APPLIED
Industrial Technologies®

*We Keep Industry Running*

# Investor Presentation

# Safe Harbor Statement

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; 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.

# Company Profile

APPLIED Industrial Technologies®

## Strategic Focus on Technical Products & Solutions

***~80% of Sales Generated From #1 or #2 Market Positions***

- Bearings & Power Transmission
- Fluid Power
- Process Flow Control
- Advanced Automation

## We Are One of the Largest Distributors and Solution Providers of Industrial Motion, Power, Control, & Automation Technologies

| | | |
|---|---|---|
| $4.7B Revenue | $578M EBITDA | $11B Market Cap |
| +9M Accessible Products SKUs | 6,800 Associates | 600 Service Facilities |

*Headquartered in Cleveland, Ohio*

*Notes: 1) Revenue and EBITDA reflect proforma amounts based on fiscal year 2025 and including a full year of contribution from the Company's Hydradyne acquisition (closed 12/31/24)*

# Multi-Channel Capabilities

Industrial Customer



## Service Centers

- Local MRO / Aftermarket Support
- Leading Motion / Power Control Expertise
- Technical Shop, Repair, Consult Services
- Over 400+ Locations Concentrated in North America



## Flow Control

- Mission-Critical Engineered Solutions for Full-Cycle Flow / Process Infrastructure
- Systems Integration, Repair, Fabrication
- 50+ locations



## E-Business

- Applied.com
- EDI & PunchOut
- Digital Inside Sales Team
- Strategic Customer Engagement



## Fluid Power

- Fluid Power System Design, Build, Integration
- Industrial, Off-Highway Mobile, Technology
- Certified Fluid Power Specialists & Engineers
- 80+ locations



## Automation

- Value-Added Automation Expertise (Design, Assembly & Integration)
- Robotics, Machine Vision, Motion Control, & Digital Technologies
- Leading Application & Engineering Expertise
- 30+ locations



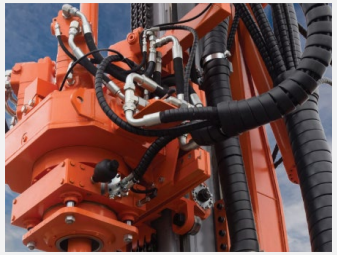
## VMI / Vending

- C-Class Consumables Management
- Indirect Shop Supplies & Solutions
- 200+ Dedicated Sales & Service Reps

***Leading Technical End-Market Reach with Comprehensive Product & Service Solutions***

# Product Portfolio

APPLIED Industrial Technologies®

| Power Transmission | Bearings, Linear, Seals | Fluid Power | Flow Control | Advanced Automation | General MRO; Hose Products |
|---|---|---|---|---|---|
|  |  |  |  |  |  |

We Are Applied℠

Industrial Motion, Fluid Power, Flow Control, Automation, Maintenance Supplies

*~85% of Sales Focused in Critical Motion Control, Fluid Power, Flow Control, & Automation Products & Solutions*

# Customer Application / Cross-Sell Potential of Applied® Products & Solutions

APPLIED Industrial Technologies®

## Service Centers

Mounted bearings, gearing, & couplings for processing equipment & machinery break-fix applications



## Service Centers

Fluid power MRO supplies, including cylinders, valves, & hoses to support regular maintenance on core systems



## Specialty Flow Control

Pumps, valves, instrumentation, hoses, & filtration to ensure precise control of pressure, temperature, levels, flow, & product quality across process lines



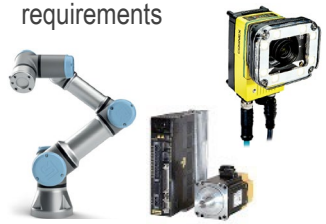
## Service Centers

Maintenance & repair on belting, pulleys, & clutches for conveying & movement of processed materials & end-product



## Automation Solutions

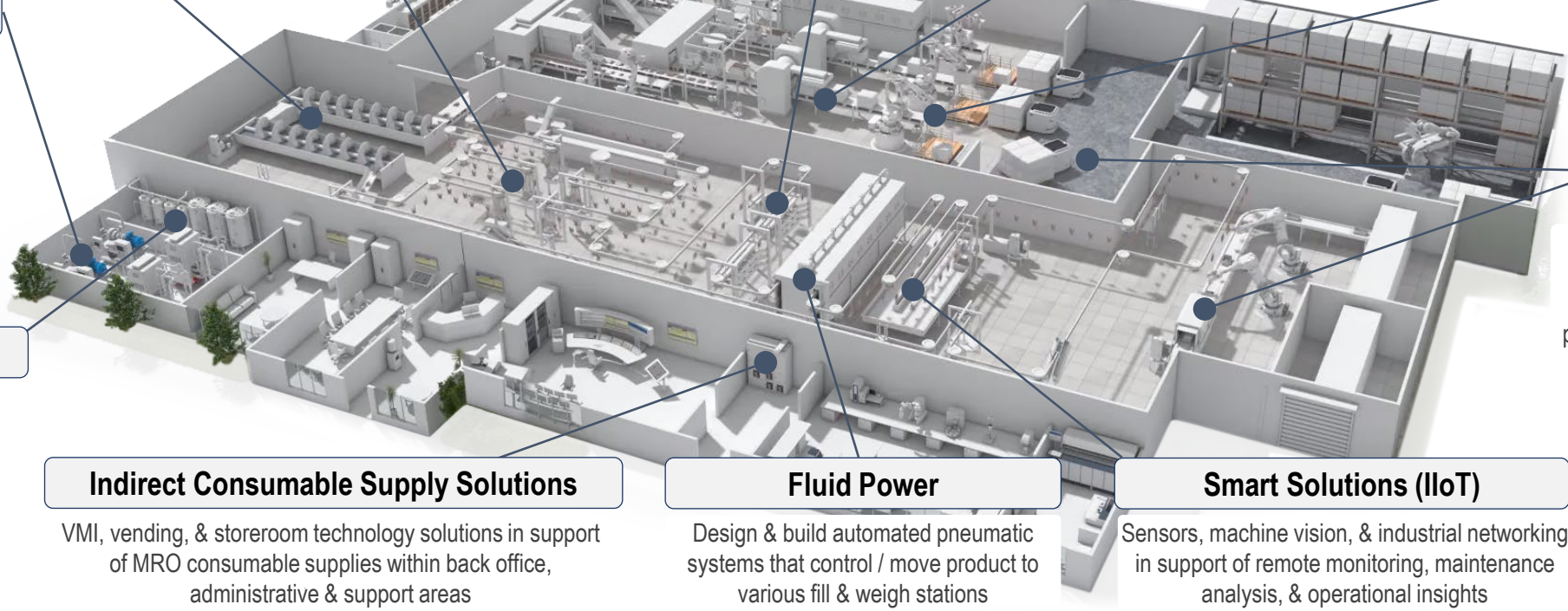
Collaborative robots, motion control, & machine vision for finishing, packaging, quality inspection, & other automation requirements



## Fluid Power

Design & build hydraulic power units for single machine or central plant power requirements





## Automation Solutions

Design, engineer, & build automated systems used for moving, weighing, sorting, processing & cleaning product



## Specialty Flow Control

Steam specialties, heat exchangers, valves, instruments, & pumps to control plant utilities for improved energy conservation & waste management



## Indirect Consumable Supply Solutions

VMI, vending, & storeroom technology solutions in support of MRO consumable supplies within back office, administrative & support areas



## Fluid Power

Design & build automated pneumatic systems that control / move product to various fill & weigh stations



## Smart Solutions (IIoT)

Sensors, machine vision, & industrial networking in support of remote monitoring, maintenance analysis, & operational insights

