)  
(In thousands)

| For the Period Ended<br>December 31, 2025        | Shares of<br>Common<br>Stock<br>Outstanding | Common<br>Stock | Additional<br>Paid-In<br>Capital | Retained<br>Earnings | Treasury<br>Shares-<br>at Cost | Accumulated<br>Other<br>Comprehensive<br>Income (Loss) | Total<br>Shareholders'<br>Equity |
|--------------------------------------------------|---------------------------------------------|-----------------|----------------------------------|----------------------|--------------------------------|--------------------------------------------------------|----------------------------------|
| Balance at June 30, 2025                         | 37,868                                      | \$ 10,000       | \$ 198,970                       | \$ 2,447,931         | \$ (720,695)                   | \$ (91,686)                                            | \$ 1,844,520                     |
| Net income                                       |                                             |                 |                                  | 100,807              |                                |                                                        | 100,807                          |
| Other comprehensive loss                         |                                             |                 |                                  |                      |                                | (1,889)                                                | (1,889)                          |
| Purchases of common stock for treasury           | (204)                                       |                 |                                  |                      | (53,566)                       |                                                        | (53,566)                         |
| Treasury shares issued for:                      |                                             |                 |                                  |                      |                                |                                                        |                                  |
| Exercise of stock appreciation rights            | 15                                          |                 | (1,098)                          |                      | (1,270)                        |                                                        | (2,368)                          |
| Performance share awards                         | 25                                          |                 | (1,942)                          |                      | (2,905)                        |                                                        | (4,847)                          |
| Restricted stock units                           | 14                                          |                 | (1,013)                          |                      | (1,132)                        |                                                        | (2,145)                          |
| Compensation expense — stock appreciation rights |                                             |                 | 1,494                            |                      |                                |                                                        | 1,494                            |
| Other share-based compensation expense           |                                             |                 | 1,831                            |                      |                                |                                                        | 1,831                            |
| Other                                            |                                             |                 | (1)                              | 53                   | (134)                          |                                                        | (82)                             |
| Balance at September 30, 2025                    | 37,718                                      | \$ 10,000       | \$ 198,241                       | \$ 2,548,791         | \$ (779,702)                   | \$ (93,575)                                            | \$ 1,883,755                     |
| Net income                                       |                                             |                 |                                  | 95,349               |                                |                                                        | 95,349                           |
| Other comprehensive income                       |                                             |                 |                                  |                      |                                | 1,244                                                  | 1,244                            |
| Cash dividends — \$0.46 per share                |                                             |                 |                                  | (17,306)             |                                |                                                        | (17,306)                         |
| Purchases of common stock for treasury           | (347)                                       |                 |                                  |                      | (89,807)                       |                                                        | (89,807)                         |
| Treasury shares issued for:                      |                                             |                 |                                  |                      |                                |                                                        |                                  |
| Exercise of stock appreciation rights            | 13                                          |                 | (897)                            |                      | (764)                          |                                                        | (1,661)                          |
| Restricted stock units                           | 1                                           |                 | (19)                             |                      | 19                             |                                                        | —                                |
| Compensation expense — stock appreciation rights |                                             |                 | 1,393                            |                      |                                |                                                        | 1,393                            |
| Other share-based compensation expense           |                                             |                 | 1,449                            |                      |                                |                                                        | 1,449                            |
| Other                                            | (1)                                         |                 | 1                                | (7)                  | (2)                            |                                                        | (8)                              |
| Balance at December 31, 2025                     | 37,384                                      | \$ 10,000       | \$ 200,168                       | \$ 2,626,827         | \$ (870,256)                   | \$ (92,331)                                            | \$ 1,874,408                     |

See notes to condensed consolidated financial statements.

**APPLIED INDUSTRIAL TECHNOLOGIES, INC. AND SUBSIDIARIES**  
**CONDENSED STATEMENTS OF SHAREHOLDERS' EQUITY**  
(Unaudited)  
(In thousands)

| For the Period Ended<br>December 31, 2024        | Shares of<br>Common Stock<br>Outstanding | Common<br>Stock | Additional<br>Paid-In<br>Capital | Retained<br>Earnings | Treasury<br>Shares-<br>at Cost | Accumulated Other<br>Comprehensive<br>Income (Loss) | Total<br>Shareholders'<br>Equity |
|--------------------------------------------------|------------------------------------------|-----------------|----------------------------------|----------------------|--------------------------------|-----------------------------------------------------|----------------------------------|
| Balance at June 30, 2024                         | 38,409                                   | \$ 10,000       | \$ 193,778                       | \$ 2,121,838         | \$ (559,269)                   | \$ (77,566)                                         | \$ 1,688,781                     |
| Net income                                       |                                          |                 |                                  | 92,063               |                                |                                                     | 92,063                           |
| Other comprehensive loss                         |                                          |                 |                                  |                      |                                | (8,942)                                             | (8,942)                          |
| Cash dividends — \$0.37 per share                |                                          |                 |                                  | (9)                  |                                |                                                     | (9)                              |
| Purchases of common stock for treasury           | (52)                                     |                 |                                  |                      | (10,479)                       |                                                     | (10,479)                         |
| Treasury shares issued for:                      |                                          |                 |                                  |                      |                                |                                                     |                                  |
| Exercise of stock appreciation rights            | 19                                       |                 | (1,106)                          |                      | (1,339)                        |                                                     | (2,445)                          |
| Performance share awards                         | 34                                       |                 | (2,213)                          |                      | (3,294)                        |                                                     | (5,507)                          |
| Restricted stock units                           | 37                                       |                 | (2,123)                          |                      | (2,136)                        |                                                     | (4,259)                          |
| Compensation expense — stock appreciation rights |                                          |                 | 1,326                            |                      |                                |                                                     | 1,326                            |
| Other share-based compensation expense           |                                          |                 | 1,675                            |                      |                                |                                                     | 1,675                            |
| Other                                            | (1)                                      |                 | (12)                             | (24)                 | (91)                           |                                                     | (127)                            |
| Balance at September 30, 2024                    | 38,446                                   | \$ 10,000       | \$ 191,325                       | \$ 2,213,868         | \$ (576,608)                   | \$ (86,508)                                         | \$ 1,752,077                     |
| Net income                                       |                                          |                 |                                  | 93,290               |                                |                                                     | 93,290                           |
| Other comprehensive loss                         |                                          |                 |                                  |                      |                                | (19,326)                                            | (19,326)                         |
| Cash dividends — \$0.37 per share                |                                          |                 |                                  | (14,253)             |                                |                                                     | (14,253)                         |
| Purchases of common stock for treasury           | (75)                                     |                 |                                  |                      | (20,103)                       |                                                     | (20,103)                         |
| Treasury shares issued for:                      |                                          |                 |                                  |                      |                                |                                                     |                                  |
| Exercise of stock appreciation rights            | 6                                        |                 | (321)                            |                      | (402)                          |                                                     | (723)                            |
| Compensation expense — stock appreciation rights |                                          |                 | 1,127                            |                      |                                |                                                     | 1,127                            |
| Other share-based compensation expense           |                                          |                 | 1,426                            |                      |                                |                                                     | 1,426                            |
| Other                                            |                                          |                 |                                  | (3)                  |                                |                                                     | (3)                              |
| Balance at December 31, 2024                     | 38,377                                   | \$ 10,000       | \$ 193,557                       | \$ 2,292,902         | \$ (597,113)                   | \$ (105,834)                                        | \$ 1,793,512                     |

See notes to condensed consolidated financial statements.

**APPLIED INDUSTRIAL TECHNOLOGIES, INC. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(Amounts in thousands, except per share amounts) (Unaudited)

## 1. BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) for interim financial information and with the instructions to Form 10-Q and Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation of the financial position of Applied Industrial Technologies, Inc. (the "Company", or "Applied") as of December 31, 2025, and the results of its operations and its cash flows for the six month periods ended December 31, 2025 and 2024, have been included. The condensed consolidated balance sheet as of June 30, 2025 has been derived from the audited consolidated financial statements at that date. This Quarterly Report on Form 10-Q should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended June 30, 2025.

Operating results for the six-month period ended December 31, 2025 are not necessarily indicative of the results that may be expected for the remainder of the fiscal year ending June 30, 2026.

### Inventory

Inventories are valued at average cost, using the last-in, first-out (LIFO) method for U.S. inventories. An actual valuation of inventory under the LIFO method can be made only at the end of each year based on the inventory levels and costs at that time. Accordingly, interim LIFO calculations are based on management's estimates of expected year-end inventory levels and costs and are subject to the final year-end LIFO inventory determination. LIFO expense of \$6,933 and \$667 in the three months ended December 31, 2025 and 2024, respectively, and \$9,555 and \$2,643 in the six months ended December 31, 2025 and 2024, respectively, is recorded in cost of sales in the condensed statements of consolidated income.

### Reportable Segments

The Company's reportable segments are: Service Center and Engineered Solutions. These reportable segments contain the Company's various operating segments which are aggregated based upon similar economic and operating characteristics. The Service Center segment operates through local service centers and distribution centers with a focus on providing products and services addressing the maintenance and repair of motion control infrastructure and production equipment. Products primarily include industrial bearings, motors, belting, drives, couplings, pumps, linear motion products, hydraulic and pneumatic components, filtration supplies, and hoses, as well as other related supplies for general operational needs of customers' machinery and equipment. The Engineered Solutions segment includes our operations that specialize in distributing, engineering, designing, integrating, and repairing hydraulic and pneumatic fluid power technologies; engineered flow control products and services; and advanced automation solutions including machine vision, robotics, motion control, and smart technologies. See Note 9 for further details.

### Recently Issued Accounting Guidance

In December 2025, the Financial Accounting Standards Board ("FASB") issued its final Accounting Standard Update ("ASU") which makes improvements to the Accounting Standards Codification ("ASC") in response to feedback from stakeholders. This standard, issued as ASU 2025-12, specifically updates the Codification for a broad range of Topics arising from technical corrections, unintended application of the Codification, clarifications, and other minor improvements. This update is effective for annual reporting periods beginning after December 15, 2026, including interim reporting periods within those annual reporting periods. The Company is currently evaluating the effect of this guidance on its financial statements and related disclosures.

In December 2025, the FASB issued its final ASU which amends and clarifies the interim disclosure requirements associated with ASC Topic 270 - *Interim Reporting*. This standard, issued as ASU 2025-11, provides clarity about current requirements to help entities determine whether disclosures not specified in ASC 270 should be provided in interim reporting periods. This update is effective for interim reporting periods beginning after December 15, 2027. The Company is currently evaluating the effect of this guidance on its financial statements and related disclosures.

In September 2025, the FASB issued its final ASU which amends certain aspects of existing guidance on the accounting for and disclosure of software costs. This standard, issued as ASU 2025-06, removes all references to project stages throughout existing accounting literature and clarifies the threshold entities apply to begin capitalizing costs. This update is effective for annual periods beginning after December 15, 2027, and interim reporting periods within those annual periods. Early adoption is permitted as of the beginning of an annual period. The Company is currently evaluating the effect of this guidance on its financial statements and related disclosures.

**APPLIED INDUSTRIAL TECHNOLOGIES, INC. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(Amounts in thousands, except per share amounts) (Unaudited)

In July 2025, the FASB issued its final standard which amends the guidance on the measurement of credit losses for accounts receivable and contract assets. This standard, issued as ASU 2025-05, provides a practical expedient to assume that current conditions as of the balance sheet date will persist through the reasonable and supportable forecast period for eligible assets. Entities will still be required to adjust historical data used in the estimation of expected credit losses to reflect current conditions. The amendments will be effective for annual periods beginning after December 15, 2025, and interim reporting periods within those annual periods. Early adoption is permitted in both interim and annual reporting periods in which financial statements have not yet been issued or made available for issuance. The Company is currently evaluating the effect of this guidance on its financial statements and related disclosures.

In November 2024, the FASB issued its final standard on the Disaggregation of Income Statement Expenses (DISE). This standard, issued as ASU 2024-03, requires disclosures about specific types of expenses included in the expense captions presented on the face of the income statement as well as disclosures about selling expenses. This update is effective for annual periods beginning after December 15, 2026, and interim periods within annual periods beginning after December 15, 2027. The requirements can be applied prospectively with the option for retrospective application. The Company is currently evaluating the effect of this guidance on its financial statements and related disclosures.

In December 2023, the FASB issued its final standard to improve income tax disclosures. This standard, issued as ASU 2023-09, requires public business entities to annually disclose specific categories in the income tax rate reconciliation and provide additional information for reconciling items that meet a quantitative threshold. This update is effective for annual periods beginning after December 15, 2024. The Company is currently evaluating the impact of this guidance on its financial statements and related disclosures and expects the standard will only impact its income taxes disclosures with no material effect to the consolidated financial statements.

