Applied Industrial Technologies®

Fiscal Q2 2026 Recap

January 27, 2026

- The Premier Provider of Advanced Motion, Power, Control, & Automation Solutions to Critical Industrial Infrastructure -

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.

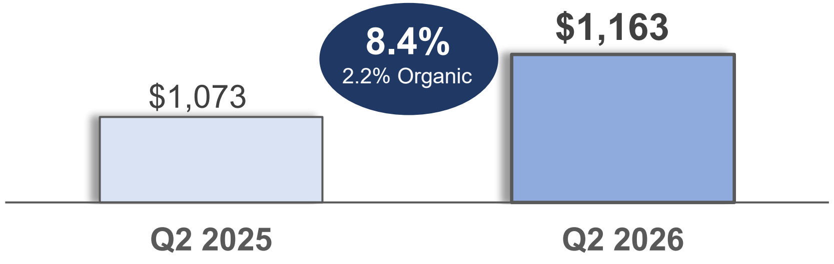
Primary Messages from Management

- **F2Q26 results highlight ongoing execution in an evolving operating environment;** sales and EBITDA margins in line with guidance inclusive of greater than expected LIFO expense and muted Dec sales.
- **Demand backdrop remains choppy but trending in the right direction** with order momentum remaining positive across both segments; organic sales in Jan trending up by a mid single-digit percent YoY month to date.
- **Drove solid underlying margin performance in F2Q26** as internal initiatives, channel execution, and improving mix helped balance a 54 bps YoY LIFO headwind and difficult prior-year comparisons.
- **Remain active with capital deployment priorities;** announced bolt-on Service Center acquisition (Thompson) and 11% increase in quarterly dividend, as well as repurchased $143M of shares in F1H26.
- **Constructive on sales growth potential entering F2H26** considering recent order momentum (ES segment orders up over 10% YoY in F2Q26), firming end-market demand, and an improving customer spending backdrop.
- **Tightening FY26 sales guidance toward high end following F1H26 results;** remain prudent with assumptions but see upside catalysts tied to industry position, business funnel, internal initiatives, and M&A pipeline.

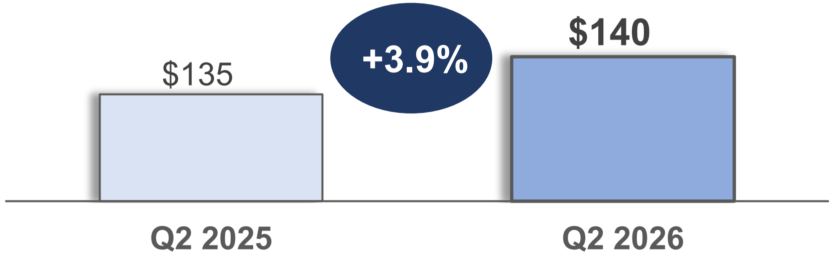
Fiscal Q2 2026 Key Financial Highlights

- **Sales up 8.4% YoY**
  - Up 2.2% on an organic basis
  - Acquisitions +6.0%, currency +0.2%
- **Net Income of $95.3M and EPS of $2.51**
  - EPS up 4.6% YoY
  - Includes $6.9M pre-tax ($0.14/sh) of LIFO expense
  - Favorable YoY impact from lower tax rate and diluted share count, partially offset by higher net interest expense
- **Gross margin 30.4%, down 19 bps vs. prior year of 30.6%**
  - Includes a 54 bps YoY headwind from higher LIFO expense
- **SD&A expense of $230.1M at 19.8% of sales**
  - Up 1.4% YoY on an organic, constant currency basis
- **EBITDA of $140.4M, up 3.9% vs. prior year of $135.1M**
  - EBITDA margin of 12.1% down 52 bps YoY
  - Includes a 54 bps YoY headwind from higher LIFO expense
- **Operating cash of $99.7M; free cash of $93.4M**
  - Free cash 97.9% of net income

