



# APPLIED

Industrial Technologies®

## Fiscal Q1 2027 Recap

October 27, 2026

# Safe Harbor Statement

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This presentation contains statements that are forward-looking, as that term is defined by the Securities and Exchange Commission in its rules, regulations and releases. Applied intends that such forward-looking statements be subject to the safe harbors created thereby. Forward-looking statements are often identified by qualifiers such as “believe,” “expect,” “outlook,” “project” “guidance,” “target,” “objectives,” “will” and derivative or similar expressions. All forward-looking statements are based on current expectations regarding important risk factors including trends and events in the industrial sector of the economy (such as the inflationary environment and supply chain strains), results of operations, and financial condition, and other risk factors identified in Applied's most recent periodic report and other filings made with the Securities and Exchange Commission. Accordingly, actual results may differ materially from those expressed in the forward-looking statements, and the making of such statements should not be regarded as a representation by Applied or any other person that the results expressed therein will be achieved. Applied assumes no obligation to update publicly or revise any forward-looking statements, whether due to new information, or events, or otherwise.

## **Non-GAAP Financial Measures**

The Company supplements the reporting of financial information determined under U.S. generally accepted accounting principles (GAAP) with reporting of non-GAAP financial measures. The Company believes that these non-GAAP measures provide meaningful information to assist shareholders in understanding financial results, assessing prospects for future performance, and provide a better baseline for analyzing trends in our underlying businesses. Because non-GAAP financial measures do not have a standardized definition, it may not be possible to compare these non-GAAP financial measures with other companies' non-GAAP financial measures having the same or similar names. These non-GAAP financial measures should not be considered in isolation or as a substitute for reported results. The Company believes these non-GAAP financial measures reflect an additional way of viewing aspects of operations that, when viewed with GAAP results, provide a more complete understanding of the business. The Company strongly encourages reviewing company financial statements and publicly filed reports in their entirety and not to rely on any single financial measure.

This presentation sets forth certain non-GAAP financial measures including EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization); Free Cash Flow; Net Leverage Ratio - which are presented as supplemental disclosures to Net Income; Cash from Operations; Total Debt Outstanding; and reported results. A presentation of the most directly comparable GAAP measure and reconciliations of EBITDA; Free Cash Flow; Net Leverage Ratio are set forth in the appendix to this presentation.

# Primary Messages from Management

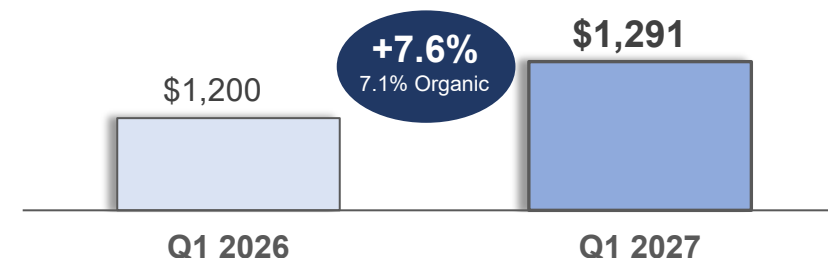
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- 🌀 **Encouraging start to FY27 with 1Q EPS growing 13% YoY** primarily reflecting a favorable demand backdrop, as well as solid margin performance against ongoing inflationary headwinds.
- 🌀 **Sales growth driven by a strong 14% YoY organic increase in the ES segment**, reflecting ongoing strength across automation and fluid power, as well as improving flow control sales growth.
- 🌀 **SC segment YoY organic growth strengthened through the quarter** with positive sales momentum within the U.S. (organic sales +6% YoY in F1Q27) sustaining into early F2Q27.
- 🌀 **Gross and EBITDA margins expanded 25 bps and 22 bps YoY, respectively**, inclusive of a 23 bps YoY LIFO headwind; internal initiatives, cost control, and positive mix providing supporting to margin trends.
- 🌀 **Near-term demand outlook remains favorable** considering positive customer sentiment, solid order momentum (ES segment orders +30% YoY in F1Q27), and secular tailwinds; October organic sales up ~10% YoY MTD.
- 🌀 **Reiterate FY27 sales & EBITDA margin guidance**; remain mindful of inflationary backdrop and macro uncertainty but favorably positioned with support from various company-specific growth and margin opportunities.