## 2. REVENUE RECOGNITION

### Disaggregation of Revenues

The following tables present the Company's net sales by reportable segment and by geographic areas based on the location of the facility shipping the product for the three and six months ended December 31, 2025 and 2024. Other countries consist of Mexico, Australia, New Zealand, Singapore, and Costa Rica.

| Three Months Ended December 31, |                      |                   |                     |                      |                   |                     |
|---------------------------------|----------------------|-------------------|---------------------|----------------------|-------------------|---------------------|
| 2025                            |                      |                   | 2024                |                      |                   |                     |
| Service Center                  | Engineered Solutions | Total             | Service Center      | Engineered Solutions | Total             |                     |
| <b>Geographic Areas:</b>        |                      |                   |                     |                      |                   |                     |
| United States                   | \$ 625,157           | \$ 398,893        | \$ 1,024,050        | \$ 599,801           | \$ 329,748        | \$ 929,549          |
| Canada                          | 74,528               | —                 | 74,528              | 77,777               | —                 | 77,777              |
| Other countries                 | 47,638               | 16,807            | 64,445              | 46,249               | 19,426            | 65,675              |
| <b>Total</b>                    | <b>\$ 747,323</b>    | <b>\$ 415,700</b> | <b>\$ 1,163,023</b> | <b>\$ 723,827</b>    | <b>\$ 349,174</b> | <b>\$ 1,073,001</b> |

| Six Months Ended December 31, |                      |                   |                     |                      |                   |                     |
|-------------------------------|----------------------|-------------------|---------------------|----------------------|-------------------|---------------------|
| 2025                          |                      |                   | 2024                |                      |                   |                     |
| Service Center                | Engineered Solutions | Total             | Service Center      | Engineered Solutions | Total             |                     |
| <b>Geographic Areas:</b>      |                      |                   |                     |                      |                   |                     |
| United States                 | \$ 1,281,961         | \$ 798,576        | \$ 2,080,537        | \$ 1,225,483         | \$ 661,299        | \$ 1,886,782        |
| Canada                        | 149,845              | —                 | 149,845             | 149,253              | —                 | 149,253             |
| Other countries               | 97,991               | 34,173            | 132,164             | 98,830               | 37,080            | 135,910             |
| <b>Total</b>                  | <b>\$ 1,529,797</b>  | <b>\$ 832,749</b> | <b>\$ 2,362,546</b> | <b>\$ 1,473,566</b>  | <b>\$ 698,379</b> | <b>\$ 2,171,945</b> |

The following tables present the Company's percentage of revenue by reportable segment and major customer industry for the three and six months ended December 31, 2025 and 2024:

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| Three Months Ended December 31, |                |                      |         |                |                      |         |
|---------------------------------|----------------|----------------------|---------|----------------|----------------------|---------|
|                                 | 2025           |                      |         | 2024           |                      |         |
|                                 | Service Center | Engineered Solutions | Total   | Service Center | Engineered Solutions | Total   |
| General Industry                | 34.6 %         | 44.7 %               | 38.1 %  | 34.6 %         | 36.6 %               | 35.4 %  |
| Industrial Machinery            | 7.9 %          | 24.7 %               | 13.9 %  | 8.0 %          | 23.0 %               | 12.8 %  |
| Food                            | 15.5 %         | 3.1 %                | 11.1 %  | 15.2 %         | 3.9 %                | 11.5 %  |
| Metals                          | 11.7 %         | 5.6 %                | 9.5 %   | 10.9 %         | 8.3 %                | 10.0 %  |
| Forest Products                 | 11.3 %         | 2.1 %                | 8.0 %   | 12.0 %         | 3.5 %                | 9.2 %   |
| Chem/Petrochem                  | 2.5 %          | 11.8 %               | 5.9 %   | 2.9 %          | 17.0 %               | 7.5 %   |
| Cement & Aggregate              | 8.2 %          | 1.4 %                | 5.8 %   | 7.9 %          | 1.6 %                | 5.9 %   |
| Transportation                  | 3.5 %          | 4.9 %                | 4.0 %   | 3.5 %          | 4.1 %                | 3.7 %   |
| Oil & Gas                       | 4.8 %          | 1.7 %                | 3.7 %   | 5.0 %          | 2.0 %                | 4.0 %   |
| Total                           | 100.0 %        | 100.0 %              | 100.0 % | 100.0 %        | 100.0 %              | 100.0 % |

| Six Months Ended December 31, |                |                      |         |                |                      |         |
|-------------------------------|----------------|----------------------|---------|----------------|----------------------|---------|
|                               | 2025           |                      |         | 2024           |                      |         |
|                               | Service Center | Engineered Solutions | Total   | Service Center | Engineered Solutions | Total   |
| General Industry              | 34.4 %         | 43.3 %               | 37.5 %  | 34.8 %         | 37.8 %               | 35.8 %  |
| Industrial Machinery          | 7.9 %          | 25.1 %               | 14.0 %  | 8.0 %          | 22.8 %               | 12.7 %  |
| Food                          | 15.7 %         | 3.0 %                | 11.2 %  | 15.3 %         | 3.5 %                | 11.5 %  |
| Metals                        | 11.6 %         | 6.4 %                | 9.8 %   | 11.1 %         | 8.2 %                | 10.2 %  |
| Forest Products               | 11.6 %         | 2.1 %                | 8.2 %   | 11.9 %         | 3.4 %                | 9.2 %   |
| Chem/Petrochem                | 2.6 %          | 11.6 %               | 5.8 %   | 2.9 %          | 16.6 %               | 7.2 %   |
| Cement & Aggregate            | 7.9 %          | 1.3 %                | 5.6 %   | 7.6 %          | 1.4 %                | 5.7 %   |
| Transportation                | 3.5 %          | 5.2 %                | 4.1 %   | 3.7 %          | 4.4 %                | 3.9 %   |
| Oil & Gas                     | 4.8 %          | 2.0 %                | 3.8 %   | 4.7 %          | 1.9 %                | 3.8 %   |
| Total                         | 100.0 %        | 100.0 %              | 100.0 % | 100.0 %        | 100.0 %              | 100.0 % |

The following tables present the Company's percentage of revenue by reportable segment and product line for the three and six months ended December 31, 2025 and 2024:

| Three Months Ended December 31, |                |                      |         |                |                      |         |
|---------------------------------|----------------|----------------------|---------|----------------|----------------------|---------|
|                                 | 2025           |                      |         | 2024           |                      |         |
|                                 | Service Center | Engineered Solutions | Total   | Service Center | Engineered Solutions | Total   |
| Power Transmission              | 38.1 %         | 8.5 %                | 27.5 %  | 38.0 %         | 10.6 %               | 29.2 %  |
| General MRO & Other             | 22.6 %         | 25.9 %               | 23.8 %  | 22.6 %         | 21.5 %               | 22.1 %  |
| Fluid Power                     | 14.4 %         | 35.3 %               | 21.8 %  | 14.2 %         | 32.0 %               | 20.0 %  |
| Bearings, Linear & Seals        | 24.9 %         | 1.5 %                | 16.6 %  | 25.2 %         | 0.4 %                | 17.2 %  |
| Specialty Flow Control          | — %            | 28.8 %               | 10.3 %  | — %            | 35.5 %               | 11.5 %  |
| Total                           | 100.0 %        | 100.0 %              | 100.0 % | 100.0 %        | 100.0 %              | 100.0 % |

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| Six Months Ended December 31, |                |                      |         |                |                      |         |
|-------------------------------|----------------|----------------------|---------|----------------|----------------------|---------|
| 2025                          |                |                      | 2024    |                |                      |         |
|                               | Service Center | Engineered Solutions | Total   | Service Center | Engineered Solutions | Total   |
| Power Transmission            | 37.8 %         | 8.5 %                | 27.5 %  | 38.0 %         | 10.8 %               | 29.4 %  |
| General MRO & Other           | 22.5 %         | 25.5 %               | 23.5 %  | 22.3 %         | 19.9 %               | 21.5 %  |
| Fluid Power                   | 14.3 %         | 36.5 %               | 22.1 %  | 14.1 %         | 32.9 %               | 20.0 %  |
| Bearings, Linear & Seals      | 25.4 %         | 0.9 %                | 16.8 %  | 25.6 %         | 0.4 %                | 17.7 %  |
| Specialty Flow Control        | — %            | 28.6 %               | 10.1 %  | — %            | 36.0 %               | 11.4 %  |
| Total                         | 100.0 %        | 100.0 %              | 100.0 % | 100.0 %        | 100.0 %              | 100.0 % |

#### Contract Assets and Liabilities

Depending on the terms of the contracts with certain customers, the Company may receive payments from customers before the goods or services are delivered, typically as down payments for products to be delivered in the future. These amounts are recorded as contract liabilities (deferred revenue), as the performance obligations have not yet been satisfied. The Company's contract assets consist of unbilled amounts resulting from contracts for which revenue is recognized over time using the cost-to-cost method, and for which revenue recognized exceeds the amount billed to the customer.

Activity related to contract assets and contract liabilities, which are included in other current assets and other current liabilities on the condensed consolidated balance sheet, is as follows:

|                      | December 31, 2025 | June 30, 2025 | \$ Change | % Change |
|----------------------|-------------------|---------------|-----------|----------|
| Contract assets      | \$ 15,074         | \$ 11,659     | \$ 3,415  | 29.3 %   |
| Contract liabilities | 35,297            | 29,244        | 6,053     | 20.7 %   |

The change in balances noted above of the Company's contract assets primarily results from the timing difference between the Company's performance and when the customer is billed.

### 3. BUSINESS COMBINATIONS

The operating results of all acquired entities are included within the consolidated operating results of the Company from the date of each respective acquisition.

On January 17, 2026, the Company acquired substantially all the net assets of Thompson Industrial Supply, a California based industrial distributor, for \$9.0 million, which will be included in the Service Center segment.

#### Hydradyne Acquisition

On December 31, 2024, the Company acquired all the membership interests of Hydradyne, LLC (Hydradyne), a Dallas, Texas based provider of fluid power solutions and value-added services including product offerings in hydraulics, pneumatics, electromechanical, instrumentation, filtration and fluid conveyance. The purchase price is \$282,136, which was funded using available cash. Hydradyne is included in the Engineered Solutions segment.

The following table summarizes the assets acquired and liabilities assumed in connection with this acquisition based on their estimated fair values at the acquisition date.

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|                                          | Hydradyne Acquisition |
|------------------------------------------|-----------------------|
| Cash and cash equivalents                | \$ 13,146             |
| Accounts receivable                      | 42,436                |
| Inventories                              | 44,085                |
| Other current assets                     | 996                   |
| Property, net                            | 6,483                 |
| Operating lease assets                   | 52,257                |
| Identifiable intangible assets           | 126,050               |
| Goodwill                                 | 68,217                |
| Other assets                             | 111                   |
| Total assets acquired                    | \$ 353,781            |
| Accounts payable and accrued liabilities | 15,771                |
| Other current liabilities                | 4,546                 |
| Other liabilities                        | 51,328                |
| Net assets acquired                      | \$ 282,136            |

During the quarter ended December 31, 2025, the Company recorded purchase accounting working capital adjustments related to the Hydradyne acquisition, which decreased the fair value of net tangible assets acquired by \$872, and increased goodwill by \$872.

The acquired goodwill is expected to be deductible for income tax purposes.

Net sales and net income from the Hydradyne acquisition included in the Company's results are \$63,128 and \$3,581 for the three months ended December 31, 2025, and \$129,723 and \$7,934 for the six months ended December 31, 2025.

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The following unaudited pro forma consolidated results of operations are prepared as if the Hydradyne acquisition (including the related acquisition costs) occurred at the beginning of fiscal 2024:

|                              | Three Months Ended<br>December 31,<br>2024 | Six Months Ended<br>December 31,<br>2024 |
|------------------------------|--------------------------------------------|------------------------------------------|
| Pro forma                    |                                            |                                          |
| Sales                        | \$ 1,133,758                               | \$ 2,301,263                             |
| Net income                   | 95,520                                     | 189,609                                  |
| Diluted net income per share | \$ 2.45                                    | \$ 4.87                                  |

The pro forma amounts are calculated after applying the Company's accounting policies and adjusting the results to reflect additional amortization that would have been recorded assuming the fair value adjustments to identified intangible assets were applied as of July 1, 2023. Additional amortization of \$2,736 is included in the pro forma results for the three months ended December 31, 2024, and additional amortization of \$5,473 is included in the pro forma results for the six months December 31, 2024. In addition, pro forma adjustments of \$2,761 for the three months ended December 31, 2024 and of \$5,522 for the six months December 31, 2024 were made for interest income that would not have been earned as a result of the cash used for the acquisition. The pro forma net income amounts also incorporate an adjustment to the recorded income tax expense for the income tax effect of the pro forma adjustments described above. These pro forma results of operations do not include any anticipated synergies or other effects of the planned integration of Hydradyne; accordingly, such pro forma adjustments do not purport to be indicative of the results of operations that would have resulted had the acquisition occurred as of the date indicated or that may result in the future.

#### Other Fiscal 2025 Acquisitions

On May 1, 2025, the Company acquired substantially all the net assets of IRIS Factory Automation (IRIS), an Aurora, Illinois provider of automation products, services, and turn-key productized solutions focused on optimizing material handling and traceability workflows across production environments. IRIS is included in the Engineered Solutions segment. The purchase price for IRIS was \$14,696, net tangible assets acquired were \$145, identifiable intangible assets were \$7,810, and goodwill was \$6,741; the values are based upon preliminary estimated fair values at the acquisition date, which are subject to adjustment.

On August 1, 2024, the Company acquired substantially all the net assets of Total Machine Solutions (TMS), a Fairfield, New Jersey based provider of electrical and mechanical power transmission products and solutions including bearings, drives, motors, conveyor components, and related repair services. TMS is included in the Service Center segment. The purchase price for TMS was \$6,025, net tangible assets acquired were \$1,115, identifiable intangible assets were \$2,738, and goodwill was \$2,172 based upon estimated fair values at the acquisition date.

On August 1, 2024, the Company acquired 100% of the outstanding shares of Stanley Proctor, a Twinsburg, Ohio based provider of hydraulic, pneumatic, measurement, control, and instrumentation components, as well as fluid power engineered systems. Stanley Proctor is included in the Engineered Solutions segment. The purchase price for Stanley Proctor was \$3,924, net tangible assets acquired were \$362, identifiable intangible assets were \$1,725, and goodwill was \$1,837 based upon estimated fair values at the acquisition date.