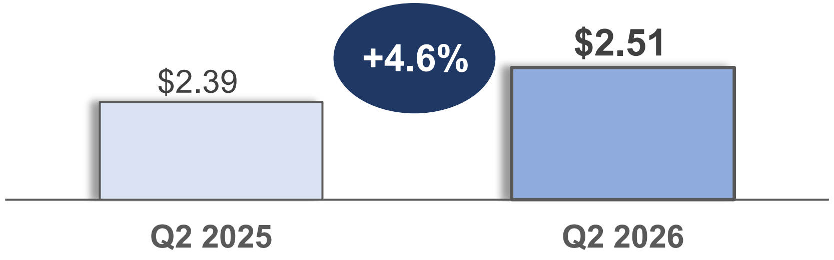
Sales, ***$ in millions***



EBITDA, ***$ in millions***



Earnings Per Share



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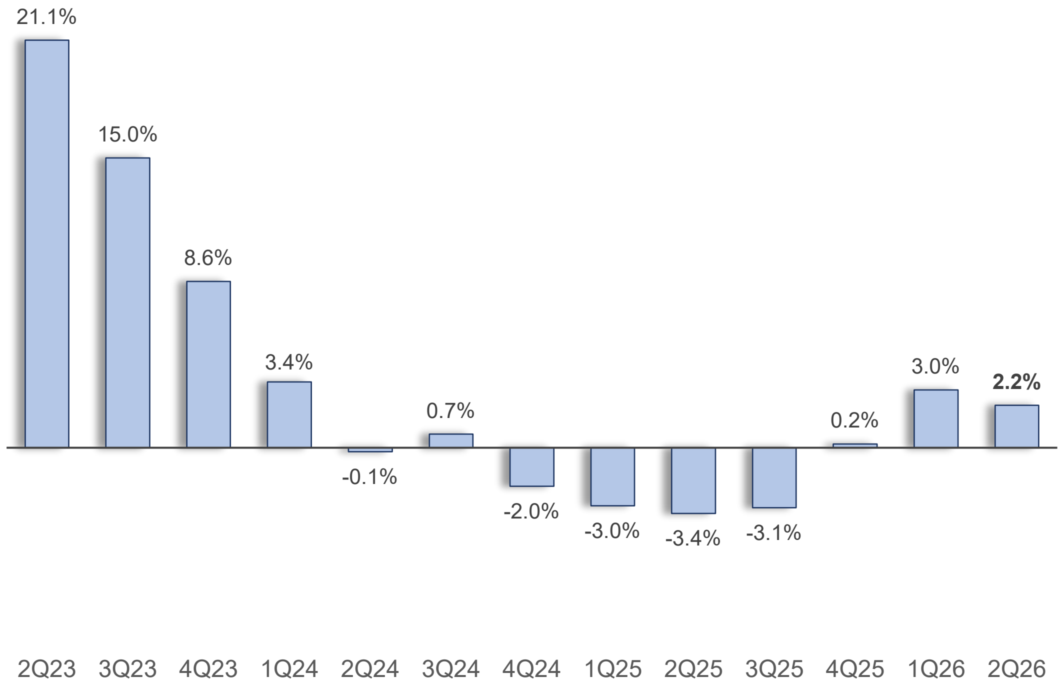
Organic Sales Growth Trend and Investor Discussion Points

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

Fiscal Quarters



F2Q26 Sales Growth Detail

- Up 2.2% YoY on an organic basis vs. +3.0% YoY in F1Q26; F2Q26 impacted by muted Dec sales activity
- Dec sales below normal seasonality and negatively impacted F2Q26 reported YoY organic growth by ~200 bps
- Price contributed nearly 250 bps to sales growth; volumes unchanged YoY primarily reflecting seasonally weak Dec activity, as well as softer flow control and international sales
- 15 of top 30 industry verticals up YoY in F2Q26 compared to 16 during F1Q26*
- YoY growth strongest across metals, aggregates, mining, utilities & energy, machinery, transportation, and construction
- Offset by declines primarily in lumber & wood, chemicals, oil & gas, rubber & plastics, and refining

