







environmental laws and regulations requires continuing management efforts and expenditures by the Company. Compliance with environmental laws and regulations has not had in the past, and, we believe, will not have in the future, a material adverse effect on our capital expenditures, earnings, or competitive position. Our reserve for environmental matters is discussed in Note 18 to the Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K, which is incorporated herein by reference. **Government Regulation** In addition to the environmental regulations discussed above, we are subject to various federal, state, local, and foreign government regulations relating to the development, manufacture, marketing, sale and distribution of our products and services in the countries where we conduct business. Compliance with these laws and regulations often requires the dedication of time and effort of our team members, as well as financial resources. Additional information about the impact of government regulations on our business is included in **Item 1A. Risk Factors**. **Energy Matters and Sources and Availability of Raw Materials** Our primary energy source for both of our business segments is electric power. While we cannot predict future costs of electric power, we manage this cost through aggregation in deregulated markets and leveraging contracts with established pricing on portions of our energy load. We are subject to governmental regulations in regard to energy supplies in the United States and elsewhere. To date, we have not experienced any significant disruptions of our operations due to energy curtailments. We primarily use steel, brass, copper, aluminum, nickel, rubber and thermoplastic materials and chemicals as the principal raw materials in our products. We expect these materials to be available from numerous sources in quantities sufficient to meet our requirements. **Acquisitions** On September 12, 2022, the Company completed the acquisition (the "Acquisition") of Meggitt plc ("Meggitt"). The Acquisition is discussed in Note 3 to the Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K and is incorporated herein by reference. **Human Capital Management** At Parker, we align employment levels with the global needs of our business and our customers. As of June 30, 2024, we employed approximately 61,120 persons that we refer to as **global team members**, of whom approximately 30,300 were employed by foreign subsidiaries. Our talented and passionate team members are the foundation of Parker's enduring growth, bringing new ideas and perspectives to enhance our safety performance, improve productivity and inspire a diverse and inclusive culture. We see a clear path to a brighter future, and it begins with providing our people the resources that enable them to find personal and professional satisfaction in their work, responsibly move our company forward and strengthen our communities, fulfilling our purpose of **Enabling Engineering Breakthroughs that Lead to a Better Tomorrow**. **5 Table of Contents** **The Win Strategy** **3.0. Purpose and Values** **The Win Strategy 3.0** is Parker's business system that defines the goals and initiatives that drive growth, transformation and success. It works with our purpose, which is a foundational element of The Win Strategy, to engage team members and create responsible and sustainable growth. The Win Strategy has four overarching goals: **Engaged People, Customer Experience, Profitable Growth and Financial Performance**, supported by our shared values of a **Winning Culture, Passionate People, Valued Customers and Engaged Leadership**. Our shared values shape our culture and our interactions with stakeholders and the communities in which we operate and live. **Safety** The safety and well-being of Parker team members is our highest priority. Our safety goal is simple: to achieve an incident-free workplace. Over the past five years, we have reduced our recordable incident rate by 45%. In fiscal year 2024, the recordable incident rate per 100 team members was 0.31, compared to a recordable incident rate of 0.36 in fiscal year 2023. The previously reported fiscal year 2023 recordable incident rate was revised in fiscal year 2024 from 0.31, which included Meggitt, to 0.36 following the incorporation of Meggitt into our recordable incident data. Fiscal year 2024's recordable incident rate represents a 14% reduction since fiscal year 2023. Building on the great progress we have made, in 2021 we established long-term safety goals. We strive to reach our goal of zero recordable incidents by 2030 through our continued focus on team member engagement and accountability, coupled with a strong framework of systems and procedures. Our safety program is anchored on a safety management system that has globally deployed procedures and work instructions, including management of incidents and near miss events. We create a culture of safety through a variety of initiatives, leadership focus, and our commitment to safety as the first stated goal of The Win Strategy. We engage team members in improving safety performance through High Performance Teams ("HPTs"). All Parker manufacturing locations have an active, chartered Safety HPT and every value stream has a representative who is responsible for safety within their area of the business. This ownership culture at the manufacturing level is an integral component of our safety program. Engaged People Engagement directly influences business performance. We strongly believe in empowering our team members to think like owners and take action to improve their areas of the business. Engagement is deeply ingrained in our culture, and as an overarching goal of The Win Strategy it is key to achieving top quartile financial performance. Parker activates engagement through our HPTs, which apply the expertise and perspective of team members who are closest to the product and customer to drive improvement throughout the company. Approximately 89% of our people participate in one or more of these teams, and more than 6,000 HPTs have already been established worldwide. We closely track our progress in support of a high performing work environment through our Global Engagement Survey. Our last completed survey, in fiscal year 2024, achieved a 91% response rate with an overall engagement score of 73%. **Talent Development** We have a well-defined talent development program managed through our Talent Central system, which connects all business units globally on a common platform and provides team members with visibility to skill development, career planning and learning opportunities. This shared platform is the catalyst for talent management at Parker. Our review process enables us to assess talent globally, from early-in-career roles through senior leaders. This review facilitates the identification of key talent and allows us to build meaningful development plans and align career growth opportunities. The talent process is also supported by our Integrated Career System program which illustrates career paths for various roles and the steps to advance through the organization. Supplementing the talent development process are Parker's learning offerings, which help team members expand their professional skills and take ownership of their learning and development. Examples of center-led programs are our annual ethics and compliance training and cyber security training that all team members are required to complete, in addition to programs for developing supervisory and leadership skills. Functional-specific programs include HPT training, lean bootcamps and kaizen event orientations. Local and regional training includes site safety, equipment safety and site quality requirements. **6 Table of Contents** In addition to formal training programs, there are a host of development tools available which include mentoring relationships, coaching and feedback, job shadowing, project bubble assignments and other stretch projects. **Diversity, Equity and Inclusion ("DEI")** An inclusive environment is a core tenet of our values and one of our key measures of success within The Win Strategy. We have an ongoing commitment to an inclusive and welcoming workplace where everyone feels valued and adds value. One important component of Parker's inclusive workplace is the development and deployment of Business Resource Groups ("BRGs"), each of which is open to all team members. In addition to our BRGs, we have processes in place to attract and retain team members with diverse backgrounds and experiences, helping to support them with career plans and experienced mentors. Our goal is to promote a strong, inclusive work environment that will provide us the best talent to further strengthen our organization for success. **Compensation and Benefits** As a global employer, we are committed to offering competitive compensation and benefits, tailored to geography, industry, experience and performance. Our programs are designed to attract team members, motivate and reward performance, drive growth and support retention. We provide benefit programs with the goal of improving physical, mental and financial wellness of our team members throughout their lifetime. Some examples include base and variable pay, health and insurance benefits, paid time off, and retirement saving plans. Information about our **Executive Officers** Our executive officers as of August 15, 2024, were as follows: **Name** **Position** **Officer Since** **(1)** **Age as of 8/15/24** **Jennifer A. Parmentier** **Chairman of the Board and Chief Executive Officer** **201557A** **Todd M. Leombruno** **Executive Vice President and Chief Financial Officer** **201754A** **Andrew D. Ross** **President and Chief Operating Officer** **201257A** **Mark J. Hart** **Executive Vice President and Chief Human Resources and External Affairs** **201659A** **Rachid Bendali** **Vice President and President** **202247A** **Berend Bracht** **Vice President and President** **202158A** **Mark T. Czaja** **Vice President** **201626A** **Thomas C. Gentile** **Vice President** **201752A** **Angela R. Ives** **Vice President and Controller** **202151A** **Joseph R. Leonti** **Vice President, General Counsel and Secretary** **201452A** **Robert W. Malone** **Vice President and President** **201460A** **Dinu J. Pare** **Vice President** **201461A** **Chief Digital and Information Officer** **201843A** **Jay P. Reidy** **Vice President and President** **202441A** **Patrick M. Scott** **Vice President and President** **202446A** **(1)Executive officers are elected by the Board of Directors to serve for a term of one year or until their respective successors are elected, except in the case of death, resignation or removal.** Ms. Parmentier has been Chairman of the Board since January 2024 and Chief Executive Officer since January 2023. Before becoming Chief Executive Officer in 2023, she was Chief Operating Officer since August 2021. She was Vice President and President of the Motion Systems Group from February 2019 to August 2021. She was Vice President and President of the Engineered Materials Group from September 2015 to February 2019. She was General Manager of the Hose Products Division from May 2014 to September 2015; and General Manager of the Sporlan Division from May 2012 to May 2014. She is also a Director of Nordson Corporation. Mr. Leombruno has been Executive Vice President and Chief Financial Officer since January 2021. He was Vice President and Controller from July 2017 to January 2021. He was Vice President and Controller of the Engineered Materials Group from January 2015 to June 2017; and Director of Investor Relations from June 2012 to December 2014. He is also a Director of The Timken Company. **7 Table of Contents** Mr. A Ross has been President since January 2024 and Chief Operating Officer since January 2023. He was Vice President and President of the Engineered Materials Group from July 2012 to September 2015. Mr. A Hart has been Executive Vice President - Human Resources and External Affairs since January 2016. He was Vice President - Total Rewards from August 2013 to January 2016. Mr. A Bendali has been Vice President and President of the Engineered Materials Group since August 2022. He was Vice President of Operations for the Engineered Materials Group from October 2021 to July 2022 and was General Manager of the Noise, Vibration and Harshness Division from October 2019 to September 2021. Prior to joining the Company as part of the acquisition of LORD Corporation ("Lord") in October 2019, Mr. Bendali was Vice President at LORD with responsibility for Aerospace and Defense sales, marketing and programs. Mr. Bracht has been Vice President and President of the Motion Systems Group since August 2021. He was Vice President of Operations for the Engineered Materials Group from July 2018 to August 2021. He was President and Chief Executive Officer of Bendix Commercial Vehicle Systems LLC from 2015 to 2018. Bendix designs, develops and supplies products under the Bendix brand name for medium- and heavy-duty trucks, tractors, trailers, buses, and other commercial vehicles throughout North America. Prior to Bendix, he held several executive leadership positions during his 24-year career at Bosch Rexroth, including President and Chief Executive Officer of Bosch Rexroth Americas. Mr. Czaja has been Vice President - Chief Technology and Innovation Officer since January 2021. He was Vice President of Technology and Innovation for the Motion Systems Group from August 2019 to December 2020; Vice President of Technology and Innovation for the Aerospace Group from August 2004 to July 2019; and Division Engineering Director from October 2000 to July 2004. Mr. Gentile has been Vice President - Global Supply Chain since July 2017. He was General Manager of the Company's Process Filtration Division from December 2013 to July 2017 and was Vice President of Supply Chain for the Filtration Group from July 2008 to November 2013. Ms. Ives has been Vice President and Controller since January 2021. She was Vice President, Assistant Controller from September 2020 to December 2020; Group VP Controller for the Instrumentation Group from November 2019 to August 2020; and Division Controller for the Electromechanical and Drives Division from August 2010 to October 2019. Mr. Leonti has been Vice President, General Counsel and Secretary since July 2014. He was Assistant Secretary from April 2011 to July 2014; and Associate General Counsel from January 2008 to July 2014. Mr. Malone has been Vice President and President of the Filtration Group since December 2014. He was Vice President of Operations for the Filtration Group from January 2013 to December 2014. He is also a Director of The Manitowoc Company, Inc. Mr. Pare has been Vice President - Chief Digital and Information Officer since January 2021. He was Vice President and Chief Information Officer from October 2018 to January 2021. He was Vice President and Chief Information Officer at Dover Corporation from May 2016 through October 2018. Dover is a diversified global manufacturer that delivers equipment and components, consumable supplies, aftermarket parts, software and digital solutions and support services. Mr. Reidy has been Vice President and President of the Aerospace Group since January 2024. He was Vice President of Operations for the Aerospace Group from December 2022 to December 2023. He held General Manager roles with the Precision Fluidics Division, the Advanced Atomization Technologies joint venture, and the Gas Turbine Fuel Systems Division from May 2017 to December 2022. Mr. Scott has been Vice President and President of the Fluid Connectors Group since January 2024. He was Vice President of Operations for the Aerospace Group from May 2021 to December 2023 and also served as Integration Leader for Parker's acquisition of Meggitt plc. He held General Manager roles with the Gas Turbine Fuel Systems Division and the Fluid Systems Connectors Divisions from December 2015 to May 2021. Prior to joining Parker, Scott was President of TE Wire & Cable for Berkshire Hathaway and previously held leadership roles at Danaher Corporation and Deloitte Consulting. **ITEM 1A. Risk Factors** The following "risk factors" identify what we believe to be the risks that could materially adversely affect our financial and/or operational performance. These risk factors should be considered and evaluated together with information incorporated by reference or otherwise included elsewhere in this Annual Report on Form 10-K. Additional risks not currently known to the Company or that the Company currently believes are immaterial also may impair the Company's business, financial condition, results of operations and cash flows. **Business and Operational Risks** Risks arising from uncertainty in worldwide and regional economic conditions may harm our business and make it difficult to project long-term performance. Our business is sensitive to global macro-economic conditions. Macroeconomic downturns may have an adverse effect on our business, results of operations and financial condition, as well as our distributors, customers and suppliers, and on activity in many of the industries and markets we serve. Among the economic factors which may have such an effect are manufacturing and other end-market activity, currency exchange rates, air travel trends, difficulties entering new markets, tariffs and governmental trade and monetary policies, global pandemics, and general economic conditions such as inflation, deflation, interest rates and credit availability. These factors may, among other things, negatively impact our level of purchases, capital expenditures, and creditworthiness, as well as our distributors, customers and suppliers, and, therefore, the Company's revenues, operating profits, margins, and order rates. We cannot predict changes in worldwide or regional economic conditions and government policies, as such conditions are highly volatile and beyond our control. If these conditions deteriorate or remain at depressed levels for extended periods, however, our business, results of operations and financial condition could be materially adversely affected. As a global business, we are exposed to economic, political and other risks in different countries in which we operate, which could materially reduce our sales, profitability or cash flows, or materially increase our liabilities. Our net sales attributable to selling locations outside of the United States were approximately 36 percent in 2024, 37 percent in 2023 and 39 percent in 2022. In addition, many of our customers, manufacturing operations and suppliers are located outside the United States. The Company expects net sales from non-U.S. markets to continue to represent a significant portion of its total net sales. Our non-U.S. operations are subject to risks in addition to those facing our domestic operations, including: **fluctuations in currency exchange rates and/or changes in monetary policy;** **limitations on ownership and on repatriation of earnings;** **transportation delays and other supply chain disruptions;** **political, social and economic instability and disruptions, including armed conflicts such as the current conflict between Russia and Ukraine;** **government embargoes, sanctions or trade restrictions, including possible further restrictions on trade and/or obstacles to conducting business in China;** **the imposition of duties and tariffs and other trade barriers;** **import and export controls;** **labor unrest and current and changing regulatory environments;** **public health crises, including pandemics;** **the potential for nationalization of enterprises;** **difficulties in staffing and managing multi-national operations;** **limitations on our ability to enforce legal rights and remedies;** **potentially adverse tax consequences;** and **difficulties in implementing restructuring actions on a timely basis.** **9 Table of Contents** For example, the global nature of our business and our operations exposes us to political, economic, and other conditions in foreign countries and regions, including geopolitical risks such as the current conflict between Russia and Ukraine. The broader consequences of this conflict, which may include further sanctions, embargoes, regional instability, and geopolitical shifts; potential retaliatory action by the Russian government against companies, including possible nationalization of foreign businesses in Russia; increased tensions between the United States and countries in which we operate; and the extent of the conflict's effect on our business and results of operations as well as the global economy, cannot be predicted. To the extent the current conflict between Russia and Ukraine adversely affects our business, it may also have the effect of heightening many other risks, any of which could materially and adversely affect our business and results of operations. Such risks include, but are not limited to, adverse effects on macroeconomic conditions, including inflation, particularly with regard to raw material, transportation and labor price fluctuations; disruptions to our information technology environment, including through cyberattack, ransom attack, or cyber-intrusion; adverse changes in international trade policies and relations; disruptions in global supply chains; and our exposure to foreign currency exchange rate changes. In addition, there continues to be uncertainty about the future relationship between the U.S. and China, including with respect to trade policies, treaties, government regulations and tariffs. Any increased trade barriers or restrictions on global trade, including trade with China, could adversely impact our business, results of operations or financial condition. If we are unable to successfully manage the risks associated with expanding our global business or adequately manage operational fluctuations internationally, the risks could have a material adverse effect on our business, results of operations or financial condition. Increased cybersecurity threats and more sophisticated and targeted computer crime have posed and could continue to pose a risk to our information