For all other fiscal 2025 acquisitions, the Company funded the acquisitions using available cash and the results of operations for the acquired entities are not material in relation to the Company's consolidated financial statements.

#### 4. GOODWILL AND INTANGIBLES

The changes in the carrying amount of goodwill for both the Service Center segment and the Engineered Solutions segment for the fiscal year ended June 30, 2025 and the six-month period ended December 31, 2025 are as follows:

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|                                       | Service Center | Engineered Solutions | Total      |
|---------------------------------------|----------------|----------------------|------------|
| Balance at June 30, 2024              | \$ 219,574     | \$ 399,821           | \$ 619,395 |
| Goodwill acquired during the year     | 2,262          | 77,847               | 80,109     |
| Other, primarily currency translation | (130)          | —                    | (130)      |
| Balance at June 30, 2025              | \$ 221,706     | \$ 477,668           | \$ 699,374 |
| Goodwill acquired during the period   | 507            | 1,238                | 1,745      |
| Other, primarily currency translation | 303            | —                    | 303        |
| Balance at December 31, 2025          | \$ 222,516     | \$ 478,906           | \$ 701,422 |

The Company has eight (8) reporting units for which an annual goodwill impairment assessment was performed as of January 1, 2025. Based on the assessment performed, the Company concluded that the fair value of all of the reporting units exceeded their carrying amount as of January 1, 2025, therefore no impairment exists.

At December 31, 2025 and June 30, 2025, accumulated goodwill impairment losses subsequent to fiscal 2002 totaled \$64,794 related to the Service Center segment and \$167,605 related to the Engineered Solutions segment.

The Company's identifiable intangible assets resulting from business combinations are amortized over their estimated period of benefit and consist of the following:

| December 31, 2025                      | Amount     | Accumulated Amortization | Net Book Value |
|----------------------------------------|------------|--------------------------|----------------|
| Finite-Lived Identifiable Intangibles: |            |                          |                |
| Customer relationships                 | \$ 511,352 | \$ 249,594               | \$ 261,758     |
| Trade names                            | 108,353    | 45,274                   | 63,079         |
| Other                                  | 6,902      | 2,952                    | 3,950          |
| Total Identifiable Intangibles         | \$ 626,607 | \$ 297,820               | \$ 328,787     |

| June 30, 2025                          | Amount     | Accumulated Amortization | Net Book Value |
|----------------------------------------|------------|--------------------------|----------------|
| Finite-Lived Identifiable Intangibles: |            |                          |                |
| Customer relationships                 | \$ 510,834 | \$ 233,392               | \$ 277,442     |
| Trade names                            | 108,344    | 41,585                   | 66,759         |
| Other                                  | 6,902      | 2,503                    | 4,399          |
| Total Identifiable Intangibles         | \$ 626,080 | \$ 277,480               | \$ 348,600     |

Amounts include the impact of foreign currency translation. Fully amortized finite-lived identifiable intangible assets are written off in the period when they become fully amortized.

During the six-month period ended December 31, 2025, the Company acquired identifiable intangible assets with a preliminary acquisition cost allocation and weighted-average life as follows:

|                        | Acquisition Cost Allocation | Weighted-Average life |
|------------------------|-----------------------------|-----------------------|
| Customer relationships | \$ 515                      | 20.0                  |

Identifiable intangible assets with finite lives are reviewed for impairment when changes in conditions indicate carrying value may not be recoverable.

Estimated future amortization expense by fiscal year (based on the Company's identifiable intangible assets as of December 31, 2025) for the next five years is as follows: \$19,300 for the remainder of 2026, \$37,000 for 2027, \$34,600 for 2028, \$32,500 for 2029, \$30,500 for 2030 and \$28,500 for 2031.

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## 5. DEBT

A summary of long-term debt, including the current portion, follows:

|                                          | December 31, 2025 | June 30, 2025     |
|------------------------------------------|-------------------|-------------------|
| Revolving credit facility                | \$ 384,000        | \$ 384,000        |
| Trade receivable securitization facility | 188,300           | 188,300           |
| Total debt                               | <u>\$ 572,300</u> | <u>\$ 572,300</u> |

### Revolving Credit Facility

In October 2025, the Company entered into a new five-year revolving credit facility with a group of banks to refinance the existing credit facility as well as provide funds for future acquisitions, ongoing working capital and other general corporate purposes. The revolving credit facility provides a \$900,000 unsecured revolving credit facility and an uncommitted accordion feature which allows the Company to request an increase in the borrowing commitments, or incremental term loans, under the credit facility in aggregate principal amounts of up to \$800,000. The new revolving credit facility also provides for a \$25,000 sublimit for swing line loans and a \$50,000 sublimit for letters of credit. Borrowings under this agreement bear interest, at the Company's election, at either the base rate plus a margin that ranges from 0 to 55 basis points based on the Company's net leverage ratio or Secured Overnight Financing Rate (SOFR) plus a margin that ranges from 80 to 155 basis points based on the Company's net leverage ratio. Borrowing capacity under this facility, without exercising the accordion feature, totaled \$515,748 at December 31, 2025 and is available to fund future acquisitions or other capital and operating requirements. This amount is net of outstanding letters of credit of \$252 at December 31, 2025 to secure certain insurance obligations. The interest rate on the revolving credit facility was 4.52% as of December 31, 2025.

The new credit facility replaced the Company's previous credit facility agreement. Unused lines under the previous facility, net of outstanding letters of credit of \$209 to secure certain insurance obligations, totaled \$515,791 at June 30, 2025, and were available to fund future acquisitions or other capital and operating requirements. The interest rate on the revolving credit facility was 5.23% as of June 30, 2025.

The Company paid \$1,611 of debt issuance costs related to the new revolving credit facility in the three months ended December 31, 2025, which are included in other current assets and other assets on the condensed consolidated balance sheet as of December 31, 2025 and will be amortized over the five-year term of the new credit facility. The Company analyzed the unamortized debt issuance costs related to the previous credit facility under ASC Topic 470 - *Debt*. As a result of this analysis, \$47 of unamortized debt issuance costs were expensed and included within interest expense, net on the condensed statements of consolidated income in the three months ended December 31, 2025, and \$804 of unamortized debt issuance costs were rolled forward into the new credit facility and will be amortized over the five-year term of the new credit facility.

Additionally, the Company had letters of credit outstanding not associated with the revolving credit agreement, in the amount of \$5,336 as of December 31, 2025 and June 30, 2025, to secure certain insurance obligations.

### Trade Receivable Securitization Facility

In August 2018, the Company established a trade receivable securitization facility (the "AR Securitization Facility"). The AR Securitization Facility effectively increases the Company's borrowing capacity by collateralizing a portion of the amount of the U.S. operations' trade accounts receivable. The Company uses the proceeds from the AR Securitization Facility as an alternative to other forms of debt. The AR Securitization Facility's maximum borrowing capacity is \$250,000 and fees on amounts borrowed are 0.90% per year. Borrowing capacity is further subject to changes in the credit ratings of our customers, customer concentration levels or certain characteristics of the accounts receivable portfolio and, therefore, at certain times, we may not be able to fully access the \$250,000 of borrowing capacity available under the AR Securitization Facility. Borrowings under the AR Securitization Facility carry variable interest rates tied to SOFR. The interest rate on the AR Securitization Facility as of December 31, 2025 and June 30, 2025 was 4.63% and 5.32%, respectively. On July 10, 2025, the Company amended the AR Securitization Facility and extended the term to July 10, 2028, with no substantial changes in other terms.

## 6. DERIVATIVES

### Risk Management Objective of Using Derivatives

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The Company is exposed to certain risks arising from both its business operations and economic conditions. The Company principally manages its exposures to a wide variety of business and operational risks through management of its core business activities. The Company manages economic risks, including interest rate, liquidity, and credit risk primarily by managing the amount, sources, and duration of its assets and liabilities and the use of derivative financial instruments. Specifically, the Company enters into derivative financial instruments to manage exposures that arise from business activities that result in the receipt or payment of future known and uncertain cash amounts, the value of which are determined by interest rates. The Company's derivative financial instruments are used to manage differences in the amount, timing, and duration of the Company's known or expected cash receipts and its known or expected cash payments principally related to the Company's borrowings.

**Cash Flow Hedges of Interest Rate Risk**

The Company's objectives in using interest rate derivatives are to add stability to interest expense and to manage its exposure to interest rate movements. To accomplish this objective, the Company primarily uses interest rate swaps as part of its interest rate risk management strategy. Interest rate swaps designated as cash flow hedges involve the receipt of variable amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount.

For derivatives designated and that qualify as cash flow hedges of interest rate risk, the gain or loss on the derivative is recorded in accumulated other comprehensive loss and subsequently reclassified into interest expense in the same period(s) during which the hedged transaction affects earnings. Amounts reported in accumulated other comprehensive loss related to derivatives will be reclassified to interest expense as interest payments are made on the Company's variable-rate debt.

In January 2019, the Company entered into an interest rate swap to mitigate variability in forecasted interest payments on \$463,000 of the Company's U.S. dollar-denominated unsecured variable rate debt. The notional amount declined over time to \$384,000 as principal payments were made. The interest rate swap effectively converts a portion of the floating rate interest payment into a fixed rate interest payment. The Company designated the interest rate swap as a pay-fixed, receive-floating interest rate swap instrument and is accounting for this derivative as a cash flow hedge. During fiscal 2021, the Company completed a transaction to amend and extend the interest rate swap agreement which resulted in an extension of the maturity date to January 31, 2026. The pay-fixed interest rate swap is considered a hybrid instrument with a financing component and an embedded at-market derivative that was designated as a cash flow hedge. The weighted average fixed pay rate is 1.58% and the interest rate swap is indexed to SOFR. The Company made various accounting elections related to changes in critical terms of the hedging relationship due to reference rate reform to preserve the hedging relationship.

The interest rate swap converted \$384,000 of variable rate debt to a rate of 2.38% as of December 31, 2025 and to a rate of 2.48% as of June 30, 2025. The fair value (Level 2 in the fair value hierarchy) of the interest rate cash flow hedge was \$657 and \$5,503 as of December 31, 2025 and June 30, 2025, respectively, which is included in other current assets and other assets in the condensed consolidated balance sheet. Amounts reclassified from other comprehensive loss, before tax, to interest (income) expense, net was income of \$3,419 and \$4,091 for the three months ended December 31, 2025 and 2024, respectively, and \$7,153 and \$8,782 for the six months ended December 31, 2025 and 2024, respectively.

**7. FAIR VALUE MEASUREMENTS**

Marketable securities measured at fair value at December 31, 2025 and June 30, 2025 totaled \$28,400 and \$25,628, respectively. The majority of these marketable securities are held in a rabbi trust for a non-qualified deferred compensation plan. The marketable securities are included in other assets on the accompanying condensed consolidated balance sheets and their fair values were determined using quoted market prices (Level 1 in the fair value hierarchy). In addition, the Company holds Corporate-Owned Life Insurance (COLI) policies on certain retired employees, which are valued at the cash surrender value of the policies (Level 3 in the fair value hierarchy). The fair value of the COLI policies totaled \$21,078 and \$20,817, at December 31, 2025 and June 30, 2025, respectively, and are included in other assets on the condensed consolidated balance sheets.

As of December 31, 2025 and June 30, 2025, the Company had no fixed interest rate debt outstanding.

The revolving credit facility and the AR Securitization Facility contain variable interest rates and their carrying values approximate fair value (Level 2 in the fair value hierarchy). The carrying value of our cash and cash equivalents, trade accounts receivable, and accounts payable, approximate fair value because of the short-term maturity of these financial instruments.