** Based on largest 30 industry verticals for fiscal 2025*

Other Investor Discussion Points

Investor Topic	Update & Details
Underlying Demand	End-market demand remains mixed given ongoing macro uncertainty and near-term seasonal factors though customer sentiment and demand indications continue to gradually improve
Price Contribution	Price contributed nearly 250 bps to organic sales growth in F2Q26 reflecting ongoing supplier price increases; updated guidance assumes 210-230 bps of price contribution in FY26
LIFO Expense	$6.9M in F2Q26 ~$2M to $3M above expectations reflecting product inflation and inventory investment to support growth; updated guidance assumes $7M to $8M a quarter in F2H26
ES Segment Growth	Sales directionally in line with expectations in F2Q26 with stronger growth expected in F2H26; orders up over 10% YoY in F2Q26 with book-to-bill above 1x; organic sales up HSD YoY in Jan
Hydradyne Update	Generated over $30M of EBITDA in first 12 months of ownership with EBITDA margins at ~13% during F2Q26; favorably positioned in F2H26 as synergy and growth initiatives continue to unfold
F2H26 Outlook	Expect sales to remain choppy near term but maintain constructive posture given building backlog, heightened technical MRO requirements, pro-business policies, and capital deployment opportunities

Note: HSD = High Single-Digits

Fiscal Q2 2026 Margin and Expense Highlights

Gross Profit, SD&A, and EBITDA Metrics

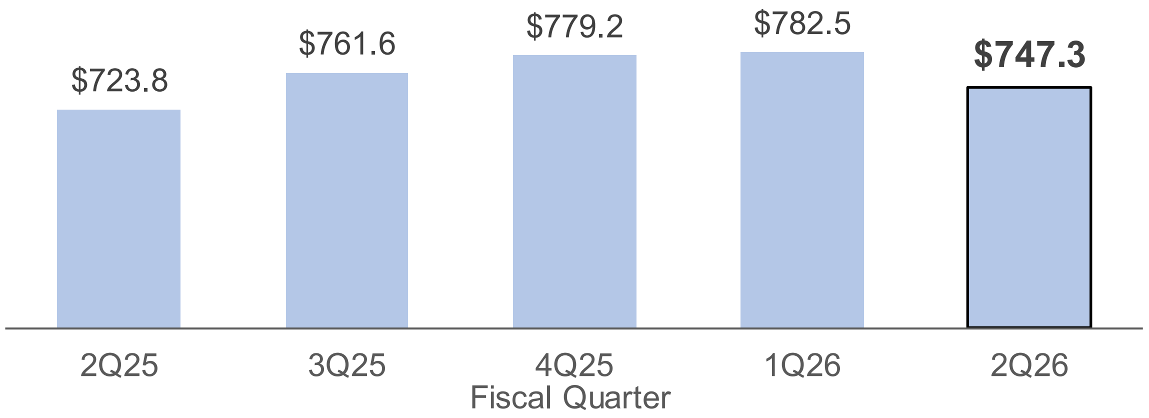
$ in millions	**Q2 26**	**Q2 25**	**Chg YoY**	***LIFO Impact YoY***
Gross Profit	**$353.3**	$328.1	7.7%	*(1.9%)*
Gross Margin	**30.4%**	30.6%	(19) bps	*(54) bps*
SD&A Expense	**$230.1**	$207.2	11.1%	
% of Sales	**19.8%**	19.3%	(48) bps	
EBITDA	**$140.4**	$135.1	3.9%	*(4.6%)*
EBITDA Margin	**12.1%**	12.6%	(52) bps	*(54) bps*
Memo:				
LIFO Expense	**$6.9**	$0.7		

- **Gross margin down 19 bps YoY**
  - Includes an unfavorable 54 bps YoY impact from higher LIFO expense
  - YoY improvement excluding LIFO impact primarily reflects positive acquisition mix, improving local account sales, channel execution, and ongoing internal initiatives
  - Against difficult prior-year comparison tied to non-routine supplier rebate benefits and record ES segment performance in F2Q25
- **SD&A expense up 11.1% YoY**
  - Up 1.4% on an organic, constant currency basis vs. 2.2% organic sales growth in F2Q26
  - Excluding depreciation & amortization, SD&A expense at 18.3% of sales vs. 18.1% in F2Q25 and 18.0% in F1Q26
  - Ongoing inflationary headwinds and growth investments balanced by solid cost control and productivity initiatives
- **EBITDA margin of 12.1% down 52 bps YoY**
  - Includes an unfavorable 54 bps YoY impact from LIFO expense

Segment Results – Service Center

<u>**Segment Overview**</u>: *Representing 66% of fiscal 2025 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*