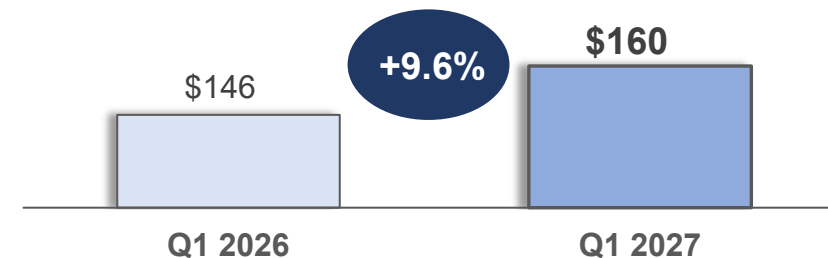
# Fiscal Q1 2027 Key Financial Highlights

- **Sales up 7.6% YoY**
  - Up 7.1% on an organic basis; acquisitions +0.3%, currency +0.2%
- **Net Income of \$110.4M and EPS of \$2.97**
  - EPS up 12.7% YoY
  - Includes \$5.6M pre-tax (\$0.12/sh) of LIFO expense
  - Favorable YoY impact from lower share count partially offset by unfavorable impact from higher interest expense
- **Gross margin 30.4%, up 25 bps vs. prior year**
  - Includes a 23 bps YoY headwind from higher LIFO expense
- **SD&A expense of \$248.6M, up 7.0% vs. prior year**
  - 19.3% of sales vs. prior year of 19.4%
  - Up 6.5% YoY on an organic, constant currency basis
- **EBITDA of \$160.3M, up 9.6% vs. prior year of \$146.3M**
  - EBITDA margin of 12.4% up 22 bps YoY
  - Includes a 23 bps YoY headwind from higher LIFO expense
- **Operating cash of \$86.4M; free cash of \$73.4M**
  - Inclusive of growth-focused working capital and capex investment