technology systems, and a disruption to or breach in the security of such systems, if material, could have adverse effects on our result of operations and financial condition. We rely extensively on information technology systems to manage and operate our business, some of which are managed or accessible by third parties. The security and functionality of these information technology systems, and the processing of data by these systems, are critical to our business operations. If these systems, or any part of the systems, are damaged, intruded upon, attacked, shutdown or cease to function properly (whether by planned upgrades, force majeure, telecommunications failures, criminal acts, including hardware or software break-ins or extortion attempts, or viruses, or other cybersecurity incidents) and we suffer any resulting interruption in our ability to manage and operate our business or if our products are affected, our results of operations and financial condition could be materially adversely affected. There can be no guarantee that the actions and controls we have implemented and are implementing, or which we cause or have caused third-parties with access to our systems to implement, will be sufficient to protect and mitigate risks associated with our information technology systems. Additionally, certain of our employees working remotely at times and the increased adoption of generative artificial intelligence may increase our vulnerability to cyber and data protection risks. In addition to existing risks, any adoption or deployment of or exposure to new technologies via acquisitions or internal initiatives or changes to our information technology systems as a result of divestitures may increase our exposure to risks, breaches, or failures, which could materially adversely affect our results of operations or financial condition. Furthermore, the Company has access to sensitive, confidential, or personal data or information that is subject to privacy and security laws, regulations, or other contractually-imposed controls. Despite our use of reasonable and appropriate controls, security breaches, theft, misplaced, lost or corrupted data, programming, or employee errors and/or malfeasance have led and could in the future lead to the compromise or improper use of such sensitive, confidential, or personal data or information. Such events may result in possible negative consequences, such as fines, ransom demands, penalties, failure to comply with laws governing sensitive data, loss of reputation, intellectual property, competitiveness or customers, increased security and compliance costs or other negative consequences. Further, the amount of insurance coverage that we maintain may be inadequate to cover claims or liabilities relating to a cybersecurity incident. Depending on the nature and magnitude of these events, they may have an adverse impact on our results of operations or financial condition. Price and supply fluctuations of the raw materials used in our production processes and by our suppliers of component parts could negatively impact our financial results. Our supply of raw materials could be interrupted for a variety of reasons, including availability and pricing. Furthermore, changes to United States and other countries' tariff and import/export regulations have in the past and may in the future have a negative impact on the availability and pricing of raw materials. Prices for raw materials necessary for production have fluctuated significantly in the past and significant increases could adversely affect our results of operations and profit margins. Our efforts to manage these fluctuations by, among other things, passing along price increases to our customers, may be subject to a time delay between the increased raw material prices and our ability to increase the price of our products, or we may be unable to increase the prices of our products due to pricing pressure, contract terms or other factors. Any such inability to manage fluctuations could adversely impact our results of operations and cash flows. Our suppliers of component parts may significantly and quickly increase their prices in response to increases in costs of raw materials that they use to manufacture the component parts. As a result, we may not be able to increase our prices 10Table of Contentscommensurately with our increased costs. Consequently, our results of operations or financial condition could be materially adversely affected. Our operations are subject to natural and man-made unexpected events that may increase our costs, interrupt production or our supply chain or otherwise adversely affect our business, results of operations or financial condition. The occurrence of one or more unexpected events, including war, acts of terrorism or violence, civil unrest, fires, tornadoes, hurricanes, earthquakes, floods and other forms of severe weather in the United States or in other countries in which we operate or in which our suppliers are located could adversely affect our operations and financial performance. Natural disasters, pandemics, equipment failures, power outages or other unexpected events could result in physical damage to and complete or partial closure of one or more of our manufacturing facilities or distribution centers, temporary or long-term disruption in the supply of component products from some local and international suppliers, and disruption and delay in the transport of our products to dealers, end-users and distribution centers. Existing insurance coverage may not provide protection for all of the costs that may arise from such events. The impacts of these unexpected events are difficult to predict but could have a material adverse effect on our business, results of operations or financial condition. Changes in the demand for and supply of our products may adversely affect our financial results, financial condition and cash flow. Demand for and supply of our products has been and may be adversely affected by numerous factors, some of which we cannot predict or control. Such factors include: â€¢ changes in business relationships with and purchases by or from major customers, suppliers or distributors, including delays or cancellations in shipments, disputes regarding contract terms or significant changes in financial condition, and changes in contract cost and revenue estimates for new development programs; â€¢ changes in product mix; â€¢ changes in the market acceptance of our products; â€¢ increased competition in the markets we serve; â€¢ declines in the general level of industrial production; â€¢ weakness in the end-markets we serve; â€¢ fluctuations in the availability or the prices of raw materials; and â€¢ fluctuations in currency exchange rates. If any of these factors occur, the demand for and supply of our products could suffer, which could materially adversely affect the Companyâ€™s results of operations. The development of new products and technologies requires substantial investment and is required to remain competitive in the markets we serve. If we are unable to successfully introduce new commercial products, our profitability could be adversely affected. The markets we serve are characterized by rapidly changing technologies and frequent introductions of new products and services. Our ability to develop new products based on technological innovation can affect our competitive position and often requires the investment of significant resources. If we cannot develop, or have difficulties or delays developing new and enhanced products and services, or if we fail to gain market or regulatory acceptance of new products and technologies, our revenues may be materially reduced and our competitive position could be materially adversely affected. In addition, we may invest in research and development of products and services, or in acquisitions or other investments, that do not lead to significant revenue, which could adversely affect our profitability. Changes in the competitive environment in which we operate may eliminate any competitive advantages that we currently have, which could adversely impact our business. Our operations are subject to competition from a wide variety of global, regional and local competitors, which could adversely affect our results of operations by creating downward pricing pressure and/or a decline in our margins or market shares. To compete successfully, we must excel in terms of product quality and innovation, technological and engineering capability, manufacturing and distribution capability, delivery, price competitiveness, and customer experience. 11Table of Contents We may be required to make material expenditures in order to comply with environmental laws and regulations, to address the effects of climate change and to respond to customer needs and investor expectations regarding climate-related goals, each of which may negatively impact our business. Our operations necessitate the use and handling of hazardous materials and, as a result, subject us to various U.S. federal, state and local laws and regulations, as well as non-U.S. laws, designed to protect the environment and to regulate the discharge of materials into the environment. These laws impose penalties, fines and other sanctions for non-compliance and liability for response costs, property damages and personal injury resulting from past and current spills, disposals or other releases of, or the exposure to, hazardous materials. Among other laws, we are subject to the U.S. federal "Superfund" law, under which we have been designated as a "potentially responsible party" and may be liable for clean-up costs associated with various waste sites, some of which are on the United States Environmental Protection Agencyâ€™s Superfund priority list. We could incur substantial costs as a result of non-compliance with or liability for cleanup or other costs or damages under environmental laws, including the "Superfund" law. In addition, increased worldwide focus on climate change issues has led to legislative and regulatory efforts to limit greenhouse gas emissions. Increased regulation of greenhouse gas emissions and other climate change concerns could subject us to additional costs and restrictions, including increased energy and raw material costs. We are not able to predict how such regulations would affect our business, operations or financial results, but increased regulation could have a material adverse effect on our business, operations and financial condition. Further, climate change resulting from increased concentrations of carbon dioxide and other greenhouse gases in the atmosphere could present risks to our operations. Extreme weather events linked to climate change, including hurricanes, flooding, wildfires, high heat and water scarcity, among others, create physical risks to our operating locations and supply chains. Although we are working towards and intend to meet our goal of making our own operations carbon neutral by 2040, we may be required to expend significant resources to do so, which could increase our operational costs. Further, there can be no assurance of the extent to which any of our climate-related goals will be achieved, if at all, including on the timeline expected by customers or investors, or that any future investments we make in furtherance of achieving our goals will meet customer expectations and needs, investor expectations or market standards regarding sustainability, including reducing greenhouse gas emissions. Any failure, or perceived failure, by us to achieve our climate-related goals, further our initiatives, adhere to our public statements, comply with federal, state or international climate-related laws and regulations or meet evolving and varied customer and investor expectations and standards could result in legal and regulatory proceedings against us or could cause our customers to find other suppliers, each of which could adversely affect our reputation, the market price of our common shares, our results of operations, our financial condition or our cash flows. We operate in challenging markets for talent and may fail to attract, develop and retain key personnel. We depend on the skills, institutional knowledge, working relationships, and continued services and contributions of key personnel, including our leadership team and others at all levels of the company, as a critical part of our human capital resources. In addition, our ability to achieve our operating and strategic goals depends on our ability to identify, hire, train and retain qualified individuals. We compete with other companies both within and outside of our industry for talented personnel in a highly competitive labor market, and we may lose key personnel or fail to attract other talented personnel or otherwise identify and retain suitable replacements. Any such loss or failure could have material adverse effects on our results of operations, financial condition and cash flows. Strategic Transactions Risks We are subject to risks relating to acquisitions and joint ventures, and risks relating to the integration of acquired companies. We expect to continue our strategy of identifying and acquiring businesses with complementary products and services, and entering into joint ventures, which we believe will enhance our operations and profitability. However, there can be no assurance that we will be able to continue to find suitable businesses to purchase or joint venture opportunities, or that we will be able to acquire such businesses or enter into such joint ventures on acceptable terms. In addition, we may be unable to obtain necessary regulatory approvals or support for otherwise suitable business targets or joint venture opportunities, and we may be unable to obtain such regulatory approvals or support on the timeline or terms that we anticipate, if at all. Furthermore, there are no assurances that we will be able to avoid acquiring or assuming unexpected liabilities. If we are unable to avoid these risks, our results of operations and financial condition could be materially adversely affected. 12Table of Contents In addition, we may not be able to integrate successfully any businesses that we purchase into our existing business, and it is possible that any acquired businesses or joint ventures may not be profitable. We may encounter, or have encountered, the following difficulties during the integration process: â€¢ the consequences of a change in tax treatment, including the cost of integration and compliance and the possibility that the full benefits anticipated to result from the acquisitions may not be realized; â€¢ delays in the integration of management teams, strategies, operations, products, and services; â€¢ differences in business backgrounds, corporate cultures, and management philosophies that may delay successful integration; â€¢ the ability to retain key employees; â€¢ the ability to create and enforce uniform standards, controls, procedures, policies, and information systems; â€¢ challenges of integrating complex systems, technologies, networks, and other assets of the acquired companies in a manner that minimizes any adverse impact or disruptions to customers, suppliers, employees, and other constituencies; and â€¢ unknown liabilities and unforeseen increased expenses or delays associated with the integration beyond current estimates. The successful integration of new businesses and the success of joint ventures also depend on our ability to manage these new businesses and cut excess costs. If we are unable to avoid these risks, our results of operations and financial condition could be materially adversely affected. Our results may be adversely affected if expanded operations from acquisitions are not effectively managed. Our recent acquisitions have greatly expanded the size and complexity of our business. Our future success depends, in part, on the ability to manage this expanded business, which may pose or has posed substantial challenges for management, including challenges related to the management and monitoring of the expanded global operations and new manufacturing processes and products, and the associated costs and complexity. There can be no assurance of successful management of these matters or that we will realize the expected benefits of the acquisitions. The Company may be subject to risks relating to organizational changes. We regularly execute organizational changes such as acquisitions, divestitures and realignments to support our growth and cost management strategies. We also engage in initiatives aimed to increase productivity, efficiencies and cash flow and to reduce costs. The Company commits significant resources to identify, develop and retain key employees to ensure uninterrupted leadership and direction. If we are unable to successfully manage these and other organizational changes, the ability to complete such activities and realize anticipated synergies or cost savings as well as our results of operations and financial condition could be materially adversely affected. We cannot offer assurances that any of these initiatives will be beneficial to the extent anticipated, or that the estimated efficiency improvements, incremental cost savings or cash flow improvements will be realized as anticipated or at all. Financial Risks Increasing costs of certain employee and retiree benefits could adversely affect our liability for such benefits. The funding requirements and the amount of expenses recorded for our defined benefit pension plans are dependent on changes in market interest rates and the value of plan assets, which are dependent on actual plan asset returns. Significant changes in market interest rates and decreases in the fair value of plan assets and investment losses on plan assets would increase funding requirements and expenses and may adversely impact our results of operations. The Company absorbs a portion of healthcare costs for its employees. If healthcare costs rise significantly and we continue to absorb the majority of these costs, these increasing costs may adversely impact our future results of operations. 13Table of Contents Additional liabilities relating to changes in tax rates or exposure to additional income tax liabilities could adversely impact our financial condition and cash flow. We are subject to income taxes in the U.S. and various non-U.S. jurisdictions. Our domestic and international tax liabilities are dependent upon the location of earnings among these different jurisdictions. Our future financial condition and cash flow could be adversely affected by changes in effective tax rate as a result of changes in tax laws and judicial or regulatory interpretation thereof, the mix of earnings in countries with differing statutory tax rates, changes in overall profitability, changes in U.S. generally accepted accounting principles ("GAAP"), or changes in the valuation of deferred tax assets. In addition, the amount of income taxes paid by the Company is subject to ongoing audits by non-U.S. and U.S. federal, state and local tax authorities. If these audits result in assessments different from estimated amounts, future financial results may include unfavorable adjustments to the Companyâ€™s tax liabilities, which could have a material adverse effect on the Companyâ€™s financial condition and cash flow. Our indebtedness and restrictive covenants under our credit facilities could limit our operational and financial flexibility. We have incurred significant indebtedness, and may incur additional debt for acquisitions, operations, research and development and capital expenditures, or for other reasons related to our overall capital deployment strategy. Our ability to make interest and scheduled principal payments and meet restrictive covenants could be adversely impacted by changes in the availability, terms and cost of capital, changes in interest rates or changes in our credit ratings or our outlook. These changes could increase our cost of financing and limit our debt capacity, thereby limiting our ability to pursue acquisition opportunities, react to market conditions and meet operational and capital needs, which may place us at a competitive disadvantage. We carry goodwill on our balance sheet, which is subject to impairment testing and could subject us to significant non-cash charges to earnings in the future if impairment occurs. We have goodwill recorded on our balance sheet. Goodwill is not amortized, but is tested for impairment annually as of December 31, in the third quarter or more often if events or changes in circumstances indicate a potential impairment may exist. Factors that could indicate that our goodwill is impaired include a decline in our stock price and market capitalization, lower than projected operating results and cash flows, and slowed growth rates in our industry. Declines in our stock price, lower operating results and any decline in industry conditions in the future could increase the risk of impairment. Impairment testing incorporates our estimates of future operating results and cash flows, estimates of allocations of certain assets and cash flows among reporting units, estimates of future growth rates, and our judgment regarding the applicable discount rates used on estimated operating results and cash flows. If we determine at a future time that impairment exists, it may result in a significant non-cash charge to earnings and lower stockholdersâ€™ equity. Legal and Regulatory Risks As a provider of products to the U.S. government, we are subject to additional risks related to future government spending as well as unusual performance conditions and enhanced compliance risks. In addition to the risks identified herein, doing business with the U.S. government subjects us to unusual risks, including dependence on the level of government spending and compliance with and changes in governmental acquisition regulations. Agreements relating to the sale of products to government entities may be subject to termination, reduction or modification, either at the convenience of the government or for our failure to perform, or other unsatisfactory performance under the applicable contract. We are subject to government investigations of our business practices and compliance with government acquisition regulations. If the Company were charged with wrongdoing as a result of any such investigation, it could be suspended from bidding on or receiving awards of new government contracts, and we could be subject to fines or penalties associated with contract non-compliance or resulting from such investigations, which could have a material adverse effect on our results of operations. 14Table of Contents Litigation and legal and regulatory proceedings against the

Company could decrease our liquidity, impair our financial condition and adversely affect our results of operations. From time to time, we are subject to litigation or other commercial disputes and other legal and regulatory proceedings relating to our business. Due to the inherent uncertainties of any litigation, commercial disputes or other legal or regulatory proceedings, we cannot accurately predict their ultimate outcome, including the outcome of any related appeals. An unfavorable outcome could materially adversely impact our business, financial condition and results of operations. Furthermore, as required by U.S. GAAP, we establish reserves based on our assessment of contingencies, including contingencies related to legal claims asserted against us. Subsequent developments in legal proceedings may affect our assessment and estimates of the loss contingency recorded as a reserve and require us to make payments in excess of our reserves, which could have an adverse effect on our results of operations. We are subject to national and international laws and regulations, such as the anti-corruption laws of the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act, relating to our business and our employees. Despite our policies, procedures and compliance programs, our internal controls and compliance systems may not be able to protect the Company from prohibited acts willfully committed by our employees, agents or business partners that would violate such applicable laws and regulations. Any such improper acts could damage the Company's reputation, subject us to civil or criminal judgments, fines or penalties, and could otherwise disrupt the Company's business, and as a result, could materially adversely impact our business, financial condition and results of operations. Further, our operations are subject to certain antitrust and competition laws in the jurisdictions in which we conduct our business, in particular the United States and Europe. These laws prohibit, among other things, anticompetitive agreements and practices. If any of our commercial agreements or practices are found to violate or infringe such laws, we may be subject to civil and other penalties. We may also be subject to third-party claims for damages. Further, agreements that infringe antitrust and competition laws may be void and unenforceable, in whole or in part, or require modification in order to be lawful and enforceable. Accordingly, any violation of these laws could harm our reputation and could have a material adverse effect on our earnings, cash flows and financial condition. Due to the nature of our business and products, we may be liable for damages based on product liability claims. Our businesses expose us to potential product liability risks that are inherent in the design, manufacture and sale of our products and the products of third-party vendors that we use or resell. Significant product liability claims could have a material adverse effect on the Company's financial condition, liquidity and results of operations. Although we currently maintain what we believe to be suitable and adequate product liability insurance, there can be no assurance that we will be able to maintain our insurance on acceptable terms or that our insurance will provide adequate protection against all potential significant liabilities. Failure to protect our intellectual property and know-how could reduce or eliminate any competitive advantage and reduce our sales and profitability, and the cost of protecting our intellectual property may be significant. Protecting our intellectual property is critical to our innovation efforts. We own a number of patents, trade secrets, copyrights, trademarks, trade names and other forms of intellectual property related to our products and services throughout the world and in the operation of our business. We also have exclusive and non-exclusive rights to intellectual property owned by others. Our intellectual property may be challenged, stolen or otherwise infringed upon by third parties or we may be unable to maintain, renew or enter into new license agreements with third-party owners of intellectual property on reasonable terms. In addition, the global nature of our business increases the risk that our intellectual property may be subject to infringement, theft or other unauthorized use or disclosure by others. In some cases, our ability to protect our intellectual property rights by legal recourse or otherwise may be limited, particularly in countries where laws or enforcement practices are inadequate or undeveloped. And the cost of enforcing our rights may be significant. Unauthorized use or disclosure of our intellectual property rights or our inability to protect our intellectual property rights could lead to reputational harm and/or adversely impact our competitive position and results of operations. ITEM 1B. Unresolved Staff Comments. None. ITEM 1C. Cybersecurity. Cybersecurity Risk Management and Strategy Parker is committed to the protection of the Company's data, data systems and digital assets while in storage, use or transit. Our cybersecurity program is integrated into our overall Enterprise Risk Management program and exists to secure our information systems and data assets, including those data assets entrusted to us by our stakeholders, and to promote our compliance with applicable laws and regulations. 15Table of Contents We proactively work to address cybersecurity risk through our Digital & IT Risk Management Program, which focuses on identifying, assessing, responding to, monitoring and remediating cybersecurity-related risks. Parker's dedicated Cyber Security team utilizes the National Institute of Standards and Technology (NIST) Cyber Security Framework as its primary resource for identifying areas of risk and benchmarking and implementing continuous improvements. Our technical security configuration employs a centrally managed, layered approach, including hardened PCs, endpoint security detection software, email security, firewall appliances, and various network security protections. We employ enhanced security measures for operational technologies and secure account management, including recently adding a secondary anti-malware solution to our existing software to bolster our company-wide defenses. Additionally, we utilize third-party security monitoring services to further improve our 24/7 monitoring capabilities. We also maintain a third-party risk management program designed to oversee, identify, and reduce the potential impact to Parker and our customers of a security incident at a third-party vendor, supplier or other provider. We have adopted comprehensive Information Security Policies and Standards that clearly articulate Parker's expectations and requirements with respect to acceptable use, risk management, data privacy, education and awareness, security incident management and reporting, identity and access management, third-party management, security (with respect to physical assets, products, networks and systems), security monitoring and vulnerability identification. These policies and standards set forth a detailed security incident management and reporting protocol, with clear escalation timelines and responsibilities. We also maintain a global incident response plan and regularly conduct exercises to help with our overall preparedness. We believe cybersecurity is the responsibility of every team member and provide ongoing mandatory cybersecurity awareness training globally to help team members recognize, avoid and report malicious activity. This includes interactive training to engage team members in identifying phishing risks and their appropriate response. We also provide regular training on data protection so that our team members understand the types of data they have and how to safeguard it. Continuous improvement is a critical aspect of Parker's cybersecurity program, which is why we integrate security intelligence from internal and external sources to help identify areas for improvement and gap remediation. As a supplement to our internal cybersecurity capabilities and controls, we partner with third-party consultants and advisors to conduct penetration testing and to assess our incident response plan. We periodically undergo a third-party risk assessment and third-party incident response adversarial engagement exercises to strengthen our security profile. We also conduct internal tabletop exercises to prepare for responding to potential cybersecurity events. Parker also maintains cyber security insurance designed to mitigate the impact of any attacks or threats to our business. As of the date of this report, we do not believe that any risks from cybersecurity threats, including as a result of any previous cybersecurity incidents, have materially affected or are reasonably likely to materially affect the Company, including its business strategy, results of operations, or financial condition. However, as discussed more fully under Item 1A. **Risk Factors** **Business and Operational Risks** of this Form 10-K, cybersecurity threats remain a risk to our business operations. Cybersecurity Management is responsible for assessing and managing material risks from cybersecurity threats with leadership from the Company's Vice President of Chief Digital and Information Officer (CDIO), who is responsible for the Company's global Digital, Information Technology and Cyber Security organization. Our CDIO has served in various roles in information technology and information security for over 18 years with Fortune 500 companies. Our CDIO holds Bachelor of Science and Master of Science degrees in Computer Engineering. He has also completed other advanced leadership training and coursework regarding cybersecurity risk management. Our CDIO reports directly to the Chief Executive Officer. Parker's cybersecurity program is led by our Digital & IT VP of Infrastructure and Security, who functions as our chief information security officer (CISO) and has over 23 years of experience in cybersecurity operations, cybersecurity governance and compliance, risk management, operational technology (OT) and connected products (IoT) with global Fortune 200 and Fortune 500 companies across diverse industries, such as retail, consumer goods, entertainment and manufacturing. The CISO reports to our CDIO and is supported by and receives regular updates from our dedicated Cyber Security team within our IT function, as well as our IT Risk Council, a cross-functional group that meets regularly to optimize our Digital & IT Risk Management Program and promote alignment with our Enterprise Risk Management program. Recognizing the importance of maintaining a secure environment for our products, data and systems that effectively supports our business objectives and customer needs, Parker's full Board of Directors maintains oversight of cybersecurity. Our Board receives an in-depth report from our CDIO, at least annually, on the overall cybersecurity program, and updates throughout the year from our CDIO and CISO regarding such topics as cyber-risk management and the status of projects to strengthen cybersecurity effectiveness. 16Table of Contents ITEM 2. Properties. Our corporate headquarters is located in Cleveland, Ohio, and, at June 30, 2024, the Company maintained approximately 335 manufacturing plants. We also maintain various sales and administrative offices and distribution centers throughout the world. None of these manufacturing plants, administrative offices or distribution centers are individually material to our operations. The facilities are situated in 36 states within the United States and in 42 other countries. We own the majority of our manufacturing plants. Our leased properties consist of sales and administrative offices and distribution centers as well as manufacturing plants. We believe that our properties have been adequately maintained, are in good condition generally and are suitable and adequate for our business as presently conducted. The extent to which we utilize our properties varies by property and from time to time. We believe that our restructuring efforts have brought capacity levels closer to present and anticipated needs. Most of our manufacturing facilities remain capable of handling volume increases. ITEM 3. Legal Proceedings. None. From time to time we are involved in matters that involve governmental authorities as a party under federal, state and local laws that have been enacted or adopted regulating the discharge of materials into the environment or primarily for the purpose of protecting the environment. We will report such matters that exceed, or that we reasonably believe may exceed, \$1.0 million or more in monetary sanctions. ITEM 4. Mine Safety Disclosures. Not applicable. PART II ITEM 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities. (a) Market for the Registrant's Common Equity. The Company's common stock is listed for trading on the New York Stock Exchange ("NYSE") under the symbol "PH". As of July 31, 2024, the number of shareholders of record of the Company was 3,003. (b) Use of Proceeds. Not Applicable. (c) A A A Purchases of Equity Securities by the Issuer and Affiliated Purchasers. ISSUER PURCHASES OF EQUITY SECURITIES Period (a) Total Number of Shares Purchased (b) Average Price Paid Per Share (c) Total Number of Shares Purchased as Part of a Publicly Announced Plans or Programs (1) (d) Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plan as of the Date of the Report or as of the Date of the Last Transaction. ITEM 6. Reserved 17Table of Contents ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations. Forward-Looking Statements Forward-looking statements contained in this and other written and oral reports are made based on known events and circumstances at the time of release, and as such, are subject in the future to unforeseen uncertainties and risks. Often but not always, these statements may be identified from the use of forward-looking terminology such as "anticipates," "believes," "may," "should," "could," "expects," "targets," "is likely," "will," or the negative of these terms and similar expressions, and may also include statements regarding future performance, orders, earnings projections, events or developments. Parker cautions readers not to place undue reliance on these statements. It is possible that the future performance may differ materially from expectations, including those based on past performance. Among other factors that may affect future performance are: **changes in business relationships with and orders by or from major customers, suppliers or distributors, including delays or cancellations in shipments;** **disputes regarding contract terms, changes in contract costs and revenue estimates for new development programs;** **changes in product mix;** **ability to identify acceptable strategic acquisition targets;** **uncertainties surrounding timing, successful completion or integration of acquisitions and similar transactions;** **ability to successfully divest businesses planned for divestiture and realize the anticipated benefits of such divestitures;** **the determination and ability to successfully undertake business realignment activities and the expected costs, including cost savings, thereof;** **ability to implement successfully business and operating initiatives, including the timing, price and execution of share repurchases and other capital initiatives;** **availability, cost increases of or other limitations on our access to raw materials, component products and/or commodities if associated costs cannot be recovered in product pricing;** **ability to manage costs related to insurance and employee retirement and health care benefits;** **legal and regulatory developments and other government actions, including related to environmental protection, and associated compliance costs;** **supply chain and labor disruptions, including as a result of labor shortages;** **threats associated with international conflicts and cybersecurity risks and risks associated with protecting our intellectual property;** **uncertainties surrounding the ultimate resolution of outstanding legal proceedings, including the outcome of any appeals;** **effects on market conditions, including sales and pricing, resulting from global reactions to U.S. trade policies;** **manufacturing activity, air travel trends, currency exchange rates, difficulties entering new markets and economic conditions such as inflation, deflation, interest rates and credit availability;** **inability to obtain, or meet conditions imposed for, required governmental and regulatory approvals;** **changes in the tax laws in the United States and foreign jurisdictions and judicial or regulatory interpretations thereof;** and **large scale disasters, such as floods, earthquakes, hurricanes, industrial accidents and pandemics.** The Company makes these statements as of the date of the filing of this Annual Report on Form 10-K for the year ended June 30, 2024 and undertakes no obligation to update them unless otherwise required by law. 18Table of Contents Overview The Company is a global leader in motion and control technologies. Leveraging a unique combination of interconnected technologies, we design, manufacture, and provide aftermarket support for highly engineered solutions that create value for customers primarily in aerospace and defense, in-plant and industrial equipment, transportation, off-highway, energy, and HVAC and refrigeration markets around the world. By aligning around our purpose, Enabling Engineering Breakthroughs that Lead to a Better Tomorrow, Parker is better positioned for the challenges and opportunities of tomorrow. The Win Strategy 3.0 is Parker's business system which defines the goals and initiatives that create responsible, sustainable growth and enable Parker's long-term success. It works with our purpose, which is a foundational element of The Win Strategy, to engage team members and create responsible and sustainable growth. Our shared values shape our culture and our interactions with stakeholders and the communities in which we operate and live. We believe many opportunities for profitable growth are available. The Company intends to focus primarily on business opportunities in the areas of aerospace & defense, in-plant & industrial equipment, transportation, off-highway, energy, and HVAC and refrigeration. We believe we can meet our strategic objectives by: **serving the customer and continuously enhancing its experience with the Company;** **successfully executing The Win Strategy initiatives relating to engaged people, premier customer experience, profitable growth and financial performance;** **maintaining a decentralized division and sales company structure;** **fostering a safety-first and entrepreneurial culture;** **engineering innovative systems and products to provide superior customer value through improved service, efficiency and productivity;** **delivering products, systems and services that have demonstrable savings to customers and are priced by the value they deliver;** **enabling a sustainable future by providing innovative clean technology solutions that offer a positive, global environmental impact and operating responsibly by reducing our energy use and emissions;** **acquiring strategic businesses;** **organizing around targeted regions, technologies and markets;** **driving efficiency by implementing lean enterprise principles;** and **creating a culture of empowerment through our values, inclusion and diversity, accountability and teamwork.** Our order rates provide a near-term perspective of the Company's outlook particularly when viewed in the context of prior and future order rates. The Company publishes its order rates on a quarterly basis. The lead time between the time an order is received and revenue is realized generally ranges from one day to 12 weeks for mobile and industrial orders and from one day to 18 months for aerospace orders. We manage our supply chain through our "local for local" manufacturing strategy, ongoing supplier management process, and broadened supply base. We are monitoring inflation and manage its impact through a variety of cost and pricing measures, including continuous improvement and lean initiatives. Additionally, we strategically manage our workforce and discretionary spending. At the same time, we are appropriately addressing the ongoing needs of our business so that we continue to serve our customers. Over the long term, the extent to which our business and results of operations will be impacted by economic and political uncertainty, geopolitical risks and public health crises depends on future developments that remain uncertain. We will continue to monitor the global environment and manage our business with the goal to minimize unfavorable impacts on operations and financial results. The discussion below is structured to separately discuss the Consolidated Statement of Income, Business Segments, and Liquidity and Capital Resources. The term "year" and references to specific years refer to the applicable fiscal year. Dollars are presented in millions, except per share amounts or as otherwise noted, and totals may not sum due to rounding. Discussion of the 2022 financial statements is included in Part II, Item 7 of the Company's 2023 Annual Report on Form 10-K. CONSOLIDATED STATEMENT OF INCOME The Consolidated Statement of Income summarizes the Company's operating performance. The