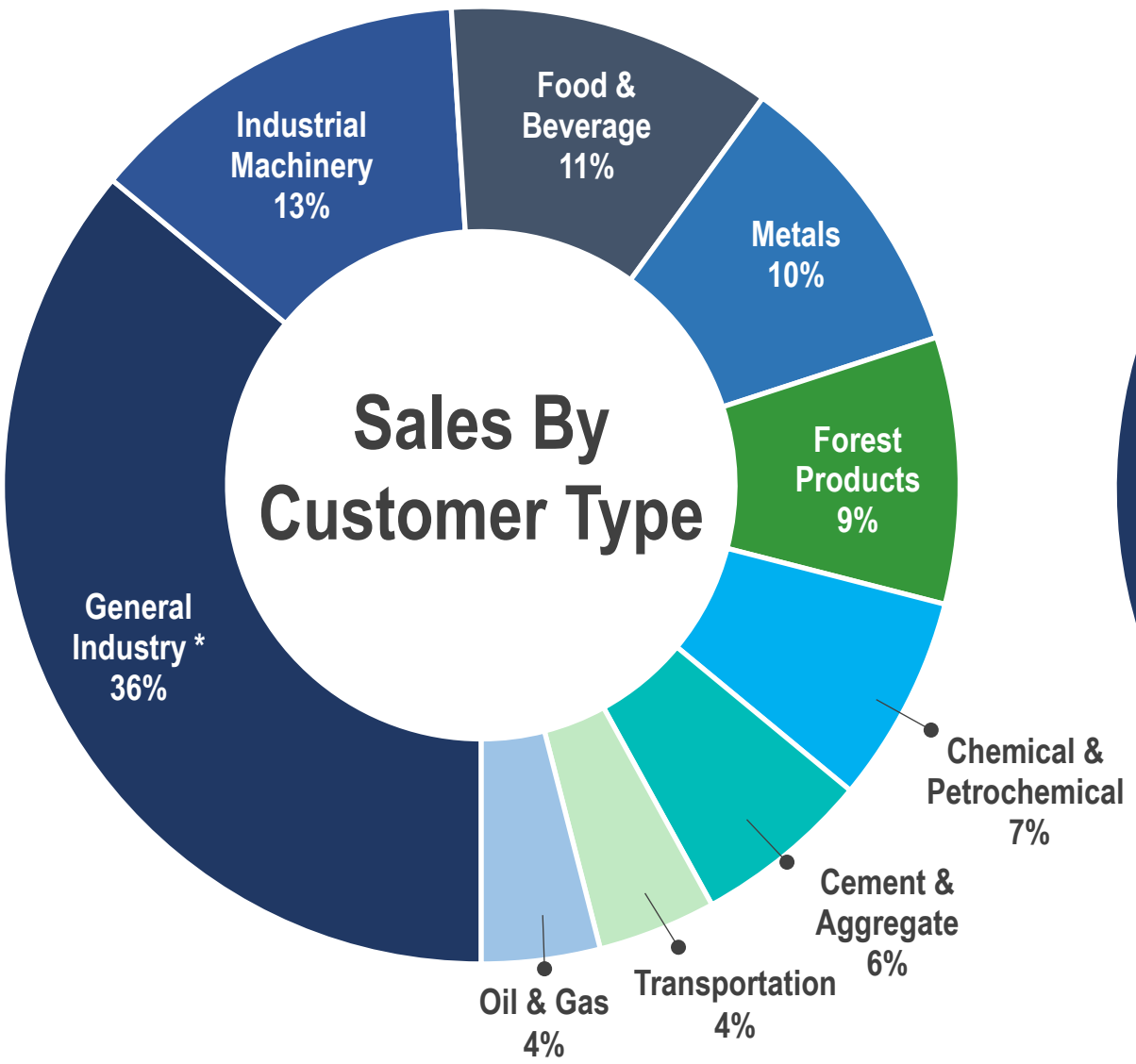


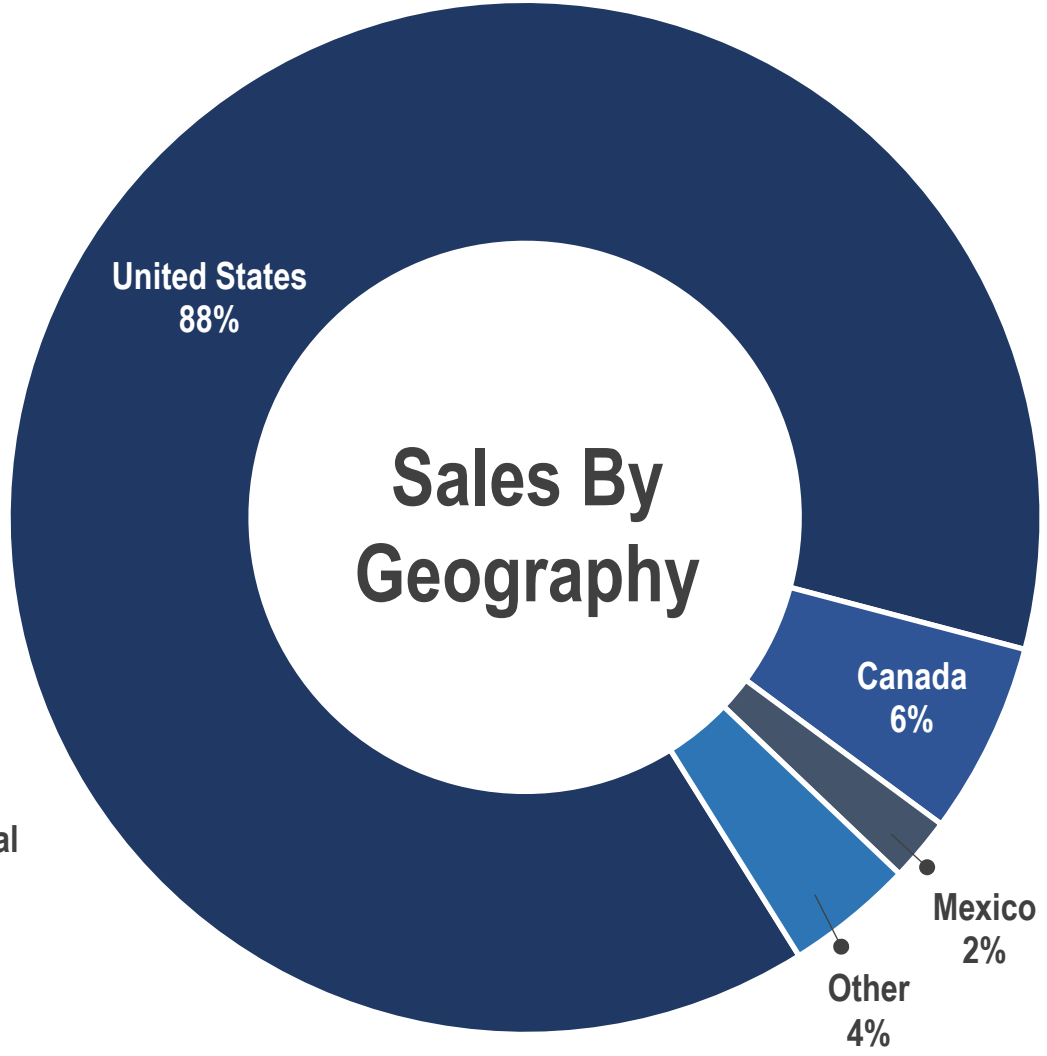
# Primary Supplier Partners




*Leading Manufacturers with World Class Brands Focused on Premier Industrial Solutions*

# Customer & Geographic Exposure




** General Industry includes all other industries representing 4% or less of sales; includes Utilities, Rubber & Plastics, Construction, areas of Technology, Agriculture, Automotive, and Life Sciences; Based on fiscal 2025 sales*

***Diverse Customer Base Focused Primarily Within North America***

# Applied® Value Creation Model

## CORE

- World-Class Brands
- Critical Support to Industrial Infrastructure
- Technical & Solutions-Based Focus
- Embedded Industrial Customer Base
- Recurring MRO Revenue Stream
- Enhanced Operating Profile
- High Cash Flow Model

## Supports Growth Into Higher Margin Engineered Solutions & Emerging Areas of the Industrial Sector

Fluid Power • Flow Control • Advanced Automation • Smart Technologies

***(Expand & Cross-Sell Across "Core" Customer Base)***

## Operational Focus

- History of Cost Discipline
- Operational Excellence Initiatives
- Shared Services Deployment
- Ongoing Sales Process Refinement
- System Investments & Analytics
- Talent Development

## Annual Growth & Margin Algorithm

Mid Single-Digit Organic Sales Growth
Low Single-Digit Inorganic Growth Via M&A
Gross Margin Expansion Through a Cycle
Mid to High-Teen Incremental EBITDA Margins
Free Cash > 100% of Net Income

**GUIDED BY CORE VALUES**

Integrity • Respect • Customer Focus • Commitment to Excellence • Accountability • Innovation • Continuous Improvement • Teamwork

**Additional Acquisitions** *(~$1.4B last 10 years)*
**Organic Capital Redeployment**

**Dividend Growth** *(track normalized earnings growth)*
**Share Buybacks** *(Over $500M last five years)*

**Multiple Expansion** = *enhanced margin / returns, stronger growth, scaling market cap, IR initiatives*

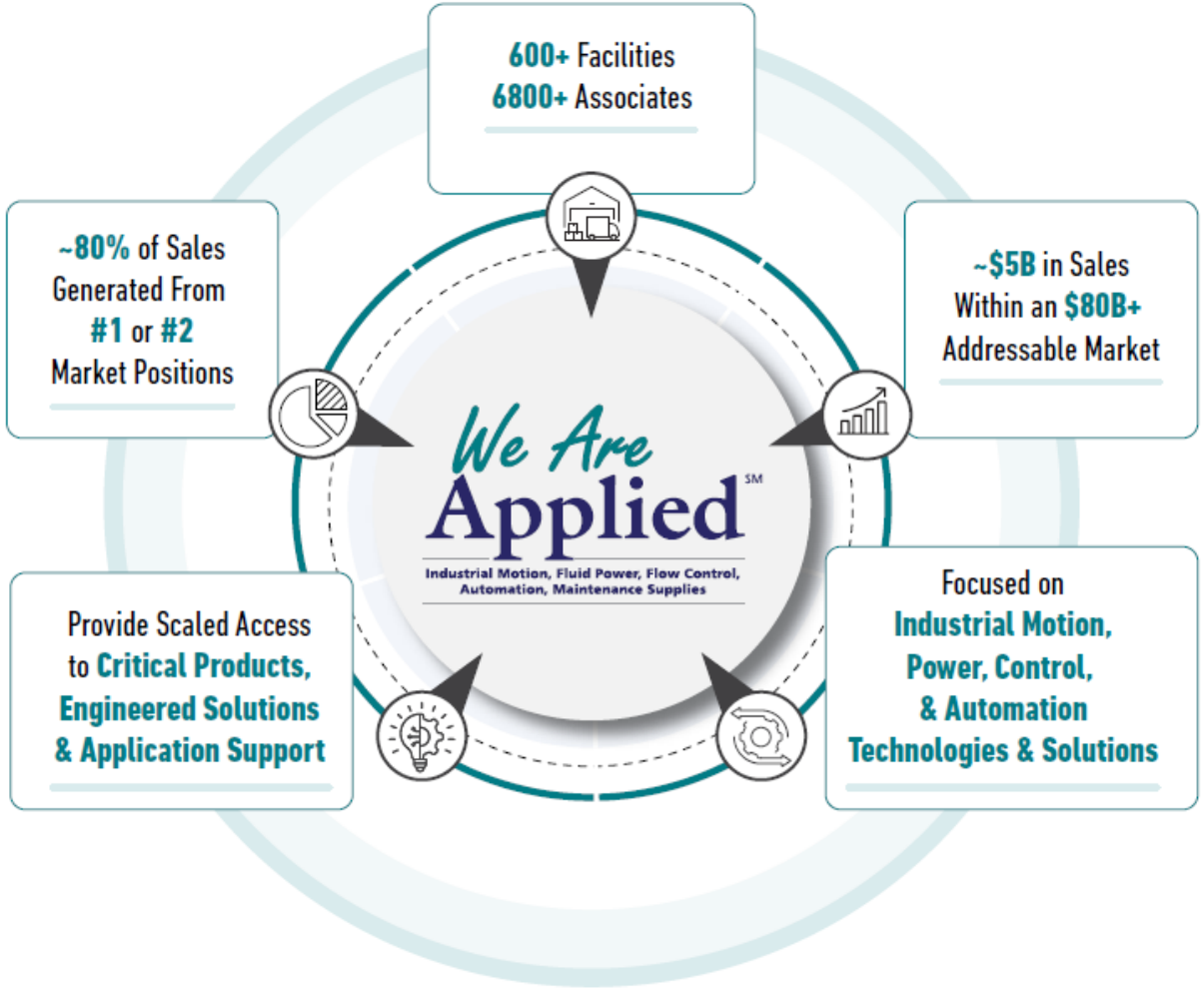
Double-Digit EBITDA, EPS, and Free Cash CAGR Through a Cycle

***SHAREHOLDER RETURNS***

***Durable & Adaptable Business Model Positioned to Unlock Shareholder Value Long Term***

# Applied Industry Position and Growth Considerations

## A Differentiated & Leading Industry Position Focused on Mission Critical Industrial Solutions…



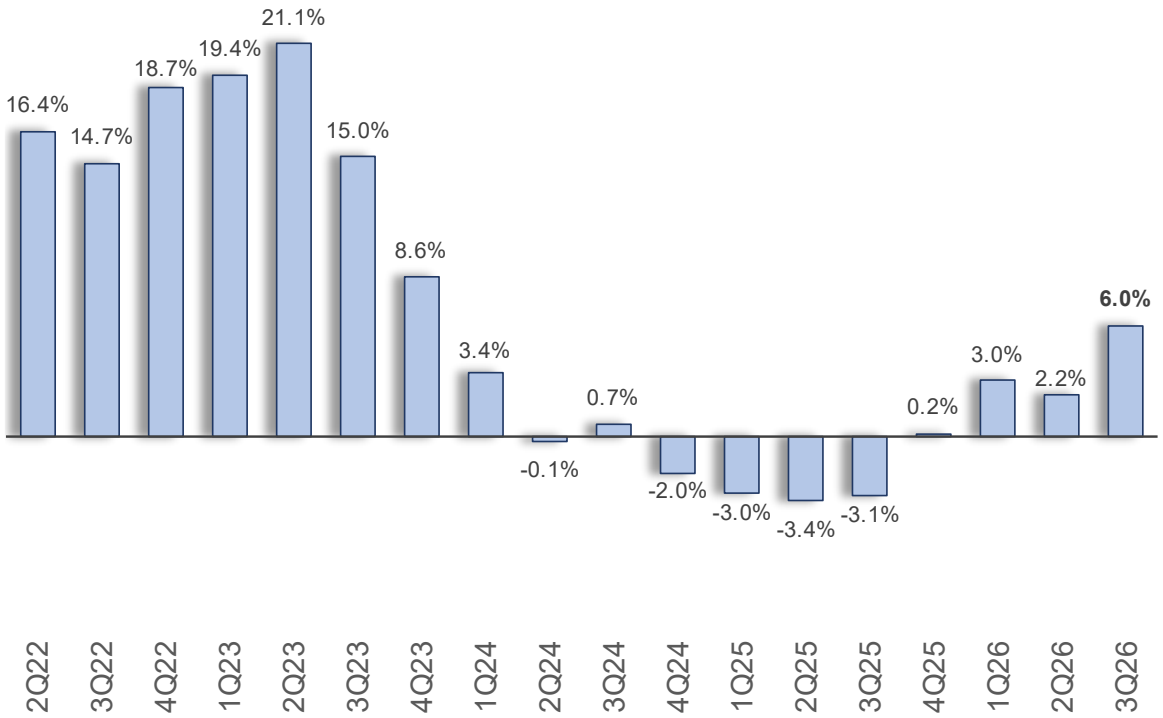

## … With Secular Tailwinds & Customer Requirements Presenting Distinct Growth Opportunities

- End-market demand in the early stages of recovery with greater signs of growth broadening across various legacy verticals
- Business funnel momentum sustaining positive trajectory including ES segment orders up by a double-digit percent organically YoY for the 2nd straight quarter
- Break / Fix activity and technical MRO spending requirements are notable given aged manufacturing equipment across North America
- Demand for engineered solutions and application support increasing as customers address skilled labor shortages and equipment / facility modernization efforts
- Customers looking to partner with larger, more capable providers offering comprehensive solutions as service and supply chain requirements increase
- Applied Automation growth accelerating as adoption of cobots, mobile robots, machine vision, and IoT solutions increasingly viewed as “need to have”
- Favorably positioned to benefit from multi-year growth tailwinds continuing to develop across semiconductor and data center verticals
- Unique cross-selling opportunity gaining momentum and supported by our One Applied value proposition and industrial facility domain expertise