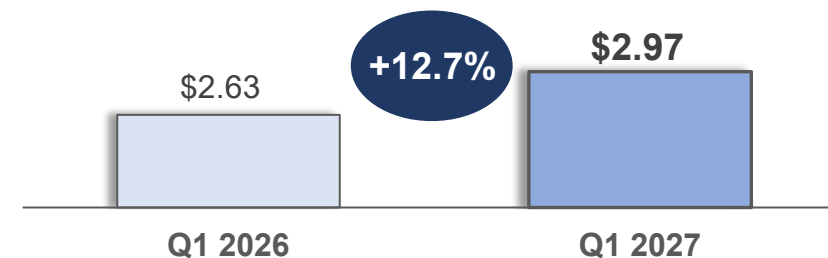
## Sales, \$ in millions



## EBITDA, \$ in millions



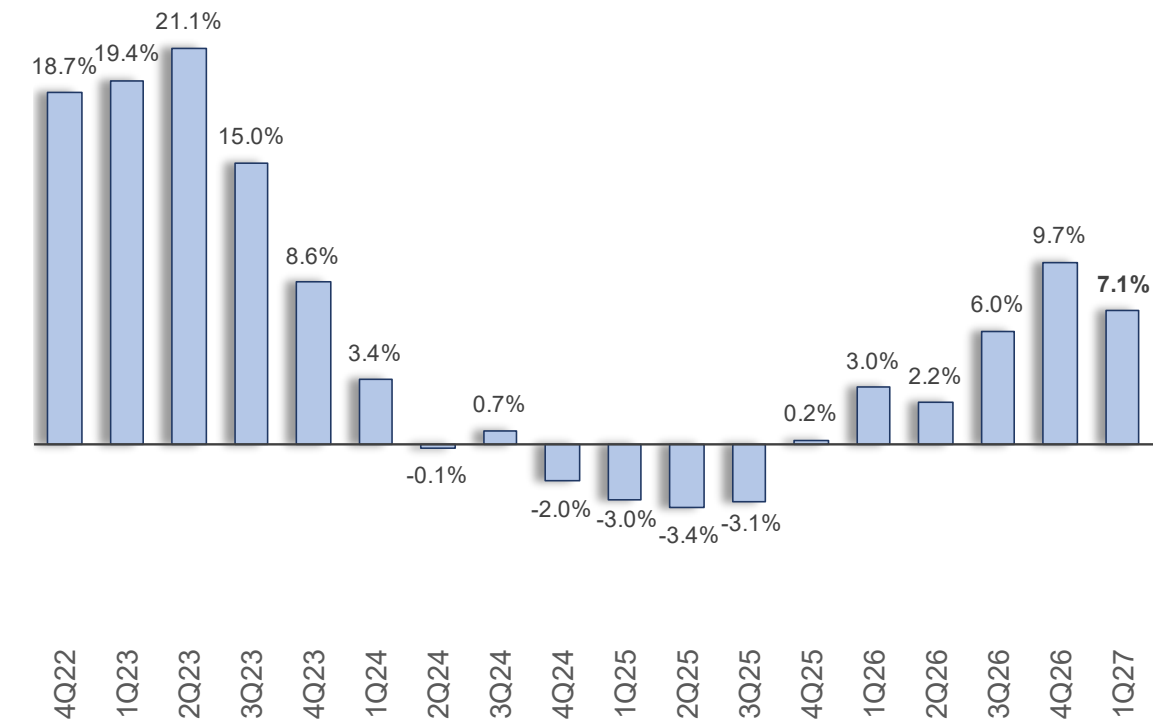
## Earnings Per Share



# Organic Sales Growth Trend

## Year-over-Year Organic % Change in Sales Per Day

Fiscal Quarters



## F1Q27 Sales Growth Detail

- Up 7.1% YoY on an organic basis and in line with F1Q27 guidance of +6% to +8%
- 2-Yr YoY STACK of +10.1% up modestly sequentially vs. a seasonally strong F4Q26 trend (+700 bps vs. F3Q26)
- Price contributed an estimated 200 bps to YoY growth; volumes up an estimated 5% YoY organically with U.S. volume +6% YoY
- 18 of top 30 industry verticals\* up YoY in F1Q27 vs. 20 during F4Q26; 18 up on a 2-Yr YoY STACK basis (vs. 17 in F4Q26)
- YoY growth strongest across metals, technology, machinery, utilities & energy, mining, and oil & gas
- Offset by declines primarily in lumber & wood, aggregates, rubber & plastics, and food & beverage

\* Based on largest 30 industry verticals for fiscal 2026

# Investor Discussion Points

## Investor Topic

## Update & Details

### Underlying Demand

Trends remain positive with underlying SC segment volumes strengthening including encouraging local account growth (+HSD% YoY), as well as an expanding ES segment backlog (+17% seq)

### Price Contribution

Price contributed ~200 bps YoY in F1Q27; supplier price increases continue but at more normalized level; reiterate full-year FY27 price contribution guidance of +150 to +200 basis points

### ES Segment Growth

Primary drivers include solid automation growth (+24% YoY), tech vertical strength, and improving demand across industrial / mobile fluid power, as well as stronger flow control growth (+6% YoY)

### Freight / Fuel Inflation

Managing well through effective pass-through mechanisms with support from technical market focus and margin countermeasures; net freight expense and internal fleet costs ~1% of sales

### Incremental Margins

F1Q27 incremental EBITDA margin of 15% (ex LIFO 19%) at high end of F1Q27 expectations and against difficult prior-year comparison; ES segment incremental a solid 24% on strong cost leverage

### Capital Allocation

M&A remains a top priority with evaluation and pipeline activity remaining high across both segments; deployed \$80M on share buybacks in F1Q27

Note: HSD = High Single Digits

# Fiscal Q1 2027 Margin and Expense Highlights

## Gross Profit, SD&A, and EBITDA Metrics

| <i>\$ in millions</i>        | Q1 27          | Q1 26   | Chg<br>YoY | LIFO<br>Impact YoY |
|------------------------------|----------------|---------|------------|--------------------|
| Gross Profit                 | <b>\$392.2</b> | \$361.4 | 8.5%       | (0.8%)             |
| Gross Margin                 | <b>30.4%</b>   | 30.1%   | 25 bps     | (23) bps           |
| SD&A Expense                 | <b>\$248.6</b> | \$232.4 | 7.0%       |                    |
| % of Sales                   | <b>19.3%</b>   | 19.4%   | 12 bps     |                    |
| EBITDA                       | <b>\$160.3</b> | \$146.3 | 9.6%       | (2.1%)             |
| EBITDA Margin                | <b>12.4%</b>   | 12.2%   | 22 bps     | (23) bps           |
| <b>Memo:</b><br>LIFO Expense | <b>\$5.6</b>   | \$2.6   |            |                    |

- **Gross margin up 25 bps YoY**

- Includes an unfavorable 23 bps YoY impact from higher LIFO expense
- Excluding LIFO impact, gross margin expanded nearly 50 bps YoY reflecting solid channel execution, positive mix, and internal initiatives

- **SD&A expense up 7.0% YoY**

- Up 6.5% on an organic, constant currency basis
- 19.3% of sales vs. 19.4% in prior year
- Prior-year period included favorable AR provisioning (recovery), representing a 120 bps headwind to the YoY SD&A trend in F1Q27
- Inflationary headwinds, higher employee-related costs, and growth investments balanced by cost controls and productivity initiatives

- **EBITDA margin of 12.4% up 22 bps YoY**

- Includes an unfavorable 23 bps YoY impact from higher LIFO expense
- At the high end of F1Q27 guidance of 12.3% to 12.4%