discussion below compares the operating performance in 2024 and 2023.19 Table of Contents(dollars in millions)20242023Net sales\$19,930Å \$19,065Å Gross profit margin35.8Å %33.7Å %Selling, general and administrative expenses\$3,315Å \$3,354Å Selling, general and administrative expenses, as a percent of sales16.6Å %17.6Å %Interest expense\$506Å \$574Å Other (income) expense, net(277)184Å Gain on sale of businesses and assets, net\$(12)(\$363)Effective tax rate20.9Å %22.2Å %Net income attributable to common shareholders\$2,844Å \$2,083Å Net sales in 2024 increased from the 2023 amount due to higher sales in the Aerospace Systems Segment resulting from strength across commercial and defense markets, partially offset by lower sales in the Diversified Industrial Segment. The acquisition (the "Acquisition") of Meggitt plc ("Meggitt") increased sales by approximately \$501 million during the current year. The effect of currency exchange rates decreased net sales in 2024 by approximately \$10 million, which is attributable to the Diversified Industrial Segment, partially offset by an increase in net sales due to the effect of currency exchange rates in the Aerospace Systems Segment. The impact of divestiture activity decreased sales by approximately \$62 million in 2024. Gross profit margin (calculated as net sales less cost of sales, divided by net sales) increased in 2024 primarily due to higher margins in both segments resulting from price increases, favorable product mix, moderating material and freight costs and operational efficiencies. In addition, cost of sales in 2023 included \$110 million of amortization expense related to the step-up in inventory to fair value resulting from the Acquisition. Cost of sales also included business realignment and acquisition integration charges of \$34 million in 2024 compared to \$29 million in 2023. Selling, general and administrative expenses ("SG&A") decreased in 2024 compared to 2023 primarily due to the absence of acquisition-related transaction costs in 2023 totaling \$115 million and benefits from prior-year acquisition integration and business realignment activities. The decrease was partially offset by an increase in intangible asset amortization and share-based compensation expense, as well as an increase in general and administrative expenses resulting from the Acquisition. SG&A also included business realignment and acquisition integration charges of \$55 million and \$94 million in 2024 and 2023, respectively. Interest expense in 2024 decreased compared to 2023 primarily due to the repayment of debt. Other (income) expense, net included the following:(dollars in millions)20242023Expense (income)Foreign currency transaction (gain) loss\$(38)\$46Å Income related to equity method investments152Å (124)Å Non-service components of retirement benefit cost(73)Å (67)Å Interest income(15)Å (46)Å Loss on deal-contingent forward contractså"Å A 390Å Other items, net1Å (15)(\$277)Å \$184Å Foreign currency transaction (gain) loss primarily relates to the impact of exchange rates on cash, forward contracts, certain cross-currency swap contracts and intercompany transactions. During 2023, it also includes foreign currency transaction loss associated with completing the Acquisition. Loss on deal-contingent forward contracts includes a loss on the deal-contingent forward contracts related to the Acquisition. Refer to Note 17 to the Consolidated Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K for further discussion.20 Table of ContentsGain on sale of businesses and assets, net in 2023 includes a gain on the sale of the aircraft wheel and brake business within the Aerospace Systems Segment of \$374 million. Refer to Note 3 to the Consolidated Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K for further discussion. Effective tax rate in 2024 was lower than 2023, due to an overall increase in discrete tax benefits along with a change in U.S. state and local income taxes and non-recurring acquisition expenses. Refer to Note 5 to the Consolidated Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K for a reconciliation of the U.S. federal statutory tax rate to our effective tax rate. BUSINESS SEGMENT INFORMATIONThe Business Segment information presents sales and operating income on a basis that is consistent with the manner in which the Company's various businesses are managed for internal review and decision-making. Diversified Industrial Segment (dollars in millions)20242023Net SalesNorth America businesses\$8,800Å \$8,916Å International businesses5,657Å \$5,789Å Diversified Industrial Segment14,457Å 14,706Å Operating incomeNorth America businesses1,964Å 1,853Å International businesses1,213Å 1,218Å Diversified Industrial Segment\$3,176Å \$3,071Å Operating income as a percent of salesNorth America businesses22.3Å %20.8Å %International businesses21.4Å %21.0Å %Diversified Industrial Segment22.0Å %20.9Å %Backlog\$4,182Å \$4,786Å 21 Table of ContentsThe Diversified Industrial Segment operations experienced the following percentage changes in net sales: 2024North America businesses å" as reported(1.3)%Acquisitions0.9Å %Divestitures(0.3)%Currency0.3Å %North America businesses å" without acquisitions, divestitures and currency1(2.2)%International businesses å" as reported(2.3)%Acquisitions0.7Å %Currency(1.0)%International businesses å" without acquisitions and currency1(2.0)%Diversified Industrial Segment å" as reported(1.7)%Acquisitions0.8Å %Divestitures(0.2)%Currency(0.2)%Diversified Industrial Segment å" without acquisitions, divestitures and currency1(2.1)%1 This table reconciles the percentage changes in net sales of the Diversified Industrial Segment reported in accordance with accounting principles generally accepted in the United States of America ("GAAP") to percentage changes in net sales adjusted to remove the effects of acquisitions and divestitures for 12 months after their completion as well as changes in currency exchange rates (a non-GAAP measure). The effects of acquisitions, divestitures and changes in currency exchange rates are removed to allow investors and the Company to meaningfully evaluate the percentage changes in net sales on a comparable basis from period to period. Net SalesDiversified Industrial Segment sales in 2024 decreased \$249 million from 2023. The Acquisition increased sales by approximately \$115 million. The effect of currency exchange rates decreased sales by approximately \$30 million. The impact of divestiture activity decreased sales by approximately \$23 million. Excluding the effects of the Acquisition, changes in currency exchange rates and divestiture activity, sales in 2024 decreased \$312 million from prior-year levels. North America businesses - Sales within the North America businesses of the Diversified Industrial Segment decreased \$116 million in 2024. The effect of the Acquisition increased sales by approximately \$77 million. The effect of currency exchange rates increased sales by approximately \$25 million during the year. The impact of divestiture activity decreased sales by approximately \$23 million. Excluding the effects of the Acquisition, changes in the currency exchange rates and divestiture activity, sales in 2024 decreased \$196 million from prior-year levels reflecting lower demand within the HVAC and refrigeration, transportation, off-highway and in-plant and industrial equipment markets. The decrease in sales was partially offset by an increase in demand within the aerospace and defense and energy markets. International businesses - Sales within the International businesses of the Diversified Industrial Segment decreased \$132 million in 2024. The effect of the Acquisition increased sales by approximately \$38 million. The effect of currency exchange rates decreased sales by approximately \$54 million, reflecting the strengthening of the U.S. dollar primarily against currencies in Turkey, China and Japan, partially offset by the weakening of the U.S. dollar primarily against currencies in the Eurozone countries and United Kingdom. Excluding the effects of the Acquisition and changes in the currency exchange rates, sales in 2024 decreased \$116 million from prior-year levels primarily due to lower sales in the Asia Pacific region and Europe, partially offset by an increase in sales in Latin America. Within Europe, the decrease in sales was primarily due to lower demand within the HVAC and refrigeration, off-highway, energy and in-plant and industrial equipment markets, partially offset by higher demand within the aerospace and defense and transportation markets. Within the Asia Pacific region, the decrease in sales was primarily due to lower demand within the in-plant and industrial equipment, energy, off-highway and HVAC and refrigeration markets, partially offset by higher demand within the aerospace and defense and transportation markets.22 Table of ContentsWithin Latin America, the increase in sales was primarily due to higher demand within the aerospace and defense, in-plant and industrial equipment, energy, HVAC and refrigeration, off-highway and transportation markets. Operating MarginDiversified Industrial Segment operating margin increased in 2024, in both the North America and International businesses, primarily due to benefits from price increases, favorable product mix, moderating material and freight costs and operational efficiencies. These benefits were partially offset by higher business realignment charges in the current year. Business RealignmentThe following business realignment and acquisition integration charges are included in the Diversified Industrial Segment operating income:(dollars in millions)20242023North America businesses\$20Å \$9Å International businesses34Å 23Å Diversified Industrial Segments54Å \$32Å Business realignment charges include severance costs related to actions taken under the Company's simplification initiative aimed at reducing organizational and process complexity, as well as plant closures. In both 2024 and 2023, acquisition integration charges relate to the acquisition of Meggitt. Business realignment and acquisition integration charges within the International businesses were primarily incurred in Europe. We anticipate that cost savings realized from the workforce reduction measures taken during 2024 will increase operating income in 2025 by approximately two percent for both the International and North America businesses. We expect to continue to take actions necessary to integrate acquisitions and appropriately structure the operations of the Diversified Industrial Segment. These actions are expected to result in approximately \$53 million in business realignment and acquisition integration charges in 2025. However, continually changing business conditions could impact the ultimate costs we incur. BacklogDiversified Industrial Segment backlog decreased in 2024 primarily due to shipments exceeding orders in both the North America and International businesses. The decrease in backlog was split evenly between both businesses. Within the International businesses, Europe, the Asia Pacific region and Latin America accounted for approximately 70 percent, 25 percent, and five percent of the decrease, respectively. Backlog consists of written firm orders from a customer to deliver products and, in the case of blanket purchase orders, only includes the portion of the order for which a schedule or release date has been agreed to with the customer. The dollar value of backlog is equal to the amount that is expected to be billed to the customer and reported as a sale. Aerospace Systems Segment (dollars in millions)20242023Sales\$5,472Å \$4,360Å Operating income\$1,111Å \$562Å Operating income as a percent of sales20.3Å %12.9Å %Backlog\$6,680Å \$6,201Å SalesAerospace Systems Segment sales increased \$1.1 billion in 2024. The Acquisition increased sales by \$386 million. The effect of currency exchange rates increased sales by approximately \$19 million. The impact of divestiture activity decreased sales by approximately \$40 million. Excluding the effects of the Acquisition, changes in currency exchange rates and divestiture activity, sales in 2024 increased \$748 million from prior-year levels. The increase in sales is primarily driven by higher volume across all market segments, especially the commercial aftermarket. 23 Table of ContentsOperating MarginAerospace Systems Segment operating margin increased in 2024 primarily due to higher sales volume, favorable aftermarket mix and lower acquisition-integration charges, as well as benefits of cost containment initiatives and prior-year business realignment and acquisition integration activities. These benefits were partially offset by a \$79 million increase in intangible asset amortization expense in 2024. In addition, operating income in the prior year included \$110 million of amortization expense related to the step-up in inventory to fair value resulting from the Acquisition. Business RealignmentWithin the Aerospace Systems Segment, we incurred acquisition integration and business realignment charges of \$35 million and \$90 million in 2024 and 2023, respectively. We expect to incur approximately \$12 million in acquisition integration charges in 2025. However, continually changing business conditions could impact the ultimate costs we incur. BacklogAerospace Systems Segment backlog increased in 2024 primarily due to orders exceeding shipments in all businesses, especially the commercial and defense aftermarket businesses. Backlog consists of written firm orders from a customer to deliver products and, in the case of blanket purchase orders, only includes the portion of the order for which a schedule or release date has been agreed to with the customer. The dollar value of backlog is equal to the amount that is expected to be billed to the customer and reported as a sale. Corporate general and administrative expense(dollars in millions)20242023Expense (income)Corporate general and administrative expense\$218Å \$230Å Corporate general and administrative expense, as a percent of sales1.1Å %1.2Å %Corporate general and administrative expenses decreased in 2024 primarily due to lower expenses related to the Company's incentive compensation programs and professional service fees, partially offset by an increase in salaries and benefits, charitable contributions and information technology expenses. Other (income) expense, net(dollars in millions)20242023Expense (income)Foreign currency transaction (gain) loss\$(38)\$46Å Stock-based compensation95Å 78Å Non-service components of retirement benefit cost(73)Å (67)Å Acquisition-related expenses1Å 114Å Loss on deal-contingent forward contractså"Å A 390Å Gain on sale of businesses and assets, net(12)(\$363)Interest income(15)Å (46)Å Other items, net10Å (1)(\$32)Å \$151Å Foreign currency transaction (gain) loss primarily relates to the impact of exchange rates on cash, forward contracts, certain cross currency swap contracts and intercompany transactions. During 2023, it also includes foreign currency transaction loss associated with completing the Acquisition. Acquisition-related expenses include transaction costs related to the acquisition of Meggitt. Refer to Note 3 to the Consolidated Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K for further discussion. 24 Table of ContentsLoss on deal-contingent forward contracts includes losses on the deal-contingent forward contracts related to the Acquisition. Refer to Note 17 to the Consolidated Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K for further discussion. Gain on sale of businesses and assets, net includes a gain on the sale of the aircraft wheel and brake business within the Aerospace Systems Segment of approximately \$374 million in 2023. Refer to Note 3 to the Consolidated Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K for further discussion. LIQUIDITY AND CAPITAL RESOURCESWe believe that we are great generators and deployers of cash. We assess our liquidity in terms of our ability to generate cash to fund our operations and meet our strategic capital deployment objectives, which include the following: å"å" Continuing our record annual dividend increaseså"å" Investing in organic growth and productivityå"å" Strategic acquisitions that strengthen our portfolioå"å" Offset share dilution through 10b-1 share repurchase programCash FlowsA summary of cash flows follows:(dollars in millions)20242023Cash provided by (used in):Operating activities\$3,384Å \$2,980Å Investing activities(299)(8,177)Å Financing activities(3,115)(971)Å Effect of exchange rates(24)Å (5)Net decrease in cash and cash equivalents and restricted cash\$(53)Å \$6,173Å Cash flows from operating activities were \$3,384 million in 2024 compared to \$2,980 million in 2023. The increase of \$404 million in 2024 was primarily related to an increase in earnings combined with strong management of working capital items. We continue to focus on managing inventory and other working capital requirements. Cash flows from operating activities for 2023 were negatively impacted by acquisition-related transaction expenses. å"å" Days sales outstanding relating to trade receivables for the Company was 51 days in both 2024 and 2023. å"å" Days supply of inventory on hand was 80 days in 2024 and 85 days in 2023. 25 Table of ContentsCash flows from investing activities in 2024 and 2023 were impacted by the following factors: å"å" Payment for the Acquisition, net of cash acquired, of \$7.1 billion in 2023. å"å" Payments to settle the deal-contingent forward contracts of \$1.4 billion in 2023. å"å" Net proceeds from the sale of the aircraft wheel and brake business of approximately \$443 million in 2023. å"å" Cash collateral received of \$250 million in 2023 per the credit support annex attached to the deal-contingent forward contracts. å"å" Net maturities of marketable securities of \$7 million in 2024 compared to \$19 million in 2023. å"å" Capital expenditures of \$400 million in 2024 compared to \$381 million in 2023. Cash flows from financing activities in 2024 and 2023 were impacted by the following factors: å"å" Repurchases of 0.4Å million common shares for \$200 million during 2024 compared to repurchases of 0.7Å million common shares for \$200 million during 2023. å"å" Proceeds of \$2.0 billion from borrowings under the term loan facility (the "Term Loan Facility") in 2023. å"å" Payments related to the maturity of \$300 million aggregate principal amounts of medium term notes in 2023. å"å" Payments to retire \$900 million aggregate principal amount of private placement notes assumed in the Acquisition in 2023. Refer to Note 3 to the Consolidated Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K for further discussion. å"å" Net commercial paper borrowings of \$359 million in 2024 compared to net commercial paper borrowings of \$358 million in 2023. å"å" Principal payments totaling \$385 million related to the Term Loan Facility in 2024 compared to principal payments totaling \$1.1 billion related to the Term Loan Facility in 2023. Refer to Note 11 to the Consolidated Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K for further discussion. å"å" Payments related to maturity of \$2.0 billion aggregate principal amounts of senior notes in 2024. Cash RequirementsWe are actively monitoring our liquidity position and remain focused on managing our inventory and other working capital requirements. We are continuing to target two percent of sales for capital expenditures and are prioritizing those related to safety, strategic investments, and sustainability initiatives. We believe that cash generated from operations and our commercial paper program will satisfy our operating needs for the foreseeable future. We have committed cash outflow related to long-term debt, operating and financing lease agreements, and postretirement benefit obligations. Refer to Notes 11, 12, and 13 respectively, of Part II, Item 8 of this Annual Report on Form 10-K for further discussion. DividendsCash dividends have been paid for 296 consecutive quarters, including a yearly increase in dividends for the last 68 years. The current annual dividend rate is \$6.52 per common share. Share RepurchasesThe Company has a program to repurchase its common shares. On October 22, 2014, the Board of Directors of the Company approved an increase in the overall number of shares authorized to repurchase under the program so that, beginning on such date, the aggregate number of shares authorized for repurchase was 35 million. There is no limitation on the number of shares that can be repurchased in a year. Repurchases may be funded primarily from operating cash flows and commercial paper borrowings and the shares are initially held as treasury shares. Refer to Note 14 to the Consolidated Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K for further discussion. 26 Table of ContentsLiquidityCash, comprised of cash and cash equivalents and marketable securities and other investments, includes \$311 million and \$422 million held by the Company's foreign subsidiaries at June 30, 2024 and 2023, respectively. The Company does not permanently reinvest certain foreign earnings. The distribution of these earnings could result in non-federal U.S. or foreign taxes. All other undistributed foreign earnings remain permanently reinvested. We are currently authorized to sell up to \$3.0 billion of short-term commercial paper notes. There were \$2.1 billion outstanding commercial paper notes as of June 30, 2024, and the largest amount of commercial paper notes outstanding during the fourth quarter of 2024 was \$2.3 billion. The Company has a line of credit totaling \$3.0 billion through a multi-currency revolving credit agreement with a group of banks. As of June 30, 2024, \$0.9 billion was available for borrowing under the credit agreement. Advances from the credit agreement can be used for general corporate purposes, including acquisitions, and for the refinancing of existing indebtedness. The credit agreement supports our commercial paper program, and issuances of commercial paper reduce the amount of credit available under the agreement. The credit agreement expires in June 2028;