Service Center Segment Sales, in Millions



- **Sales up 3.2% YoY in F2Q26**
  - Organic + 2.9%
  - Currency + 0.3%

- Organic sales increase primarily reflects price contribution; volumes up slightly YoY inclusive of seasonally slow customer activity in Dec (partially reflecting holiday timing) and weaker international sales
- U.S. organic sales up over 4% YoY in F2Q26 driven by ongoing internal initiatives, firming technical MRO demand across several core end markets, and improving local account growth (+6% YoY in Dec)
- Segment EBITDA of $99.3M in F2Q26 up 2.2% YoY inclusive of a 340 bps YoY LIFO headwind; underlying operating leverage (ex LIFO) positive on stronger U.S. sales growth, channel execution, and cost control

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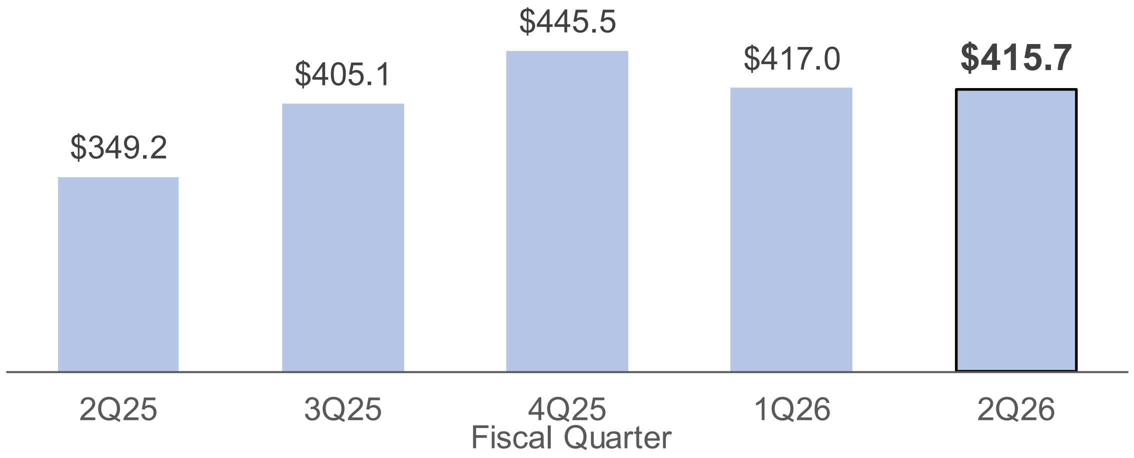
Segment Results – Engineered Solutions

Segment Overview: *Representing 34% of fiscal 2025 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*