# Organic Sales Growth Trend & Discussion Points – Q3 FY26

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

*Fiscal Quarters*




## F3Q26 Sales Growth Detail

- Up 6.0% YoY on an organic basis vs. +2.2% YoY in F2Q26 and F3Q26 guidance of a low to mid-single digit percent increase YoY
- 2-Yr STACK trend improved over 400 bps sequentially vs. F2Q26
- Average organic daily sales increased ~5% sequentially, ahead of normal seasonal patterns
- Price contributed an estimated 250 bps to YoY growth; volumes up an estimated 3.5% YoY organically with strong trends in March
- 17 of top 30 industry verticals up YoY in F3Q26 compared to 15 during F2Q26*
- YoY growth strongest across metals, technology, machinery, aggregates, utilities & energy, mining, and construction
- Offset by declines primarily in chemicals, lumber & wood, transportation, rubber & plastics, and refining

** Based on largest 30 industry verticals for fiscal 2025*
*Note: Represents fiscal quarter*

***Organic Growth Strengthening Reflecting Internal Growth Initiatives and Improving End Market Demand***

# Other Investor Discussion Points – Q3 FY26

| Investor Topic | Update & Details |
|---|---|
| Underlying Demand | Trends continuing to gradually improve with demand strengthening as F3Q26 progressed; sentiment across sales teams more favorable; customer capital spending backdrop improving |
| Pricing / Inflation | Price contributed ~250 bps YoY in F3Q26 (in line with our expectations); F4Q26 guidance assumes ~200 bps; watchful of evolving tariff / inflationary backdrop but positioned well given industry position |
| ES Segment Growth | Stronger growth reflects ongoing positive order trends, emerging tech vertical tailwinds, industry position, and firming end-market demand; orders up by a DD percent organically YoY in F3Q26 |
| Incremental Margins | F3Q26 incremental EBITDA margin of 11% was in line with our expectation; inclusive of YoY LIFO headwinds and a difficult prior-year SC segment comparison; expect stronger trends in F4Q26 |
| Capital Allocation | Deployed over $120M in F3Q26 on M&A, share buybacks, and dividends; M&A pipeline remains active with ongoing evaluation of mid-sized targets; announced new 3.0M repurchase authorization |
| F4Q26 Outlook | Assumes organic sales increase 4.0% to 5.5% YoY in F4Q26 on more difficult comparisons vs. F3Q26; improving industrial macro indicators, positive order growth, and business funnel activity are encouraging signs, but mindful of current geopolitical, trade policy, and end-market dynamics |

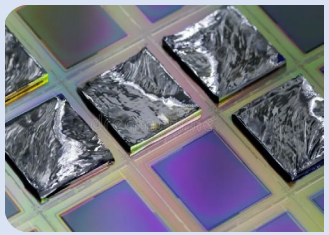
*Note: DD = Double Digits*

***Improving Growth Backdrop Supported by Internal Initiatives, Industry Position, and Operational Focus***

# Growth Vertical Highlight - Technology

- The expansion of our Engineered Solutions segment has increased our Technology vertical exposure including providing fluid power, flow control, and automation solutions across semiconductor and data center value chains
- Sales from the Technology vertical represented over 15% of our Engineered Solutions segment and contributed over 300 bps to the segment's organic sales growth rate during F3Q26, with orders and business funnel activity trending favorably through the quarter

## Semiconductor Market





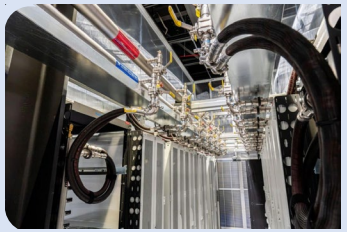
Our products and solutions are primarily used for semi wafer fab equipment manufacturing, as well as upstream material processing

| Upstream Process Flow Control Solutions | Pneumatic and Fluid Conveyance / Delivery Assemblies | Robotic and Mechatronic Solutions & Assemblies |
|---|---|---|





## Data Center Market





Our products and solutions are primarily used for thermal management and material handling within a data center facility

| Fluid Conveyance Assemblies | Mobile Robot, Vision, & Automated Handling Solutions | Process Flow Control Solutions & Assemblies |
|---|---|---|





*Expansion Of Engineered Solutions Segment Has Increased Our Technology Exposure*

# Fiscal 2026 Guidance

## Fiscal 2026 Guidance

| | Prior (1/27/26) | Current (4/28/26) |
|---|---|---|
| **Total Sales - YoY % chg** | 5.5% - 7.0% | **7.2% - 7.7%** |
| Organic Sales - YoY % chg | 2.5% - 4.0% | **3.8% - 4.2%** |
| **EBITDA Margin** | 12.2% - 12.4% | **12.3% - 12.4%** |
| **Diluted EPS** | $10.45 - $10.75 | **$10.64 - $10.75** |
| **Additional Assumptions:** | | |
| Depreciation & amortization expense | $67.0 - $68.0 | **$65.9 - $66.1** |
| Interest & other expense | $6.0 - $7.0 | **$6.7 - $7.0** |
| Effective tax rate | ~ 23% | **23.6% - 23.7%** |

*Notes: 1) $ amount in millions except EPS*

## Updated Considerations:

- Tightening FY26 guidance toward the high end of previous range following F3Q26 results
- F4Q26 sales outlook takes into consideration more difficult YoY comparisons relative to F3Q26, as well as macro uncertainty tied to the geopolitical, trade policy, and inflationary backdrop
- Includes higher tax rate assumption for full year FY26 following F3Q26 results
- Includes lower share count assumption following F3Q26 buybacks
- Excludes contribution from future M&A and/or share repurchases
- F4Q26 assumptions:
  - Total sales: Up 4.5% to 6.0%
  - Organic sales: Up 4.0% to 5.5%
  - Gross margin: Stable sequentially
  - EBITDA margin: 12.6% to 12.8%
  - Interest & other expense: $3.0M to $3.3M
  - Effective tax rate: 24.4% to 24.6%
  - EPS: $2.85 to $2.96

***Outlook Supported by Industry Position and Company-Specific Opportunities***

# Historical Financial Highlights

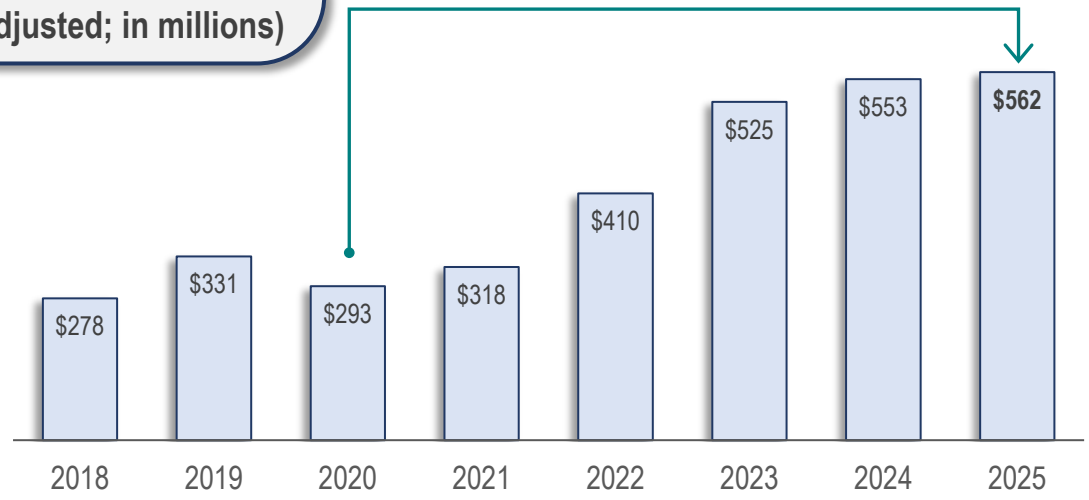
## Net Sales (in billions)