# Segment Results – Service Center

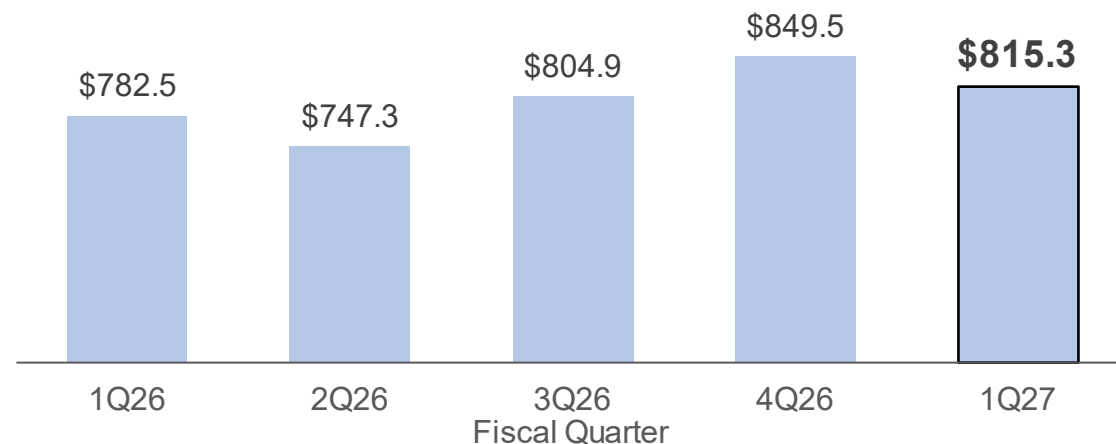
**Segment Overview:** Representing 64% of fiscal 2026 sales - the segment includes our core distribution operations including ~400 local service centers across North America, Australia, and New Zealand, primarily focused on our technical bearings, power transmission, and fluid power MRO product and solution offerings, as well as other industrial supplies for scheduled maintenance and repairs of customers' machinery, equipment, and facilities

- **Sales up 4.2% YoY in F1Q27**

- Organic + 3.5%
- Acquisitions + 0.4%
- Currency + 0.3%

- Organic growth primarily driven by positive market conditions and internal sales initiatives in the U.S., partially offset by softer end-market demand outside the U.S.
- U.S. organic sales up ~6% YoY with the 2-Yr STACK trend (+11% in F1Q27) strengthening sequentially
- Segment EBITDA of \$110.7M in F1Q27 up 1.6% YoY and EBITDA margin of 13.6% down 35 bps YoY
- F1Q27 YoY EBITDA margin trend negatively impacted by higher LIFO expense (20 bps) and favorable prior-year AR provisioning (20 bps)

**Service Center Segment Sales, in Millions**



# Segment Results – Engineered Solutions

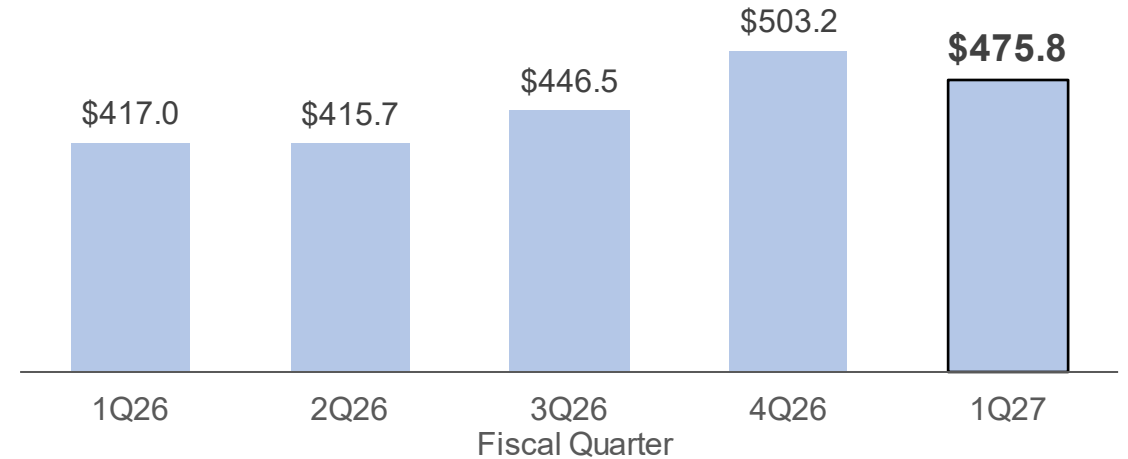
**Segment Overview:** Representing 36% of fiscal 2026 sales - the segment consists of 1) our Fluid Power network specializing in distributing, engineering, designing, integrating, and repairing hydraulic and pneumatic technologies and related systems across off-highway mobile, industrial, and technology verticals, 2) our specialty flow control products and engineered solutions supporting mission-critical process infrastructure, and 3) our advanced automation products and solutions focused on machine vision, robotics, motion, & digital technologies