Engineered Solutions Segment Sales, in Millions

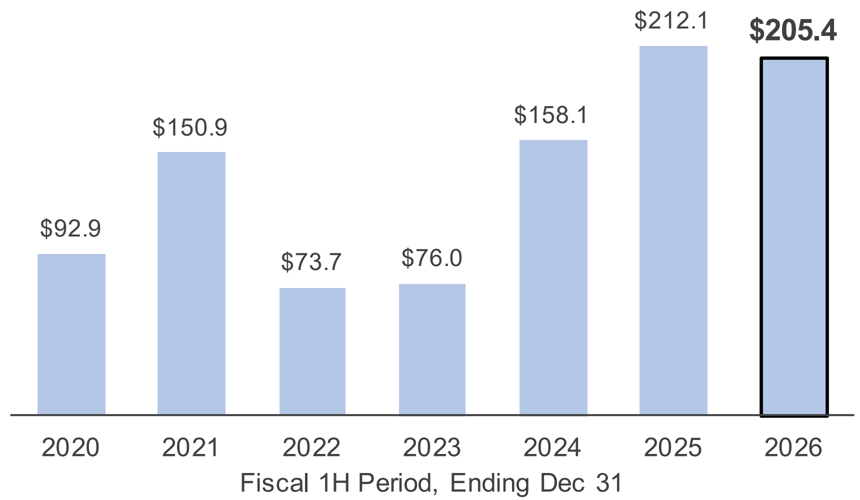


- **Sales up 19.1% YoY in F2Q26**
  - Organic + 0.5%
  - Acquisitions + 18.6%

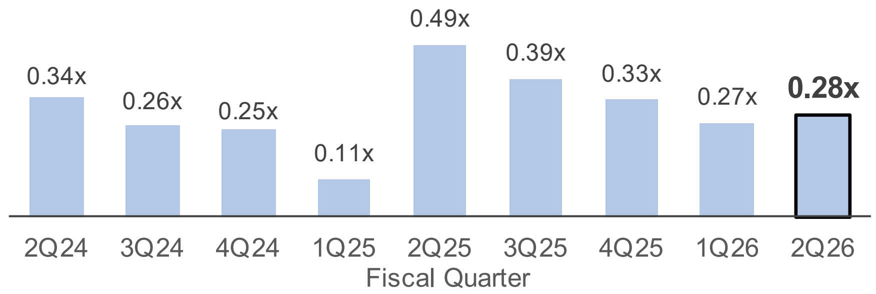
- Modest organic sales increase primarily driven by price contribution, as well as modest volume growth across fluid power mobile/industrial OEM customers and automation, offset by softer flow control sales
- Segment orders continue to trend favorably (up over 10% YoY in F2Q26) with double-digit growth across fluid power and automation, as well as high single-digit growth across flow control
- Segment EBITDA of $59.6M in F2Q26 up 4.4% YoY reflecting contribution from Hydradyne acquisition, partially offset by a 400 bps YoY LIFO headwind and lower flow control sales in the quarter

Cash Flow and Balance Sheet

Free Cash Flow (in Millions) - Fiscal 1H Period



Net Leverage Ratio (Net Debt to Trailing EBITDA)



- **F2Q26 cash from operations of $99.7M; free cash of $93.4M**
  - Free cash at 97.9% of net income in F2Q26
  - YTD free cash of $205.4M down ~3% YoY reflecting greater working capital investment compared to the prior year, balanced by ongoing internal initiatives
- **Net leverage ratio at 0.28x as of December 31, 2025**
  - Compares to prior-year level of 0.49x
- **Strong balance sheet capacity to support capital deployment**
  - $406M of cash on hand *(as of 12/31/25)*
  - $384M of available capacity under revolver
    - Additional $800M accordion option
  - $62M of available capacity under AR securitization facility

Capital Allocation

Capital Allocation 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*

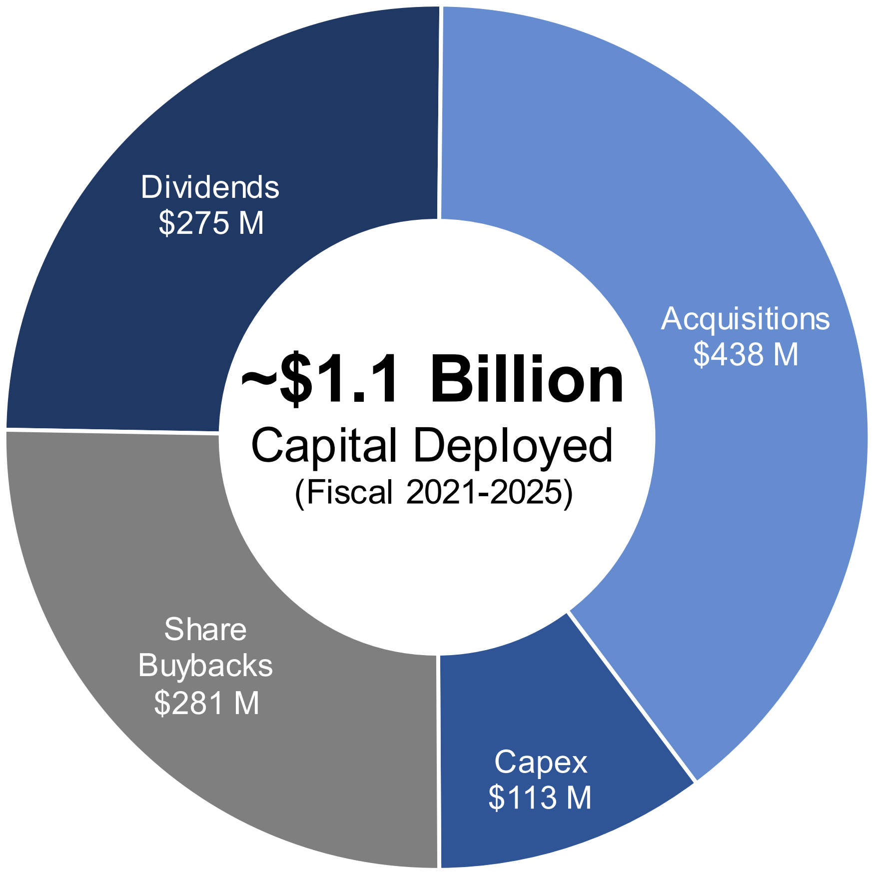
Debt Service — *Dependent on outstanding commitments, cycle dynamics & interest savings potential; comfortable with normalized net leverage of ~2x through a cycle*