*7% Five-Year CAGR (2020-2025)*



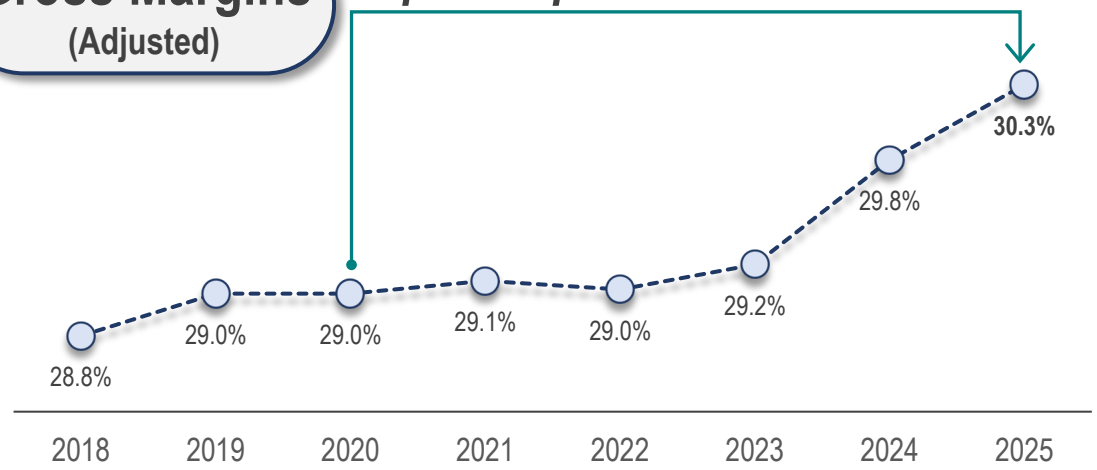

## EBITDA (Adjusted; in millions)

*14% Five-Year CAGR (2020-2025)*



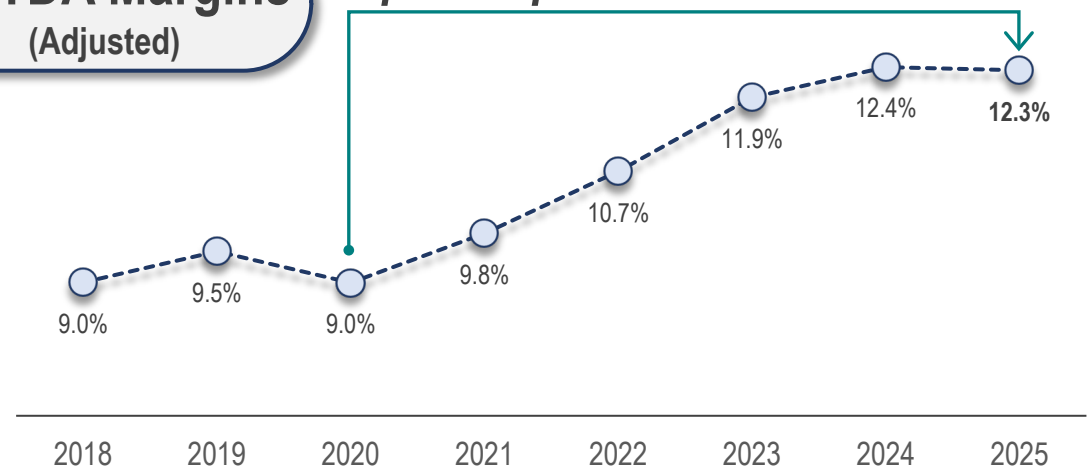

## Gross Margins (Adjusted)

*Up 130 bps Since 2020*




## EBITDA Margins (Adjusted)

*Up 330 bps Since 2020*

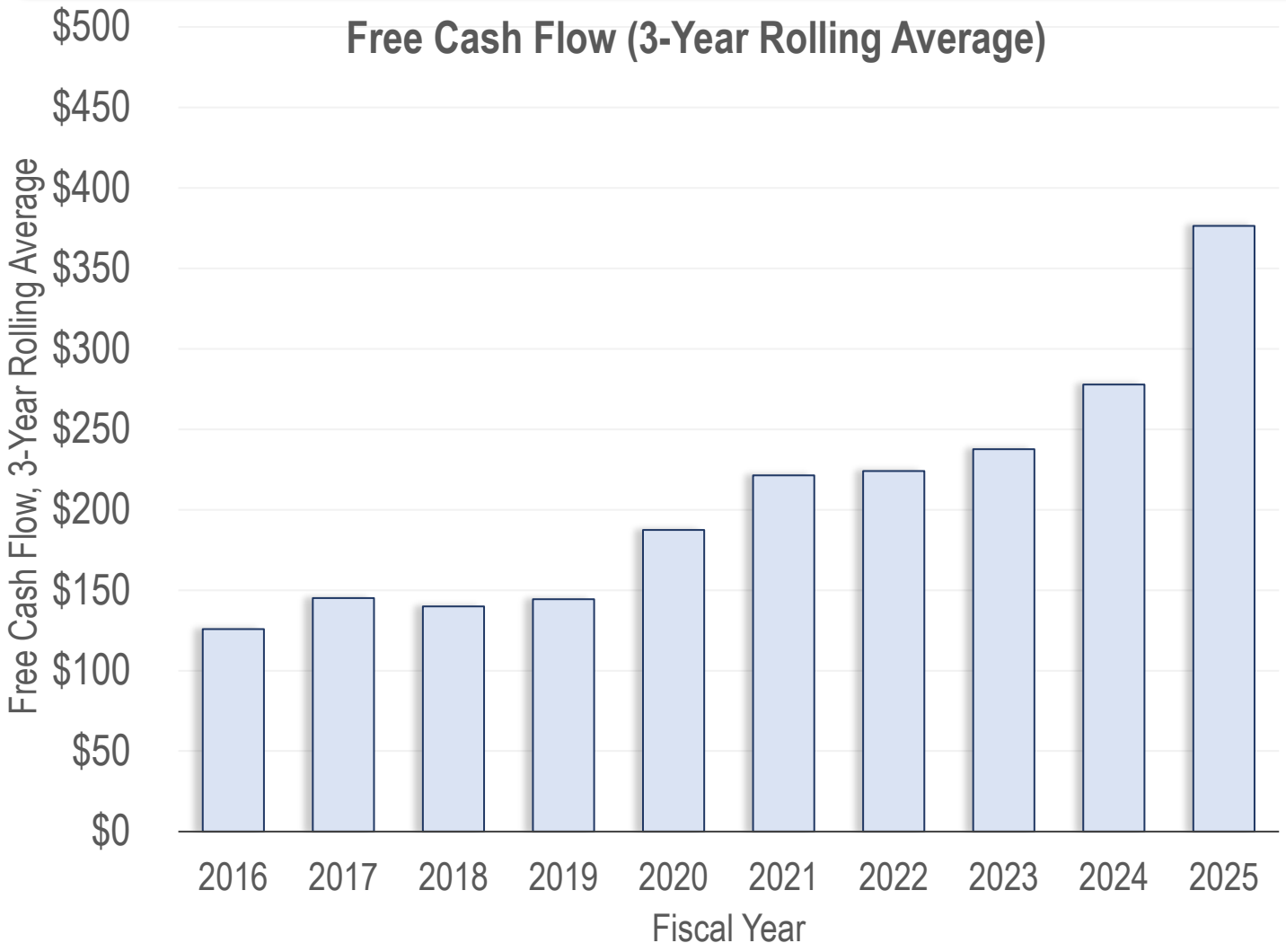



*Note: Represents fiscal years ending June 30*

*Track Record of Financial Resiliency, Enhanced Growth, & Margin Expansion*

# Historical Free Cash Generation

## *Durable & Solid Cash Generation Through All Cycles*



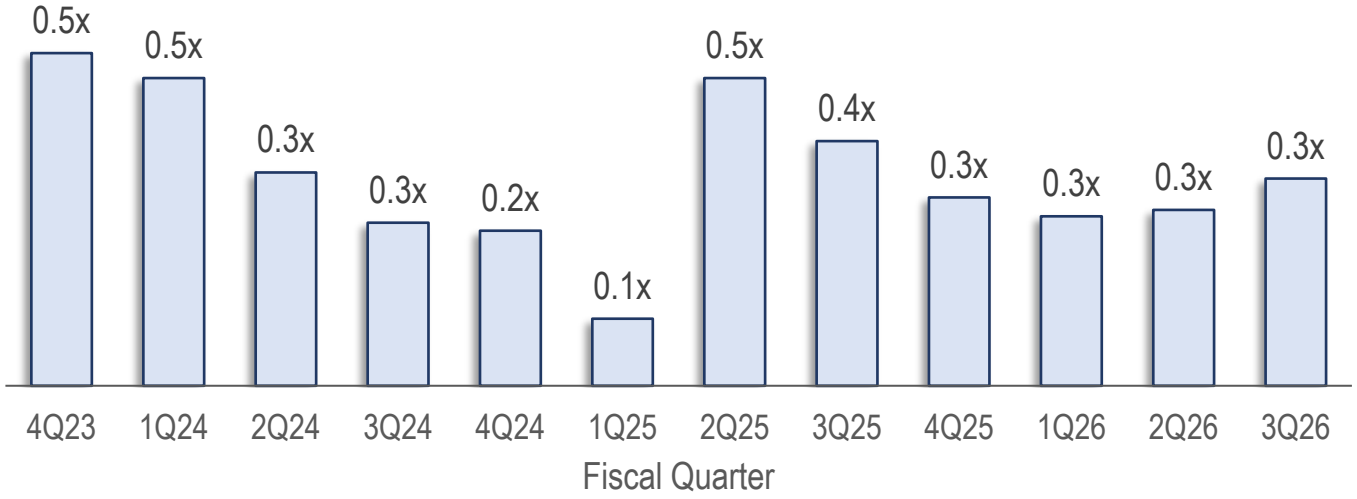

## *Strategic Initiatives Aligned to Drive Greater Cash Generation*

- Average FCF Conversion of ~100% Past 5 Years
- Increased Scale & Margin Expansion Potential
  - Growth in higher margin areas of business
  - Intermediate sales target of $5.5B+
    - $4.6B in FY25
  - Intermediate EBITDA margin target of 13%+
    - 12.3% in FY25
- Working Capital Management Initiatives & Potential
  - Expansion of shared services model
  - Cross-functional inventory planning
  - Collections initiatives
  - Leveraging systems investments
  - Local account growth
  - Growth in Engineered Solutions (lower WC)

***Strong Cash Flow Model Supports Growth, Liquidity & Shareholder Returns Through the Cycle***

# Balance Sheet & Liquidity

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




## *Balance Sheet & Liquidity* (As of March 31, 2026)

- Net leverage ratio at 0.3x
- $172M of cash on hand
- $785M+ of potential balance sheet capacity under undrawn revolver and AR securitization facility
  - Additional $800M accordion option available under revolver

***Supportive Liquidity & Balance Sheet Position***

# Capital Allocation

## *Deployment Priorities & Strategy*

**Organic Growth** — *Pursue greenfield expansion while optimizing customer service capabilities and operating efficiencies through technology, working capital, and system investments*

**Acquisitions** — *Scale Engineered Solutions segment while pursuing select Service Center segment opportunities to enhance organic growth, margins, and competitive position*

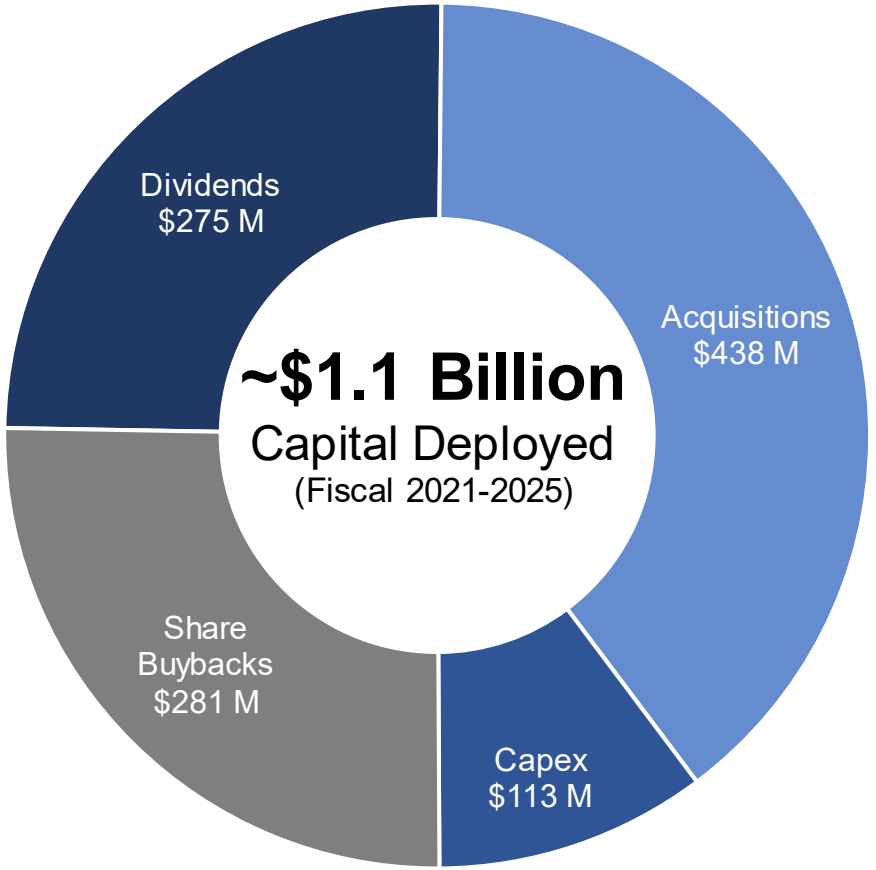
**Debt Service** — *Dependent on outstanding commitments, cycle dynamics & interest savings potential; comfortable with normalized net leverage of ~2x through a cycle*

**Share Buybacks** — *Opportunistic approach focused on returning excess cash through a disciplined valuation & return framework*

**Dividends** — *Consistent increases in ordinary dividend; target dividend growth in relation to normalized earnings growth*

## Capital Deployed Last 5 Years

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




**$537M of capital deployed in fiscal 2025, and $320M deployed in fiscal 2026 YTD (excluding debt reduction)**

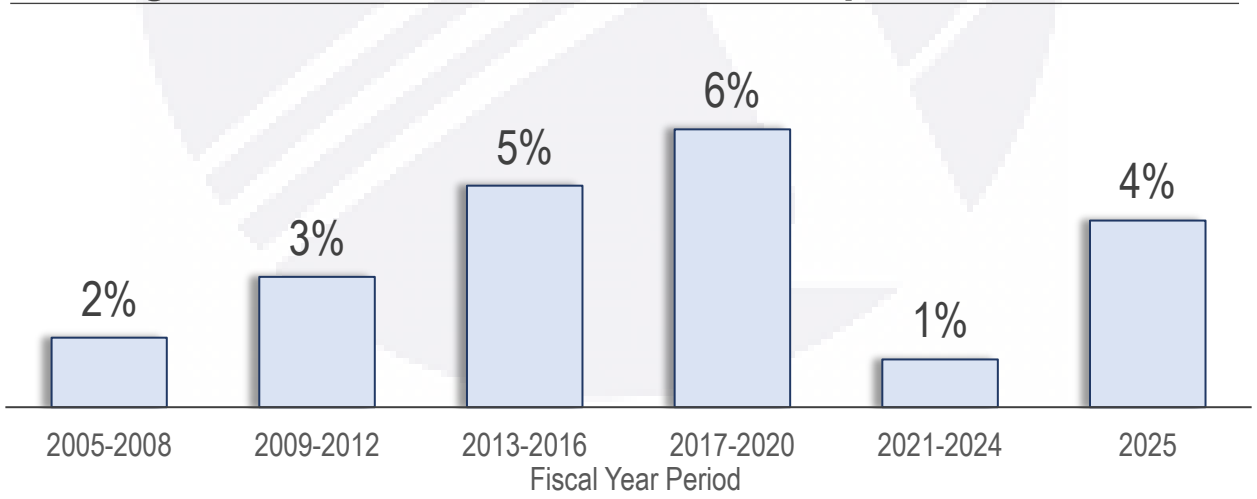
***Disciplined Capital Allocation Strategy Focused on Enhancing Long-Term Earnings Growth & Shareholder Returns***