- **Sales up 14.1% YoY in F1Q27**

- Organic +14.1%

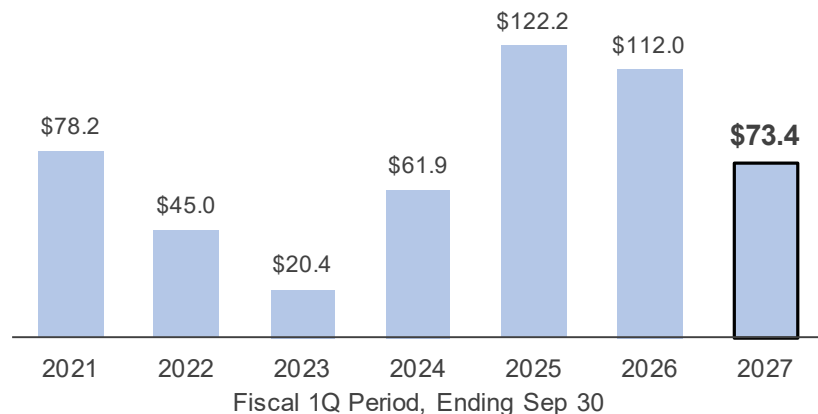
- Sales growth primarily driven by solid demand within Automation and Fluid Power including positive contribution from the technology vertical, as well as strengthening demand within Flow Control
- F1Q27 segment orders up over 30% YoY with book-to-bill above 1x and at highest level in more than four years
- Segment EBITDA of \$71.8M up 24.7% YoY and EBITDA margin of 15.1% up 129 bps YoY inclusive of higher LIFO expense; reflects favorable margin performance and operating leverage on solid volume growth

**Engineered Solutions Segment Sales, in Millions**

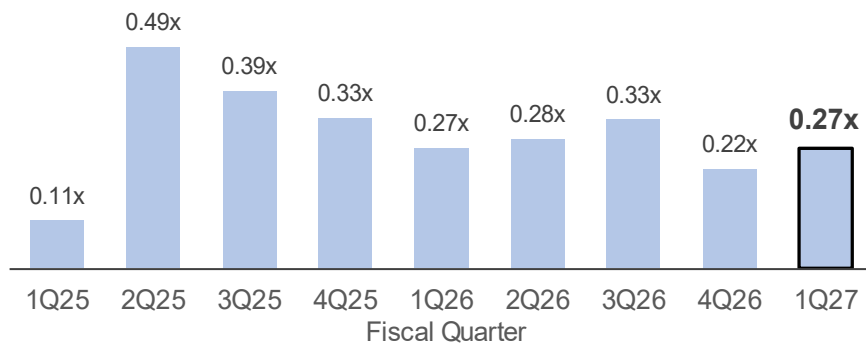


# Cash Flow and Balance Sheet

**Free Cash Flow (in Millions) - Fiscal 1Q Period**



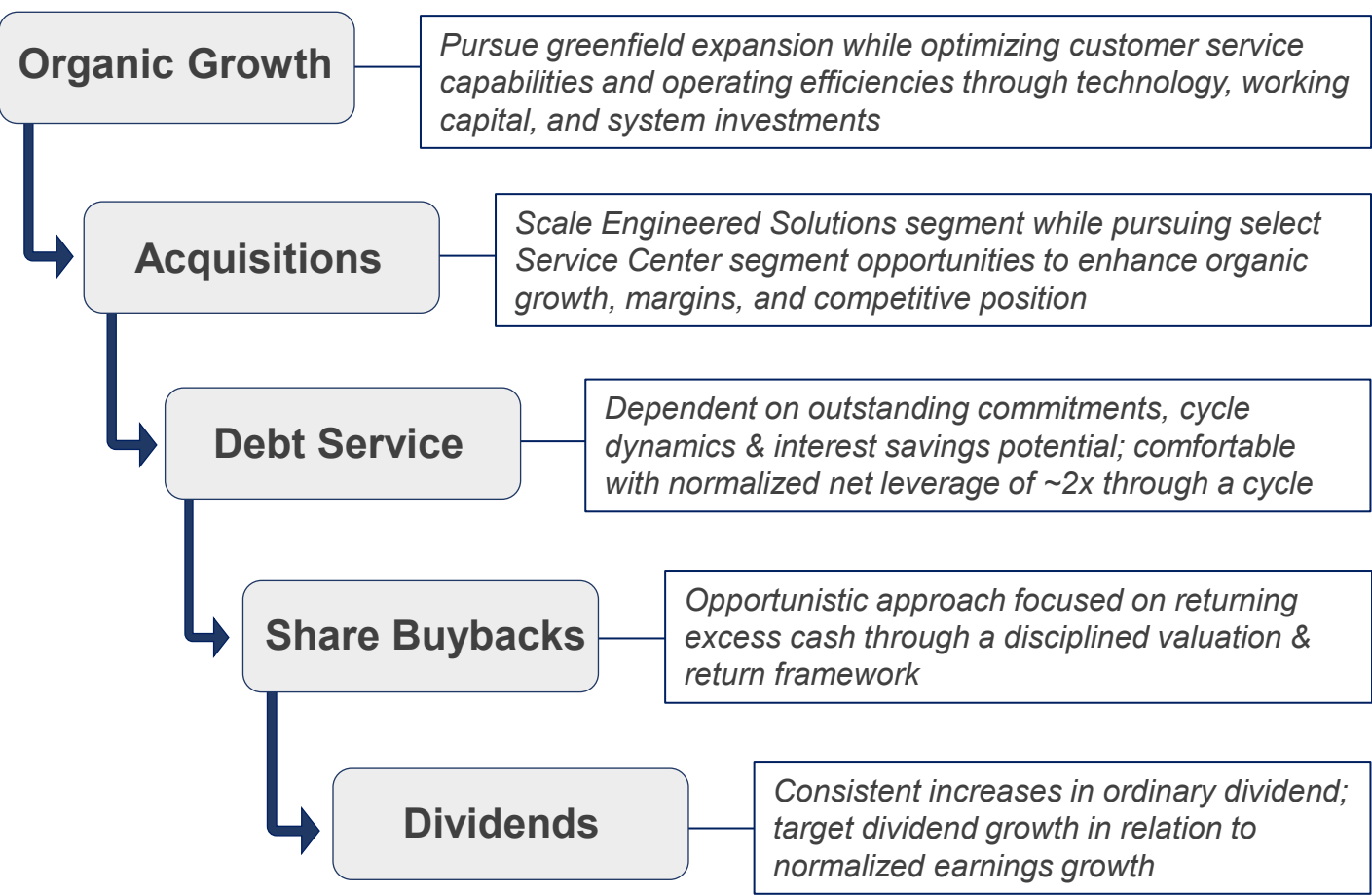
**Net Leverage Ratio (Net Debt to Trailing EBITDA)**