however, the Company has the right to request a one-year extension of the expiration date on an annual basis, which request may result in changes to the current terms and conditions of the credit agreement. The credit agreement requires the payment of an annual facility fee, the amount of which is dependent upon the Company's credit ratings. Although a lowering of the Company's credit ratings would increase the cost of future debt, it would not limit the Company's ability to use the credit agreement nor would it accelerate the repayment of any outstanding borrowings. Refer to Note 10 to the Consolidated Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K for further discussion. We primarily utilize unsecured medium-term notes and senior notes to meet our financing needs and we expect to continue to borrow funds at reasonable rates over the long term. Refer to the Cash flows from financing activities section above and Note 11 of the Consolidated Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K for further discussion. The Company's credit agreements and indentures governing certain debt securities contain various covenants, the violation of which would limit or preclude the use of the credit agreements for future borrowings, or might accelerate the maturity of the related outstanding borrowings covered by the indentures. Based on the Company's rating level at June 30, 2024, the most restrictive financial covenant provides that the ratio of debt to debt-shareholders' equity cannot exceed 0.65 to 1.0. At June 30, 2024, the Company's debt to debt-shareholders' equity ratio was 0.47 to 1.0. We are in compliance, and expect to remain in compliance, with all covenants set forth in the credit agreement and indentures. Our goal is to maintain an investment-grade credit profile. The rating agencies periodically update our credit ratings as events occur. At June 30, 2024, the long-term credit ratings assigned to the Company's senior debt securities by the credit rating agencies engaged by the Company were as follows: Fitch Ratings BBB+ Moody's Investor Services, Inc. Baa1 Standard & Poor's BBB+ Supply Chain Financing. We continue to identify opportunities to improve our liquidity and working capital efficiency, which includes the extension of payment terms with our suppliers. We currently have supply chain financing ("SCF") programs with financial intermediaries, which provide certain suppliers the option to be paid by the financial intermediaries earlier than the due date on the applicable invoice. We do not believe that changes in the availability of supply chain financing will have a significant impact on our liquidity. Refer to Note 8 to the Consolidated Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K for further discussion. Strategic Acquisitions and Divestitures. Acquisitions will be considered from time to time to the extent there is a strong strategic fit, while at the same time maintaining the Company's strong financial position. In addition, we will continue to assess our existing businesses and initiate efforts to divest businesses that are not considered to be a good long-term strategic fit for the Company. During 2024, we divested two businesses and in 2023, we completed one acquisition and divested two businesses. On July 28, 2024, the Company signed an agreement to divest its Meggit composites and fuel containment business within the North America businesses of the Diversified Industrial Segment. Refer to Notes 1 and 3 to the Consolidated Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K for further discussion. 27 Table of Contents CRITICAL ACCOUNTING POLICIES & ESTIMATES The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The policies discussed below are considered by management to be more critical than other policies because their application places the most significant demands on management's judgment. Revenue Recognition - Revenues are recognized when control of performance obligations, which are distinct goods or services within the contract, is transferred to the customer. Control is transferred when the customer has the ability to direct the use of and obtain the benefits from the goods or services. A majority of our revenues are recognized at a point in time when control is transferred to the customer, which is generally at the time of shipment. However, a portion of our revenues are recognized over time if the customer simultaneously receives control as we perform work under a contract, if the customer controls the asset as it is being produced or if the product has no alternative use and we have a contractual right to payment. For contracts where revenue is recognized over time, we use the cost-to-cost, efforts expended or units of delivery method depending on the nature of the contract, including length of production time. The estimation of costs and efforts expended requires management's judgment due to the duration of the contractual agreements as well as the technical nature of the products involved. Adjustments to these estimates are made on a consistent basis and a contract reserve is established when the estimated costs to complete a contract exceed the expected contract revenues. When there are multiple performance obligations within a contract, the transaction price is allocated to each performance obligation based on its standalone selling price. The primary method used to estimate a standalone selling price is the price observed in standalone sales to customers for the same product or service. Revenue is recognized when control of the individual performance obligations is transferred to the customer. We consider the contractual consideration payable by the customer and assess variable consideration that may affect the total transaction price. Variable consideration is included in the estimated transaction price when there is a basis to reasonably estimate the amount, including whether the estimate should be constrained in order to avoid a significant reversal of revenue in a future period. These estimates are based on historical experience, anticipated performance under the terms of the contract and our best judgment at the time. Impairment of Goodwill and Long-Lived Assets - We test goodwill for impairment at the reporting unit level on an annual basis and between annual tests whenever events or circumstances indicate the carrying value of a reporting unit may exceed its fair value. Our five reporting units are equivalent to our operating segments. As quoted market prices are not available for our reporting units, determining whether an impairment occurred requires the valuation of the respective reporting unit, which is estimated using both income-based and market-based valuation methods. The income-based valuation method utilizes a discounted cash flow model which requires several assumptions, including future sales growth and operating margin levels as well as assumptions regarding future industry-specific market conditions. Each reporting unit regularly prepares discrete operating forecasts and uses these forecasts as the basis for the assumptions in the discounted cash flow analysis. Within the discounted cash flow models, the Company uses a discount rate, commensurate with its cost of capital but adjusted for inherent business risks, and an appropriate terminal growth factor. The market-based valuation performed for each reporting unit includes an analysis consisting of market-adjusted multiples based on key data points for guideline public companies. We also reconcile the estimated aggregate fair value of our reporting units resulting from these procedures to our overall market capitalization. At December 31, 2023, the Company performed its annual goodwill impairment test for each of its five reporting units. The results of this test indicated the fair value substantially exceeded carrying value for all reporting units. We continually monitor our reporting units for impairment indicators and update assumptions used in the most recent calculation of a reporting unit's fair value as appropriate. Long-lived assets held for use, which primarily includes finite-lived intangible assets and property, plant and equipment, are evaluated for impairment whenever events or circumstances indicate that the undiscounted net cash flows to be generated by their use over their expected useful lives and eventual disposition are less than their carrying value. The long-term nature of these assets requires the estimation of their cash inflows and outflows several years into the future and only takes into consideration technological advances known at the time of the impairment test. During 2024, the Company did not record any material impairments related to long-lived assets. Pensions - The annual net periodic expense and benefit obligations related to the Company's defined benefit plans are determined on an actuarial basis. This determination requires critical assumptions regarding the discount rate, long-term rate of return on plan assets, increases in compensation levels and amortization periods for actuarial gains and losses. Assumptions are determined based on Company data and appropriate market indicators and are evaluated each year as of the plans' measurement date. Changes in the assumptions to reflect actual experience as well as the amortization of actuarial gains and losses could result in a material change in the annual net periodic expense and benefit obligations reported in the financial statements. For the Company's domestic qualified defined benefit plan, our largest plan, a 50 basis point change in the assumed long-term rate of return on plan assets is estimated to have an \$18 million effect on annual pension expense and a 50 basis point decrease in the discount rate is estimated to decrease annual pension expense by \$6 million. As of June 30, 2024, \$331 million of past years' net actuarial losses related to the Company's domestic qualified defined benefit plan are subject to amortization in the future. These losses will generally be amortized over approximately seven years and will negatively affect earnings in the future. Any actuarial gains experienced in future years will help offset the effect of the net actuarial loss amortization. Further information on pensions is provided in Note 13 to the Consolidated Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K. Business Combinations - From time to time, we may enter into business combinations. Business acquisitions are accounted for using the acquisition method of accounting, which allocates the fair value of the purchase consideration to the tangible and intangible assets acquired and liabilities assumed based on their estimated fair values. In the fair value evaluation of intangible assets acquired, there are significant estimates and assumptions, including forecasts of future cash flows, revenues, and earnings before interest, taxes, depreciation and amortization; as well as the selection of the royalty rates and discount rates. The excess of the purchase consideration over the fair values of these identifiable assets and liabilities is recorded as goodwill. The acquisition method of accounting also requires us to refine these estimates over a measurement period not to exceed one year to reflect new information obtained about facts and circumstances that existed as of the acquisition date, that, if known, would have affected the measurement of the amounts recognized as of that date. If we are required to adjust provisional amounts that we have recorded for the fair values of assets and liabilities in connection with acquisitions, these adjustments could have a material impact on our financial condition and results of operations. Income Taxes - Significant judgment is required in determining the Company's income tax expense and in evaluating tax positions. Deferred income tax assets and liabilities have been recorded for the differences between the financial accounting and income tax basis of assets and liabilities. Factors considered by the Company in determining the probability of realizing deferred income tax assets include forecasted operating earnings, available tax planning strategies and the time period over which the temporary differences will reverse. The Company reviews its tax positions on a regular basis and adjusts the balances as new information becomes available. For those tax positions where it is more likely than not that a tax benefit will be sustained, the largest amount of tax benefit with a greater than 50 percent likelihood of being realized upon examination by a taxing authority that has full knowledge of all relevant information will be recorded. For those income tax positions where it is not more likely than not that a tax benefit will be sustained, no tax benefit has been recognized in the Consolidated Financial Statements. Further information on income taxes is provided in Note 5 to the Consolidated Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K. Loss Contingencies - The Company has a number of loss exposures incurred in the ordinary course of business such as environmental claims, product liability and litigation reserves. Establishing loss accruals for these matters requires management's estimate and judgment with regards to risk exposure and ultimate liability or realization. We review these loss accruals periodically and make adjustments to reflect the most recent facts and circumstances. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS Recently issued accounting pronouncements are described in Note 1 to the Consolidated Financial Statements, included in Part II, Item 8 of this Annual Report on Form 10-K. 29 Table of Contents ITEM 7A. Quantitative and Qualitative Disclosures About Market Risk A substantial portion of our operations are conducted by our subsidiaries outside of the U.S. in currencies other than the U.S. dollar. Most of our non-U.S. subsidiaries conduct their business primarily in their local currencies, which are also their functional currencies. Foreign currency exposures arise from translation of foreign-denominated assets and liabilities into U.S. dollars and from transactions denominated in a currency other than the subsidiary's functional currency. We continue to manage the associated foreign currency transaction and translation risk. The Company manages foreign currency transaction and translation risk by utilizing derivative and non-derivative financial instruments, including forward exchange contracts, deal-contingent forward contracts, costless collar contracts, cross-currency swap contracts and certain foreign currency denominated debt designated as net investment hedges. The derivative financial instrument contracts are with major investment grade financial institutions and we do not anticipate any material non-performance by any of the counterparties. We do not hold or issue derivative financial instruments for trading purposes. Derivative financial instruments are recognized on the Consolidated Balance Sheet as either assets or liabilities and are measured at fair value. Further information on the fair value of these contracts is provided in Note 17 to the Consolidated Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K. Derivatives that are not designated as hedges are adjusted to fair value by recording gains and losses through the Consolidated Statement of Income. Derivatives that are designated as hedges are adjusted to fair value by recording gains and losses through accumulated other comprehensive (loss) in the Consolidated Balance Sheet until the hedged item is recognized in earnings. For cross-currency swaps measured using the spot method, the periodic interest settlements are recognized directly in earnings through interest expense. The translation of the foreign currency denominated debt that has been designated as a net investment hedge is recorded in accumulated other comprehensive (loss) and remains there until the underlying net investment is sold or substantially liquidated. The Company's debt portfolio contains variable rate debt, inherently exposing the Company to interest rate risk. The Company's objective is to maintain a 60/40 mix between fixed rate and variable rate debt thereby limiting its exposure to changes in near-term interest rates. At June 30, 2024, our debt portfolio included \$490 million of variable rate debt, exclusive of commercial paper borrowings. A 100 basis point increase in near-term interest rates would increase annual interest expense on variable rate debt, including weighted-average commercial paper borrowings during 2024, by approximately \$18 million. 30 Table of Contents ITEM 8. Financial Statements and Supplementary Data. Page Number in Form 10-K Report of Independent Registered Public Accounting Firm (PCAOB ID No. 34) 32 Financial Statements Consolidated Statement of Income 34 Consolidated Statement of Comprehensive Income 35 Consolidated Balance Sheet 36 Consolidated Statement of Cash Flows 37 Consolidated Statement of Equity 38 Notes to Consolidated Financial Statements 39 31 Table of Contents REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM To the shareholders and the Board of Directors of Parker-Hannifin Corporation Opinions on the Financial Statements and Internal Control over Financial Reporting We have audited the accompanying consolidated balance sheets of Parker-Hannifin Corporation and subsidiaries (the "Company") as of June 30, 2024 and 2023, the related consolidated statements of income, comprehensive income, cash flows, and equity, for each of the three years in the period ended June 30, 2024, and the related notes and the schedule listed in the Index at Item 15 (collectively referred to as the "financial statements"). We also have audited the Company's internal control over financial reporting as of June 30, 2024, based on criteria established in Internal Control at Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of June 30, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended June 30, 2024, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of June 30, 2024, based on criteria established in Internal Control at Integrated Framework (2013) issued by COSO. Basis for Opinions The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on these financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB. We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures to respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions. Definition and Limitations of Internal Control over Financial Reporting A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the