# Acquisitive Growth

## *Active Acquisition Pipeline Aligned with Long-term Growth Priorities…*

- **Acquisitions Remain an Element of Growth Formula**
  - 54 acquisitions since 2000
  - 40 acquisitions since 2012 representing over $1B in annual sales
  - Average Annual Target = low single-digit % sales growth contribution
  - High industry fragmentation presents consolidation opportunity
  - Customers partnering with fewer, more capable providers
  - Greater operational requirements constraining smaller providers
  - Augment supplier reach / penetration within key verticals

### *Average Annual Sales Growth From Acquisitions*




### Acquisition Priority Areas

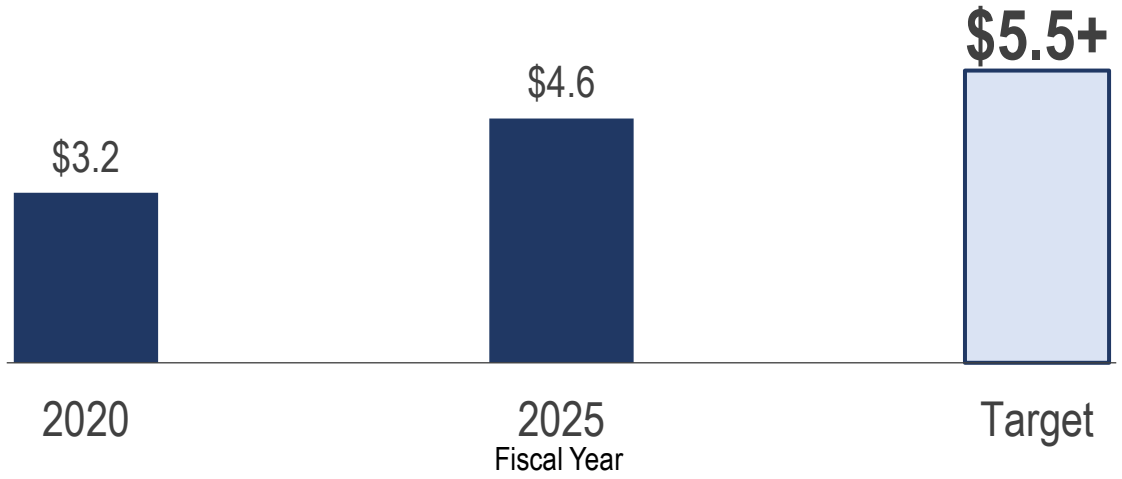
***Focused on Expanding Current Offering While Further Enhancing Our Technical Differentiation & Value-Add Solution Capabilities***

- **Automation**
- **Flow Control**
- **Fluid Power**
- **Service Centers**

***Disciplined Acquisition Strategy Focused on Supplementing Growth & Strengthening Industry Position***

# Intermediate Financial Objectives

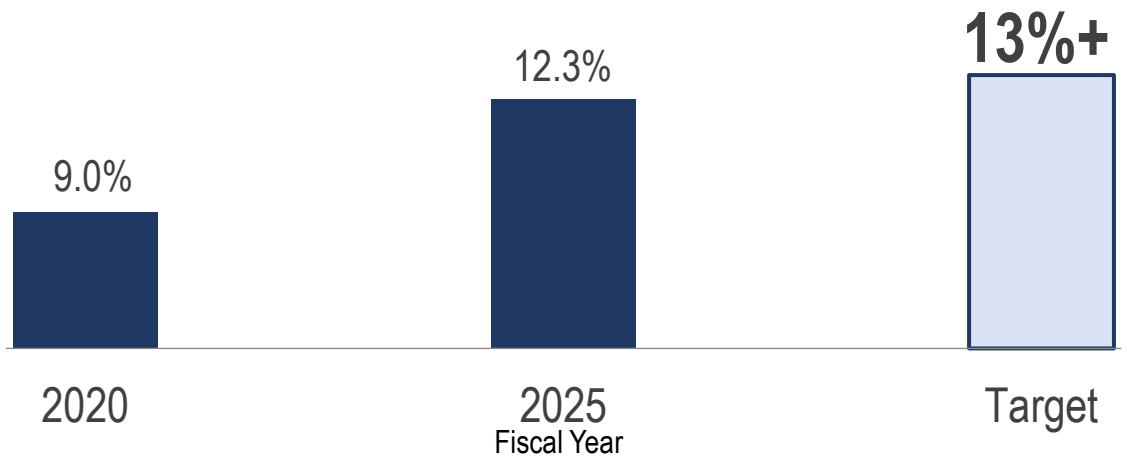
## *Net Sales – Grow to Over $5.5 Billion*




## Strategic Drivers & Considerations

- Mid Single-Digit Plus Organic Growth on Average Over an Upcycle
- Greater Cross-Selling Across Legacy Customer Network
- Secular Tailwinds From Leading Technical Industry Position
- Ongoing Expansion of Automation and Digital Offerings
- Low Single-Digit Annual Growth Contribution From Acquisitions
  - *Primary Focus on Automation, Flow Control, and Fluid Power*
- High Single-Digit Sales CAGR Over Horizon

## *EBITDA Margins – Expand to 13%+*




## Strategic Drivers & Considerations

- Mid to High-Teen Incremental Margins on Average Over Upcycle
- Leveraging of Systems Investments and Shared Services
- Ongoing Operational Excellence Initiatives
- History of Cost Discipline and Accountability
- Expansion of Higher Margin Products and Solutions
- Double-Digit EPS CAGR Over Horizon

***Execution Track Record & Strategic Objectives Provide Framework for Significant Value Creation***

# Segment Overview

## Service Center Based Distribution

**64%** of sales(1)

Service center distribution network across North America, Australia, & New Zealand; Focused on MRO motion & power control solutions for critical break-fix applications; includes technical shop & inventory management solutions

***Key Growth & Operational Considerations***

- Recurring break-fix demand; equipment / facility optimization
- Customer labor constraints; greater technical requirements
- Reshoring & increased industrial capex; local account growth
- Sales process optimization; enhanced digital capabilities
- Embedded customer base ripe for cross-selling

## Engineered Solutions

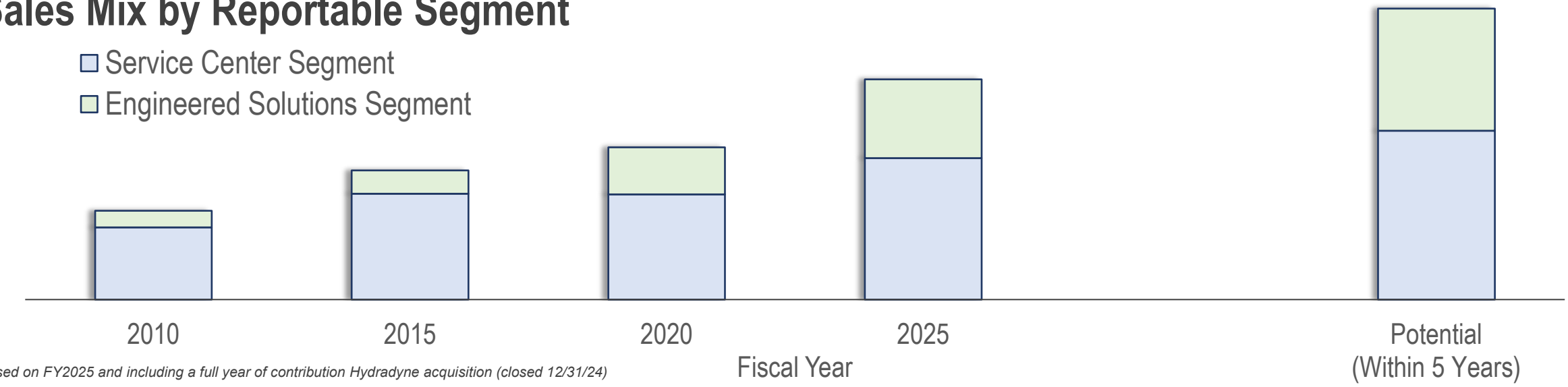
**36%** of sales(1)

Specializing in distributing, engineering, designing, & integrating hydraulic, pneumatic, & flow control technologies, as well as advanced automation solutions including robotics, machine vision, industrial networking, & digital offerings

***Key Growth & Operational Considerations***

- Higher margin & faster growing area of Applied®
- Production efficiency, remote / control integration, compliance
- Technical capabilities; footprint expansion & cross-sell opportunity
- Expanding position in advanced automation solutions
- Diversification into new end markets with secular tailwinds

## Sales Mix by Reportable Segment




(1) Based on FY2025 and including a full year of contribution Hydradyne acquisition (closed 12/31/24)

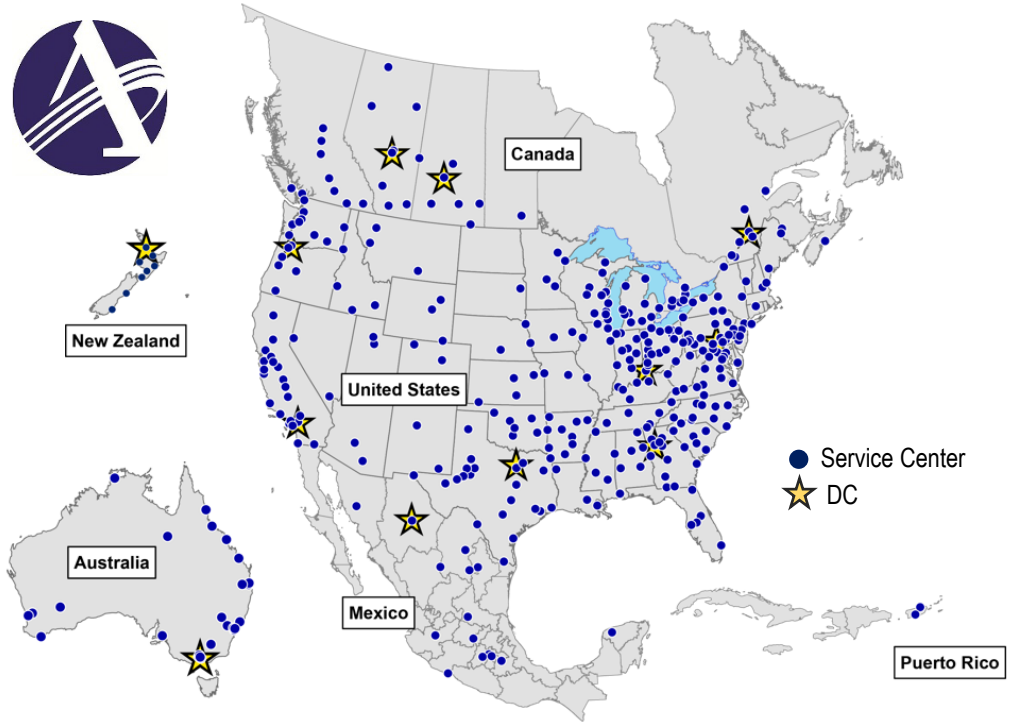
***Legacy in Core Service Center Segment …Strategic Expansion Across Engineered Solutions Segment***

# Service Center Network

- Network of service locations supporting industrial motion & power control MRO requirements
- Over 400 locations across North America, Australia, & New Zealand
- Local market focus with overnight inventory replenishment from 12 distribution centers
- 24 / 7 emergency service tailored to minimize customers' production downtime
- Over 50% of sales tied to break-fix situation at customers' facility
- Authorized distributor of ~9 million products with a focus on premier brands