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)



$562M of capital deployed in fiscal 2025 (including debt reduction)
$194M capital deployed in fiscal 2026 YTD

Fiscal 2026 Guidance and Outlook Assumptions

Fiscal 2026 Guidance

	Prior (10/28/25)			**Current (1/27/26)**		
Total Sales - YoY % chg	4%	-	7%	**5.5%**	-	**7.0%**
Organic Sales - YoY % chg	1%	-	4%	**2.5%**	-	**4.0%**
EBITDA Margin	12.2%	-	12.5%	**12.2%**	-	**12.4%**
Diluted EPS	$10.10	-	$10.85	**$10.45**	-	**$10.75**
Additional Assumptions:						
Depreciation & amortization expense	$66.0	-	$68.0	**$67.0**	-	**$68.0**
Interest & other expense	$5.0	-	$6.0	**$6.0**	-	**$7.0**
Effective tax rate	23.0%	-	24.0%	**~ 23%**		

Updated Considerations:

- LSD to MSD percent YoY organic sales increase in F2H26
- Assumes ongoing macro uncertainty and choppy sales trends near term; comparisons slightly more difficult in Feb & Mar vs. Jan
- 200 to 250 bps of YoY price contribution in F2H26
- $7M to $8M of LIFO expense per quarter in F2H26
- Includes lower share count assumption following F2Q26 buybacks
- Assumes higher net interest expense in F2H26 vs. F1H26 ($2.5M to $3.0M in 3Q and 4Q) reflecting the net impact from the maturity of our interest rate swap at the end of January
- Excludes contribution from future M&A and/or share repurchases
- F3Q26 assumptions:
  - Organic Sales: Up LSD to MSD YoY
  - Gross Margin: Down 10-30 bps sequentially
  - EBITDA Margin: 12.2% to 12.4%

Notes: 1) $ amount in millions except EPS
2) LSD = Low Single-Digits, MSD = Mid Single-Digits

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

Fiscal Period	Q1	Q2	Q3	Q4	Year
2024	63.0	61.0	63.5	64.0	251.5
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**

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

(dollar amount in thousands)	Three Months Ended Dec 31 Q2 FY25	Three Months Ended Dec 31 Q2 FY26
Service Center Segment:		
Net sales	$ 723,827	$ 747,323
Operating income	91,972	94,270
Depreciation and amortization of property	4,383	4,306
Amortization of intangibles	812	713
EBITDA	**$ 97,167**	**$ 99,289**
% of sales (EBITDA margin)	*13.4%*	*13.3%*
Engineered Solutions Segment:		
Net sales	$ 349,174	$ 415,700
Operating income	48,779	47,881
Depreciation and amortization of property	1,543	2,284
Amortization of intangibles	6,755	9,413
EBITDA	**$ 57,077**	**$ 59,578**
% of sales (EBITDA margin)	*16.3%*	*14.3%*
Corporate and other expense, net	$ 19,881	$ 18,942

Note: Intangible amortization expense included in segment operating income; was reported as part of corporate and other expense in table above prior to F4Q25

Appendix: Reconciliation of EBITDA

(dollar amount in thousands)	Three Months Ended Dec 31 Q2 FY25	Q2 FY26
Net Income	**$ 93,290**	**$ 95,349**
Interest (income) expense, net	(936)	942
Income tax expense	29,271	27,423
Depreciation and amortization of property	5,926	6,590
Amortization of intangibles	7,567	10,126
EBITDA	**$ 135,118**	**$ 140,430**

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Appendix: Reconciliation of EBITDA Margin