shorter of their remaining useful or legal life. Trade names are amortized over the estimated time period over which an economic benefit is expected to be received. Customer relationships are amortized over a period based on anticipated customer attrition rates or contractual lives. The Company reviews intangible assets for impairment whenever events or changes in circumstances indicate that their carrying value may not be recoverable. Goodwill - The Company conducts a formal impairment test of goodwill on an annual basis and between annual tests if an event occurs or circumstances change that would, more likely than not, reduce the fair value of a reporting unit below its carrying value. 40Table of ContentsIncome Taxes - Income taxes are provided based upon income for financial reporting purposes. Taxes related to Global Intangible Low-Taxed Income ("GILT") are treated as a current period expense when incurred. Tax credits and similar tax incentives are applied to reduce the provision for income taxes in the year in which the credits arise. We recognize accrued interest related to unrecognized tax benefits in income tax expense. Penalties, if incurred, are recognized in income tax expense. Deferred income taxes arise from temporary differences in the recognition of income and expense for tax purposes. Income tax effects resulting from adjusting temporary differences recorded in accumulated other comprehensive (loss) are released when the circumstances on which they are based cease to exist. Foreign Currency Translation - Assets and liabilities of foreign subsidiaries are translated at current exchange rates, and income and expenses are translated using weighted-average exchange rates. The effects of these translation adjustments, as well as gains and losses from certain hedging and intercompany transactions, are reported in accumulated other comprehensive (loss). Such adjustments will affect net income only upon sale or liquidation of the underlying foreign investments. Exchange (gains) losses from transactions in a currency other than the local currency of the entity involved are included within other (income) expense, net in the Consolidated Statement of Income and were \$(38) million, \$46 million and \$(40) million, in 2024, 2023 and 2022, respectively. Business Combinations - From time to time, we may enter into business combinations. Business acquisitions are accounted for using the acquisition method of accounting, which allocates the fair value of the purchase consideration to the tangible and intangible assets acquired and liabilities assumed based on their estimated fair values. The excess of the purchase consideration over the fair values of these identifiable assets and liabilities is recorded as goodwill. The acquisition method of accounting also requires us to refine these estimates over a measurement period not to exceed one year to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the measurement of the amounts recognized as of that date. Transaction costs associated with these acquisitions are expensed as incurred. Subsequent Events - We evaluated subsequent events that have occurred through the date of filing of this Annual Report on Form 10-K for the year ended June 30, 2024. On July 28, 2024, the Company signed an agreement to divest its Meggitt composites and fuel containment ("CFC") business within the North America businesses of the Diversified Industrial Segment for an enterprise value of \$560 million on a cash-free, debt-free basis and subject to a working capital adjustment. The CFC business has annual sales of approximately \$350 million. Closing of this divestiture is subject to customary closing conditions, including regulatory clearance, and is anticipated to occur prior to December 31, 2024. Recent Accounting Pronouncements - In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures," which enhances the disclosure requirements for income taxes primarily related to the rate reconciliation and income taxes paid information. The amendments are effective for fiscal years beginning after December 15, 2024. Early adoption is permitted. The amendment should be applied on a prospective basis. Retrospective application is permitted. The Company is currently evaluating the impact this guidance will have on the Company's disclosures. In November 2023, the FASB issued ASU 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures," which updates reportable segment disclosure requirements primarily through enhanced disclosures about significant segment expenses. The amendments in this ASU are effective for fiscal years beginning after December 15, 2023, and for interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The amendments should be applied retrospectively to all prior periods presented in the financial statements. The Company is currently evaluating the impact this guidance will have on the Company's disclosures. In September 2022, the FASB issued ASU 2022-04, "Liabilities—Supplier Finance Programs (Subtopic 405-50): Disclosure of Supplier Finance Program Obligations," which requires a buyer in a supplier finance program to disclose information about the program's nature, activity during the period, changes from period to period, and potential magnitude. To achieve that objective, the buyer should disclose qualitative and quantitative information about its supplier finance programs, including the outstanding amount under the program, the balance sheet presentation of the outstanding amount, and a rollforward of the obligations in the program. This ASU should be adopted retrospectively for each balance sheet period presented; however, the rollforward information should be provided prospectively. The amendments in this ASU are effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years, except for the amendment on rollforward information, which is effective for fiscal years beginning after December 15, 2023. Early adoption is permitted. The Company adopted the guidance on July 1, 2023, except for the rollforward requirement, which becomes effective July 1, 2024. The adoption did not have a material impact on the Company's consolidated financial statements. 41Table of Contents2. A. Revenue recognitionRevenue is derived primarily from the sale of products in the aerospace & defense, in-plant & industrial equipment, transportation, off-highway, energy, and HVAC & refrigeration markets. A majority of the Company's revenues are recognized at a point in time. However, a portion of the Company's revenues are recognized over time. Disaggregation of revenueRevenue from contracts with customers is disaggregated by technology platform for the Diversified Industrial Segment, by market segment for the Aerospace Systems Segment and by geographic location for the total Company. The Diversified Industrial Segment is an aggregation of several business units, which manufacture a broad range of motion-control systems and components for builders and users of various types of manufacturing, packaging, processing, transportation, agricultural, construction, and military vehicles and equipment. Contracts consist of individual purchase orders for standard product, blanket purchase orders and production contracts. Blanket purchase orders are often associated with individual purchase orders and have terms and conditions which are subject to a master supply or distributor agreement. Individual production contracts, some of which may include multiple performance obligations, are typically for products manufactured to the customer's specifications. Revenue in the Diversified Industrial Segment is typically recognized at the time of product shipment, but a portion of revenue may be recognized over time for installation services or in situations where the product has no alternative use and we have an enforceable right to payment. Diversified Industrial Segment revenues by technology platform: 202420232022Motion Systems\$3,706,055A \$3,830,062A \$3,489,431A Flow and Process Control4,672,741A 4,939,356A 4,616,270A Filtration and Engineered Materials6,078,350A 5,936,275A 5,236,345A Total\$14,457,146A \$14,705,693A \$13,342,046A The Aerospace Systems Segment produces engine and airframe components and systems, which are utilized on virtually every major commercial and military aircraft. Contracts generally consist of blanket purchase orders and individual long-term production contracts. Blanket purchase orders, which have terms and conditions subject to long-term supply agreements, are typically associated with individual purchase orders. Revenue in the Aerospace Systems Segment is typically recognized at the time of product shipment, but a portion of revenue may be recognized over time in situations where the customer controls the asset as it is produced or the product has no alternative use and we have an enforceable right to payment. Aerospace Systems Segment revenues by market segment: 202420232022Commercial original equipment manufacturer ("OEM")\$1,778,928A \$1,461,279A \$889,649A Commercial aftermarket1,814,395A 1,363,965A 514,727A Defense OEM1,125,324A 905,328A 705,988A Defense aftermarket753,813A 628,929A 409,198A Total\$5,472,460A \$4,359,501A \$2,519,562A Total revenues by geographic region based on the Company's selling operation's location: 202420232022North America\$13,512,303A \$12,689,719A \$10,216,292A Europe3,915,691A 3,777,507A 3,156,024A Asia Pacific2,277,466A 2,379,791A 2,290,557A Latin America224,146A 218,177A 198,735A Total\$19,929,606A \$19,065,194A \$15,861,608A The majority of revenues from the Aerospace Systems Segment is generated from sales within North America. 42Table of ContentsContract balancesContract assets and contract liabilities are reported on a contract-by-contract basis. Contract assets reflect revenue recognized and performance obligations satisfied in advance of customer billing. Contract liabilities relate to payments received in advance of the satisfaction of performance under the contract. Payments from customers are received based on the terms established in the contract with the customer. Total contract assets and contract liabilities are as follows: 20242023Contract assets, current (included within Prepaid expenses and other)\$136,814A \$123,705A Contract assets, noncurrent (included within Investments and other assets)21,063A 23,708A Total contract assets157,877A 147,413A Contract liabilities, current (included within Other accrued liabilities)(183,868)(244,799)Contract liabilities, noncurrent (included within Other liabilities)(77,957)(78,239)Total contract liabilities(261,825)(323,038)Net contract liabilities\$(103,948)(\$175,625)Net contract liabilities at June 30, 2024 decreased from the prior year amount due to timing differences between when revenue was recognized and the receipt of advance payments. During 2024, approximately \$178 million of revenue was recognized that was included in the contract liabilities at June 30, 2023. Remaining performance obligationsOur backlog represents written firm orders from a customer to deliver products and, in the case of blanket purchase orders, only includes the portion of the order for which a schedule or release has been agreed to with the customer. We believe our backlog represents our unsatisfied or partially unsatisfied performance obligations. Backlog at June 30, 2024 was \$10.9 billion, of which approximately 73 percent is expected to be recognized as revenue within the next 12 months and the balance thereafter. 3. A. Acquisitions and DivestituresAcquisitions On September 12, 2022, we completed the Acquisition of all the outstanding ordinary shares of Meggitt for 800 pence per share, resulting in an aggregate cash purchase price of \$7.2 billion, including the assumption of debt. Meggitt is a leader in design, manufacturing and aftermarket support of technologically differentiated systems and equipment in aerospace, defense and selected energy markets with annual sales of approximately \$2.1 billion for the year ended December 31, 2021. For segment reporting purposes, approximately 82 percent of Meggitt's sales are included in the Aerospace Systems Segment, while the remaining 18 percent are included in the Diversified Industrial Segment. Assets acquired and liabilities assumed are recognized at their respective fair values as of the Acquisition date. The process of estimating the fair values of certain tangible assets, identifiable intangible assets and assumed liabilities requires the use of judgment in determining the appropriate assumptions and estimates. During the measurement period which ended in September 2023, adjustments did not have a material impact on the Consolidated Statement of Income. The following table presents the final estimated fair values of Meggitt's assets acquired and liabilities assumed on the Acquisition date. 43Table of Contents30, 2023 (previously reported)Measurement Period AdjustmentsSeptember 12, 2022 (Final) Assets: Cash and cash equivalents\$89,704A \$89,704A Accounts receivable409,642A 1,181A 410,823A Inventories739,304A 13,580A 752,884A Prepaid expenses and other102,032A 20,673A 122,705A Property, plant and equipment, net658,997A (1,428)657,569A Deferred income taxes4,198A (18,730)15,468A Other assets180,991A (647)180,344A Intangible assets5,679,200A (28,000)5,651,200A Goodwill2,789,080A 10,891A 2,799,971A Total assets acquired\$10,683,148A \$2,480A \$10,680,668A Liabilities: Notes payable and long-term debt payable within one year\$308,176A \$48A \$308,176A Accounts payable, trade219,842A (705)219,137A Accrued payrolls and other compensation87,074A (187,073) Accrued domestic and foreign taxes21,068A (818)20,250A Other accrued liabilities322,040A 158,137A 480,177A Long-term debt711,703A 48A \$711,703A Pensions and other postretirement benefits99,553A (2,028)97,525A Deferred income taxes1,259,417A (19,700)1,239,717A Other liabilities418,461A (137,365)281,096A Total liabilities assumed3,447,334A (2,480)3,444,854A Net assets acquired\$7,235,814A \$7,235,814A Goodwill is calculated as the excess of the purchase price over the net assets acquired and represents cost synergies and enhancements to our existing technologies. For tax purposes, Meggitt's goodwill is not deductible. Based upon a final acquisition valuation, we acquired \$4.2 billion of customer-related intangible assets, \$1.1 billion of technology and \$303 million of trade names, each with weighted-average estimated useful lives of 21, 22 and 18 years, respectively. These intangible assets were valued using the income approach, which includes significant assumptions around future revenue growth, earnings before interest, taxes, depreciation and amortization, royalty rates and discount rates. Such assumptions are classified as level 3 inputs within the fair value hierarchy. Based upon a final acquisition valuation, the fair value of the assets acquired includes \$115 million and \$91 million of operating and finance lease right-of-use assets, respectively. The fair value of liabilities assumed includes \$116 million and \$90 million of operating and finance lease liabilities, respectively, of which, \$18 million and \$1 million of operating and finance lease liabilities, respectively, are current liabilities. Debt assumed included \$900 million aggregate principal amount of private placement notes with fixed interest rates ranging from 2.78 percent to 3.60 percent, and maturity dates ranging from July 2023 to July 2026. The private placement notes were recorded at fair value at acquisition. In October 2022, we paid off \$300 million aggregate principal amount of private placement notes in two tranches pursuant to an offer to noteholders according to change in control provisions. In June 2023, the Company paid the remaining \$600 million aggregate principal amount of private placement notes assumed in the Acquisition, which resulted in a \$10 million charge recorded in interest expense in the Consolidated Statement of Income associated with the fair value discount. Based upon a final acquisition valuation, we also assumed \$142 million of liabilities associated with environmental matters. Approximately \$102 million of environmental matters are included within other accrued liabilities, and the remainder is included within other liabilities in the Consolidated Balance Sheet. The environmental matters primarily relate to known exposures arising from environmental litigation, investigations and remediation of certain sites for which Meggitt has been identified as a potentially responsible party. The liabilities are based on outcomes of litigation and estimates of the level and timing of remediation costs, including the period of operating and monitoring activities required. 44Table of Contents Our consolidated financial statements for 2023 include the results of operations of Meggitt from the date of acquisition through June 30, 2023. Net sales and segment operating income attributable to Meggitt during 2023 were \$2.1 billion and \$23 million, respectively. Segment operating income attributable to Meggitt includes estimated amortization and depreciation expense associated with the preliminary fair value estimates of intangible assets, plant and equipment, inventory, as well as acquisition integration charges. Refer to Note 4 for further discussion of acquisition integration charges. Acquisition-related transaction costs totaled \$115 million in 2023. These costs are included in SG&A in the Consolidated Statement of Income. The following table presents unaudited pro forma information for 2023 and 2022 as if the Acquisition had occurred on July 1, 2021. (Unaudited) 20232022Net sales\$19,446,524A \$17,911,409A Net income attributable to common shareholders1,956,813A 1,529,970A The historical consolidated financial information of Parker and Meggitt has been adjusted in the pro forma information in the table above to give effect to events that are directly attributable to the Acquisition and factually supportable. To reflect the occurrence of the Acquisition on July 1, 2021, the unaudited pro forma information includes adjustments for the amortization of the step-up of inventory to fair value and incremental depreciation and amortization expense resulting from the fair value adjustments to property, plant and equipment and intangible assets. These adjustments were based upon a preliminary purchase price allocation. Additionally, adjustments to financing costs and income tax expense were also made to reflect the capital structure and anticipated effective tax rate of the combined entity. Additionally, the pro forma information includes adjustments for non-recurring transactions directly related to the Acquisition, including the gain on the divestiture of the aircraft wheel and brake business, loss on deal-contingent forward contracts, and transaction costs. These non-recurring adjustments totaled \$199 million and \$654 million in 2023 and 2022, respectively. The resulting pro forma amounts are not necessarily indicative of the results that would have been obtained if the Acquisition had occurred as of the beginning of the period presented or that may occur in the future, and do not reflect future synergies, integration costs or other such costs or savings. Divestitures During December 2023, we divested our Filter Resources business, which was part of the Diversified Industrial Segment, for proceeds of \$37 million. The resulting pre-tax gain of \$12 million is included in gain on sale of businesses and assets, net in the Consolidated Statement of Income. The operating results and net assets of the Filter Resources business were immaterial to the Company's consolidated results of operations and financial position. During September 2023, we divested the MicroStrain sensing systems business, which was part of the Diversified Industrial Segment, for proceeds of \$37 million. The resulting pre-tax gain of \$13 million is included in gain on sale of businesses and assets, net in the Consolidated Statement of Income. The operating results and net assets of the MicroStrain sensing systems business were immaterial to the Company's consolidated results of operations and financial position. During March 2023, we divested a French aerospace business, which was part of the Aerospace Systems Segment, for proceeds of \$27 million. The resulting pre-tax loss of \$12 million is included in gain on sale of businesses and assets, net in the Consolidated Statement of Income. The operating results and net assets of the French aerospace business were immaterial to the Company's consolidated results of operations and financial position. During September 2022, we divested our aircraft wheel and brake business, which was part of the Aerospace Systems Segment, for proceeds of \$443 million. The resulting pre-tax gain of \$374 million is included in gain on sale of businesses and assets, net in the Consolidated Statement of Income. The operating results and net assets of the aircraft wheel and brake business were immaterial to the Company's consolidated results of operations and financial position. 45Table of Contents 4. A. Business Realignment and Acquisition Integration Charges The Company incurred business realignment and acquisition integration charges in 2024, 2023 and 2022. Business realignment charges included severance costs related to actions taken under the Company's simplification initiative aimed at reducing organizational and process complexity, as well as plant closures. In 2024, 2023 and 2022, a majority of the business realignment charges were incurred in Europe. We believe the realignment actions will positively impact future results of operations but will not have a material effect on liquidity and sources and uses of capital. Business