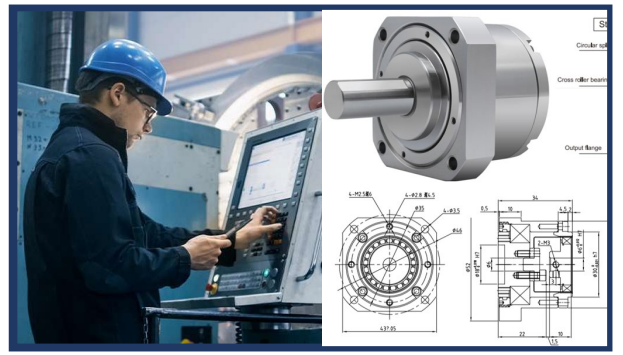

## Applied Service Center & DC Locations




## Customer Return-Enhancing Solutions

- ***Documented Value-Added® Report:*** Analysis & evaluation of cost savings
- ***Maintenance PRO®:*** Technical training for customer employees
- ***Industrial Rubber Services:*** Shop network offering fabrication, installation, repair, & warehousing of industrial belting, hosing, & conveyor supplies
- ***Repair & Rebuild:*** Analysis & evaluation of repair options; parts reworked to specifications
- ***Inventory Management:*** Evaluation of customers' replenishment cycles; committed inventory of critical spares
- ***AppliedSTORE®:*** Comprehensive tracking system to control & manage customers' supply storeroom
- ***Linear Shafting Services:*** Cut, machine, stock & ship customized lengths of shafting





***One of the Largest MRO Service Networks of Industrial Motion & Power Control Needs***

# Fluid Power: Overview & Industry Application

APPLIED Industrial Technologies®

APPLIED Fluid Power™

**Overview**: Largest fluid power distributor of hydraulic, pneumatic, and fluid conveyance solutions in the U.S. with unmatched systems engineering & design, assembly, fabrication, integration, & service capabilities

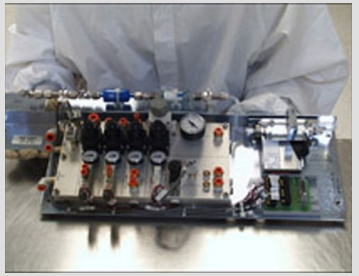
**Markets / Applications:**

| | |
|---|---|
| *Mobile:* | On-highway, Off-highway, Rail, Marine, Aerospace (Ground Support) |
| *Industrial :* | General Industrial, Process Industries, Life Sciences, Mining, Oil & Gas |
| *Technology:* | Semiconductor, Data-Centers, Electronics |

**Secular Tailwinds:** Electronic control integration, equipment power consumption, equipment electrification, autonomous mobile equipment, emissions control, remote monitoring, machining advancements, IIoT integration, data analytics, precision machine performance, data-center cooling

## The Leading Provider of an Unmatched Industrial Power & Efficiency Solution

### Key Applications & Market Focus

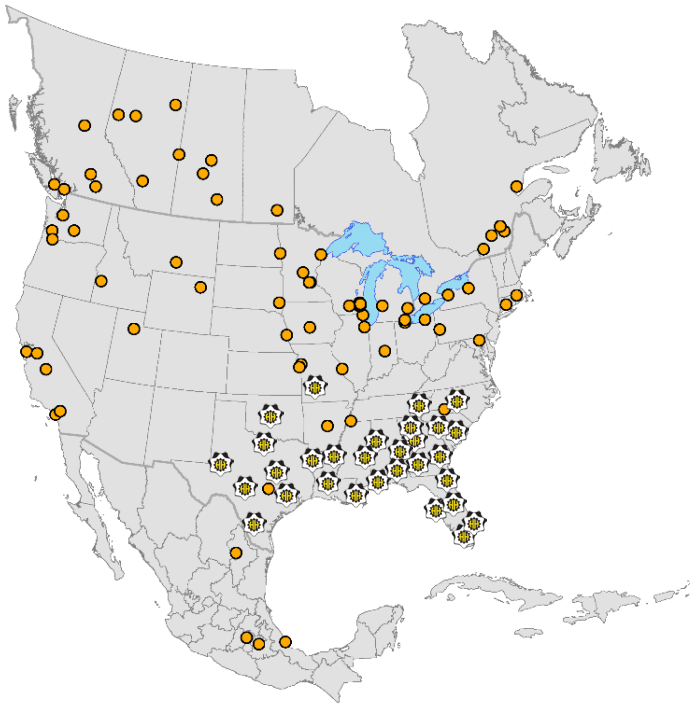
| Mobile Equipment | Industrial Equipment | Technology Systems |
|---|---|---|
|  |  |  |
|  |  |  |

# Fluid Power Position & Value Proposition

APPLIED Industrial Technologies®

APPLIED Fluid Power™

***Largest Fluid Power Distributor in North America***

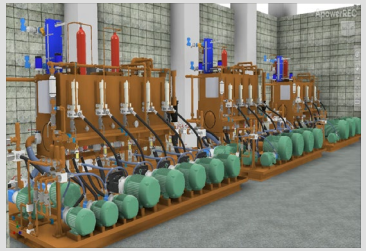


Legacy Applied Fluid Power Location

Hydradyne Location (*acquired in Dec 2024*)

**We Provide Innovative Fluid Power Solutions Through Unmatched Engineered Systems Design, Assembly, Integration, & Service Capabilities**

## Engineering & Design





- Customized fluid power systems for specific applications
- Certified engineers & designers
- CAD software & 3D modeling
- Customer consultation, analysis

## System Build & Integration





- Hydraulic Power Units
- Cartridge Valve Manifolds
- Lubrication & Filtration Systems
- Electronic Control Integration
- Sensor & Robotics Implementation

## Service & Repair





- Repair facilities for pumps, motors, valves & cylinders
- Fluid power specialists with service center support
- Team of technicians
- Inspection & testing services

***Leading Fluid Power Capabilities Centered on Innovative Components, Services, & Solutions***

# Flow Control: Overview & Industry Application

APPLIED Industrial Technologies®

*Flow Control*

**Overview:** Largest flow control distributor in the U.S. with over 50 locations and 800 associates including engineers and technicians supporting mission-critical and full-cycle process systems

**Product Detail:** Includes flow handling (pumps, compressors), flow management (valves, actuators) & specialty equipment (instrumentation, filtration); typically engineered or customized for specific industry application; requires technical aftermarket support

**Secular Tailwinds:** Process industry infrastructure expansion, more stringent regulatory & compliance standards, customer technical labor constraints, growth in hygienic & high purity applications, calibration requirements, customer de-carbonization initiatives, data-center cooling

## The Leading Provider of Process Flow Control Solutions to the Industrial Sector

### Key Applications & Market Focus

**Chemical**



**OEM & Manufacturing**



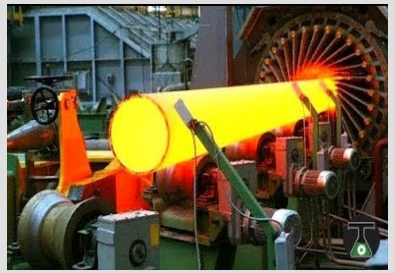
**Life Sciences**



**Food & Beverage**



**Steel & Metals**



**Water/ Liquids Infrastructure**



*Solutions Critical to Process Movement Across the Industrial Sector*

# Flow Control Position & Value Proposition

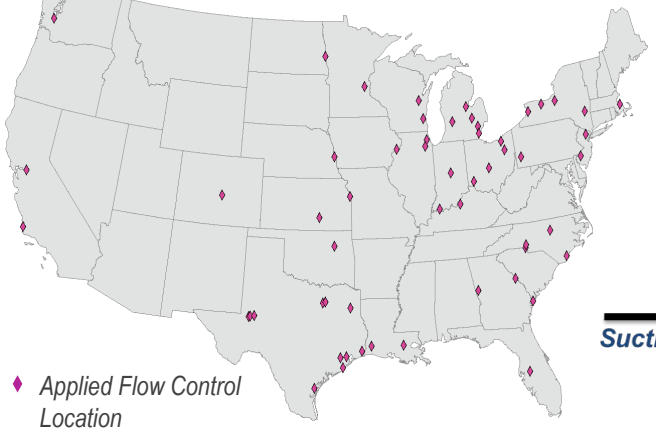
APPLIED Industrial Technologies®

*Flow Control*

**We Offer the Largest, Most Comprehensive Flow Control Product & Service Portfolio Focused on Mission-Critical & Full-Cycle Solutions**

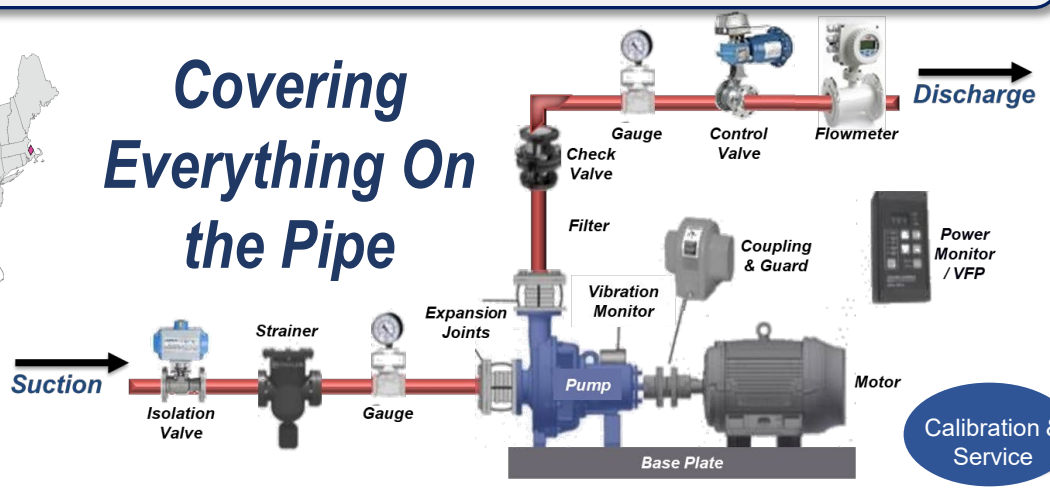
## Growth and Strategy Considerations

- Leading technical MRO position
- Higher margins from high-touch service capabilities and higher-engineered products
- Significant cross-selling opportunity
- "Acquirer of Choice" status with geographic expansion potential across the U.S.



♦ *Applied Flow Control Location*

## *Covering Everything On the Pipe*




## Drivers of Competitive Position

- Service & repair capabilities
- Valve actuation, consulting, instrumentation, fabrication, calibration, & commissioning services
- Engineered systems integration expertise
- Comprehensive product offering
- Highly technical sales team
- Long-term supplier relationships