(dollar amount in thousands)	Three Months Ended Dec 31	
	Q2 FY25	**Q2 FY26**
Net Sales	**$ 1,073,001**	**$ 1,163,023**
EBITDA	135,118	140,430
EBITDA Margin	**12.6%**	**12.1%**

Appendix: Reconciliation of Free Cash Flow

(dollar amount in thousands)	Three Months Ended September 30					
	Q1 FY21	**Q1 FY22**	**Q1 FY23**	**Q1 FY24**	**Q1 FY25**	**Q1 FY26**
Cash provided by Operating Activities	$ 81,842	$ 48,642	$ 25,943	$ 66,209	$ 127,747	$ 119,317
Capital Expenditures	(3,597)	(3,621)	(5,554)	(4,340)	(5,549)	(7,301)
Free Cash Flow	**$ 78,245**	**$ 45,021**	**$ 20,389**	**$ 61,869**	**$ 122,198**	**$ 112,016**

(dollar amount in thousands)	Three Months Ended December 31					
	Q2 FY21	**Q2 FY22**	**Q2 FY23**	**Q2 FY24**	**Q2 FY25**	**Q2 FY26**
Cash provided by Operating Activities	$ 77,514	$ 32,622	$ 62,880	$ 101,758	$ 95,137	$ 99,659
Capital Expenditures	(4,852)	(3,889)	(7,263)	(5,523)	(5,197)	(6,277)
Free Cash Flow	**$ 72,662**	**$ 28,733**	**$ 55,617**	**$ 96,235**	**$ 89,940**	**$ 93,382**

(dollar amount in thousands)	Six Months Ended December 31					
	FY21	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**
Cash provided by Operating Activities	$ 159,356	$ 81,264	$ 88,823	$ 167,967	$ 222,884	$ 218,976
Capital Expenditures	(8,449)	(7,510)	(12,817)	(9,863)	(10,746)	(13,578)
Free Cash Flow	**$ 150,907**	**$ 73,754**	**$ 76,006**	**$ 158,104**	**$ 212,138**	**$ 205,398**

Appendix: Reconciliation of Net Leverage Ratio

(dollar amount in thousands)	Q2 FY24	Q3 FY24	Q4 FY24	Q1 FY25	Q2 FY25	Q3 FY25	Q4 FY25	Q1 FY26	Q2 FY26
Net Income	$ 91,228	$ 97,217	$ 103,491	$ 92,063	$ 93,290	$ 99,799	$ 107,836	$ 100,807	$ 95,349
Interest expense (income), net	1,917	265	(671)	(627)	(936)	853	1,322	993	942
Income tax expense	24,373	25,448	37,444	24,017	29,271	27,483	27,208	27,778	27,423
Depreciation and amortization	6,048	5,802	5,864	5,924	5,926	6,583	6,466	6,486	6,590
Amortization of intangibles	7,257	6,951	7,322	7,600	7,567	10,218	10,196	10,203	10,126
EBITDA	**$ 130,823**	**$ 135,683**	**$ 153,450**	**$ 128,977**	**$ 135,118**	**$ 144,936**	**$ 153,028**	**$ 146,267**	**$ 140,430**
Trailing 4-Quarter EBITDA	**$ 544,492**	**$ 539,887**	**$ 553,315**	**$ 548,933**	**$ 553,228**	**$ 562,481**	**$ 562,059**	**$ 579,349**	**$ 584,661**
Current portion of long-term debt	$ 25,159	$ 25,107	$ 25,055	$ 25,003	$ -	$ -	$ -	$ -	$ -
Long-term debt	571,854	571,862	572,279	572,288	572,300	572,300	572,300	572,300	572,300
Total Debt	$ 597,013	$ 596,969	$ 597,334	$ 597,291	$ 572,300	$ 572,300	$ 572,300	$ 572,300	$ 572,300
Cash	412,855	456,533	460,617	538,520	303,441	352,842	388,417	418,716	405,986
Net Debt	$ 184,158	$ 140,436	$ 136,717	$ 58,771	$ 268,859	$ 219,458	$ 183,883	$ 153,584	$ 166,314
Net Leverage Ratio	**0.34**	**0.26**	**0.25**	**0.11**	**0.49**	**0.39**	**0.33**	**0.27**	**0.28**