realignment charges by business segment are as follows:202420232022Diversified Industrial\$50,075Ä \$23,641Ä \$13,787Ä Aerospace Systems319Ä 3,065Ä 967Ä Other (income) expense, net3,062Ä ¢Ä 3Ä Workforce reductions in connection with such business realignment charges by business segment are as follows:202420232022Diversified Industrial1,064Ä 728Ä 300Ä Aerospace Systems1Ä 30Ä 10Ä The business realignment charges are presented in the Consolidated Statement of Income as follows:202420232022Cost of sales\$29,585Ä \$15,993Ä \$5,007Ä Selling, general and administrative expenses20,809Ä 10,713Ä 9,747Ä Loss (gain) on sale of businesses and assets, net3,062Ä ¢Ä 3Ä During 2024, approximately \$49 million in payments were made relating to business realignment charges. Remaining payments related to current-year and prior-year business realignment actions of approximately \$14 million, a majority of which are expected to be paid by December 31, 2024, are primarily reflected within the accrued payrolls and other compensation and other accrued liabilities captions in the Consolidated Balance Sheet. Additional charges may be recognized in future periods related to the business realignment and acquisition integration actions described above, the timing and amount of which are not known at this time. In addition to the business realignment charges discussed above, in 2022, we incurred \$20 million of expense as a result of our exit of business operations in Russia. These charges primarily consist of write-downs of inventory and other working capital items and \$8 million of foreign currency translation expense reclassified from accumulated other comprehensive income. Within the business segment information in Note 19, \$7 million of expense was recorded in other (income) expense, net while the remainder of the charge was split evenly between the Aerospace Systems Segment and the international businesses within the Diversified Industrial Segment. We also incurred acquisition integration charges related to the Meggitt and Lord acquisitions. Charges by business segment are as follows:202420232022Diversified Industrial\$3,930Ä \$8,511Ä \$3,589Ä Aerospace Systems34,343Ä 86,928Ä 1,177Ä In both 2024 and 2023, acquisition integration charges relate to the acquisition of Meggitt. In 2022, charges within the Diversified Industrial and Aerospace Systems Segment relate to the acquisitions of Lord and Meggitt, respectively. These charges were primarily included in selling, general and administrative expenses within the Consolidated Statement of Income.46Table of Contents5.Ä Ä Ä Income TaxesIncome before income taxes was derived from the following sources:202420232022United States\$2,120,257Ä \$1,408,206Ä \$646,364Ä Foreign1,474,346Ä 1,271,458Ä 967,862Ä \$3,594,603Ä \$2,679,664Ä \$1,614,226Ä Income taxes include the following:202420232022FederalÄ A Current\$327,714Ä \$161,465Ä \$297,672Ä Ä Deferred10,599Ä 81,426Ä (253,123)ForeignÄ A Current355,374Ä 297,199Ä 303,089Ä Ä Ä Deferred15,981Ä (13,45,977)State and localÄ A Current34,103Ä 45,599Ä 48,479Ä Ä Ä Deferred5,900Ä 23,948Ä (52,100)Ä \$749,667Ä \$596,128Ä \$298,040Ä A reconciliation of the effective income tax rate to the statutory federal rate follows:202420232022Statutory federal income tax rate21.0Ä %21.0Ä %21.0Ä %State and local income taxes0.9Ä 2.1Ä (0.2)Tax related to international activities2.3Ä 1.2Ä 2.7Ä Cash surrender value of life insurance(0.1)(0.1)0.5Ä Foreign derived intangible income deduction(1.5)(1.1)(3.7)Research tax credit(0.6)(0.7)(0.8)Share-based compensation(1.2)(1.0)(1.3)Other0.1Ä 0.8Ä 0.3Ä Effective income tax rate20.9Ä 9.2Ä 22.2Ä %18.5Ä In December 2021, the Organization for Economic Cooperation and Development (OECD) published a framework, known as Pillar Two, defining a global minimum tax of 15 percent on large corporations. The OECD has since issued administrative guidance providing transition and safe harbor rules around the implementation of the Pillar Two global minimum tax. Several countries have proposed or enacted legislation to implement core elements of the Pillar Two proposal effective for years beginning after December 31, 2023, which for us is fiscal year 2025. While we are monitoring developments and evaluating the potential impact on future periods, we do not expect Pillar Two to have a significant impact on our 2025 consolidated financial statements. Future legislation and guidance may result in a change to our current assessment. 47Table of ContentsDeferred income taxes are provided for the temporary differences between the financial reporting basis and the tax basis of assets and liabilities. The differences comprising the net deferred taxes shown on the Consolidated Balance Sheet at June 30 were as follows:20242023Retirement benefits123,951Ä \$158,560Ä Other liabilities and reserves213,866Ä 240,821Ä Long-term contracts45,279Ä 37,747Ä Stock-based compensation34,141Ä 33,374Ä Loss carryforwards1,063,837Ä 1,083,732Ä Inventory67,917Ä 96,501Ä Capitalized research and development145,697Ä 92,191Ä Tax credit carryforwards36,062Ä 18,773Ä Unrealized currency exchange gains and losses(18,302)(1,680)Undistributed foreign earnings(30,468)(21,304)Depreciation and amortization(2,103,689)(2,228,606)Valuation allowance(1,069,510)(1,078,354)Net deferred tax (liability)\$(1,491,219)\$(1,568,245)Change in net deferred tax (liability):Provision for deferred tax\$(32,476)\$(91,865)Items of other comprehensive (loss) income(23,514)(64,342)Acquisitions and other133,016Ä (1,215,579)Total change in net deferred tax\$77,026Ä \$1,371,786As of JuneÄ 30, 2024, we recorded deferred tax assets of \$1,064 million resulting from \$4,443 million in loss carryforwards. A valuation allowance of \$1,039 million related to the loss carryforwards has been established due to the uncertainty of their realization. Of this valuation allowance, \$1,021 million relates to non-operating entities whose loss carryforward utilization is considered to be remote. Some of the loss carryforwards can be carried forward indefinitely; others can be carried forward from three years to 20 years. In addition, a valuation allowance of \$30 million related to other future deductible items has been established due to the uncertainty of their realization. Although future distributions of foreign earnings to the United States should not be subject to U.S. federal income taxes, other U.S. or foreign taxes may be imposed on such earnings. We have analyzed existing factors and determined we will no longer permanently reinvest certain foreign earnings. On these undistributed foreign earnings of approximately \$1,006 million that are no longer permanently reinvested outside of the United States, we have recorded a deferred tax liability of \$14 million. The remaining undistributed foreign earnings of approximately \$1,133 million remain permanently reinvested outside the United States at JuneÄ 30, 2024. Of these undistributed earnings, we have recorded a deferred tax liability of \$16 million where certain foreign holding companies are not permanently reinvested in their subsidiaries. It is not practicable to estimate the additional taxes, including applicable foreign withholding taxes, that might be payable on the potential distribution of such permanently reinvested foreign earnings.48Table of ContentsA reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:202420232022Balance July 1\$113,503Ä \$90,669Ä \$100,759Ä Additions for tax positions related to current year6,479Ä 9,389Ä 7,039Ä Additions for tax positions of prior yearsÄ 6,171Ä 1,415Ä Additions for acquisitions4,195Ä 25,957Ä ¢Ä Reductions for tax positions of prior years(4,869)(3,063)(140)Reductions for settlementsÄ 6,923)(3,127)Reductions for expiration of statute of limitations(15,019)(11,199)(6,647)Effect of foreign currency translation(2,185Ä 502Ä 8,630)Balance June 30\$102,104Ä \$113,503Ä \$90,669Ä The total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate was \$102 million, \$114Ä million and \$91 million as of JuneÄ 30, 2024, 2023 and 2022, respectively. The accrued interest related to the gross unrecognized tax benefits, excluded from the amounts above, was \$27 million, \$21 million, and \$18 million as of JuneÄ 30, 2024, 2023 and 2022, respectively. The accrued penalties related to the gross unrecognized tax benefits, excluded from the amounts above, was \$2 million as of both JuneÄ 30, 2024 and 2023. There were no accrued penalties related to the gross unrecognized tax benefits as of JuneÄ 30, 2022. It is reasonably possible that, within the next 12 months, the amount of gross unrecognized tax benefits could be reduced by up to approximately \$40 million as a result of the revaluation of existing uncertain tax positions arising from developments in the examination process or the closure of tax statutes. Any increase in the amount of unrecognized tax benefits within the next 12 months is expected to be insignificant. We file income tax returns in the United States and in various foreign jurisdictions. In the normal course of business, we are subject to examination by taxing authorities throughout the world. We are open to assessment of our U.S. federal income tax returns by the Internal Revenue Service for years after 2013, and our state and local income tax returns for years after 2016. We are open to assessment for significant foreign jurisdictions for years after 2011. 6.Ä Ä Ä Earnings Per ShareBasic earnings per share are computed using the weighted-average number of common shares outstanding during the year. Diluted earnings per share are computed using the weighted-average number of common shares and common share equivalents outstanding during the year. Common share equivalents represent the dilutive effect of outstanding equity-based awards. The reconciliation of the numerator and denominator of basic and diluted earnings per share was as follows:202420232022Numerator:Net income attributable to common shareholders\$2,844,215Ä \$2,082,936Ä \$1,315,605Ä Denominator:Basic - weighted-average common shares128,507Ä 352Ä 128,367,842Ä 128,539,387Ä Increase in weighted-average common shares from dilutive effect of equity-based awards1,732,385Ä 1,454,243Ä 1,816,556Ä Diluted - weighted-average common shares, assuming exercise of equity-based awards130,239,737Ä 129,822,085Ä 130,355,943Ä Basic earnings per share\$22.13Ä \$16.23Ä \$10.24Ä Diluted earnings per share\$21.84Ä \$16.04Ä \$10.09Ä For 2024, 2023 and 2022, 0.4 million, 1.0 million and 0.4 million common shares, respectively, subject to equity-based awards were excluded from the computation of diluted earnings per share because the effect of their exercise would be anti-dilutive.49Table of Contents7.Ä Ä Ä InventoriesInventories are stated at the lower of cost or net realizable value using the first-in, first-out ("FIFO") method. Cost components include raw materials, purchased components, labor and overhead. The inventories caption in the Consolidated Balance Sheet is comprised of the following components:June 30, 20242023Finished products\$77,775Ä \$794,128Ä Work in process1,421,104Ä 1,488,665Ä Raw materials587,921Ä 625,086Ä Total\$2,786,800Ä \$2,907,879Ä 8.Ä Ä Ä Supply Chain FinancingWe have supply chain financing ("SCF") programs with financial intermediaries, which provide certain suppliers the option to be paid by the financial intermediaries earlier than the due date on the applicable invoice. We are not a party to the agreements between the participating financial intermediaries and the suppliers in connection with the programs. The range of payment terms we negotiate with our suppliers is consistent, irrespective of whether a supplier participates in the SCF programs. We do not reimburse suppliers for any costs they incur for participation in the SCF programs and their participation is voluntary. Amounts due to our suppliers that elected to participate in the SCF programs are included in accounts payable, trade on the Consolidated Balance Sheet and payments made under the SCF programs are included within operating activities on the Consolidated Statement of Cash Flows. Accounts payable, trade included approximately \$116 million and \$85 million payable to suppliers who have elected to participate in the SCF programs as of JuneÄ 30, 2024 and JuneÄ 30, 2023, respectively. The amounts settled through the SCF programs and paid to the participating financial intermediaries totaled \$331 million and \$284 million during 2024 and 2023, respectively. 9.Ä Ä Ä Goodwill and Intangible AssetsThe changes in the carrying amount of goodwill are as follows:Diversified Industrial SegmentAerospace Systems SegmentTotalBalance June 30, 2022\$7,185,981Ä \$554,101Ä \$7,740,082Ä Acquisitions452,008Ä 2,337,072Ä 2,789,080Ä Divestitures(1,064)(2,232)(3,296)Foreign currency translation and other45,830Ä 56,898Ä 102,728Ä Balance June 30, 2023\$7,682,755Ä \$2,945,839Ä \$10,628,594Ä Acquisitions1,113Ä 9,778Ä 10,891Ä Divestitures(25,387)Ä Ä (25,387)Foreign currency translation and other(51,052)(55,613)(106,665)Balance June 30, 2024\$7,429,604Ä \$2,900,004Ä \$10,507,433Ä Acquisitions represent goodwill resulting from the purchase price allocation for the Acquisition during the measurement period. Refer to Note 3 for further discussion. Divestitures represent goodwill associated with the sale of businesses during 2024 and 2023. Goodwill is tested for impairment at the reporting unit level annually and between annual tests whenever events or circumstances indicate that the carrying value of a reporting unit may exceed its fair value. Our annual impairment tests performed in 2024, 2023 and 2022 resulted in no impairment loss being recognized. 50Table of ContentsIntangible assets are amortized on a straight-line method over their legal or estimated useful lives. The gross carrying value and accumulated amortization for each major category of intangible asset at June 30 are as follows:20242023Carrying AmountAccumulated AmortizationGross Carrying AmountAccumulated AmortizationPatents and technology\$2,116,999Ä \$451,908Ä \$2,128,847Ä \$352,040Ä Trade names1,041,633Ä 441,382Ä 1,047,678Ä 390,737Ä Customer relationships and other8,044,208Ä 2,493,369Ä 8,109,063Ä 2,092,197Ä Total\$11,202,840Ä \$3,386,659Ä \$11,285,588Ä \$2,834,974Ä Total intangible asset amortization expense in 2024, 2023 and 2022 was \$578 million, \$501 million and \$314 million, respectively. The estimated intangible asset amortization expense for the five years ending June 30, 2025 through 2029 is \$550 million, \$550Ä million, \$542 million, \$534 million and \$506 million, respectively. Intangible assets are evaluated for impairment whenever events or circumstances indicate that the undiscounted net cash flows to be generated by their use over their expected useful lives and eventual disposition may be less than their net carrying value. No material intangible asset impairments occurred in 2024, 2023 or 2022.10.Ä Ä Ä Financing ArrangementsThe Company has a line of credit totaling \$3.0 billion through a multi-currency revolving credit agreement with a group of banks, of which \$0.9 billion was available for borrowing as of JuneÄ 30, 2024. The credit agreement expires June 2028; however, the Company has the right to request a one-year extension of the expiration date on an annual basis, which may result in changes to the current terms and conditions of the credit agreement. Advances from the credit agreement can be used for general corporate purposes, including acquisitions, and for the refinancing of existing indebtedness. The credit agreement supports our commercial paper program, and issuances of commercial paper reduce the amount of credit available under the agreement. The credit agreement requires the payment of an annual facility fee, the amount of which may increase in the event our credit ratings are lowered. Although a lowering of our credit ratings would likely increase the cost of future debt, it would not limit our ability to use the credit agreement nor would it accelerate the repayment of any outstanding borrowings. The Company is currently authorized to sell up to \$3.0 billion of short-term commercial paper notes. Commercial paper notes outstanding as of JuneÄ 30, 2024 and 2023 were \$2.1 billion and \$1.8 billion, respectively. The Company had no outstanding borrowings from foreign banks at JuneÄ 30, 2024 and 2023. The weighted-average interest rate on notes payable outstanding at JuneÄ 30, 2024 and 2023 was 5.5 percent and 5.6 percent, respectively. In the ordinary course of business, some of our locations may enter into financial guarantees through financial institutions which enable customers to be reimbursed in the event of nonperformance by the Company. The Company's credit agreements and indentures governing certain debt agreements contain various covenants, the violation of which would limit or preclude the use of the applicable agreements for future borrowings, or might accelerate the maturity of the related outstanding borrowings covered by the applicable agreements. Based on our rating level at JuneÄ 30, 2024, the most restrictive financial covenant provides that the ratio of debt to debt-shareholders' equity cannot exceed 0.65 to 1.0. As of JuneÄ 30, 2024, our debt to debt-shareholders' equity ratio was 0.47 to 1.0. We are in compliance with all covenants. 51Table of Contents11.Ä Ä Ä DebtJune 30, 20242023Domestic:Ä A Fixed rate medium-term notes, 3.30% to 6.25%, due 2025 - 2045\$1,825,000Ä \$1,825,000Ä Ä Senior Notes, 2.70% to 4.50%, due 2024 - 2049\$300,000Ä 7,275,000Ä Term Loan Facility, due 2026\$490,000Ä 875,000Ä Foreign:Ä Ä Senior Notes, 1.125%, due 2025\$749,945Ä 763,770Ä Other long-term debt104,794Ä 106,598Ä Deferred debt issuance costs(57,725)(74,713)Total long-term debt\$8,412,014Ä 10,770,655Ä Less: Long-term debt payable within one year\$1,254,980Ä 1,974,371Ä Long-term debt, net\$7,157,034Ä \$8,796,284Ä In September 2022, the Company fully drew against the \$2.0 billion delayed-day term Loan Facility ("the "Term Loan Facility"), which will mature in its entirety in September 2025. We used the proceeds of the Term Loan Facility to finance a portion of the Acquisition. At JuneÄ 30, 2024, the Term Loan Facility had an interest rate of Secured Overnight Financing Rate plus 122.5 bps. Interest payments are made at the interest reset dates, which are either one, three, or six months at the discretion of the Company. Additionally, the provisions of the Term Loan Facility allow for prepayments at the Company's discretion. During 2024, we made principal payments totaling \$385 million related to the Term Loan Facility. We also repaid in full \$575 million and \$1.4 billion aggregate principal amount of Senior Notes, with interest rates of 2.70 percent and 3.65 percent, respectively, which matured in 2024. Principal amounts of long-term debt payable in the five years ending June 30, 2025 through 2029 are \$1,261 million, \$500 million, \$710 million, \$1,209 million and \$1,009 million, respectively. The principal amounts of long-term debt payable exclude the amortization of debt issuance costs.12. Ä Ä Ä LeasesWe primarily enter into lease agreements for office space, distribution centers, certain manufacturing facilities and equipment. Certain leases contain options that provide us with the ability to extend the lease term. Such options are included in the lease term when it is reasonably certain that the option will be exercised. When accounting for leases, we combine payments for leased assets, related services and other components of a lease. Payments within certain lease agreements are adjusted periodically for changes in an index or rate. In addition, leases with an initial term of 12 months or less are not recorded on the Consolidated Balance Sheet. The discount rate implicit within our leases is generally not determinable, and therefore we determine the discount rate based on our incremental borrowing rate. The incremental borrowing rate for our leases is determined based on lease term and the currency in which lease payments are made. The components of lease expense are as follows:202420232022Operating lease expense\$67,562Ä \$60,411Ä \$46,026Ä Finance lease cost:Ä Ä Amortization of lease assets7,511Ä 5,604Ä 1,861Ä Ä Ä Interest on lease liabilities5,338Ä 4,383Ä 390Ä Short-term lease cost8,653Ä 7,577Ä 7,041Ä Variable lease cost6,051Ä 5,747Ä 5,849Ä Total lease cost\$95,115Ä \$83,722Ä 161,167Ä 52Table of ContentsSupplemental cash flow information related to leases is as follows:202420232022Cash paid for amounts included in the measurement of lease liabilities:Operating cash outflows - payments on operating leases\$65,286Ä \$57,717Ä \$45,371Ä Operating cash outflows - interest payments on finance leases5,338Ä 4,383Ä 390Ä Financing cash outflows - payments on finance lease obligations4,658Ä 5,141Ä 1,992Ä Right-of-use assets obtained in exchange for operating lease obligations41,965Ä 45,365Ä 50,925Ä Right-of-use assets obtained in exchange for finance lease obligations4,084Ä 1,340Ä ¢Ä Ä Supplemental balance sheet information related to operating leases is as follows:20242023Operating LeasesOperating lease right-of-use assets (included in investments and other assets)\$225,952Ä 232,733Current operating lease liabilities (included within Other accrued liabilities)\$54,158Ä \$50,523Ä Long-term operating lease liabilities (included within Other liabilities)179,849Ä 187,445Ä Total operating lease liabilities\$234,007Ä \$237,968Ä Finance LeasesBuildings and building equipment\$106,667Ä \$107,910Ä Machinery and equipment9,298Ä 113Ä Accumulated depreciation(15,443Ä 8,196Ä Ä Ä Property, plant and equipment, net\$100,522Ä \$104,827Ä Notes payable and long-term debt payable within one year \$5,042Ä \$4,198Ä Long-term debt\$98,343Ä 100,889Ä Ä Total finance lease