*Solutions Critical to Process Movement Across the Industrial Sector*

# Automation: Overview and Industry Application

APPLIED Industrial Technologies

APPLIED Automation

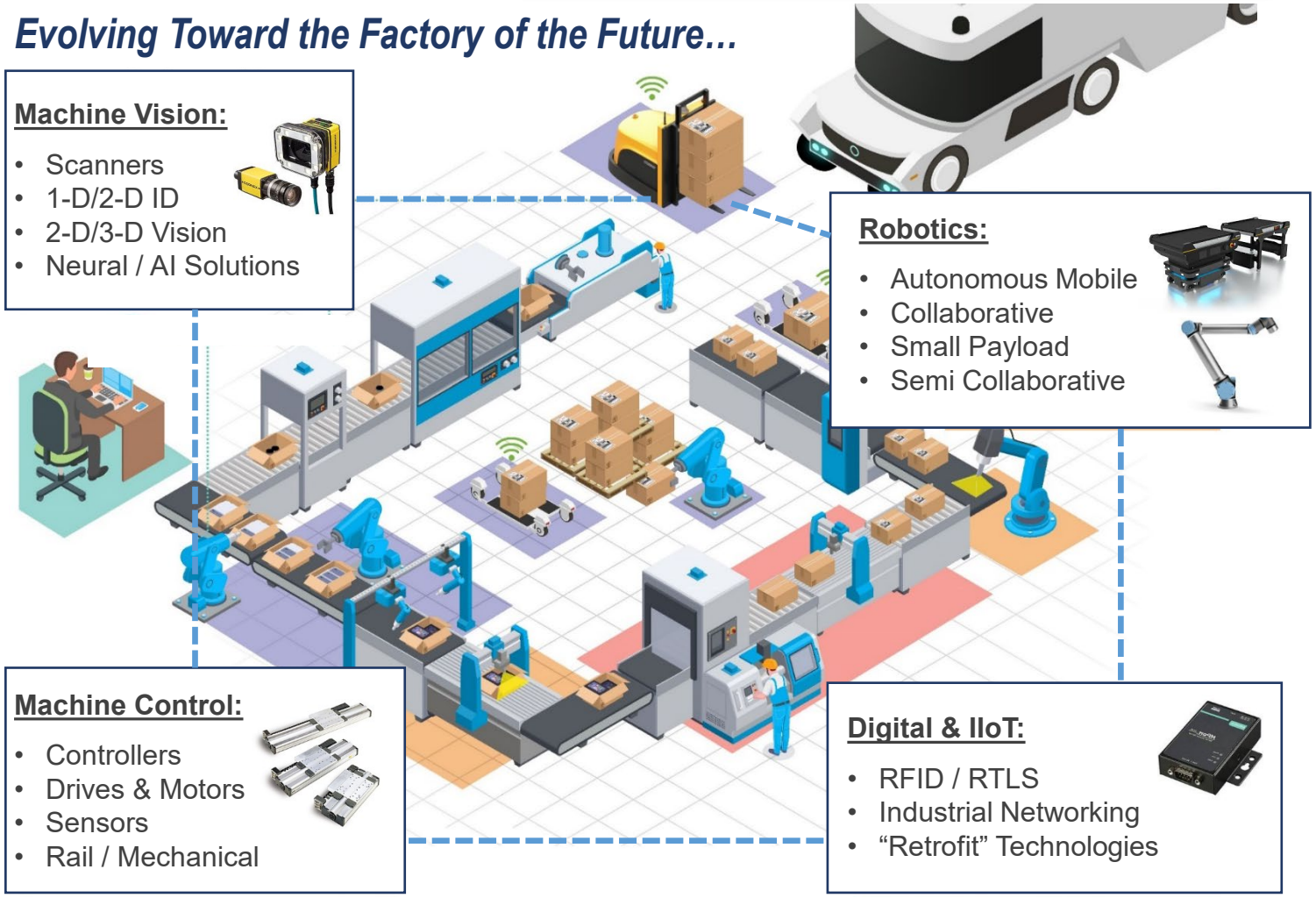
**A Leading Provider of Next-Generation Automation Supplies & Solutions Focused on Machine Vision, Robotics, Control, & Digital Technologies**

**Overview:** One of the largest full-service providers of innovative automation assemblies and complete engineered solutions utilizing next generation automation technologies

**Product Detail:** Robotics (autonomous mobile, collaborative, industrial, small payload), machine vision, machine control, industrial networking, RFID, RTLS, and industrial IoT solutions used across discrete production environments

**Customers:** Factory end-users, OEMs, and machine builders serving diverse markets including life sciences, medical device, datacenters, semiconductor, electronics, automative, food production, consumer goods, packaging, and metalworking

***Evolving Toward the Factory of the Future…***



**Machine Vision:**
- Scanners
- 1-D/2-D ID
- 2-D/3-D Vision
- Neural / AI Solutions

**Robotics:**
- Autonomous Mobile
- Collaborative
- Small Payload
- Semi Collaborative

**Machine Control:**
- Controllers
- Drives & Motors
- Sensors
- Rail / Mechanical

**Digital & IIoT:**
- RFID / RTLS
- Industrial Networking
- "Retrofit" Technologies

# Automation Position and Value Proposition

APPLIED Industrial Technologies

APPLIED Automation

Olympus CONTROLS Applied Automation | West

ACS advanced control solutions Applied Automation | Southeast

GIBSON ENGINEERING Applied Automation | Northeast

Automation, Inc. Applied Automation | North Central

RRF RR Floody Company Inc Applied Automation | Central

kmV iSight Systems

KOPAR Applied Automation | Mexico-LATAM

IRIS FACTORY AUTOMATION

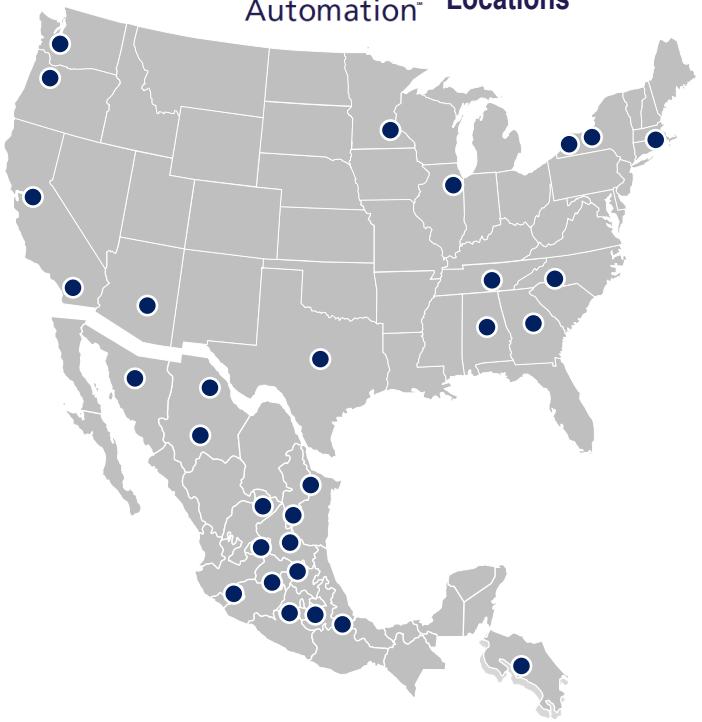
**Footprint**: 30 locations across the U.S. and Mexico with ~500 associates including ~250 degreed engineers

**Value Prop**: Full-service provider of innovative automation assemblies and complete engineered solutions; leading application expertise with value-added design, engineering, assembly, and integration capabilities; technical engineering team, scaling footprint, and strategic relationships with leading high-tech automation suppliers

**Secular Tailwinds:** Customer labor constraints, increased North American manufacturing, reshoring, data-center build out, supply-chain resiliency, plant efficiency initiatives, increased focus on safety & quality, adoption of IoT and smart manufacturing, and automation component advancements

## Robotics | Vision | Motion | Industrial IoT

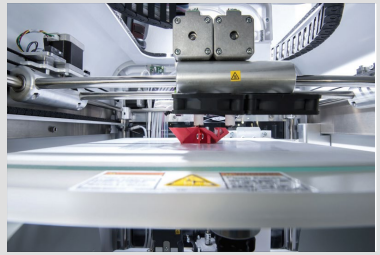
APPLIED Automation Operating Locations



### Engineered Solutions



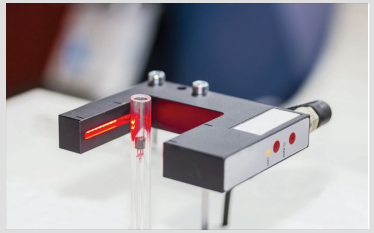
### OEM Specification



### Kits & Assemblies



### MRO Replacement



*Expanding Focus in Key Emerging Technologies Through Leading Application & Engineered Solutions*

# Increasing Focus on Next Generation Automation & Industry 4.0

**Products, Solutions, & Experience Across Legacy Operations**




- Electronic Control Integration *(Fluid Power)*
- Pneumatic Automation *(Fluid Power)*
- Valve Actuation *(Flow Control)*
- Sensors & Retrofits *(Service Centers)*
- Motion Control Products *(Service Centers)*

**Vast Network with Entrenched Customer Relationships Across Underpenetrated Industrial End Markets**




**Expansion into Next Generation Automation & Smart Technology Solutions**




- Advanced Facility Automation
- Cobots & Mobile Robots
- Machine Vision & RFID
- Industrial Networking, Connectivity
- Specialized Engineered Solutions
- System Design & Assembly

*Leveraging Industry Position to Drive Growth Tied to Enhanced Technology & New Market Opportunities*

# Maintenance Supplies & Solutions

APPLIED Industrial Technologies®

APPLIED
Maintenance Supplies & Solutions®

**A Leading National Distribution Platform for C-Class MRO Supplies Through Vendor Managed Inventory (VMI) & Vending Solutions**

- 200+ Sales & Service Representatives
- 4 Distribution Centers
- 250,000+ SKUs Available
- *Significant Cross-Sell Opportunity Across Core Service Center Customer Network*




**"Core Business" Manufacturing**

**Applied MSS℠**
VMI & Vending Solution for MRO & Safety Supplies

**Machine Shop**

**Applied MSS℠**
VMI Solution Cutting Tool, Abrasives, Fastener Supply Management

**Calibration Lab**

**Applied MSS℠**
VMI & Vending Solution for Tool Tracking & Security

**Maintenance**

**Applied MSS℠**
VMI & Vending Solutions to Manage General Facility Repair & Maintenance

**Office**

**Applied MSS℠**
Digital Inventory Management System Supporting C-Class Inventory Management



**Employee Entrance**

**Applied MSS℠**
Vending Solution For Employee Equipment, Safety Supplies, Rechargeable Devices

*Complementary Inventory Management Solutions for Customers' Indirect Supply Requirements*

# Environmental - Social - Governance (ESG)

## Our ESG Focus Takes Many Forms

- *Over 100 years of conducting business ethically & responsibly*
- *Low-carbon footprint as a distributor*
- *Advise customers on energy savings & reducing their carbon footprint*
- *Implementing greener practices in our own operations*
- *Promoting diversity & continuous learning across our organization*
- *Supporting the well-being of our associates & our communities*



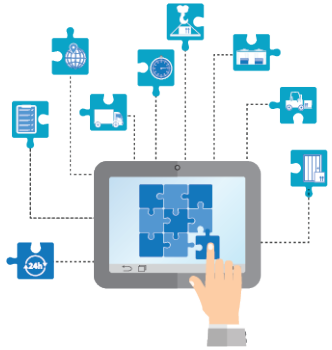

## Core Values

- Reflect our foundation, present & future
- Guide actions & reinforce required performance
- Represent collective business & individual responsibilities



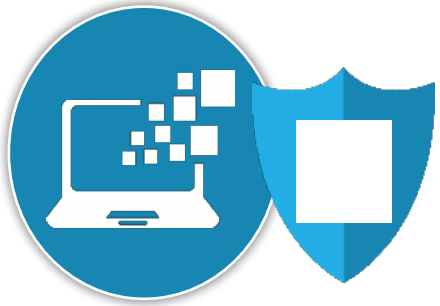

## Corporate Governance

- Diverse, seasoned executives
- Accepted principles & practices
- Integrity & transparency in financial reporting



## Supply Chain Management

- Quality brands; world-class manufacturers
- Supplier Diversity program
- Conflict Minerals reporting



## Information & Technology

- Established practices & policies
- Enterprise class systems
- Data protection; cybersecurity



## Environmental, Health & Safety

- Emphasis & awareness
- Expectations, roles & responsibilities
- Established EHS Policy




## Sustainability Initiatives

- Comply with government mandates
- Reduce environmental impact
- Provide eco-friendly products, knowledge & operations



## Corporate Citizenship & Human Rights Statement

- Equal employment opportunities; equitable pay
- Continuous learning & training
- Employee wellness assistance; community partner

***Demonstrated Commitment to Conducting Business Fairly, Honestly, & Ethically***

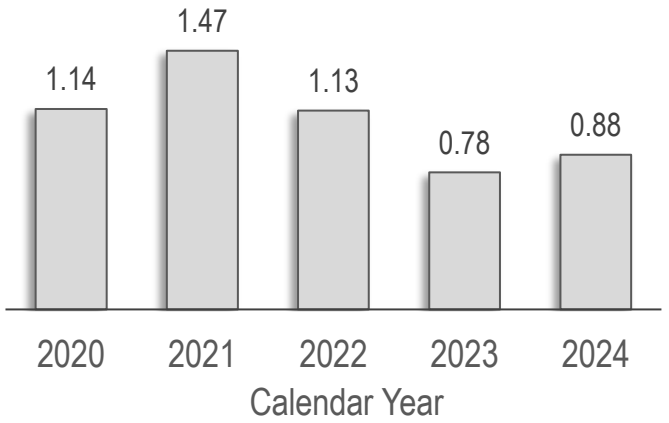
# Safety & Sustainability Performance

- Dedicated safety focus with comprehensive training programs across company
- Formalized EHS policy, analysis, monitoring, & accountability focus
- Low carbon footprint as a distributor
- Conduct customer energy audits on motors, belting, & gearing
- Develop fluid power systems that improve energy usage, operator safety, and durability
- Process flow control solutions support customers' de-carbonization & energy transition initiatives
- Provide advanced automation solutions that help improve product quality & employee safety
- Promote Eco-Friendly Products - *Energy reduction, recycled content, bio-based, biodegradable, NEMA Premium®, Green Seal® certified, ENERGY STAR®, EcoLogo®*




***Total Recordable Incident Rate (TRIR)***

*Within U.S.; Net of impact from cases tied to COVID-19*




***2025 Sustainability Highlights***

*Source: Applied's 2025 Sustainability Report*

**COMPLETED**
OUR INAUGURAL DOUBLE MATERIALITY ASSESSMENT

**HR PLATFORM**
TRANSITION TO PUT THE INFORMATION EMPLOYEES NEED IN ONE EASY-TO-USE ONLINE PORTAL

**ISO 14001**
CERTIFICATION OBTAINED AND SCOPE OF LOCATIONS COVERED EXPANDED

"Sustainability is not just a strategy—it's an integral part of who we are as a company. By deepening our understanding, increasing transparency, and focusing on what truly matters, we are **building a resilient future** for our people, our customers, and the industries we serve. Together, we will continue to drive meaningful progress and create lasting value."