- **F1Q27 cash from operations of \$86.4M; free cash of \$73.4M**
  - Free cash at 66.5% of net income
  - Free cash down YoY reflecting growth-related working capital investment and higher capex compared to the prior-year period, balanced by ongoing progress with internal initiatives
- **Net leverage ratio at 0.27x as of September 30, 2026**
  - Unchanged vs. prior-year level and up modestly vs. F4Q26
- **Balance sheet capacity supports ongoing capital deployment**
  - \$112M of cash on hand (*as of 9/30/26*)
  - \$806M of available capacity under revolver
    - Additional \$800M accordion option
  - \$62M of available capacity under AR securitization facility

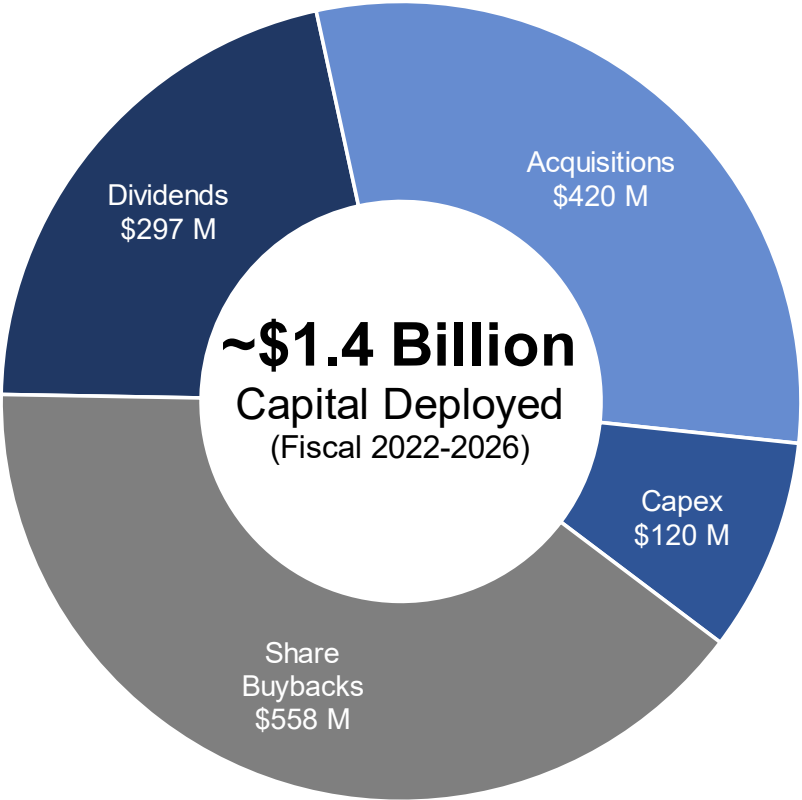
# Capital Allocation

## Capital Allocation Priorities & Strategy



## Capital Deployed Last 5 Years

(Capex, M&A, Share Repurchases, & Dividends)



**\$425M of capital deployed in fiscal 2026**  
**(\$735M deployed including debt reduction)**

# Fiscal 2027 Guidance and Outlook Assumptions



## Fiscal 2027 Guidance

Prior  
(8/13/26)