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**8. SHAREHOLDERS' EQUITY**

Accumulated Other Comprehensive Loss

Changes in the accumulated other comprehensive loss are comprised of the following amounts, shown net of taxes:

|                                                                            | Three Months Ended December 31, 2025          |                             |                 |                                                     |
|----------------------------------------------------------------------------|-----------------------------------------------|-----------------------------|-----------------|-----------------------------------------------------|
|                                                                            | Foreign currency<br>translation<br>adjustment | Post-employment<br>benefits | Cash flow hedge | Total Accumulated<br>other<br>comprehensive<br>loss |
| Balance at September 30, 2025                                              | \$ (96,418)                                   | \$ (437)                    | \$ 3,280        | \$ (93,575)                                         |
| Other comprehensive income                                                 | 3,776                                         | —                           | 56              | 3,832                                               |
| Amounts reclassified from accumulated other<br>comprehensive income (loss) | —                                             | 2                           | (2,590)         | (2,588)                                             |
| Net current-period other comprehensive<br>income (loss)                    | 3,776                                         | 2                           | (2,534)         | 1,244                                               |
| Balance at December 31, 2025                                               | <u>\$ (92,642)</u>                            | <u>\$ (435)</u>             | <u>\$ 746</u>   | <u>\$ (92,331)</u>                                  |

  

|                                                                   | Three Months Ended December 31, 2024          |                             |                  |                                                     |
|-------------------------------------------------------------------|-----------------------------------------------|-----------------------------|------------------|-----------------------------------------------------|
|                                                                   | Foreign currency<br>translation<br>adjustment | Post-employment<br>benefits | Cash flow hedge  | Total Accumulated<br>other<br>comprehensive<br>loss |
| Balance at September 30, 2024                                     | \$ (97,822)                                   | \$ (394)                    | \$ 11,708        | \$ (86,508)                                         |
| Other comprehensive (loss) income                                 | (18,639)                                      | —                           | 2,407            | (16,232)                                            |
| Amounts reclassified from accumulated other<br>comprehensive loss | —                                             | (5)                         | (3,089)          | (3,094)                                             |
| Net current-period other comprehensive loss                       | (18,639)                                      | (5)                         | (682)            | (19,326)                                            |
| Balance at December 31, 2024                                      | <u>\$ (116,461)</u>                           | <u>\$ (399)</u>             | <u>\$ 11,026</u> | <u>\$ (105,834)</u>                                 |

  

|                                                                            | Six Months Ended December 31, 2025            |                             |                 |                                                  |
|----------------------------------------------------------------------------|-----------------------------------------------|-----------------------------|-----------------|--------------------------------------------------|
|                                                                            | Foreign currency<br>translation<br>adjustment | Post-employment<br>benefits | Cash flow hedge | Total Accumulated<br>other<br>comprehensive loss |
| Balance at June 30, 2025                                                   | \$ (97,216)                                   | \$ (438)                    | \$ 5,968        | \$ (91,686)                                      |
| Other comprehensive income                                                 | 4,585                                         | —                           | 198             | 4,783                                            |
| Amounts reclassified from accumulated other<br>comprehensive (loss) income | (11)                                          | 3                           | (5,420)         | (5,428)                                          |
| Net current-period other comprehensive income<br>(loss)                    | 4,574                                         | 3                           | (5,222)         | (645)                                            |
| Balance at December 31, 2025                                               | <u>\$ (92,642)</u>                            | <u>\$ (435)</u>             | <u>\$ 746</u>   | <u>\$ (92,331)</u>                               |

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|                                                                   | Six Months Ended December 31, 2024            |                             |                  |                                                     |
|-------------------------------------------------------------------|-----------------------------------------------|-----------------------------|------------------|-----------------------------------------------------|
|                                                                   | Foreign currency<br>translation<br>adjustment | Post-employment<br>benefits | Cash flow hedge  | Total Accumulated<br>other<br>comprehensive<br>loss |
| Balance at June 30, 2024                                          | \$ (95,566)                                   | \$ (391)                    | \$ 18,391        | \$ (77,566)                                         |
| Other comprehensive loss                                          | (20,895)                                      | —                           | (734)            | (21,629)                                            |
| Amounts reclassified from accumulated other<br>comprehensive loss | —                                             | (8)                         | (6,631)          | (6,639)                                             |
| Net current-period other comprehensive loss                       | (20,895)                                      | (8)                         | (7,365)          | (28,268)                                            |
| Balance at December 31, 2024                                      | <u>\$ (116,461)</u>                           | <u>\$ (399)</u>             | <u>\$ 11,026</u> | <u>\$ (105,834)</u>                                 |

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**Other Comprehensive (Loss) Income**

Details of other comprehensive (loss) income are as follows:

|                                                                                                                                            | Three Months Ended December 31, |                             |                 |                    |                             |                    |
|--------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|-----------------------------|-----------------|--------------------|-----------------------------|--------------------|
|                                                                                                                                            | 2025                            |                             |                 | 2024               |                             |                    |
|                                                                                                                                            | Pre-Tax<br>Amount               | Tax<br>Expense<br>(Benefit) | Net<br>Amount   | Pre-Tax<br>Amount  | Tax<br>Expense<br>(Benefit) | Net<br>Amount      |
| Foreign currency translation adjustments                                                                                                   | \$ 3,777                        | \$ 1                        | \$ 3,776        | \$ (18,594)        | \$ 45                       | \$ (18,639)        |
| Post-employment benefits:                                                                                                                  |                                 |                             |                 |                    |                             |                    |
| Reclassification of net actuarial gains and prior service cost into other expense (income), net and included in net periodic pension costs | 2                               | —                           | 2               | (8)                | (3)                         | (5)                |
| Unrealized gain on cash flow hedge                                                                                                         | 74                              | 18                          | 56              | 3,188              | 781                         | 2,407              |
| Reclassification of interest from cash flow hedge into interest income, net                                                                | (3,419)                         | (829)                       | (2,590)         | (4,091)            | (1,002)                     | (3,089)            |
| Other comprehensive income (loss)                                                                                                          | <u>\$ 434</u>                   | <u>\$ (810)</u>             | <u>\$ 1,244</u> | <u>\$ (19,505)</u> | <u>\$ (179)</u>             | <u>\$ (19,326)</u> |

|                                                                                                                                            | Six Months Ended December 31, |                             |                 |                    |                             |                    |
|--------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|-----------------------------|-----------------|--------------------|-----------------------------|--------------------|
|                                                                                                                                            | 2025                          |                             |                 | 2024               |                             |                    |
|                                                                                                                                            | Pre-Tax<br>Amount             | Tax<br>Expense<br>(Benefit) | Net<br>Amount   | Pre-Tax<br>Amount  | Tax<br>Expense<br>(Benefit) | Net<br>Amount      |
| Foreign currency translation adjustments                                                                                                   | \$ 4,586                      | \$ 12                       | \$ 4,574        | \$ (20,860)        | \$ 35                       | \$ (20,895)        |
| Post-employment benefits:                                                                                                                  |                               |                             |                 |                    |                             |                    |
| Reclassification of net actuarial gains and prior service cost into other expense (income), net and included in net periodic pension costs | 6                             | 3                           | 3               | (13)               | (5)                         | (8)                |
| Unrealized gain (loss) on cash flow hedge                                                                                                  | 262                           | 64                          | 198             | (971)              | (237)                       | (734)              |
| Reclassification of interest from cash flow hedge into interest income, net                                                                | (7,153)                       | (1,733)                     | (5,420)         | (8,782)            | (2,151)                     | (6,631)            |
| Other comprehensive loss                                                                                                                   | <u>\$ (2,299)</u>             | <u>\$ (1,654)</u>           | <u>\$ (645)</u> | <u>\$ (30,626)</u> | <u>\$ (2,358)</u>           | <u>\$ (28,268)</u> |

**Anti-dilutive Common Stock Equivalents**

In the three month periods ended December 31, 2025 and 2024, stock options and stock appreciation rights related to 68 and 82 shares of common stock, respectively, were not included in the computation of diluted earnings per share for the periods then ended as they were anti-dilutive. In the six month periods ended December 31, 2025 and 2024, stock options and stock appreciation rights related to 68 and 87 shares of common stock, respectively, were not included in the computation of diluted earnings per share for the periods then ended as they were anti-dilutive.

**9. SEGMENT INFORMATION**

The Company's reportable segments are: Service Center and Engineered Solutions. These reportable segments contain the Company's various operating segments which have been aggregated based upon similar economic and operating characteristics. The Service Center segment operates through local service centers and distribution centers with a focus on providing products and services addressing the maintenance and repair of production equipment and motion control infrastructure. Products primarily include industrial bearings, motors, belting, drives, couplings, pumps, linear motion products, hydraulic and pneumatic components, filtration supplies, and hoses, as well as other related supplies for general operational needs of customers' machinery and equipment. The Engineered Solutions segment includes our operations that specialize in distributing, engineering, designing, integrating, and repairing hydraulic and pneumatic fluid power technologies, engineered flow control products and services, and automation technologies. The accounting policies of the Company's reportable segments are as described in Note 1.

The Company's chief operating decision maker (CODM) is the chief executive officer. The CODM uses Segment Operating Income as the measure of segment profit and loss in measuring segment performance, determining how to

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allocate the Company's assets, evaluating performance in periodic reviews, and during the development of the annual budget and the regular forecasting process. The chief operating decision maker considers budget-to-actual variances on a quarterly basis, as well as segment-specific forecasting, when making decisions about the allocation of operating and capital resources to each segment. The CODM also uses the segment's net sales in measuring segment performance.

In addition to the two reportable segments, there is a category of certain business activities and expenses, referred to as corporate & other, that does not constitute an operating segment. Corporate & other expense, net includes the cost of our corporate headquarters and corporate functions, primarily compensation and benefits, and related administrative expenses and other expenses not directly associated with any reportable segment. These corporate and other expenses reconcile segment operating income to total consolidated income before income taxes.

| Three Months Ended December 31, 2025                                                   | Service Center | Engineered Solutions | Total        |
|----------------------------------------------------------------------------------------|----------------|----------------------|--------------|
| Total sales                                                                            | \$ 748,322     | \$ 433,138           | \$ 1,181,460 |
| Less: Inter-segment sales <sup>1</sup>                                                 | 999            | 17,438               | 18,437       |
| Net sales                                                                              | \$ 747,323     | \$ 415,700           | \$ 1,163,023 |
| Less segment expenses:                                                                 |                |                      |              |
| Cost of sales                                                                          | 529,832        | 279,857              |              |
| Selling, distribution, and administrative expense, including depreciation <sup>2</sup> | 123,221        | 87,962               |              |
| Segment operating income                                                               | \$ 94,270      | \$ 47,881            | \$ 142,151   |
| Corporate & other expense, net                                                         |                |                      | 18,942       |
| Interest expense, net                                                                  |                |                      | 942          |
| Other income, net                                                                      |                |                      | (505)        |
| Income before income taxes                                                             |                |                      | \$ 122,772   |

| Three Months Ended December 31, 2024                                                   | Service Center | Engineered Solutions | Total        |
|----------------------------------------------------------------------------------------|----------------|----------------------|--------------|
| Total sales                                                                            | \$ 724,450     | \$ 363,005           | \$ 1,087,455 |
| Less: Inter-segment sales <sup>1</sup>                                                 | 623            | 13,831               | 14,454       |
| Net sales                                                                              | \$ 723,827     | \$ 349,174           | \$ 1,073,001 |
| Less segment expenses:                                                                 |                |                      |              |
| Cost of sales                                                                          | 511,210        | 233,741              |              |
| Selling, distribution, and administrative expense, including depreciation <sup>2</sup> | 120,645        | 66,654               |              |
| Segment operating income                                                               | \$ 91,972      | \$ 48,779            | \$ 140,751   |
| Corporate & other expense, net                                                         |                |                      | 19,881       |
| Interest expense, net                                                                  |                |                      | (936)        |
| Other income, net                                                                      |                |                      | (755)        |
| Income before income taxes                                                             |                |                      | \$ 122,561   |

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| Six Months Ended December 31, 2025                                                     | Service Center | Engineered Solutions | Total        |
|----------------------------------------------------------------------------------------|----------------|----------------------|--------------|
| Total sales                                                                            | \$ 1,532,170   | \$ 866,711           | \$ 2,398,881 |
| Less: Inter-segment sales <sup>1</sup>                                                 | 2,373          | 33,962               | 36,335       |
| Net sales                                                                              | \$ 1,529,797   | \$ 832,749           | \$ 2,362,546 |
| Less segment expenses:                                                                 |                |                      |              |
| Cost of sales                                                                          | 1,086,033      | 561,750              |              |
| Selling, distribution, and administrative expense, including depreciation <sup>2</sup> | 245,441        | 177,258              |              |
| Segment operating income                                                               | \$ 198,323     | \$ 93,741            | \$ 292,064   |
| Corporate & other expense, net                                                         |                |                      | 39,825       |
| Interest expense, net                                                                  |                |                      | 1,935        |
| Other income, net                                                                      |                |                      | (1,053)      |
| Income before income taxes                                                             |                |                      | \$ 251,357   |

  

| Six Months Ended December 31, 2024                                                     | Service Center | Engineered Solutions | Total        |
|----------------------------------------------------------------------------------------|----------------|----------------------|--------------|
| Total sales                                                                            | \$ 1,474,796   | \$ 724,902           | \$ 2,199,698 |
| Less: Inter-segment sales <sup>1</sup>                                                 | 1,230          | 26,523               | 27,753       |
| Net sales                                                                              | \$ 1,473,566   | \$ 698,379           | \$ 2,171,945 |
| Less segment expenses:                                                                 |                |                      |              |
| Cost of sales                                                                          | 1,047,283      | 471,530              |              |
| Selling, distribution, and administrative expense, including depreciation <sup>2</sup> | 240,485        | 136,724              |              |
| Segment operating income                                                               | \$ 185,798     | \$ 90,125            | \$ 275,923   |
| Corporate & other expense, net                                                         |                |                      | 41,881       |
| Interest expense, net                                                                  |                |                      | (1,563)      |
| Other income, net                                                                      |                |                      | (3,036)      |
| Income before income taxes                                                             |                |                      | \$ 238,641   |

<sup>1</sup>The Company accounts for inter-segment sales using market rates.

<sup>2</sup>Amortization of intangibles is recorded within selling, distribution, and administrative expense, and therefore included in segment operating income for all periods presented.