**NEIL A. SCHRIMSHER**
President and CEO

***Elevating & Executing on Our Commitment to Corporate Social Responsibility***

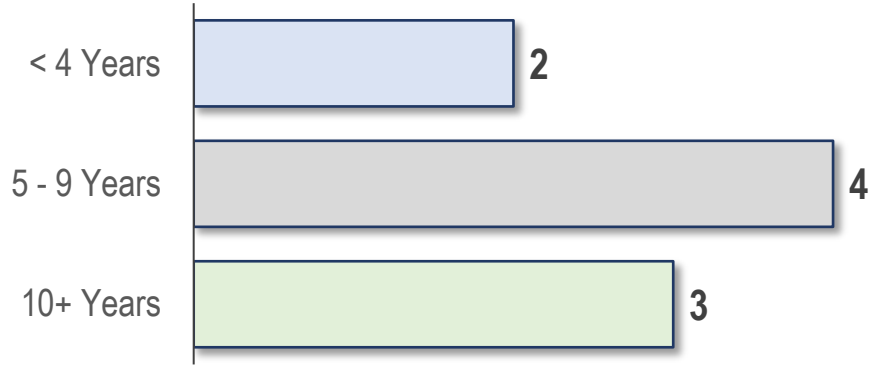
# Corporate Governance

## Key Governance Features

- Independent Chairman; all directors independent except CEO
- Key committees composed of only independent directors
- Women represent 33% of board members
- Strong “Pay for Performance” compensation practices
  - 84% of CEO compensation in fiscal 2025
- Equity award vesting rewards long-term, sustained performance
- Robust stock ownership guidelines for officers & directors
  - 5x salary for CEO, 3x for other executive officers

## Board Refreshment & Tenure

Average Tenure of Board Members




## Management Incentive Structure Summary

### Incentive Compensation Components

**Annual Cash Incentives:**

Based on Performance Relative to Targets of:

- Net Income
- Average Working Capital Percent of Sales

**Long-Term Equity Based Incentives:**

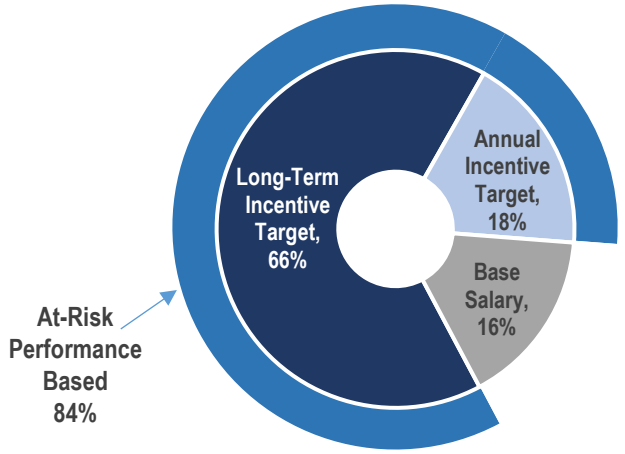
Based on Three-Year Performance Relative to Targets of:

- EBITDA
- Return on Assets

### Long-Term Equity Based Incentive Mix

- Performance Shares – **50%**
  - *Achievement of three-year goals*
- Stock Appreciation Rights – **25%**
  - *Four-year (25% graded) vesting period*
- Restricted Stock Units – **25%**
  - *Three-year cliff vesting period*

### CEO Target Compensation Mix




*Corporate Governance Policies that Align the Interests of Management with Shareholders*

APPLIED
Industrial Technologies®

# Appendix

# Appendix: Reconciliations

## *EBITDA, Adjusted EBITDA, & Adjusted EBITDA Margin*

| | Twelve Months Ended June 30 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| *(dollar amount in thousands)* | **2018** | **2019** | **2020** | **2021** | **2022** | **2023** | **2024** | **2025** |
| Net Income | $141,625 | $ 143,993 | $24,042 | $144,757 | $257,414 | $346,739 | $385,762 | $392,988 |
| Interest expense, net | 23,485 | 40,188 | 36,535 | 30,592 | 26,263 | 21,639 | 2,831 | 612 |
| Income tax expense | 63,093 | 50,488 | 31,194 | 32,305 | 72,376 | 103,072 | 112,368 | 107,979 |
| Depreciation and amortization of property | 17,798 | 20,236 | 21,196 | 20,780 | 21,676 | 22,266 | 23,431 | 24,899 |
| Amortization of intangibles | 32,065 | 41,883 | 40,499 | 34,365 | 31,879 | 30,805 | 28,923 | 35,581 |
| **EBITDA** | $278,066 | $296,788 | $153,466 | $262,799 | $409,608 | $524,521 | $553,315 | $562,059 |
| Goodwill & intangible impairment | | $31,594 | $131,000 | $49,528 | | | | |
| Non-routine costs | $6,123 | $2,300 | $8,992 | $5,163 | | | | |
| **Adjusted EBITDA** | **$284,189** | **$330,682** | **$293,458** | **$317,490** | **$409,608** | **$524,521** | **$553,315** | **$562,059** |
| Sales | $3,073,274 | $3,472,739 | $3,245,652 | $3,235,919 | $3,810,676 | $4,412,794 | $4,479,406 | $4,563,424 |
| **Adjusted EBITDA Margin** | **9.2%** | **9.5%** | **9.0%** | **9.8%** | **10.7%** | **11.9%** | **12.4%** | **12.3%** |

## *Adjusted Gross Margin*

| | Twelve Months Ended June 30 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| *(dollar amount in thousands)* | **2018** | **2019** | **2020** | **2021** | **2022** | **2023** | **2024** | **2025** |
| **Net Sales** | $3,073,274 | $3,472,739 | $3,245,652 | $3,235,919 | $3,810,676 | $4,412,794 | $4,479,406 | $4,563,424 |
| Gross Profit | $883,995 | $1,008,323 | $937,736 | $935,524 | $1,106,916 | $1,286,965 | $1,336,653 | $1,383,159 |
| Non-routine expense in cost of sales | | | $3,900 | $7,369 | | | | |
| **Adjusted Gross Profit** | **$883,995** | **$1,008,323** | **$941,636** | **$942,893** | **$1,106,916** | **$1,286,965** | **$1,336,653** | **$1,383,159** |
| **Adjusted Gross Margin** | **28.8%** | **29.0%** | **29.0%** | **29.1%** | **29.0%** | **29.2%** | **29.8%** | **30.3%** |

# Appendix: Reconciliations

## *Free Cash Flow*

| *(dollar amount in thousands)* | FY13 | FY14 | FY15 | FY16 | FY17 | FY18 | FY19 | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Cash provided by Operating Activities | $111,397 | $110,110 | $157,007 | $162,014 | $164,619 | $147,304 | $180,601 | $296,714 | $241,697 | $187,570 | $343,966 | $371,393 | $492,385 |
| Capital Expenditures | (12,214) | (20,190) | (14,933) | (13,130) | (17,045) | (23,230) | (18,970) | (20,115) | (15,852) | (18,124) | (26,476) | (24,864) | (27,187) |
| **Free Cash Flow** | **$99,183** | **$89,920** | **$142,074** | **$148,884** | **$147,574** | **$124,074** | **$161,631** | **$276,599** | **$225,845** | **$169,446** | **$317,490** | **$346,529** | **$465,198** |
| 3-Year Rolling Average Free Cash Flow | | $94,552 | $110,392 | $126,959 | $146,177 | $140,177 | $144,426 | $187,435 | $221,358 | $223,963 | $237,594 | $277,822 | $376,406 |

## *Net Leverage Ratio*

| *(dollar amount in thousands)* | Q3 FY23 | Q4 FY23 | Q1 FY24 | Q2 FY24 | Q3 FY24 | Q4 FY24 | Q1 FY25 | Q2 FY25 | Q3 FY25 | Q4 FY25 | Q1 FY26 | Q2 FY26 | Q3 FY26 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Net Income** | **$97,187** | **$92,215** | **$93,826** | **$91,228** | **$97,217** | **$103,491** | **$92,063** | **$93,290** | **$99,799** | **$107,836** | **$100,807** | **$95,349** | **$99,769** |
| Interest expense, net | 4,773 | 4,201 | 1,320 | 1,917 | 265 | (671) | (627) | (936) | 853 | 1,322 | 993 | 942 | 2,447 |
| Income tax expense | 25,093 | 30,322 | 25,103 | 24,373 | 25,448 | 37,444 | 24,017 | 29,271 | 27,483 | 27,208 | 27,778 | 27,423 | 35,359 |
| Depreciation and amortization | 5,565 | 5,668 | 5,717 | 6,048 | 5,802 | 5,864 | 5,924 | 5,926 | 6,583 | 6,466 | 6,486 | 6,590 | 6,396 |
| Amortization of intangibles | 7,670 | 7,616 | 7,393 | 7,257 | 6,951 | 7,322 | 7,600 | 7,567 | 10,218 | 10,196 | 10,203 | 10,126 | 9,884 |
| **EBITDA** | **$140,288** | **$140,022** | **$133,359** | **$130,823** | **$135,683** | **$153,450** | **$128,977** | **$135,118** | **$144,936** | **$153,028** | **$146,267** | **$140,430** | **$153,855** |
| **Trailing 4-Quarter EBITDA** | **$504,450** | **$524,521** | **$539,170** | **$544,492** | **$539,887** | **$553,315** | **$553,315** | **$553,228** | **$562,481** | **$562,059** | **$579,349** | **$584,661** | **$593,580** |
| Current portion of long-term debt | 25,196 | 25,170 | 25,171 | 25,159 | 25,107 | 25,055 | 25,003 | 0 | 0 | 0 | 0 | 0 | 18,000 |
| Long-term debt | 597,006 | 596,926 | 596,883 | 571,854 | 571,862 | 572,279 | 572,288 | 572,300 | 572,300 | 572,300 | 572,300 | 572,300 | 347,300 |
| Total Debt | $622,202 | $622,096 | $622,054 | $597,013 | $596,969 | $597,334 | $597,291 | $572,300 | $572,300 | $572,300 | $572,300 | $572,300 | $365,300 |
| Cash | 182,127 | 344,036 | 360,415 | 412,855 | 456,533 | 460,617 | 538,520 | 303,441 | 352,842 | 388,417 | 418,716 | 405,986 | 171,576 |
| **Net Debt** | **$440,075** | **$278,060** | **$261,639** | **$184,158** | **$140,436** | **$136,717** | **$58,771** | **$268,859** | **$219,458** | **$183,883** | **$153,584** | **$166,314** | **$193,724** |
| **Net Leverage Ratio** | **0.9** | **0.5** | **0.5** | **0.3** | **0.3** | **0.2** | **0.1** | **0.5** | **0.4** | **0.3** | **0.3** | **0.3** | **0.3** |