**Current  
(10/27/26)**

### Total Sales - YoY % chg

4.0% - 6.5%

**4.0% - 6.5%**

### EBITDA Margin

12.5% - 12.8%

**12.5% - 12.8%**

### Diluted EPS

\$11.65 - \$12.15

**\$11.70 - \$12.20**

### Additional Assumptions:

Depreciation & amortization expense \$67 - \$68

**\$67 - \$68**

Interest & other expense \$12 - \$13

**\$12 - \$13**

Effective tax rate 23% - 24%

**23% - 24%**

## Updated Considerations:

- No change to sales and EBITDA margin outlook for FY27
- Increasing EPS guidance to reflect a lower diluted share count assumption following F1Q27 buybacks
- Remain mindful of ongoing uncertainty tied to geopolitical, trade, and inflationary dynamics, as well as more difficult 2H comparisons
- Excludes contribution from future M&A and/or share repurchases
- Potential support/upside from industry position, internal initiatives, mix tailwinds, future M&A and/or share buybacks, and further strengthening in end-market demand as the year plays out
- F2Q27 assumptions:
  - Organic sales: Up 6% to 8% YoY
  - Gross margin: Stable to up slightly sequentially
  - EBITDA margin: 12.3% to 12.5%

Notes: 1) \$ amount in millions except EPS

# Appendix: Number of Selling Days by Fiscal Quarter and Full Year

| Fiscal Period | Q1   | Q2   | Q3   | Q4   | Year  |
|---------------|------|------|------|------|-------|
| 2025          | 64.0 | 62.0 | 63.0 | 63.5 | 252.5 |
| 2026          | 64.0 | 62.0 | 63.0 | 63.5 | 252.5 |
| 2027          | 64.0 | 62.0 | 62.5 | 64.0 | 252.5 |
| 2028          | 64.0 | 61.0 | 65.0 | 63.5 | 253.5 |

# Appendix: F1Q27 Year-over-year Sales Change Summary

Sales growth for the three months ended September 30, 2026  
(Percent change compared to prior-year period)

|                              | Reported sales | Selling days impact <sup>(1)</sup> | Acquisitions | Foreign currency exchange | Organic constant currency sales |
|------------------------------|----------------|------------------------------------|--------------|---------------------------|---------------------------------|
| Service Center Segment       | 4.2%           | - %                                | 0.4%         | 0.3%                      | 3.5%                            |
| Engineered Solutions Segment | 14.1%          | - %                                | - %          | - %                       | 14.1%                           |
| <b>Total Company</b>         | <b>7.6%</b>    | <b>- %</b>                         | <b>0.3%</b>  | <b>0.2%</b>               | <b>7.1%</b>                     |

<sup>(1)</sup> Based on U.S. selling days; there were 64 selling days in both Q1 FY27 and Q1 FY26

# Appendix: Net Sales, Operating Income, EBITDA, & EBITDA Margin by Segment

| <i>(dollar amount in thousands)</i>       | Three Months<br>Ended Sep 30 |                   |
|-------------------------------------------|------------------------------|-------------------|
|                                           | Q1 FY26                      | Q1 FY27           |
| <b>Service Center Segment:</b>            |                              |                   |
| Net sales                                 | \$ 782,474                   | \$ 815,349        |
| Operating income                          | 104,053                      | 105,317           |
| Depreciation and amortization of property | 4,235                        | 4,667             |
| Amortization of intangibles               | 730                          | 727               |
| <b>EBITDA</b>                             | <b>\$ 109,018</b>            | <b>\$ 110,711</b> |
| <i>% of sales (EBITDA margin)</i>         | <i>13.9%</i>                 | <i>13.6%</i>      |
| <b>Engineered Solutions Segment:</b>      |                              |                   |
| Net sales                                 | \$ 417,049                   | \$ 475,821        |
| Operating income                          | 45,860                       | 60,923            |
| Depreciation and amortization of property | 2,251                        | 1,958             |
| Amortization of intangibles               | 9,473                        | 8,940             |
| <b>EBITDA</b>                             | <b>\$ 57,584</b>             | <b>\$ 71,821</b>  |
| <i>% of sales (EBITDA margin)</i>         | <i>13.8%</i>                 | <i>15.1%</i>      |
| Corporate and other expense, net          | \$ 20,883                    | \$ 22,648         |

# Appendix: Reconciliation of EBITDA

| <i>(dollar amount in thousands)</i>       | Three Months Ended<br>Sep 30 |                   |
|-------------------------------------------|------------------------------|-------------------|
|                                           | Q1 FY26                      | Q1 FY27           |
| <b>Net Income</b>                         | <b>\$ 100,807</b>            | <b>\$ 110,403</b> |
| Interest expense, net                     | 993                          | 3,087             |
| Income tax expense                        | 27,778                       | 30,538            |
| Depreciation and amortization of property | 6,486                        | 6,625             |
| Amortization of intangibles               | 10,203                       | 9,667             |
| <b>EBITDA</b>                             | <b>\$ 146,267</b>            | <b>\$ 160,320</b> |