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A reconciliation of supplemental segment financial information is as follows:

| Three Months Ended                        | Service Center | Engineered Solutions | Total    |
|-------------------------------------------|----------------|----------------------|----------|
| <b>December 31, 2025</b>                  |                |                      |          |
| Depreciation and amortization of property | \$ 4,306       | \$ 2,284             | \$ 6,590 |
| Amortization of intangibles               | 713            | 9,413                | 10,126   |
| Capital expenditures                      | 4,391          | 1,886                | 6,277    |
| <b>December 31, 2024</b>                  |                |                      |          |
| Depreciation and amortization of property | \$ 4,383       | \$ 1,543             | \$ 5,926 |
| Amortization of intangibles               | 812            | 6,755                | 7,567    |
| Capital expenditures                      | 4,644          | 553                  | 5,197    |

| Six Months Ended                          | Service Center | Engineered Solutions | Total        |
|-------------------------------------------|----------------|----------------------|--------------|
| <b>December 31, 2025</b>                  |                |                      |              |
| Assets used in the business               | \$ 1,781,661   | \$ 1,377,661         | \$ 3,159,322 |
| Depreciation and amortization of property | 8,541          | 4,535                | 13,076       |
| Amortization of intangibles               | 1,443          | 18,886               | 20,329       |
| Capital expenditures                      | 10,719         | 2,859                | 13,578       |
| <b>December 31, 2024</b>                  |                |                      |              |
| Assets used in the business               | \$ 1,588,471   | \$ 1,456,170         | \$ 3,044,641 |
| Depreciation and amortization of property | 8,802          | 3,048                | 11,850       |
| Amortization of intangibles               | 1,614          | 13,553               | 15,167       |
| Capital expenditures                      | 9,079          | 1,667                | 10,746       |

**10. OTHER (INCOME) EXPENSE, NET**

Other (income) expense, net consists of the following:

|                                                                                              | Three Months Ended<br>December 31, |                 | Six Months Ended<br>December 31, |                   |
|----------------------------------------------------------------------------------------------|------------------------------------|-----------------|----------------------------------|-------------------|
|                                                                                              | 2025                               | 2024            | 2025                             | 2024              |
| Unrealized gain on assets held in rabbi trust for a non-qualified deferred compensation plan | \$ (492)                           | \$ (249)        | \$ (1,942)                       | \$ (1,456)        |
| Foreign currency transactions losses (gains)                                                 | 163                                | (346)           | 1,182                            | (1,232)           |
| Net other periodic post-employment costs                                                     | 26                                 | 36              | 52                               | 72                |
| Life insurance income, net                                                                   | (152)                              | (121)           | (282)                            | (240)             |
| Other, net                                                                                   | (50)                               | (75)            | (63)                             | (180)             |
| Total other income, net                                                                      | <u>\$ (505)</u>                    | <u>\$ (755)</u> | <u>\$ (1,053)</u>                | <u>\$ (3,036)</u> |

**11. SUBSEQUENT EVENTS**

We have evaluated events and transactions occurring subsequent to December 31, 2025 through the date the financial statements were issued. See Note 3 - Business Combinations for subsequent events disclosure.

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**ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION**  
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Applied Industrial Technologies ("Applied," the "Company," "We," "Us" or "Our") is a leading value-added distributor and technical solutions provider of industrial motion, fluid power, flow control, automation technologies, and related maintenance supplies. Our leading brands, specialized services, and comprehensive knowledge serve MRO (Maintenance, Repair & Operations) and OEM (Original Equipment Manufacturer) end users in virtually all industrial markets through our multi-channel capabilities that provide choice, convenience, and expertise. We have a long tradition of growth dating back to 1923, the year our business was founded in Cleveland, Ohio. During the second quarter of fiscal 2026, business was conducted in the United States, Puerto Rico, Canada, Mexico, Australia, New Zealand, Singapore, and Costa Rica from 591 facilities.

The following is Management's Discussion and Analysis of significant factors which have affected our financial condition, results of operations and cash flows during the periods included in the accompanying condensed consolidated balance sheets, statements of consolidated income, consolidated comprehensive income and consolidated cash flows. When reviewing the discussion and analysis set forth below, please note that the SKUs (Stock Keeping Units) we sell in any given period are not necessarily sold in the comparable period of the prior year, resulting in the inability to quantify certain commonly used comparative metrics analyzing sales, such as changes in product mix and volume.

**Overview**

Consolidated sales for the quarter ended December 31, 2025 increased \$90.0 million or 8.4% compared to the prior year quarter, with acquisitions contributing to sales growth by \$64.9 million or 6.0%, including favorable foreign currency translation of \$2.2 million or 0.2%. The Company had operating income of \$123.2 million, or operating margin of 10.6% of sales for the quarter ended December 31, 2025 compared to an operating income of \$120.9 million, or operating margin of 11.3% of sales for the same quarter in the prior year. Net income of \$95.3 million increased 2.2% compared to the prior year quarter.

Applied monitors several economic indices that are key indicators for industrial economic activity in the United States. These include the Industrial Production (IP) and Manufacturing Capacity Utilization (MCU) indices published by the Federal Reserve Board and the Purchasing Managers Index (PMI) published by the Institute for Supply Management (ISM). Historically, our performance correlates well with the MCU, which measures productivity and calculates a ratio of actual manufacturing output versus potential full capacity output. When manufacturing plants are running at a high rate of capacity, they tend to wear out machinery more frequently and require replacement parts.

Through December 2025, both the MCU and IP indices declined slightly since September 2025. The MCU for December 2025 was 75.6, which is down from the September and June 2025 readings of 75.9 and 76.8, respectively. The ISM PMI registered 47.9 in December 2025, down from the September and June 2025 readings of 49.1 and 49.0, respectively. The indices for the months during the current quarter, along with the indices for the prior fiscal year end and prior quarter end, were as follows:

| Month          | Index Reading |      |       |
|----------------|---------------|------|-------|
|                | MCU           | PMI  | IP    |
| December 2025  | 75.6          | 47.9 | 97.4  |
| November 2025  | 75.6          | 48.2 | 97.2  |
| October 2025   | 75.4          | 48.7 | 96.9  |
| September 2025 | 75.9          | 49.1 | 97.5  |
| June 2025      | 76.8          | 49.0 | 100.1 |

The number of Company employees was 6,794 at December 31, 2025, 6,837 at June 30, 2025, and 6,916 at December 31, 2024. The number of operating facilities totaled 591 at December 31, 2025, 596 at June 30, 2025, and 624 at December 31, 2024.

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### **Results of Operations**

#### **Three Months Ended December 31, 2025 and 2024**

The following table is included to aid in review of Applied's condensed statements of consolidated income.

|                                                | Three Months Ended December 31,<br>As a Percent of Net Sales |         | Change in \$'s<br>Versus Prior Period |
|------------------------------------------------|--------------------------------------------------------------|---------|---------------------------------------|
|                                                | 2025                                                         | 2024    | % Increase                            |
| Net sales                                      | 100.0 %                                                      | 100.0 % | 8.4 %                                 |
| Gross profit                                   | 30.4 %                                                       | 30.6 %  | 7.7 %                                 |
| Selling, distribution & administrative expense | 19.8 %                                                       | 19.3 %  | 11.1 %                                |
| Operating income                               | 10.6 %                                                       | 11.3 %  | 1.9 %                                 |
| Net income                                     | 8.2 %                                                        | 8.7 %   | 2.2 %                                 |

During the quarter ended December 31, 2025, sales increased \$90.0 million or 8.4% compared to the prior year quarter, with sales from acquisitions adding \$64.9 million or 6.0%, and favorable foreign currency translation increasing sales by \$2.2 million or 0.2%. There were 62 selling days in both the quarters ended December 31, 2025 and December 31, 2024. Excluding the impact of businesses acquired and foreign currency translation, sales increased \$22.9 million or 2.2% during the quarter primarily reflecting price contribution and modest volume growth in the Service Center segment.

The following table shows changes in sales by reportable segment (amounts in millions).

| Sales by Reportable Segment | Three Months Ended<br>December 31, |            | Sales (Decrease)<br>Increase | Amount of change due to |                  |                |
|-----------------------------|------------------------------------|------------|------------------------------|-------------------------|------------------|----------------|
|                             | 2025                               | 2024       |                              | Acquisitions            | Foreign Currency | Organic Change |
| Service Center              | \$ 747.3                           | \$ 723.8   | \$ 23.5                      | \$ —                    | \$ 2.2           | \$ 21.3        |
| Engineered Solutions        | 415.7                              | 349.2      | 66.5                         | 64.9                    | —                | 1.6            |
| Total                       | \$ 1,163.0                         | \$ 1,073.0 | \$ 90.0                      | \$ 64.9                 | \$ 2.2           | \$ 22.9        |

Sales from our Service Center segment, which operates primarily in MRO markets, increased \$23.5 million or 3.2%. Favorable foreign currency translation increased sales by \$2.2 million or 0.3%. Excluding the impact of businesses acquired and foreign currency translation, sales increased \$21.3 million or 2.9%, primarily reflecting price contribution, as well as a modest increase in volumes tied to internal growth initiatives and firming demand.

Sales from our Engineered Solutions segment increased \$66.5 million or 19.1%. Acquisitions within this segment increased sales by \$64.9 million or 18.6%. Excluding the impact of businesses acquired, sales increased \$1.6 million, or 0.5%, primarily reflecting price contribution, as well as modest volume growth across fluid power mobile and industrial OEM customers, partially offset by lower flow control sales.

The following table shows changes in sales by geographic area. Other countries includes Mexico, Australia, New Zealand, Singapore, and Costa Rica (amounts in millions).

| Sales by Geographic Area | Three Months Ended<br>December 31, |            | Sales Increase<br>(Decrease) | Amount of change due to |                  |                |
|--------------------------|------------------------------------|------------|------------------------------|-------------------------|------------------|----------------|
|                          | 2025                               | 2024       |                              | Acquisitions            | Foreign Currency | Organic Change |
| United States            | \$ 1,024.1                         | \$ 929.5   | \$ 94.6                      | \$ 64.9                 | \$ —             | \$ 29.7        |
| Canada                   | 74.5                               | 77.8       | (3.3)                        | —                       | 0.2              | (3.5)          |
| Other countries          | 64.4                               | 65.7       | (1.3)                        | —                       | 2.0              | (3.3)          |
| Total                    | \$ 1,163.0                         | \$ 1,073.0 | \$ 90.0                      | \$ 64.9                 | \$ 2.2           | \$ 22.9        |

Sales in our U.S. operations increased \$94.6 million or 10.2%, as acquisitions added \$64.9 million or 7.0%. Excluding the impact of businesses acquired, sales in the United States increased \$29.7 million or 3.2% due primarily to stronger price contribution and modest volume growth in the Service Center segment. Sales from our Canadian operations decreased \$3.3 million or 4.2%. Favorable foreign currency translation increased Canadian sales by \$0.2 million or 0.3%. Excluding the

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impact of foreign currency translation, Canadian sales decreased \$3.5 million or 4.5% due to softer end-market demand in the Service Center segment. Sales in other countries decreased \$1.3 million or 1.9%. Favorable foreign currency translation increased sales \$2.0 million or 3.1%. Excluding the impact of foreign currency translation, sales in other countries decreased \$3.3 million or 4.9% due primarily to lower demand in Mexico.

Our gross profit margin was 30.4% in the quarter ended December 31, 2025 compared to 30.6% in the prior year quarter. The gross profit margin for the current year quarter was negatively impacted by a \$6.3 million increase in LIFO expense as compared to the prior year quarter, offset by positive mix from recent acquisitions as well as solid channel execution.

The following table shows the changes in selling, distribution and administrative expense (SD&A) (amounts in millions).

|      | Three Months Ended<br>December 31, |          | SD&A Increase | Amount of change due to |                  |                |
|------|------------------------------------|----------|---------------|-------------------------|------------------|----------------|
|      | 2025                               | 2024     |               | Acquisitions            | Foreign Currency | Organic Change |
| SD&A | \$ 230.1                           | \$ 207.2 | \$ 22.9       | \$ 19.7                 | \$ 0.4           | \$ 2.8         |

SD&A consists of associate compensation, benefits and other expenses associated with selling, purchasing, warehousing, supply chain management and providing marketing and distribution of the Company's products, as well as costs associated with a variety of administrative functions such as human resources, information technology, treasury, accounting, insurance, legal, and facility related expenses. SD&A was 19.8% of sales in the quarter ended December 31, 2025 compared to 19.3% in the prior year quarter, an increase of \$22.9 million or 11.1% compared to the prior year quarter. SD&A from businesses acquired added \$19.7 million or 9.5% of SD&A expenses, including \$3.1 million of intangibles amortization related to these acquisitions. Changes in foreign currency exchange rates increased SD&A during the quarter ended December 31, 2025 by \$0.4 million or 0.2% compared to the prior year quarter. Excluding the impact of businesses acquired and the favorable currency translation impact, SD&A increased \$2.8 million or 1.4% during the quarter ended December 31, 2025 compared to the prior year quarter primarily due to higher compensation costs.

Operating income increased \$2.3 million or 1.9%, to \$123.2 million in the current year quarter from \$120.9 million during the prior year quarter, and as a percent of sales decreased to 10.6% from 11.3% during the prior year quarter.

Operating income, as a percentage of sales for the Service Center segment, decreased to 12.6% in the current year quarter from 12.7% in the prior year quarter. Operating income, as a percentage of sales for the Engineered Solutions segment, decreased to 11.5% in the current year quarter from 14.0% in the prior year quarter, due to recent acquisitions.

The Company had net interest expense in the current year period of \$0.9 million compared to net interest income of \$0.9 million in the prior year period primarily reflecting lower interest income on lower cash balances as compared to the prior year period.

Other income, net, which represents certain non-operating items of income and expense, was income of \$0.5 million in the current year quarter compared to income of \$0.8 million in the prior year quarter. Current quarter income primarily consists of unrealized gains on investments held by non-qualified deferred compensation trusts of \$0.5 million. Other income, net in the prior quarter consisted primarily of unrealized gains on investments held by non-qualified deferred compensation trusts of \$0.2 million and foreign currency transaction gains of \$0.3 million.

The effective income tax rate was 22.3% for the quarter ended December 31, 2025 compared to 23.9% for the quarter ended December 31, 2024. The decrease in the effective tax rate is primarily due to the reversal of a tax valuation allowance related to Mexico during the quarter ended December 31, 2025.

As a result of the factors addressed above, net income for the quarter ended December 31, 2025 increased \$2.1 million or 2.2% compared to the prior year quarter. Diluted net income per share was \$2.51 per share for the quarter ended December 31, 2025 compared to \$2.39 per share in the prior year quarter, an increase of 5.0%.