\$21 million, respectively. The Company has invested in corporate-owned life insurance policies to assist in meeting the obligations under these programs. The policies are held in a rabbi trust and are recorded as assets of the Company. 14. **Equity Changes** in accumulated other comprehensive (loss) in shareholders' equity by component: **Foreign Currency Translation Adjustment and Other Retirement Benefit Plans** Total Balance June 30, 2022 \$(1,149,071) \$(394,127) \$(1,543,198) Other comprehensive income before reclassifications 187,027 \$(53,172) 240,199 Amounts reclassified from accumulated other comprehensive (loss) **À** 10,127 **À** 10,127 Balance June 30, 2023 \$(962,044) \$(330,828) \$(1,292,872) Other comprehensive (loss) income before reclassifications 167,953 17,217 **À** 150,736 Amounts reclassified from accumulated other comprehensive (loss) **À** 5,596 **À** 5,596 Balance June 30, 2024 \$(1,129,997) \$(308,015) \$(1,438,012) 60 Table of Contents **Significant reclassifications out of accumulated other comprehensive (loss) in shareholders' equity during 2024: Details about Accumulated Other Comprehensive (Loss) Components** **Income (Expense) Reclassified from Accumulated Other Comprehensive (Loss)** **Consolidated Statement of Income Classification** Retirement benefit plans Amortization of prior service cost and initial net obligation \$1,277 Other (income) expense, net Recognized actuarial loss \$(6,245) Other (income) expense, net Total before tax \$(7,522) Tax benefit 1,926 **À** Net of tax \$(5,596) **Significant reclassifications out of accumulated other comprehensive (loss) in shareholders' equity during 2023: Details about Accumulated Other Comprehensive (Loss) Components** **Income (Expense) Reclassified from Accumulated Other Comprehensive (Loss)** **Consolidated Statement of Income Classification** Retirement benefit plans Amortization of prior service cost and initial net obligation \$931 Other (income) expense, net Recognized actuarial loss \$(15,573) Other (income) expense, net Divestiture activity 2,480 **À** Other (income) expense, net Total before tax \$(14,024) Tax benefit 3,897 **À** Net of tax \$(10,127) **Share Repurchases** - The Company has a program to repurchase its common shares. On October 22, 2014, the Board of Directors of the Company approved an increase in the overall number of shares authorized to repurchase under the program so that, beginning on such date, the aggregate number of shares authorized for repurchase was 35 million. There is no limitation on the number of shares that can be repurchased in a year. Repurchases may be funded primarily from operating cash flows and commercial paper borrowings and the shares are initially held as treasury shares. The number of common shares repurchased at the average purchase price follows: 2024 2023 2022 Shares repurchased 438,229 **À** 663,599 **À** 1,281,818 **À** Average price per share, including commissions \$456.38 **À** \$301.39 **À** \$296.71 **À** 15. **À** **À** **Stock Incentive Plans** The Company's 2023 Omnibus Stock Incentive Plan ("2023 SIP") provides for the granting of share-based incentive awards in the form of nonqualified stock options, stock appreciation rights ("SARs"), restricted stock units ("RSUs") and restricted and unrestricted stock to officers and key employees of the Company. The aggregate number of shares of common stock authorized for issuance under the 2023 SIP is 11.3 million. At June 30, 2024, 8.5 million common stock shares were available for future issuance. Effective as of October 25, 2023, no further awards may be granted under the Amended and Restated 2016 Omnibus Stock Incentive Plan. We satisfy share-based incentive award obligations by issuing shares of common stock out of treasury, which have been repurchased pursuant to our share repurchase program described in Note 14, or through the issuance of previously unissued common stock. SARs - Upon exercise, SARs entitle the participant to receive shares of common stock equal to the increase in value of the award between the grant date and the exercise date. SARs are exercisable from one to three years after the date of grant and expire no more than 10 years after grant. 61 Table of Contents The fair value of each SAR award granted in 2024, 2023 and 2022 was estimated at the date of grant using a Black-Scholes option pricing model with the following weighted-average assumptions: 2024 2023 2022 Risk-free interest rate 4.4% 3.0% 0.8% Expected life of award 5.5 years 5.6 years 5.6 years Expected dividend yield of stock 1.8% 1.8% 1.9% Expected volatility of stock 39.0% 37.1% 35.7% Weighted-average fair value \$146.72 **À** \$97.70 **À** \$81.71 **À** The risk-free interest rate was based on U.S. Treasury yields with a term similar to the expected life of the award. The expected life of the award was derived by referring to actual exercise and post-vesting employment termination experience. The expected dividend yield was based on our historical dividend rate and stock price over a period similar to the expected life of the award. The expected volatility of stock was derived by referring to changes in our historical common stock prices over a time-frame similar to the expected life of the award. SAR activity during 2024 is as follows (aggregate intrinsic value in millions): **À** **À** **À** Number of Shares Weighted-Average Exercise Price Weighted-Average Remaining Contractual Term Aggregate Intrinsic Value Outstanding June 30, 2023 387,429 **À** \$199.08 **À** Granted 519,305 **À** \$406.18 **À** Exercised \$(877,243) **À** \$162.31 **À** Canceled \$(20,708) **À** \$355.27 **À** Outstanding June 30, 2024 3,494,783 **À** \$238.15 **À** 5.6 years \$935.44 **À** Exercisable June 30, 2024 4,444,988 **À** \$189.92 **À** 4.8 years \$772.3 **À** A summary of the status and changes of shares subject to SAR awards and the related average price per share follows: Number of Shares Weighted-Average Grant Date Fair Value Nonvested June 30, 2023 1,136,093 **À** \$84.36 **À** Granted 519,305 **À** \$146.66 **À** Vested \$(584,895) **À** \$76.14 **À** Canceled \$(20,708) **À** \$120.19 **À** Nonvested June 30, 2024 1,049,795 **À** \$119.05 **À** During 2024, 2023 and 2022, we recognized stock-based compensation expense of \$65 million, \$51 million and \$37 million, respectively, relating to SAR awards. The Company derives a tax deduction measured by the excess of the market value over the grant price at the date stock-based awards are exercised. The related income tax benefit was credited to income tax expense. At June 30, 2024, \$26 million of expense with respect to nonvested SAR awards has yet to be recognized and will be amortized into expense over a weighted-average period of approximately 23 months. The total fair value of shares vested during 2024, 2023 and 2022 was \$45 million, \$34 million and \$29 million, respectively. 62 Table of Contents Information related to SAR awards exercised during 2024, 2023 and 2022 is as follows: 2024 2023 2022 Net cash proceeds \$3,606 **À** \$3,476 **À** \$2,831 **À** Intrinsic values 269,535 **À** \$158,452 **À** \$97,002 **À** Income tax benefits \$44,453 **À** \$26,854 **À** \$15,845 **À** Number of shares surrendered 177,707 **À** 152,835 **À** 98,673 **À** RSUs - RSUs constitute an agreement to deliver shares of common stock to the participant at the end of a vesting period. Generally, the RSUs granted to employees vest, and the underlying stock is issued ratably, over a three-year graded vesting period. Nonvested RSUs may not be transferred and do not have dividend or voting rights. For each nonvested RSU, recipients are entitled to receive a dividend equivalent, payable in cash or common shares, equal to the cash dividend per share paid to common shareholders. The fair value of each RSU award granted in 2024, 2023 and 2022 was based on the fair market value of our common stock on the date of grant. A summary of the status and changes of shares subject to RSU awards for employees and the related average price per share follows: Number of Shares Weighted-Average Grant Date Fair Value Nonvested June 30, 2023 2023 5,521 **À** \$278.88 **À** Granted 84,008 **À** \$403.27 **À** Vested \$(105,855) **À** \$263.14 **À** Canceled \$(5,855) **À** \$344,654 **À** Nonvested June 30, 2024 21,771,819 **À** \$344,854 **À** During 2024, 2023 and 2022, we recognized stock-based compensation expense of \$30 million, \$27 million and \$26 million, respectively, relating to RSU awards for employees. At June 30, 2024, \$19 million of expense with respect to nonvested RSU awards has yet to be recognized and will be amortized into expense over a weighted-average period of approximately 23 months. The total fair value of RSU awards vested during 2024, 2023 and 2022 was \$28 million, \$30 million and \$26 million, respectively. We recognized an income tax benefit of \$3 million, \$2 million and \$4 million relating to the issuance of common stock for RSU awards that vested during 2024, 2023 and 2022, respectively. Additionally, we granted RSUs with a one-year vesting period to non-employee members of the Board of Directors. Recipients receive a dividend equivalent payable in common shares, equal to the cash dividend per share paid to common shareholders. A summary of the status and changes of shares subject to Board of Directors RSU awards and the related average price per share follows: Number of Shares Weighted-Average Grant Date Fair Value Nonvested June 30, 2023 2023 22,525 **À** \$278.90 **À** Granted 4,655 **À** \$367.97 **À** Vested \$(6,244) **À** \$278.90 **À** Nonvested June 30, 2024 4,639 **À** \$368.34 **À** 63 Table of Contents The fair value of each RSU award granted to the Board of Directors in 2024, 2023 and 2022 was based on the fair market value of our common stock on the date of grant. In 2024, 2023 and 2022, we recognized stock-based compensation expense of \$1.7 million, \$1.9 million and \$1.8 million, respectively, relating to these awards. During 2024, 2023 and 2022, we recognized an income tax benefit (cost) of \$0.1 million, \$(0.02) million and \$0.2 million, respectively, related to the vesting of Board of Directors RSU awards. At June 30, 2024, \$0.4 million of expense with respect to nonvested RSU awards granted to the Board of Directors has yet to be recognized and will be amortized into expense over a weighted-average period of approximately three months. **LTIP** - The Company's Long Term Incentive Plans ("LTIP") provide for the issuance of unrestricted stock to certain officers and key employees based on the attainment of certain goals relating to our revenue growth, earnings per share growth and return on invested capital during the three-year performance period. Stock issued and surrendered for LTIP 2024 2023 2022 LTIP three-year plan 2021-22-23 2020-21-22 2019-20-21 Number of shares issued 122,837 **À** 204,175 **À** 251,783 **À** Number of shares surrendered 64,340 **À** 102,120 **À** 124,007 **À** Share value on date of issuance \$546,264 **À** \$311,65 **À** \$271,38 **À** Total value of shares issued \$67,102 **À** \$63,631 **À** \$68,329 **À** Under the Company's 2022-23-24 LTIP, a payout of unrestricted stock will be issued in April 2025. The fair value of each LTIP award granted in 2024, 2023 and 2022 was based on the fair market value of our common stock on the date of grant. These nonvested LTIP awards entitle participants to earn a dividend equivalent unit, payable in common shares, equal to the cash dividend per share paid to common shareholders. These dividend equivalent units do not have dividend or voting rights and are subject to the same performance goals as the initial award granted. A summary of shares relating to the LTIP and the related average price per share follows: **À** **À** **À** Number of Shares Weighted-Average Grant Date Fair Value Nonvested June 30, 2023 2023 5,521 **À** \$278.88 **À** Granted 84,008 **À** \$403.27 **À** Vested \$(105,855) **À** \$263.14 **À** Canceled \$(5,855) **À** \$344,654 **À** During 2024, 2023 and 2022, we recorded stock-based compensation expense of \$30 million, \$27 million and \$26 million, respectively, relating to RSU awards for employees. At June 30, 2024, \$19 million of expense with respect to nonvested RSU awards has yet to be recognized and will be amortized into expense over a weighted-average period of approximately 23 months. The total fair value of RSU awards vested during 2024, 2023 and 2022 was \$28 million, \$30 million and \$26 million, respectively. We recognized an income tax benefit of \$3 million, \$2 million and \$4 million relating to the issuance of common stock for RSU awards that vested during 2024, 2023 and 2022, respectively. Additionally, we granted RSUs with a one-year vesting period to non-employee members of the Board of Directors. Recipients receive a dividend equivalent payable in common shares, equal to the cash dividend per share paid to common shareholders. A summary of the status and changes of shares subject to Board of Directors RSU awards and the related average price per share follows: Number of Shares Weighted-Average Grant Date Fair Value Nonvested June 30, 2023 2023 22,525 **À** \$278.90 **À** Granted 4,655 **À** \$367.97 **À** Vested \$(6,244) **À** \$278.90 **À** Nonvested June 30, 2024 4,639 **À** \$368.34 **À** 63 Table of Contents The fair value of each RSU award granted to the Board of Directors in 2024, 2023 and 2022 was based on the fair market value of our common stock on the date of grant. In 2024, 2023 and 2022, we recognized stock-based compensation expense of \$1.7 million, \$1.9 million and \$1.8 million, respectively, relating to these awards. During 2024, 2023 and 2022, we recognized an income tax benefit (cost) of \$0.1 million, \$(0.02) million and \$0.2 million, respectively, related to the vesting of Board of Directors RSU awards. At June 30, 2024, \$0.4 million of expense with respect to nonvested RSU awards granted to the Board of Directors has yet to be recognized and will be amortized into expense over a weighted-average period of approximately three months. **LTIP** - The Company's Long Term Incentive Plans ("LTIP") provide for the issuance of unrestricted stock to certain officers and key employees based on the attainment of certain goals relating to our revenue growth, earnings per share growth and return on invested capital during the three-year performance period. Stock issued and surrendered for LTIP 2024 2023 2022 LTIP three-year plan 2021-22-23 2020-21-22 2019-20-21 Number of shares issued 122,837 **À** 204,175 **À** 251,783 **À** Number of shares surrendered 64,340 **À** 102,120 **À** 124,007 **À** Share value on date of issuance \$546,264 **À** \$311,65 **À** \$271,38 **À** Total value of shares issued \$67,102 **À** \$63,631 **À** \$68,329 **À** Under the Company's 2022-23-24 LTIP, a payout of unrestricted stock will be issued in April 2025. The fair value of each LTIP award granted in 2024, 2023 and 2022 was based on the fair market value of our common stock on the date of grant. These nonvested LTIP awards entitle participants to earn a dividend equivalent unit, payable in common shares, equal to the cash dividend per share paid to common shareholders. These dividend equivalent units do not have dividend or voting rights and are subject to the same performance goals as the initial award granted. A summary of shares relating to the LTIP and the related average price per share follows: **À** **À** **À** Number of Shares Weighted-Average Grant Date Fair Value Nonvested June 30, 2023 2023 22,525 **À** \$278.90 **À** Granted 4,655 **À** \$367.97 **À** Vested \$(6,244) **À** \$278.90 **À** Nonvested June 30, 2024 4,639 **À** \$368.34 **À** 63 Table of Contents The fair value of each RSU award granted to the Board of Directors in 2024, 2023 and 2022 was based on the fair market value of our common stock on the date of grant. In 2024, 2023 and 2022, we recognized stock-based compensation expense of \$1.7 million, \$1.9 million and \$1.8 million, respectively, relating to these awards. During 2024, 2023 and 2022, we recognized an income tax benefit (cost) of \$0.1 million, \$(0.02) million and \$0.2 million, respectively, related to the vesting of Board of Directors RSU awards. At June 30, 2024, \$0.4 million of expense with respect to nonvested RSU awards granted to the Board of Directors has yet to be recognized and will be amortized into expense over a weighted-average period of approximately three months. **LTIP** - The Company's Long Term Incentive Plans ("LTIP") provide for the issuance of unrestricted stock to certain officers and key employees based on the attainment of certain goals relating to our revenue growth, earnings per share growth and return on invested capital during the three-year performance period. Stock issued and surrendered for LTIP 2024 2023 2022 LTIP three-year plan 2021-22-23 2020-21-22 2019-20-21 Number of shares issued 122,837 **À** 204,175 **À** 251,783 **À** Number of shares surrendered 64,340 **À** 102,120 **À** 124,007 **À** Share value on date of issuance \$546,264 **À** \$311,65 **À** \$271,38 **À** Total value of shares issued \$67,102 **À** \$63,631 **À** \$68,329 **À** Under the Company's 2022-23-24 LTIP, a payout of unrestricted stock will be issued in April 2025. The fair value of each LTIP award granted in 2024, 2023 and 2022 was based on the fair market value of our common stock on the date of grant. These nonvested LTIP awards entitle participants to earn a dividend equivalent unit, payable in common shares, equal to the cash dividend per share paid to common shareholders. These dividend equivalent units do not have dividend or voting rights and are subject to the same performance goals as the initial award granted. A summary of shares relating to the LTIP and the related average price per share follows: **À** **À** **À** Number of Shares Weighted-Average Grant Date Fair Value Nonvested June 30, 2023 2023 22,525 **À** \$278.90 **À** Granted 4,655 **À** \$367.97 **À** Vested \$(6,244) **À** \$278.90 **À** Nonvested June 30, 2024 4,639 **À** \$368.34 **À** 63 Table of Contents The fair value of each RSU award granted to the Board of Directors in 2024, 2023 and 2022 was based on the fair market value of our common stock on the date of grant. In 2024, 2023 and 2022, we recognized stock-based compensation expense of \$1.7 million, \$1.9 million and \$1.8 million, respectively, relating to these awards. During 2024, 2023 and 2022, we recognized an income tax benefit (cost) of \$0.1 million, \$(0.02) million and \$0.2 million, respectively, related to the vesting of Board of Directors RSU awards. At June 30, 2024, \$0.4 million of expense with respect to nonvested RSU awards granted to the Board of Directors has yet to be recognized and will be amortized into expense over a weighted-average period of approximately three months. **Financial Instruments** The Company's financial instruments consist primarily of cash and cash equivalents, marketable securities and other investments, accounts receivable and long-term investments, as well as obligations under accounts payable, trade, notes payable and long-term debt. Due to their short-term nature, the carrying values for cash and cash equivalents, accounts receivable, accounts payable, trade and notes payable approximate fair value. Marketable securities and other investments include deposits, which are recorded at cost. 64 Table of Contents The carrying value of long-term debt, which excludes the impact of net unamortized debt issuance costs, and estimated fair value of long-term debt at June 30 are as follows: 2024 2023 2022 Carrying value of long-term debt \$8,469,739 **À** \$10,845,359 **À** Estimated fair value of long-term debt \$7,884,556 **À** \$10,221,563 **À** The fair value of long-term debt is classified within level 2 of the fair value hierarchy. The Company utilizes derivative and non-derivative financial instruments, including forward exchange contracts, costless collar contracts, cross-currency swap contracts and certain foreign currency denominated debt designated as net investment hedges, to manage foreign currency transaction and translation risk. Additionally, we acquired forward exchange contracts and cross-currency swap contracts in connection with the Acquisition. The derivative financial instrument contracts are with major investment grade financial institutions, and the Company does not anticipate any material non-performance by any of the counterparties. The Company does not hold or issue derivative financial instruments for trading purposes. The Company's approximately 700 million aggregate principal amount of Senior Notes due 2025 have been designated as a hedge of the Company's net investment in certain foreign subsidiaries. The effect of translating the Senior Notes due 2025 into U.S. dollars is recorded in accumulated other comprehensive (loss) and remains there until the underlying net investment is sold or substantially liquidated. In connection with the Acquisition, the Company entered into deal-contingent forward contracts during October 2021 to mitigate the risk of appreciation in the GBP-denominated purchase price. The deal-contingent forward contracts had an aggregate notional amount of £6.4 billion, and were settled in September 2022 in connection with the Acquisition. In June 2022, we amended the agreement to include a credit support annex ("CSA") obligating Parker to post \$250 million of cash collateral. In July 2022, the Company received the \$250 million cash collateral previously posted. Cash flows associated with the cash collateral are recorded in cash flow from investing activities on the Consolidated Statement of Cash Flows. Derivative financial instruments are recognized on the Consolidated Balance Sheet as either assets or liabilities and are measured at fair value. The location and fair value of derivative financial instruments reported on the Consolidated Balance Sheet are as follows: Balance Sheet Caption 2024 2023 Net investment hedges Cross-currency swap contracts Investments and other assets \$16,325 **À** \$21,578 **À** Cross-currency swap contracts Other liabilities 208 **À** **À** **À** Other derivative contracts Forward exchange contracts Non-trade and notes receivable 7,625 **À** **À** **À** Forward exchange contracts Other **À** accrued liabilities 72 **À** **À** **À** **À** The cross-currency swap and forward exchange contracts are reflected on a gross basis in the Consolidated Balance Sheet. The Company has not entered into any master netting arrangements. The approximately 69 million, approximately 290 million and approximately 2.1 billion cross-currency swap contracts have been designated as hedging instruments. The forward exchange, deal-contingent forward and costless collar contracts, as well as cross-currency swap contracts acquired as part of the Acquisition, have not been designated as hedging instruments and are considered to be economic hedges of forecasted transactions. The forward exchange, costless collar, and deal-contingent forward contracts, as well as the cross-currency swap contracts acquired as part of the Acquisition, are adjusted to fair value by recording gains and losses through the other (income) expense, net caption in the Consolidated Statement of Income. Derivatives designated as hedges are adjusted to fair value by recording gains and losses through accumulated other comprehensive (loss) on the Consolidated Balance Sheet until the hedged item is recognized in earnings. We assess the effectiveness of the approximately 69 million, approximately 290 million and approximately 2.1 billion cross-currency swap hedging instruments using the spot method. Under this method, the periodic interest settlements are recognized directly in earnings through interest expense. 65 Table of Contents Gains (losses) on derivative financial instruments were recorded in the Consolidated Statement of Income as follows: 2024 2023 2022 Deal-contingent forward contracts \$451 **À** \$1,015,426 **À** Forward exchange contracts 11,096 **À** (7,259) 55,860 **À** Costless collar contracts 11,528 **À** (4,364) **À** Cross-currency swap contracts 18,739 **À** **À** Gains (losses) on derivative and non-derivative financial instruments that were recorded in accumulated other comprehensive (loss) in the Consolidated Balance Sheet are as follows: 2024 2023 Cross-currency swap contracts \$(4,122) \$451 **À** Foreign currency denominated debt 10,455 **À** (22,534) **À** During 2024, 2023, and 2022, the periodic interest settlements related to the cross-currency swaps were not material. A summary of financial assets and liabilities that were measured at fair value on a recurring basis at June 30, 2024 and 2023 are as follows: June 30, 2024 Quoted Prices in Active Markets **À** (Level 1) Significant Other **À** Observable Inputs **À** (Level 2) Significant **À** Unobservable Inputs **À** (Level 3) Assets: Derivatives \$23,950 **À** **À** **À** \$23,950 **À** **À** **À** Liabilities: Derivatives 280 **À** **À** **À** 280 **À** **À** **À** June 30, 2023 Quoted Prices in Active Markets **À** (Level 1) Significant Other **À** Observable Inputs **À** (Level 2) Significant **À** Unobservable Inputs **À** (Level 3) Assets: Derivatives \$21,578 **À** **À** **À** \$21,578 **À** **À** **À** Liabilities: Derivatives consist of forward exchange and cross-currency swap contracts, the fair values of which are calculated using market observable inputs including both spot and forward prices for the same underlying currencies. The calculation of fair value of the cross-currency swap contracts also utilizes a present value cash flow model. The primary investment objective for all derivatives is to manage foreign currency transaction and translation risk. There are no other financial assets or financial liabilities that are marked to market on a recurring basis. 18 **À** **À** **À** Contingencies The Company is involved in various litigation matters arising in the normal course of business, including proceedings based on product liability claims, workers' compensation claims, employee claims, class action lawsuits, and alleged violations of various environmental laws. We are self-insured in the United States for health care, workers' compensation, general liability and product liability up to predetermined amounts, above which third-party insurance applies. Management regularly reviews the probable outcome of these proceedings, the expenses expected to be incurred, the availability and limits of the insurance coverage and the established accruals for liabilities. While the outcome of pending proceedings cannot be predicted with certainty, management believes that any liabilities that may result from these proceedings will not have a material adverse effect on our liquidity, financial condition or results of operations. Environmental - We are currently responsible for environmental matters primarily relating to known exposures arising from environmental litigation, investigations, and remediation at various manufacturing facilities presently or formerly operated by Parker and for which we have been named as a potentially responsible party, along with other companies, at off-site waste disposal facilities and regional sites. 66 Table of Contents As of June 30, 2024, we had an accrual of approximately \$85.9 million for environmental matters, which are probable and reasonably estimable. The accrual is recorded based upon the best estimate of costs to be incurred in light of the progress made in determining the magnitude of remediation costs, the timing and extent of remedial actions required by governmental authorities, the amount of our liability in proportion to other responsible parties, and outcomes of litigation. Our estimated total liability for environmental matters ranges from a minimum of \$85.9 million to a maximum of \$259.5 million. The largest range for any one site is approximately \$66.5 million. The actual costs we will incur are dependent on final determination of contamination and required remedial action, negotiations with governmental authorities with respect to cleanup levels, changes in regulatory requirements, innovations in investigatory and remedial technologies, effectiveness of remedial technologies employed, the ability of other responsible parties to pay, outcomes of litigation, and any insurance or other third-party recoveries. 19 **À** **À** **À** Business Segment Information The Company operates in two reportable business segments: Diversified Industrial and Aerospace Systems. Both segments utilize eight core technologies, including hydraulics, pneumatics, electromechanical, filtration, fluid & gas handling, process control, engineered materials, and climate control, to drive superior customer problem solving and value creation. The Diversified Industrial Segment is an aggregation of several business units that design, manufacture, and provide aftermarket support for highly engineered solutions that create value for customers primarily in aerospace and defense, in-plant and industrial equipment, transportation, off-highway, energy, and HVAC and refrigeration markets around the world. Diversified Industrial Segment products are marketed

direct to OEMs and independent distributors through field sales employees. The Diversified Industrial North America businesses have manufacturing plants and distribution networks throughout the United States, Canada and Mexico and primarily service North America. The Diversified Industrial International businesses provide Parker products and services to 40 countries throughout Europe, Asia Pacific, Latin America, the Middle East and Africa. The Aerospace Systems Segment designs, manufactures and provides aftermarket support for highly engineered airframe and engine solutions for both OEMs and end users. Our components and systems are utilized across commercial transport, defense fixed wing, business jets, regional transport, helicopter and energy applications. Aerospace Systems Segment products are marketed by field sales employees and are sold directly to manufacturers and end users. The accounting policies of the business segments are the same as those described in the Significant Accounting Policies footnote. The business segment results are prepared on a basis that is consistent with the manner in which the Company's management disaggregates financial information for internal review and decision-making. 20242023202Net Sales:Diversified

Industrials\$14,457,146Â\$14,705,693Â\$13,342,046ÂAerospace Systems5,472,460Â4,359,501Â2,519,562Â\$19,929,606Â\$19,065,194Â\$15,861,608ÂSegment Operating Income:Diversified

Industrials\$3,176,384Â\$3,071,410Â\$2,693,303ÂAerospace Systems1,110,746Â562,444Â501,431ÂTotal segment operating income4,287,130Â3,633,854Â3,194,734ÂCorporate general and administrative expense18,312Â229,677Â219,699ÂIncome before interest expense and other (income) expense, net4,068,818Â3,404,177Â2,975,035ÂInterest expense506,495Â573,894Â255,252ÂOther (income) expense, net(32,280)150,619Â1,105,557ÂIncome before income taxes\$3,594,603Â\$2,679,664Â\$1,614,226ÂAssets:Diversified

Industrials\$16,173,560Â\$15,572,849Â\$15,838,512ÂAerospace Systems(a)12,016,287Â13,661,086Â3,020,606ÂCorporate

1,107,995Â730,537Â7,084,825Â\$29,297,842Â\$29,964,472Â\$25,943,943Â67Table of Contents20242023202Property Additions:Diversified

Industrial\$303,494Â\$292,456Â\$197,675ÂAerospace Systems89,862Â1,456Â27,452ÂCorporate6,756Â6,835Â4,917Â\$400,112Â\$380,747Â\$230,044ÂDepreciation:Diversified

Industrials\$232,299Â\$204,632Â\$219,206ÂAerospace Systems107,795Â104,286Â29,576ÂCorporate9,042Â8,498Â8,532Â\$349,136Â\$317,416Â\$257,314ÂAmortization:Diversified