## Appendix: Reconciliation of EBITDA Margin

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| <i>(dollar amount in thousands)</i> | Three Months Ended<br>Sep 30 |                     |
|-------------------------------------|------------------------------|---------------------|
|                                     | Q1 FY26                      | Q1 FY27             |
| <b>Net Sales</b>                    | <b>\$ 1,199,523</b>          | <b>\$ 1,291,170</b> |
| EBITDA                              | 146,267                      | 160,320             |
| <b>EBITDA Margin</b>                | <b>12.2%</b>                 | <b>12.4%</b>        |

# Appendix: Reconciliation of Free Cash Flow

| <i>(dollar amount in thousands)</i>   | Three Months Ended September 30 |                  |                  |                  |                   |                   |                  |
|---------------------------------------|---------------------------------|------------------|------------------|------------------|-------------------|-------------------|------------------|
|                                       | Q1 FY21                         | Q1 FY22          | Q1 FY23          | Q1 FY24          | Q1 FY25           | Q1 FY26           | Q1 FY27          |
| Cash provided by Operating Activities | \$ 81,842                       | \$ 48,642        | \$ 25,943        | \$ 66,209        | \$ 127,747        | \$ 119,317        | \$ 86,376        |
| Capital Expenditures                  | (3,597)                         | (3,621)          | (5,554)          | (4,340)          | (5,549)           | (7,301)           | (13,013)         |
| <b>Free Cash Flow</b>                 | <b>\$ 78,245</b>                | <b>\$ 45,021</b> | <b>\$ 20,389</b> | <b>\$ 61,869</b> | <b>\$ 122,198</b> | <b>\$ 112,016</b> | <b>\$ 73,363</b> |

# Appendix: Reconciliation of Net Leverage Ratio

| <i>(dollar amount in thousands)</i>  | Q1 FY25               | Q2 FY25               | Q3 FY25               | Q4 FY25               | Q1 FY26               | Q2 FY26               | Q3 FY26               | Q4 FY26               | Q1 FY27               |
|--------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Net Income</b>                    | \$ 92,063             | \$ 93,290             | \$ 99,799             | \$ 107,836            | \$ 100,807            | \$ 95,349             | \$ 99,769             | \$ 118,600            | \$ 110,403            |
| Interest expense (income), net       | (627)                 | (936)                 | 853                   | 1,322                 | 993                   | 942                   | 2,447                 | 3,556                 | 3,087                 |
| Income tax expense                   | 24,017                | 29,271                | 27,483                | 27,208                | 27,778                | 27,423                | 35,359                | 39,189                | 30,538                |
| Depreciation and amortization        | 5,924                 | 5,926                 | 6,583                 | 6,466                 | 6,486                 | 6,590                 | 6,396                 | 6,403                 | 6,625                 |
| Amortization of intangibles          | 7,600                 | 7,567                 | 10,218                | 10,196                | 10,203                | 10,126                | 9,884                 | 9,859                 | 9,667                 |
| <b>EBITDA</b>                        | <b>\$ 128,977</b>     | <b>\$ 135,118</b>     | <b>\$ 144,936</b>     | <b>\$ 153,028</b>     | <b>\$ 146,267</b>     | <b>\$ 140,430</b>     | <b>\$ 153,855</b>     | <b>\$ 177,607</b>     | <b>\$ 160,320</b>     |
| <br><b>Trailing 4-Quarter EBITDA</b> | <br><b>\$ 548,933</b> | <br><b>\$ 553,228</b> | <br><b>\$ 562,481</b> | <br><b>\$ 562,059</b> | <br><b>\$ 579,349</b> | <br><b>\$ 584,661</b> | <br><b>\$ 593,580</b> | <br><b>\$ 618,159</b> | <br><b>\$ 632,212</b> |
| Current portion of long-term debt    | \$ 25,003             | \$ -                  | \$ -                  | \$ -                  | \$ -                  | \$ -                  | \$ 18,000             | \$ -                  | \$ -                  |
| Long-term debt                       | 572,288               | 572,300               | 572,300               | 572,300               | 572,300               | 572,300               | 347,300               | 262,300               | 282,300               |
| Total Debt                           | \$ 597,291            | \$ 572,300            | \$ 572,300            | \$ 572,300            | \$ 572,300            | \$ 572,300            | \$ 365,300            | \$ 262,300            | \$ 282,300            |
| Cash                                 | 538,520               | 303,441               | 352,842               | 388,417               | 418,716               | 405,986               | 171,576               | 127,130               | 112,236               |
| Net Debt                             | \$ 58,771             | \$ 268,859            | \$ 219,458            | \$ 183,883            | \$ 153,584            | \$ 166,314            | \$ 193,724            | \$ 135,170            | \$ 170,064            |
| <br><b>Net Leverage Ratio</b>        | <br><b>0.11</b>       | <br><b>0.49</b>       | <br><b>0.39</b>       | <br><b>0.33</b>       | <br><b>0.27</b>       | <br><b>0.28</b>       | <br><b>0.33</b>       | <br><b>0.22</b>       | <br><b>0.27</b>       |