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### **Results of Operations**

#### **Six Months Ended December 31, 2025 and 2024**

The following table is included to aid in review of Applied's condensed statements of consolidated income.

|                                                | Six Months Ended<br>December 31,<br>As a Percent of Net Sales |         | Change in \$'s<br>Versus Prior Period<br>- |
|------------------------------------------------|---------------------------------------------------------------|---------|--------------------------------------------|
|                                                | 2025                                                          | 2024    | % Increase                                 |
| Net sales                                      | 100.0 %                                                       | 100.0 % | 8.8 %                                      |
| Gross profit                                   | 30.3 %                                                        | 30.1 %  | 9.4 %                                      |
| Selling, distribution & administrative expense | 19.6 %                                                        | 19.3 %  | 10.4 %                                     |
| Operating income                               | 10.7 %                                                        | 10.8 %  | 7.8 %                                      |
| Net income                                     | 8.3 %                                                         | 8.5 %   | 5.8 %                                      |

During the six months ended December 31, 2025, sales increased \$190.6 million or 8.8% compared to the prior year period, with sales from acquisitions adding \$133.0 million or 6.1% and favorable foreign currency translation accounting for an increase of \$1.4 million or 0.1%. There were 126 selling days in both the six months ended December 31, 2025 and December 31, 2024. Excluding the impact of businesses acquired and foreign currency translation, sales increased \$56.2 million or 2.6%, primarily reflecting price contribution and volume growth in the Service Center segment.

The following table shows changes in sales by reportable segment (amounts in millions).

| Sales by Reportable Segment | Six Months Ended<br>December 31, |                   | Sales (Decrease)<br>Increase | Amount of change due to |                  |                |
|-----------------------------|----------------------------------|-------------------|------------------------------|-------------------------|------------------|----------------|
|                             | 2025                             | 2024              |                              | Acquisitions            | Foreign Currency | Organic Change |
| Service Center              | \$ 1,529.8                       | \$ 1,473.6        | \$ 56.2                      | \$ 0.5                  | \$ 1.4           | \$ 54.3        |
| Engineered Solutions        | 832.7                            | 698.4             | 134.4                        | 132.5                   | —                | 1.9            |
| <b>Total</b>                | <b>\$ 2,362.5</b>                | <b>\$ 2,172.0</b> | <b>\$ 190.6</b>              | <b>\$ 133.0</b>         | <b>\$ 1.4</b>    | <b>\$ 56.2</b> |

Sales from our Service Center segment increased \$56.2 million, or 3.8%. Acquisitions within this segment increased sales by \$0.5 million or less than 0.1% and favorable foreign currency translation increased sales by \$1.4 million or 0.1%. Excluding the impact of businesses acquired and foreign currency translation, sales increased \$54.3 million or 3.7%, primarily reflecting price contribution, as well as an increase in volumes tied to internal growth initiatives and firming demand.

Sales from our Engineered Solutions segment increased \$134.4 million or 19.2%. Acquisitions within this segment increased sales by \$132.5 million or 19.0%. Excluding the impact of businesses acquired, sales increased \$1.9 million or 0.2%, primarily reflecting price contribution, offset by lower flow control sales.

The following table shows changes in sales by geographic area. Other countries includes Mexico, Australia, New Zealand, Singapore, and Costa Rica (amounts in millions).

| Sales by Geographic Area | Six Months Ended<br>December 31, |                   | Sales (Decrease)<br>Increase | Amount of change due to |                  |                |
|--------------------------|----------------------------------|-------------------|------------------------------|-------------------------|------------------|----------------|
|                          | 2025                             | 2024              |                              | Acquisitions            | Foreign Currency | Organic Change |
| United States            | \$ 2,080.5                       | \$ 1,886.8        | \$ 193.9                     | \$ 133.0                | \$ —             | \$ 60.9        |
| Canada                   | 149.8                            | 149.3             | 0.5                          | —                       | (0.4)            | 0.9            |
| Other countries          | 132.2                            | 135.9             | (3.8)                        | —                       | 1.8              | (5.6)          |
| <b>Total</b>             | <b>\$ 2,362.5</b>                | <b>\$ 2,172.0</b> | <b>\$ 190.6</b>              | <b>\$ 133.0</b>         | <b>\$ 1.4</b>    | <b>\$ 56.2</b> |

Sales in our U.S. operations increased \$193.9 million or 10.3%, as acquisitions added \$133.0 million or 7.0%. Excluding the impact of businesses acquired, sales in the United States increased \$60.9 million or 3.3%, reflecting price contribution and volume growth in the Service Center segment. Sales from our Canadian operations increased \$0.5 million or 0.4%. Unfavorable foreign currency translation decreased Canadian sales by \$0.4 million or 0.3%. Excluding the impact of foreign

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currency translation, Canadian sales were up \$0.9 million or 0.7% primarily reflecting price contribution and modest volume growth. Sales in other countries decreased \$3.8 million or 2.8%. Favorable foreign currency translation increased sales \$1.8 million or 1.3%. Excluding the impact of foreign currency translation, sales in other countries decreased \$5.6 million or 4.1% due primarily to lower demand in Mexico.

Our gross profit margin was 30.3% in the six months ended December 31, 2025 compared to 30.1% in the prior year period. The gross profit margin for the current year period was positively impacted by favorable acquisition mix and solid channel execution, partially offset by a \$6.9 million increase in LIFO expense as compared to the prior year period.

The following table shows the changes in selling, distribution and administrative expense (SD&A) (amounts in millions).

|      | Six Months Ended<br>December 31, |          | SD&A Increase | Amount of change due to |                  |                |
|------|----------------------------------|----------|---------------|-------------------------|------------------|----------------|
|      | 2025                             | 2024     |               | Acquisitions            | Foreign Currency | Organic Change |
| SD&A | \$ 462.5                         | \$ 419.1 | \$ 43.4       | \$ 38.9                 | \$ 0.2           | \$ 4.3         |

SD&A consists of associate compensation, benefits and other expenses associated with selling, purchasing, warehousing, supply chain management and providing marketing and distribution of the Company's products, as well as costs associated with a variety of administrative functions such as human resources, information technology, treasury, accounting, insurance, legal, and facility related expenses. SD&A was 19.6% of sales in the six months ended December 31, 2025 compared to 19.3% in the prior year period, an increase of \$43.4 million or 10.4% compared to the prior year period. SD&A from businesses acquired added \$38.9 million or 9.3% of SD&A expenses, including \$6.1 million of intangibles amortization related to acquisitions. Changes in foreign currency exchange rates increased SD&A during the six months ended December 31, 2025 by \$0.2 million or 0.1% compared to the prior year period. Excluding the impact of businesses acquired and the unfavorable currency translation impact, SD&A increased \$4.3 million or 1.0% during the six months ended December 31, 2025 compared to the prior year period primarily due to higher compensation costs.

Operating income increased \$18.2 million, or 7.8%, to \$252.2 million in the current year period from \$234.0 million during the prior year period, and as a percentage of sales decreased to 10.7% from 10.8% during the prior year period.

Operating income, as a percentage of sales for the Service Center segment, increased to 13.0% in the current year period from 12.6% in the prior year period. Operating income, as a percentage of sales for the Engineered Solutions segment, decreased to 11.3% in the current year period from 12.9% prior year periods, due to recent acquisitions.

The Company had net interest expense in the current year period of \$1.9 million compared to net interest income of \$1.6 million in the prior year period primarily reflecting lower interest income on lower cash balances as compared to the prior year period.

Other expense (income), net was income of \$1.1 million for the six months ended December 31, 2025, which included unrealized gains on investments held by non-qualified deferred compensation trusts of \$1.9 million and \$0.4 million of other income offset by foreign currency transaction losses of \$1.2 million. During the prior year period, other expense (income), net was income of \$3.0 million, which primarily consisted of unrealized gains on investments held by non-qualified deferred compensation trusts of \$1.5 million and foreign currency transaction gains of \$1.2 million.

The effective income tax rate was 22.0% for the six months ended December 31, 2025 compared to 22.3% for the six months ended December 31, 2024. We expect our full year tax rate for fiscal 2026 to be in the 23.0% to 24.0% range.

As a result of the factors addressed above, net income for the six months ended December 31, 2025 increased \$10.8 million or 5.8% compared to the prior year period. Diluted net income per share was \$5.14 per share for the six months ended December 31, 2025 compared to \$4.76 per share in the prior year period, an increase of 8.0%.

### **Recent Developments**

On July 4, 2025, the One Big Beautiful Bill Act (OBBBA) was enacted into law. The OBBBA makes permanent key elements of the Tax Cuts and Jobs Act of 2017, as amended, including 100% bonus depreciation, domestic research cost expensing, and the business interest expense limitation. ASC 740, "Income Taxes", requires the effects of changes in tax rates and laws on deferred tax balances to be recognized in the period in which the legislation is enacted. Consequently, during the six months ended December 31, 2025, the Company evaluated all deferred tax balances under the newly enacted tax law and identified any other changes required to its financial statements as a result of the OBBBA. The provisions of the OBBBA did not have a material impact to our income tax expense or effective tax rate. We expect the provisions of the OBBBA to result in a reduction

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to our cash tax payments for our fiscal year ended June 30, 2026. The Company will continue to evaluate the impact of the OBBBA as additional guidance becomes available.

### **Liquidity and Capital Resources**

Our primary source of capital is cash flow from operations, supplemented as necessary by bank borrowings or other sources of debt. We had total debt obligations outstanding of \$572.3 million at both December 31, 2025 and June 30, 2025. Management expects that our existing cash, cash equivalents, funds available under the revolving credit facility, and cash provided from operations will be sufficient to finance normal working capital needs in each of the countries in which we operate, payment of dividends, acquisitions, investments in properties, facilities and equipment, debt service, and the purchase of additional Company common stock. Management also believes that additional long-term debt and line of credit financing could be obtained based on the Company's credit standing and financial strength.

The Company's working capital at December 31, 2025 was \$1,273.0 million, compared to \$1,221.3 million at June 30, 2025. The current ratio was 3.7 to 1 at December 31, 2025 and 3.3 to 1 at June 30, 2025.

### **Net Cash Flows**

The following table is included to aid in review of Applied's condensed statements of consolidated cash flows (amounts in thousands).

|                                                  | Six Months Ended December 31, |              |
|--------------------------------------------------|-------------------------------|--------------|
|                                                  | 2025                          | 2024         |
| Net Cash Provided by (Used in):                  |                               |              |
| Operating Activities                             | \$ 218,976                    | \$ 222,884   |
| Investing Activities                             | (15,361)                      | (282,966)    |
| Financing Activities                             | (187,054)                     | (91,109)     |
| Exchange Rate Effect                             | 1,008                         | (5,985)      |
| (Decrease) Increase in Cash and Cash Equivalents | \$ 17,569                     | \$ (157,176) |

The decrease in cash provided by operating activities during the six months ended December 31, 2025 from the prior period is due to changes in working capital for the period of \$27.7 million primarily driven by (amounts in thousands):

|                        | Six Months Ended December 31, |           |
|------------------------|-------------------------------|-----------|
|                        | 2025                          | 2024      |
| Accounts receivable    | \$ 63,701                     | \$ 64,260 |
| Inventories            | (21,096)                      | 530       |
| Accounts payable       | (21,841)                      | (34,617)  |
| Other operating assets | (38,518)                      | (13,315)  |

Net cash used in investing activities during the six months ended December 31, 2025 decreased from the prior period primarily due to \$2.4 million used for acquisitions in the six months ended December 31, 2025 compared to \$273.1 million used for acquisitions in the prior year period.

Net cash used in financing activities during the six months ended December 31, 2025 increased from the prior year period primarily due to \$143.4 million of cash used to repurchase 550,636 shares of common stock during the six months ended December 31, 2025 compared to \$30.1 million used to repurchase 127,376 shares of common stock in the prior year period. This was partially offset by lower long-term debt repayments in the current year period of \$25.1 million.

### **Share Repurchases**

The Board of Directors authorized the repurchase of shares of the Company's common stock. These purchases may be made in open market and negotiated transactions, from time to time, depending upon market conditions. At December 31, 2025, we had authorization to repurchase 749,364 shares. During the three months ended December 31, 2025, the Company acquired 346,500 shares of the Company's common stock on the open market for \$89.0 million. During the six months ended December 31, 2025, the Company acquired 550,636 shares of the Company's common stock on the open market for \$143.4 million. During the three months ended December 31, 2024, the Company acquired 75,376 shares of treasury stock on the open market for \$20.0 million. During the six months ended December 31, 2024, the Company acquired 127,376 shares of treasury stock on the open market for \$30.0 million.

### **Borrowing Arrangements**

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A summary of long-term debt, including the current portion, follows (amounts in thousands):

|                                          | December 31, 2025 | June 30, 2025     |
|------------------------------------------|-------------------|-------------------|
| Revolving credit facility                | \$ 384,000        | \$ 384,000        |
| Trade receivable securitization facility | 188,300           | 188,300           |
| Total debt                               | <u>\$ 572,300</u> | <u>\$ 572,300</u> |

**Revolving Credit Facility**

In October 2025, the Company entered into a new five-year revolving credit facility with a group of banks to refinance the existing credit facility as well as provide funds for ongoing working capital and other general corporate purposes. The revolving credit facility provides a \$900.0 million unsecured revolving credit facility and an uncommitted accordion feature which allows the Company to request an increase in the borrowing commitments, or incremental term loans, under the credit facility in aggregate principal amounts of up to \$800.0 million. The new revolving credit facility also provides for a \$25.0 million sublimit for swing line loans and a \$50.0 million sublimit for letters of credit. Borrowings under this agreement bear interest, at the Company's election, at either the base rate plus a margin that ranges from 0 to 55 basis points based on the Company's net leverage ratio or Secured Overnight Financing Rate (SOFR) plus a margin that ranges from 80 to 155 basis points based on the Company's net leverage ratio. Borrowing capacity under this facility, without exercising the accordion feature, totaled \$515.7 million at December 31, 2025 and is available to fund future acquisitions or other capital and operating requirements. This amount is net of outstanding letters of credit of \$0.3 million at December 31, 2025 to secure certain insurance obligations. The interest rate on the revolving credit facility was 4.52% as of December 31, 2025.

The new credit facility replaced the Company's previous credit facility agreement. Unused lines under the previous facility, net of outstanding letters of credit of \$0.2 million to secure certain insurance obligations, totaled \$515.7 million at June 30, 2025, and were available to fund future acquisitions or other capital and operating requirements. The interest rate on the term loan was 5.23% as of June 30, 2025.

The Company paid \$1.6 million of debt issuance costs related to the new revolving credit facility in the three months ended December 31, 2025, which are included in other current assets and other assets on the condensed consolidated balance sheet as of December 31, 2025 and will be amortized over the five-year term of the new credit facility. The Company analyzed the unamortized debt issuance costs related to the previous credit facility under ASC Topic 470 - *Debt*. As a result of this analysis, less than \$0.1 million of unamortized debt issuance costs were expensed and included within interest expense, net on the condensed statements of consolidated income in the three months ended December 31, 2025, and \$0.8 million of unamortized debt issuance costs were rolled forward into the new credit facility and will be amortized over the five-year term of the new credit facility.

Additionally, the Company had letters of credit outstanding not associated with the revolving credit agreement, in the amount of \$5.3 million as of December 31, 2025 and June 30, 2025, to secure certain insurance obligations.

**Trade Receivable Securitization Facility**

In August 2018, the Company established a trade receivable securitization facility (AR Securitization Facility). The AR Securitization Facility effectively increases the Company's borrowing capacity by collateralizing a portion of the amount of the U.S. operations' trade accounts receivable. The Company uses the proceeds from the AR Securitization Facility as an alternative to other forms of debt, effectively reducing borrowing costs. The AR Securitization Facility's maximum borrowing capacity is \$250.0 million, fees on amounts borrowed are 0.90% per year, and the facility terminates on August 4, 2026. Borrowing capacity is further subject to changes in the credit ratings of our customers, customer concentration levels or certain characteristics of the accounts receivable portfolio and, therefore, at certain times, we may not be able to fully access the \$250.0 million of borrowing capacity available under the AR Securitization Facility. Borrowings under the AR Securitization Facility carry variable interest rates tied to SOFR. The interest rate on the AR Securitization Facility as of December 31, 2025 and June 30, 2025 was 4.63% and 5.32%, respectively. On July 10, 2025, the Company amended the AR Securitization Facility and extended the term to July 10, 2028, with no substantial changes in other terms.

The credit facility and the unsecured shelf facility contain restrictive covenants regarding liquidity, net worth, financial ratios, and other covenants. At December 31, 2025, the most restrictive of these covenants required that the Company have net indebtedness less than 3.75 times consolidated income before interest, taxes, depreciation and amortization (as defined in these agreements). At December 31, 2025, the Company's net indebtedness was less than 0.3 times consolidated income before interest, taxes, depreciation and amortization (as defined in these agreements). The Company was in compliance with all financial covenants at December 31, 2025.

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### Cash Flow Hedge Maturity

As disclosed in Footnote 6 to this Form 10-Q, the interest rate swap the Company entered into in January 2019 matures on January 31, 2026. As a result of the maturity of this agreement, we estimate future interest expense could increase by approximately \$3.5 million on a quarterly basis, based on current market rates, and outstanding borrowings as of December 31, 2025. The Company may use available cash to reduce outstanding borrowings under its revolving credit facility to mitigate the impact of higher interest costs.

### Accounts Receivable Analysis

The following table is included to aid in analysis of accounts receivable and the associated provision for losses on accounts receivable (amounts in thousands):

|                                                         | December 31, |         | June 30, |         |
|---------------------------------------------------------|--------------|---------|----------|---------|
|                                                         | 2025         |         | 2025     |         |
| Accounts receivable, gross                              | \$           | 721,480 | \$       | 786,161 |
| Allowance for doubtful accounts                         |              | 14,578  |          | 16,462  |
| Accounts receivable, net                                | \$           | 706,902 | \$       | 769,699 |
| Allowance for doubtful accounts, % of gross receivables |              | 2.0 %   |          | 2.1 %   |

  

|                                                           | Three Months Ended December 31, |          | Six Months Ended December 31, |          |
|-----------------------------------------------------------|---------------------------------|----------|-------------------------------|----------|
|                                                           | 2025                            | 2024     | 2025                          | 2024     |
| Provision for (recovery of) losses on accounts receivable | \$ 1,431                        | \$ 2,549 | \$ (240)                      | \$ 3,605 |
| Provision as a % of net sales                             | 0.12 %                          | 0.24 %   | (0.01)%                       | 0.17 %   |

Accounts receivable are reported at net realizable value and consist of trade receivables from customers. Management monitors accounts receivable by reviewing Days Sales Outstanding (DSO) and the aging of receivables for each of the Company's locations.

On a consolidated basis, DSO was 54.7 at December 31, 2025 compared to 56.2 June 30, 2025. As of December 31, 2025, approximately 3.5% of our accounts receivable balances are more than 90 days past due, compared to 2.1% at June 30, 2025. On an overall basis, we generated net recoveries on previously provisions losses on uncollected receivables representing 0.01% of sales for the six months ended December 31, 2025 compared to provision for losses of 0.17% of sales for the six months ended December 31, 2024. This change is primarily in the U.S. operations of the Service Center segment. Historically, this percentage is between 0.10% to 0.15%. Management believes the overall receivables aging and provision for losses on accounts receivable are at reasonable levels.

### Inventory Analysis

Inventories are valued using the last-in, first-out (LIFO) method for U.S. inventories and the average cost method for foreign inventories. Management uses an inventory turnover ratio to monitor and evaluate inventory. Management calculates this ratio on an annual as well as a quarterly basis, and believes that using average costs to determine the inventory turnover ratio instead of LIFO costs provides a more useful analysis. The annualized inventory turnover based on average costs was 4.4 for both the periods ended December 31, 2025 and June 30, 2025.

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Cautionary Statement Under Private Securities Litigation Reform Act

Management's Discussion and Analysis contains statements that are forward-looking based on management's current expectations about the future. Forward-looking statements are often identified by qualifiers, such as "guidance", "expect", "believe", "plan", "intend", "will", "should", "could", "would", "anticipate", "estimate", "forecast", "may", "optimistic" and derivative or similar words or expressions. Similarly, descriptions of objectives, strategies, plans, or goals are also forward-looking statements. These statements may discuss, among other things, expected growth, future sales, future cash flows, future capital expenditures, future performance, and the anticipation and expectations of the Company and its management as to future occurrences and trends. The Company intends that the forward-looking statements be subject to the safe harbors established in the Private Securities Litigation Reform Act of 1995, as amended, and by the Securities and Exchange Commission in its rules, regulations and releases.

Readers are cautioned not to place undue reliance on any forward-looking statements. All forward-looking statements are based on current expectations regarding important risk factors, many of which are outside the Company's control. Accordingly, actual results may differ materially from those expressed in the forward-looking statements, and the making of those statements should not be regarded as a representation by the Company or any other person that the results expressed in the statements will be achieved. In addition, the Company assumes no obligation to update or revise any forward-looking statements, whether because of new information or events, or otherwise, except as may be required by law.

Important risk factors include, but are not limited to, the following: risks relating to the operations levels of our customers and the economic factors that affect them; the impact that widespread illness, health epidemics, or general health concerns could have; inflationary or deflationary trends in the cost of products, energy, labor and other operating costs including tariffs, and changes in the prices for products and services relative to the cost of providing them; reduction in supplier inventory purchase incentives; loss of key supplier authorizations, lack of product availability (such as due to supply chain strains), changes in supplier distribution programs, inability of suppliers to perform, and transportation disruptions; changes in customer preferences for products and services of the nature and brands sold by us; changes in customer procurement policies and practices; competitive pressures; our reliance on information systems and risks relating to their proper functioning, the security of those systems, and the data stored in or transmitted through them; the impact of economic conditions on the collectability of trade receivables; reduced demand for our products in targeted markets due to reasons including consolidation in customer industries; our ability to retain and attract qualified sales and customer service personnel and other skilled executives, managers and professionals; our ability to identify and complete acquisitions, integrate them effectively, and realize their anticipated benefits; the variability, timing and nature of new business opportunities including acquisitions, alliances, customer relationships, and supplier authorizations; the incurrence of debt and contingent liabilities in connection with acquisitions; our ability to access capital markets as needed on reasonable terms; disruption of operations at our headquarters or distribution centers; risks and uncertainties associated with our foreign operations, including volatile economic conditions, political instability, cultural and legal differences, and currency exchange fluctuations; the potential for goodwill and intangible asset impairment; changes in accounting policies and practices; our ability to maintain effective internal control over financial reporting; organizational changes within the Company; risks related to legal proceedings to which we are a party; potentially adverse government regulation, legislation, or policies, both enacted and under consideration, including with respect to federal tax policy, international trade, data privacy and security, and government contracting; and the occurrence of extraordinary events (including prolonged labor disputes, power outages, telecommunication outages, terrorist acts, war, public health emergency, earthquakes, extreme weather events, other natural disasters, fires, floods, and accidents). Other factors and unanticipated events could also adversely affect our business, financial condition, or results of operations. Risks can also change over time. Further, the disclosure of a risk should not be interpreted to imply that the risk has not already materialized.

We discuss certain of these matters and other risk factors more fully throughout this Form 10-Q as well as other of our filings with the Securities and Exchange Commission, including our Annual Report on Form 10-K for the year ended June 30, 2025.

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ITEM 3: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

For quantitative and qualitative disclosures about market risk, see Item 7A "Quantitative and Qualitative Disclosures About Market Risk" in our Annual Report on Form 10-K for the year ended June 30, 2025.

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ITEM 4: CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

On December 31, 2024, the Company completed the acquisition of Hydradyne, LLC (Hydradyne). As permitted by SEC guidance, the scope of management's evaluation of internal control over financial reporting as of December 31, 2025 did not include the internal control over financial reporting of Hydradyne. However, we are extending our oversight and monitoring processes that support our internal control over financial reporting to include Hydradyne's operations.

The Company's management, under the supervision and with the participation of the Chief Executive Officer (CEO) and Chief Financial Officer (CFO), evaluated the effectiveness of the Company's disclosure controls and procedures, as defined in Exchange Act Rule 13a-15(e), as of the end of the period covered by this report. Based on that evaluation, the CEO and CFO concluded that the Company's disclosure controls and procedures are effective.

Changes in Internal Control Over Financial Reporting

There have not been any changes in internal control over financial reporting during the three months ended December 31, 2025 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

## PART II. OTHER INFORMATION

ITEM 1. Legal Proceedings

The Company is a party to pending legal proceedings with respect to various product liability, commercial, personal injury, employment, and other matters. Although it is not possible to predict the outcome of these proceedings or the range of reasonably possible loss, the Company does not expect, based on circumstances currently known, that the ultimate resolution of any of these proceedings will have, either individually or in the aggregate, a material adverse effect on the Company's consolidated financial position, results of operations, or cash flows.

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

Repurchases of common stock in the quarter ended December 31, 2025 were as follows:

| Period                                | (a) Total Number of Shares | (b) Average Price Paid per Share (\$) | (c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs | (d) Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs (1) |
|---------------------------------------|----------------------------|---------------------------------------|--------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|
| October 1, 2025 to October 31, 2025   | 9,000                      | \$258.00                              | 9,000                                                                                | 1,086,864                                                                              |
| November 1, 2025 to November 30, 2025 | 171,000                    | \$252.86                              | 171,000                                                                              | 915,864                                                                                |
| December 1, 2025 to December 31, 2025 | 166,500                    | \$260.67                              | 166,500                                                                              | 749,364                                                                                |
| Total                                 | 346,500                    | \$256.74                              | 346,500                                                                              | 749,364                                                                                |

- (1) On April 29, 2025, the Board of Directors authorized the repurchase of up to 1.5 million shares of the Company's common stock. Purchases can be made in the open market or in privately negotiated transactions. The authorization is in effect until all shares are purchased, or the Board revokes or amends the authorization.

ITEM 5. Other InformationRule 10b5-1 Trading Plans and Non-Rule 10b5-1 Trading Arrangements

During the quarter ended December 31, 2025, none of the Company's directors or officers (as defined in Rule 16a-1(f)) adopted or terminated any contract, instruction or written plan for the purchase or sale of Company securities that (i) was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or (ii) that constituted a "non-Rule 10b5-1 trading arrangement" as defined in Regulation S-K 408(c) of the Securities Exchange Act of 1934, as amended.

ITEM 6. [Exhibits](#)

\* Asterisk indicates an executive compensation plan or arrangement.

| Exhibit No. | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|-------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 3.1         | <a href="#">Amended and Restated Articles of Incorporation of Applied Industrial Technologies, Inc., as amended on October 25, 2005 (filed as Exhibit 3(a) to the Company's Form 10-Q for the quarter ended December 31, 2005, SEC File No. 1-2299, and incorporated here by reference).</a>                                                                                                                                                                                                                                                               |
| 3.2         | <a href="#">Code of Regulations of Applied Industrial Technologies, Inc., as amended on October 19, 1999 (filed as Exhibit 3(b) to the Company's Form 10-Q for the quarter ended September 30, 1999, SEC File No. 1-2299, and incorporated here by reference).</a>                                                                                                                                                                                                                                                                                         |
| 4.1         | <a href="#">Certificate of Merger of Bearings, Inc. (Ohio) (now named Applied Industrial Technologies, Inc.) and Bearings, Inc. (Delaware) filed with the Ohio Secretary of State on October 18, 1988, including an Agreement and Plan of Reorganization dated September 6, 1988 (filed as Exhibit 4(a) to the Company's Registration Statement on Form S-4 filed May 23, 1997, Registration No. 333-27801, and incorporated here by reference).</a>                                                                                                       |
| 4.2         | <a href="#">Amended and Restated Note Purchase and Private Shelf Agreement dated as of October 30, 2019, between Applied Industrial Technologies, Inc. and PGIM, Inc. (formerly known as Prudential Investment Management, Inc.), and certain of its affiliates (filed as Exhibit 10.1 to the Company's Form 8-K filed November 5, 2019, SEC File No. 1-2299, and incorporated here by reference).</a>                                                                                                                                                     |
| 4.3         | <a href="#">Amendment No. 1 to Amended and Restated Note Purchase and Private Shelf Agreement dated as of March 26, 2021 between Applied Industrial Technologies, Inc. and PGIM, Inc. (formerly known as Prudential Investment Management, Inc.), and certain of its affiliates, (filed as Exhibit 4.3 to the Company's Form 10-Q for the quarter ended March 31, 2021, SEC File No. 1-2299, and incorporated here by reference).</a>                                                                                                                      |
| 4.4         | <a href="#">Amendment No. 2 to Amended and Restated Note Purchase and Private Shelf Agreement, dated as of December 9, 2021, between Applied and PGIM, Inc., (filed as Exhibit 10.2 to the Company's Form 8-K filed December 14, 2021, SEC File No. 1-2299, and incorporated here by reference).</a>                                                                                                                                                                                                                                                       |
| 4.5         | <a href="#">Amendment No. 3 to Amended and Restated Note Purchase and Private Shelf Agreement, dated as of October 28, 2022, between Applied and PGIM, Inc. (filed as Exhibit 10.1 to the Company's Form 8-K filed November 1, 2022, SEC File No. 1-2299, as incorporated here by reference).</a>                                                                                                                                                                                                                                                          |
| 4.6         | <a href="#">Credit Agreement dated as of December 9, 2021, among Applied Industrial Technologies, Inc., KeyBank National Association as Agent, and various financial institutions, (filed as Exhibit 10.1 to the Company's Form 8-K filed December 14, 2021, SEC File No. 1-2299, and incorporated here by reference).</a>                                                                                                                                                                                                                                 |
| 4.7         | <a href="#">First Amendment Agreement, dated as of May 12, 2023, among Applied Industrial Technologies, Inc., KeyBank National Association as Agent, and the Lenders set forth therein (filed as Exhibit 4.7 to Applied's Form 10-K for the fiscal year ended June 30, 2023, SEC File No. 1-2299, and incorporated here by reference).</a>                                                                                                                                                                                                                 |
| 4.8         | <a href="#">Guaranty of Payment Joinder, dated as of January 16, 2025, among Applied Bearing Distributors, LLC, Cangro Industries, LLC, Itech Automation Solutions, LLC, KeyBank National Association as Agent, and various financial institutions (filed as Exhibit 4.8 to Applied's Form 10-Q for the quarter ended March 31, 2025, SEC File No. 1-2299, and incorporated here by reference).</a>                                                                                                                                                        |
| 4.9         | <a href="#">Guaranty of Payment Joinder, dated as of March 14, 2025, among Stanley M. Proctor Company, LLC, KeyBank National Association as Agent, and various financial institutions (filed as Exhibit 4.9 to Applied's 10-Q for the quarter ended March 31, 2025, SEC File No. 1-299, and incorporated here by reference).</a>                                                                                                                                                                                                                           |
| 4.10        | <a href="#">Guaranty of Payment Joinder, dated as of March 14, 2025, among Hydradyne, LLC., KeyBank National Association as Agent, and various financial institutions (filed as Exhibit 4.10 to Applied's Form 10-Q for the quarter ended March 31, 2025, SEC File No. 1-2299, and incorporated here by reference).</a>                                                                                                                                                                                                                                    |
| 4.11        | <a href="#">Guaranty of Payment Joinder, dated as of June 19, 2025, among Iris Custom Solutions, LLC, KeyBank National Association as Agent, and various financial institutions (filed as Exhibit 4.11 to Applied's Form 10-K for the fiscal year ended June 30, 2025, SEC File No. 1-2299, and incorporated here by reference).</a>                                                                                                                                                                                                                       |
| 4.12        | <a href="#">Receivables Financing Agreement dated as of August 31, 2018 among AIT Receivables LLC, as borrower, PNC Bank, National Association, as administrative agent, Applied Industrial Technologies, Inc., as initial servicer, PNC Capital Markets LLC, as structuring agent and the additional persons from time to time party thereto, as lenders (filed as Exhibit 10.1 to the Company's Form 8-K filed September 6, 2018, SEC File No. 1-2299, and incorporated here by reference).</a>                                                          |
| 4.13        | <a href="#">Amendment No. 1 to Receivables Financing Agreement and Reaffirmation of Performance Guaranty dated as of March 26, 2021 among AIT Receivables LLC, as borrower, PNC Bank, National Association, as administrative agent, Applied Industrial Technologies, Inc., as initial servicer, PNC Capital Markets LLC, as structuring agent and the additional persons from time to time party thereto, as lenders (filed as Exhibit 10.2 to the Company's Form 8-K filed March 29, 2021, SEC File No. 1-2299, and incorporated here by reference).</a> |

|      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 4.14 | <a href="#"><u>Amendment No. 2 to Receivables Financing Agreement and Reaffirmation of Performance Guaranty, dated as of May 12, 2023, by and among AIT Receivables, LLC, Applied Industrial Technologies, Inc., PNC Bank, National Association, Regions Bank, and PNC Capital Markets LLC (filed as Exhibit 4.10 to Applied's Form 10-K for the fiscal year ended June 30, 2023, SEC File No. 1-2299, and incorporated here by reference).</u></a>                                                                                                                                            |
| 4.15 | <a href="#"><u>Purchase and Sale Agreement dated as of August 31, 2018 among various entities listed on Schedule I thereto (including Applied Industrial Technologies, Inc.), as originators, Applied Industrial Technologies, Inc., as servicer, and AIT Receivables LLC, as buyer (filed as Exhibit 10.2 to Applied's Form 8-K filed September 6, 2018, SEC File No. 1-2299, and incorporated here by reference).</u></a>                                                                                                                                                                    |
| 4.16 | <a href="#"><u>Amendment No. 1 to Purchase and Sale Agreement dated as of November 19, 2018 among Applied Industrial Technologies, Inc. and various of its affiliates, as originators, Applied Industrial Technologies, Inc., as servicer, and AIT Receivables LLC, as buyer, (filed as Exhibit 4.10 to Applied's Form 10-Q for the quarter ended March 31, 2021, SEC File No. 1-2299, and incorporated here by reference).</u></a>                                                                                                                                                            |
| 4.17 | <a href="#"><u>Amendment No. 2 to Purchase and Sale Agreement dated as of March 26, 2021 among various entities listed on Schedule I thereto (including Applied Industrial Technologies, Inc.), as originators, Applied Industrial Technologies, Inc., as servicer, and AIT Receivables LLC, as buyer (filed as Exhibit 10.2 to Applied's Form 8-K filed March 29, 2021, SEC File No. 1-2299, and incorporated here by reference).</u></a>                                                                                                                                                     |
| 4.18 | <a href="#"><u>Amendment No. 3 to Receivables Financing Agreement and Reaffirmation of Performance Guaranty dated as of August 4, 2023 among AIT Receivables LLC, as borrower, PNC Bank, National Association, as administrative agent, Applied Industrial Technologies, Inc., as initial servicer, PNC Capital Markets LLC, as structuring agent, and the additional persons from time to time party thereto, as lenders (filed as Exhibit 10.1 to Applied's Form 8-K filed August 9, 2023, SEC File No. 1-2299, and incorporated here by reference).</u></a>                                 |
| 4.19 | <a href="#"><u>Amendment No. 3 to Purchase and Sale Agreement dated as of August 4, 2023 among various entities listed on Schedule I thereto (including Applied Industrial Technologies, Inc.), as originators, Applied Industrial Technologies, Inc., as servicer, and AIT Receivables LLC, as buyer (filed as Exhibit 10.2 to Applied's Form 8-K filed August 9, 2023, SEC File No. 1-2299, and incorporated here by reference).</u></a>                                                                                                                                                     |
| 4.20 | <a href="#"><u>Amendment No. 4 to Receivables Financing Agreement and Reaffirmation of Performance Guaranty dated as of July 10, 2025 among AIT Receivables LLC, as Borrower, PNC Bank, National Association, as administrative agent, Applied Industrial Technologies, Inc., as initial servicer, PNC Capital Markets LLC, as structuring agent, and the additional person from time to time party thereto, as lenders (filed as Exhibit 10.1 to Applied's Form 8-K filed July 11, 2025, SEC File No. 1-2299, and incorporated here by reference).</u></a>                                    |
| 4.21 | <a href="#"><u>Amendment No. 4 to Purchase and Sale Agreement dated as of July 10, 2025 among various entities listed on Schedule I thereto (including Applied Industrial Technologies, Inc.), as originators, Applied Industrial Technologies, Inc., as servicer, and AIT Receivables LLC, as buyer (filed as Exhibit 10.2 to Applied's Form 8-K filed July 11, 2025, SEC File No. 1-2299, and incorporated here by reference).</u></a>                                                                                                                                                       |
| 4.22 | <a href="#"><u>Credit Agreement dated as of October 24, 2025, among Applied Industrial Technologies, Inc., KeyBank National Association as Agent, and various financial institutions (filed as Exhibit 10.1 to the Company's Form 8-K filed October 24, 2025, SEC File No. 1-2299, and incorporated here by reference).</u></a>                                                                                                                                                                                                                                                                |
| 31   | <a href="#"><u>Rule 13a-14(a)/15d-14(a) certifications</u></a>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 32   | <a href="#"><u>Section 1350 certifications</u></a>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| 101  | The following financial information from Applied Industrial Technologies Inc.'s Quarterly Report on Form 10-Q for the quarter ended December 31, 2025 formatted in Inline XBRL (Extensible Business Reporting Language) includes: (i) the Condensed Statements of Consolidated Income, (ii) the Condensed Statements of Consolidated Comprehensive Income, (iii) the Condensed Consolidated Balance Sheets, (iv) the Condensed Statements of Consolidated Cash Flows, (v) the Condensed Statements of Shareholders' Equity, and (vi) the Notes to Condensed Consolidated Financial Statements. |
| 104  | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |

The Company will furnish a copy of any exhibit described above and not contained herein upon payment of a specified reasonable fee which shall be limited to the Company's reasonable expenses in furnishing the exhibit.

Certain instruments with respect to long-term debt have not been filed as exhibits because the total amount of securities authorized under any one of the instruments does not exceed 10 percent of the total assets of the Company and its subsidiaries on a consolidated basis. The Company agrees to furnish to the Securities and Exchange Commission, upon request, a copy of each such instrument.

SIGNATURES

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

APPLIED INDUSTRIAL TECHNOLOGIES, INC.  
(Company)

Date: January 27, 2026

By: /s/ Neil A. Schrimsher  
Neil A. Schrimsher  
President & Chief Executive Officer

Date: January 27, 2026

By: /s/ David K. Wells  
David K. Wells  
Vice President-Chief Financial Officer & Treasurer

Certifications of Disclosure in Quarterly Report on Form 10-Q

I, Neil A. Schrimsher, President & Chief Executive Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Applied Industrial Technologies, Inc.;
  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 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
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5. The registrant's other certifying officer 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 function):
- 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: January 27, 2026

By: /s/ Neil A. Schrimsher

Neil A. Schrimsher

President & Chief Executive Officer

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I, David K. Wells, Vice President-Chief Financial Officer & Treasurer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Applied Industrial Technologies, Inc.;
  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 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 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 function):
- 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: January 27, 2026

By: /s/ David K. Wells

David K. Wells

Vice President-Chief Financial Officer & Treasurer

[The following certification accompanies Applied Industrial Technologies' Quarterly Report on Form 10-Q for the quarter ended December 31, 2025, and is not filed, as provided in applicable SEC releases.]

**Certification of Principal Executive Officer and  
Principal Financial Officer Pursuant to  
18 U.S.C. 1350**

In connection with the Form 10-Q (the “Report”) of Applied Industrial Technologies, Inc. (the “Company”) for the period ending December 31, 2025, we, Neil A. Schrimsher, President & Chief Executive Officer, and David K. Wells, Vice President-Chief Financial Officer & Treasurer of the Company, certify that:

- (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.

/s/ Neil A. Schrimsher  
Neil A. Schrimsher  
President & Chief Executive Officer

/s/ David K. Wells  
David K. Wells  
Vice President-Chief Financial Officer & Treasurer

Date: January 27, 2026

[A signed original of this written statement required by Section 906 has been provided to Applied Industrial Technologies, Inc. and will be retained by Applied Industrial Technologies, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.]