Industrial\$266,219Â\$267,779Â\$263,430ÂAerospace Systems311,776Â232,934Â51,020Â\$577,995Â\$500,713Â\$314,450ÂBy Geographic Area(b)Net Sales:North America\$13,512,303Â\$12,689,719Â\$10,216,292ÂInternational6,417,303Â6,375,475Â5,645,316Â\$19,929,606Â\$19,065,194Â\$15,861,608ÂLong-Lived Assets:North America\$1,864,059Â\$1,828,457Â\$1,398,966ÂInternational1,011,609Â1,036,573Â723,792Â\$2,875,668Â\$2,865,030Â\$2,122,758Â(a) Includes an investment in a joint venture in which ownership is 50 percent or less and in which the Company does not have Ä Ä Ä operating control (2024 - \$218 million; 2023 - \$211 million) and assets held for sale (2022 - \$66 million).(b) Net sales are attributed to countries based on the location of the selling unit. North America includes the United States, Canada and Mexico. No country other than the United States represents greater than 10 percent of consolidated sales. Long-lived assets are comprised of property, plant and equipment based on physical location.68Table of ContentsITEMA 9.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure. None. ITEM A 9A. Controls and Procedures. The Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's principal executive officer and principal financial officer, of the effectiveness of the Company's disclosure controls and procedures as of JuneÂ 30, 2024. Based on this evaluation, the Company's principal executive officer and principal financial officer concluded that, as of JuneÂ 30, 2024, the Company's disclosure controls and procedures were effective. Changes in Internal Control over Financial Reporting There was no change to our internal control over financial reporting during the fourth quarter of 2024 that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. Management's Report On Internal Control Over Financial Reporting Our management, including the principal executive officer and the principal financial officer, is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)). We assessed the effectiveness of our internal control over financial reporting as of JuneÂ 30, 2024. In making this assessment, we used the criteria established by the Committee of Sponsoring Organizations of the Treadway Commission in Ä Internal Control-Integrated Framework (2013). We concluded that based on our assessment, the Company's internal control over financial reporting was effective as of JuneÂ 30, 2024. Deloitte & Touche LLP, the independent registered public accounting firm that audited the Company's consolidated financial statements, has issued an attestation report on the Company's internal control over financial reporting as of JuneÂ 30, 2024, which is included in Part II, Item 8 of this Annual Report on Form 10-K. ITEM A 9B. Other Information. None of the Company's directors or officers adopted, modified or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement during the Company's fiscal quarter ended JuneÂ 30, 2024. ITEM 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections. Not Applicable. PART IIIITEMA 10. Directors, Executive Officers and Corporate Governance. Information required with respect to the Directors of the Company is set forth under the caption "Item I Ä" Election of Directors" in the definitive Proxy Statement for the Company's 2024 Annual Meeting of Shareholders, to be held OctoberÂ 23, 2024 (the "2024 Proxy Statement"), and is incorporated herein by reference. Information with respect to the executive officers of the Company is included in Part I, ItemÂ 1 of this Annual Report on Form 10-K under the caption "Information about our Executive Officers." The information set forth under the caption "Insider Trading and Prohibited Transactions in Company Securities" in the 2024 Proxy Statement is incorporated herein by reference. The Company has adopted a Global Code of Business Conduct that applies to its Chief Executive Officer, Chief Financial Officer and Controller. The Global Code of Business Conduct is posted on the Company's investor relations internet website at investors.parker.com under the Governance page. Any amendment to, or waiver from, a provision of the Company's Global Code of Business Conduct that applies to its Chief Executive Officer, Chief Financial Officer or Controller will also be posted at investors.parker.com under the Corporate Governance page. The information set forth under the captions "Board Committees; Committee Charters" in the 2024 Proxy Statement is incorporated herein by reference. ITEM A 11. Executive Compensation. The information set forth under the captions "Compensation Discussion and Analysis," "Compensation Committee Report," "Pay Versus Performance Disclosure" and "Compensation Tables" in the 2024 Proxy Statement is incorporated herein by reference. 69Table of ContentsITEM A 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters. The information set forth under the caption "Principal Shareholders" in the 2024 Proxy Statement is incorporated herein by reference. Equity Compensation Plan Information. The following table sets forth certain information regarding the Company's equity compensation plans as of JuneÂ 30, 2024, unless otherwise indicated. Plan Category Number of securities to be issued upon exercise of outstanding options, warrants and rightsWeighted-average exercise price of outstanding options, warrants and rightsNumber of securities remaining available for future issuance under Equity compensation plansEquity compensation plans approved by security holders4,372,395(1)\$238,1518,466,794(2)Equity compensation plans not approved by security holders ÄÄÄÄÄÄTotal4,372,395\$238,1518,466,794(1)Includes the maximum future payouts of common stock that may be issued under the calendar year 2022-23-24, 2023-24-25 and 2024-25-26 long term incentive performance awards ("LTIP awards"). For these LTIP awards, payouts will be determined based on achieving an average return on average equity of four percent or an average free cash flow margin of four percent. If these performance measures are achieved, the participants will be eligible to receive the maximum payout of 200 percent. The Human Resources and Compensation Committee will then compare our performance to that of a group of our peers and, if appropriate, apply its discretion to reduce the final payouts based on any performance measures that the Committee determines to be appropriate.(2)The maximum number of shares of our common stock that may be issued under the 2023 Omnibus Stock Incentive Plan is 11.3 million shares, of which approximately 8.5 million shares are available for future issuance. Effective as of October 25, 2023, no further awards may be granted under the Amended and Restated 2016 Omnibus Stock Incentive Plan. The maximum number of shares that may be issued under the Global Employee Stock Purchase Plan is 10 million shares, of which approximately 9.9 million shares are still available for future issuance. ITEM A 13. Certain Relationships and Related Transactions, and Director Independence. The information set forth under the captions "Other Governance Matters - Review and Approval of Transactions with Related Persons" and "Item 1 - Election of Directors - Director Independence" in the 2024 Proxy Statement is incorporated herein by reference. ITEM A 14. Principal Accountant Fees and Services. The information set forth under the captions "Audit Fees and All Other Fees" and "Audit Committee Pre-Approval Policies and Procedures" in the 2024 Proxy Statement is incorporated herein by reference. 70Table of ContentsPART IVITEMA 15. Exhibits and Financial Statement Schedules. a. The following are filed as part of this report: Page Number in Form 10-K1. Financial StatementsConsolidated Statement of Income34Consolidated Statement of Comprehensive Income35Consolidated Balance Sheet36Consolidated Statement of Cash Flows37Consolidated Statement of Equity38Notes to Consolidated Financial Statements392. ScheduleII - Valuation and Qualifying Accounts783. Exhibits Exhibit Ä No. Description of ExhibitPlans of Acquisition, Reorganization, Arrangement, Liquidation or Succession:(2)(a) Rule 2.7 Announcement in connection with Parker-Hannifin Corporation's acquisition of Meggitt plc, dated August 2, 2021, incorporated by reference to Exhibit 2.1 of Registrant's Report on Form 8-K filed with the SEC on August 3, 2021 (Commission file No. 1-4982). Articles of Incorporation and By-Laws:(3)(a) Amended Articles of Incorporation, incorporated by reference to Exhibit 3(a) to Registrant's Report on Form 10-K for the fiscal year ended June 30, 2016 (Commission File No. 1-4982). (3)(b) Amended and Restated Regulations, dated as of April 27, 2023, incorporated by reference to Exhibit 3(a) to the Registrant's Report on Form 10-Q for the quarterly period ended March 31, 2023 (Commission File No. 1-4982). Instruments Defining Rights of Security Holders:(4)(a) Description of Parker-Hannifin's Securities, incorporated by reference to Exhibit 4(a) to Registrant's Report on Form 10-K for the year ended June 30, 2019 (Commission File No. 1-4982). Material Contracts:(10)(a) Form of Parker-Hannifin Corporation Amended and Restated Change in Control Severance Agreement entered into by Registrant and its executive officers, incorporated by reference to Exhibit 10(a) to Registrant's Report on Form 10-Q for the quarterly period ended September 30, 2008 (Commission File No. 1-4982). \*\*(10)(b) Form of Parker-Hannifin Corporation Change in Control Severance Agreement for Executive Officers elected after September 1, 2015 at or above Grade 29, incorporated by reference to Exhibit 10(c) to Registrant's Report on Form 10-K for the fiscal year ended June 30, 2016 (Commission File No. 1-4982). \*\*(10)(c) Form of Parker-Hannifin Corporation Change in Control Severance Agreement for Executive Officers dated after September 1, 2015 below Grade 29, incorporated by reference to Exhibit 10(d) to Registrant's Report on Form 10-K for the fiscal year ended June 30, 2016 (Commission File No. 1-4982). \*\*(10)(d) Parker-Hannifin Corporation Amended and Restated Change in Control Severance Plan, incorporated by reference to Exhibit 10(b) to Registrant's Report on Form 10-Q for the quarterly period ended September 30, 2008 (Commission File No. 1-4982). \*\*(10)(e) Form of Indemnification Agreement entered into by the Registrant and its directors and executive officers incorporated by reference to Exhibit 10(c) to Registrant's Report on Form 10-K for the fiscal year ended June 30, 2003 (Commission File No. 1-4982). \*\*(10)(f) Description of the Parker-Hannifin Corporation Officer Life Insurance Plan, incorporated by reference to Exhibit 10(h) to Registrant's Report on Form 10-K for the fiscal year ended JuneÂ 30, 2005 (Commission File No. 1-4982). \*\*(10)(g) Parker-Hannifin Corporation Amended and Restated Supplemental Executive Retirement Benefits Program effective July 1, 2014, incorporated by reference to Exhibit 10(a) to Registrant's Report on Form 10-Q for the quarterly period ended March 31, 2016 (Commission File No. 1-4982). \*\*(10)(h) Parker-Hannifin Corporation Amended and Restated Defined Contribution Supplemental Executive Retirement Program, effective January 22, 2015, incorporated by reference to Exhibit 10(c) to Registrant's Report on Form 10-Q for the quarterly period ended December 31, 2015 (Commission File No. 1-4982). \*\*(10)(i) Summary of the Parker-Hannifin Corporation Executive Disability Insurance Plan, incorporated by reference to Exhibit 10(j) to Registrant's Report on Form 10-K for the fiscal year ended June 30, 2016 (Commission File No. 1-4982). \*\*(10)(j) Parker-Hannifin Corporation Amended and Restated 2003 Stock Incentive Plan, incorporated by reference to Exhibit 10(b) to Registrant's Report on Form 10-Q for the quarterly period ended September 30, 2010 (Commission File No. 1-4982). \*\*(10)(k) Parker-Hannifin Corporation Amended and Restated 2009 Omnibus Stock Incentive Plan, incorporated by reference to Appendix A to Registrant's Report on Form 10-Q for the quarterly period ended September 30, 2016 (Commission File No. 1-4982). \*\*(10)(l) Parker-Hannifin Corporation 2016 Omnibus Stock Incentive Plan, incorporated by reference to Annex B to Registrant's Definitive Proxy Statement on Schedule 14A, filed with the SEC on September 26, 2016 (Commission File No. 1-4982). \*\*(10)(m) Parker-Hannifin Corporation First Amendment to 2016 Omnibus Stock Incentive Plan, effective April 1, 2017, incorporated by reference to Exhibit 10(a) to Registrant's Report on Form 10-Q for the quarterly period ended March 31, 2017 (Commission File No. 1-4982). \*\*(10)(n) Parker-Hannifin Corporation Amended and Restated 2016 Omnibus Stock Incentive Plan, effective as of October 23, 2019, incorporated by reference to Exhibit 10.1 to Registrant's Report on Form 8-K filed with the SEC on October 28, 2019 (Commission File No. 1-4982). \*\*(10)(o) Parker-Hannifin Corporation 2015 Performance Bonus Plan, incorporated by reference to Appendix B to Registrant's Report on Form 10-Q for the quarterly period ended September 30, 2015 (Commission File No. 1-4982). \*\*(10)(p) Form of 2010 Notice of Stock Options with Tandem Stock Appreciation Rights for Executive Officers, incorporated by reference to Exhibit 10(d) to Registrant's Report on Form 10-Q for the quarterly period ended September 30, 2009 (Commission File No. 1-4982). \*\*(10)(q) Form of 2011 Parker-Hannifin Corporation Stock Appreciation Rights Award Agreement for executive officers, incorporated by reference to Exhibit 10.2 to Registrant's Report on Form 8-K filed with the SEC on August 17, 2010 (Commission File No. 1-4982). \*\*(10)(r) 2011 Parker-Hannifin Corporation Stock Appreciation Rights Terms and Conditions for executive officers, incorporated by reference to Exhibit 10.1 to Registrant's Report on Form 8-K filed with the SEC on August 17, 2010 (Commission File No. 1-4982). \*\*(10)(s) Form of Parker-Hannifin Corporation Stock Appreciation Rights Award Agreement, for executive officers, incorporated by reference to Exhibit 10(a) to Registrant's Report on Form 10-Q for the quarterly period ended September 30, 2011 (Commission File No. 1-4982). \*\*(10)(t) Parker-Hannifin Corporation Stock Appreciation Rights Terms and Conditions for executive officers, incorporated by reference to Exhibit 10(b) to Registrant's Report on Form 10-Q for the quarterly period ended September 30, 2011 (Commission File No. 1-4982). \*\*(10)(u) Form of 2018 Parker-Hannifin Corporation Stock Appreciation Rights Award Agreement, incorporated by reference to Exhibit 10(d) to Registrant's Report on Form 10-Q for the quarterly period ended December 31, 2018 (Commission File No. 1-4982). \*\*(10)(v) 2018 Parker-Hannifin Corporation Stock Appreciation Rights Terms and Conditions, incorporated by reference to Exhibit 10(e) to Registrant's Report on Form 10-Q for the quarterly period ended December 31, 2018 (Commission File No. 1-4982). \*\*(10)(w) Parker-Hannifin Corporation Target Incentive Plan, incorporated by reference to Exhibit 10(d) to Registrant's Report on Form 10-Q for the quarterly period ended September 30, 2010 (Commission File No. 1-4982). \*\*(10)(x) Parker-Hannifin Corporation Target Incentive Plan Subject to Performance Bonus Plan, incorporated by reference to Exhibit 10(e) to Registrant's Report on Form 10-Q for the quarterly period ended September 30, 2010 (Commission File No. 1-4982). \*\*(10)(y) Parker-Hannifin Corporation Long-Term Incentive Performance Plan Under the Performance Bonus Plan, as amended and restated, effective January 20, 2016, incorporated by reference to Exhibit 10(aa) to Registrant's Annual Report on Form 10-K for the fiscal year ended June 30, 2016 (Commission File No. 1-4982). \*\*(10)(z) Form of Notice of Award under the Parker-Hannifin Corporation Long-Term Incentive Performance Plan Under the Performance Bonus Plan (as Amended and Restated), incorporated by reference to Exhibit 10(bb) to the Registrant's Annual Report on Form 10-K for the fiscal year ended June 30, 2016 (Commission file No. 1-4982). \*\*(10)(aa) Form of Notice of Award under the Parker-Hannifin Corporation Long-Term Incentive Plan Under the Performance Bonus Plan (as Amended and Restated), effective as of January 23, 2019, incorporated by reference to Exhibit 10(f) to the Registrant's Annual Report on Form 10-Q for the quarterly period ended December 31, 2018 (Commission File No. 1-4982). \*\*(10)(bb) Parker-Hannifin Corporation Long-Term Incentive Performance Plan Under the Performance Bonus Plan (as Amended and Restated), effective as of January 23, 2019, incorporated by reference to Exhibit 10(g) to the Registrant's Report on Form 10-Q for the quarterly period ended December 31, 2018 (Commission File No. 1-4982). \*\*(10)(cc) Form of Award Under the Parker-Hannifin Corporation Long-Term Incentive Plan Under the Performance Bonus Plan (as Amended and Restated) effective as of January 27, 2021, incorporated by reference to Exhibit 10(a) to the Registrant's Report on Form 10-Q for the quarterly period ended March 31, 2021 (Commission File No. 1-4982). \*\*(10)(dd) Parker-Hannifin Corporation Long-Term Incentive Performance Plan Under the Performance Bonus Plan, as Amended and Restated, effective as of January 27, 2022, incorporated by reference to Exhibit 10(a) to the Registrant's Report on Form 10-Q for the quarterly period ended March 31, 2022 (Commission File No. 1-4982). \*\*(10)(ee) Form of Notice of Award under the Parker-Hannifin Corporation Long-Term Incentive Plan Under the Performance Bonus Plan, as Amended and Restated, effective as of January 27, 2022, incorporated by reference to Exhibit 10(a) to the Registrant's Report on Form 10-Q for the quarterly period ended March 31, 2022 (Commission File No. 1-4982). \*\*(10)(ff) Parker-Hannifin Corporation 2022 Performance Bonus Plan, effective as of July 1, 2021, incorporated by reference to Exhibit 10(a) to the Registrant's Report on Form 10-Q for the quarterly period ended September 30, 2021 (Commission File No. 1-4982). \*\*(10)(gg) Form of Parker-Hannifin Corporation Restricted Stock Unit Award Agreement, incorporated by reference to Exhibit 10(a) to Registrant's Report on Form 10-Q for the quarterly period ended December 31, 2018 (Commission file No. 1-4982). \*\*(10)(hh) Form of Parker-Hannifin Corporation Restricted Stock Unit Award Agreement, incorporated by reference to Exhibit 10(b) to Registrant's Report on Form 10-Q for the quarterly period ended December 31, 2018 (Commission File No. 1-4982). \*\*(10)(ii) Form of Parker-Hannifin Corporation Restricted Stock Unit Terms and Conditions for Awards Granted, incorporated by reference to Exhibit 10(c) to Registrant's Report on Form 10-Q for the quarterly period ended December 31, 2018 (Commission File No. 1-4982). \*\*(10)(jj) Form of 2018 Parker-Hannifin Corporation

Restricted Stock Unit Award Agreement to Certain Executive Officers, incorporated by reference to Exhibit 10(b) to Registrant's Report on Form 10-Q for the quarterly period ended September 30, 2018 (Commission File No. 1-4982).\*\*\*(10)(kk)Parker-Hannifin Corporation 2018 Restricted Stock Unit Terms and Conditions for Certain Executive Officers, incorporated by reference to Exhibit 10(c) to Registrant's Report on Form 10-Q for the quarterly period ended September 30, 2018 (Commission File No. 1-4982).\*\*\*(10)(ll)Parker-Hannifin Corporation Profitable Growth Incentive Plan, incorporated by reference to Exhibit 10(c) to Registrant's Report on Form 10-Q for the quarterly period ended September 30, 2014 (Commission File No. 1-4982).\*\*3Table of Contents(10)(mm)Form of Notice of RONA Bonus Award Under the Parker-Hannifin Corporation Performance Bonus Plan, incorporated by reference to Exhibit 10(h) to Registrant's Report on Form 10-Q for the quarterly period ended September 30, 2009 (Commission File No. 1-4982).\*\*\*(10)(nn)Parker-Hannifin Corporation RONA Plan Subject to Performance Bonus Plan, incorporated by reference to Exhibit 10(f) to Registrant's Report on Form 10-Q for the quarterly period ended September 30, 2010 (Commission File No. 1-4982).\*\*\*(10)(oo)Parker-Hannifin Corporation Summary of RONA Bonus Awards in Lieu of Certain Executive Perquisites, incorporated by reference to Exhibit 10(h) to Registrant's Report on Form 10-Q for the quarterly period ended September 30, 2008 (Commission File No. 1-4982).\*\*\*(10)(pp)Parker-Hannifin Corporation Savings Restoration Plan, restated as of September 1, 2004, incorporated by reference to Exhibit 10(t) to Registrant's Report on Form 10-K for the fiscal year ended June 30, 2004 (Commission File No. 1-4982).\*\*\*(10)(qq)Parker-Hannifin Corporation Amended and Restated Savings Restoration Plan, effective January 1, 2016, incorporated by reference to Exhibit 10(b) to Registrant's Report on Form 10-Q for the quarterly period ended December 31, 2016 (Commission File No. 1-4982).\*\*\*(10)(rr)Parker-Hannifin Corporation Amended and Restated Pension Restoration Plan, effective July 1, 2016, incorporated by reference to Exhibit 10(mm) to Registrant's Report on Form 10-K for the fiscal year ended June 30, 2016 (Commission File No. 1-4982).\*\*\*(10)(ss)Parker-Hannifin Corporation Executive Deferral Plan, restated as of September 1, 2004, incorporated by reference to Exhibit 10(v) to Registrant's Report on Form 10-K for the fiscal year ended June 30, 2004 (Commission File No. 1-4982).\*\*\*(10)(tt)Parker-Hannifin Corporation Amended and Restated Executive Deferral Plan, effective September 2, 2015, incorporated by reference to Exhibit 10(pp) to Registrant's Report on Form 10-K for the fiscal year ended June 30, 2016 (Commission File No. 1-4982).\*\*\*(10)(uu)Amendment Two to the Parker-Hannifin Corporation Amended and Restated Executive Deferral Plan (effective September 2, 2015), dated and effective October 14, 2019, incorporated by reference to Exhibit 10.1 to Registrant's Report on Form 10-Q filed with the SEC on February 5, 2020 (Commission File No. 1-4982).\*\*\*(10)(vv)Parker-Hannifin Corporation Global Employee Stock Purchase Plan, incorporated by reference to Appendix A to Registrant's Definitive Proxy Statement filed with the SEC on September 22, 2014 (Commission File No. 1-4982).\*\*\*(10)(ww)Parker-Hannifin Corporation Global Employee Stock Purchase Plan (As Amended and Restated August 7, 2023), incorporated by reference to Exhibit B to Registrant's Definitive Proxy Statement on Schedule 14A filed with the SEC on September 22, 2023 (Commission File No. 1-4982).\*\*\*(10)(xx)Parker-Hannifin Corporation Claw-back Policy, incorporated by reference to Exhibit 10.2 to Registrant's Report on Form 8-K filed with the SEC on August 18, 2009 (Commission File No. 1-4982).\*\*\*(10)(yy)Amended and Restated Deferred Compensation Plan for Directors of Parker-Hannifin Corporation, effective January 22, 2015, incorporated by reference to Exhibit 10(i) to Registrant's Report on Form 10-Q for the quarterly period ended December 31, 2015 (Commission File No. 1-4982).\*\*\*(10)(zz)Summary of the Compensation of the Non-Employee Members of the Board of Directors, effective October 24, 2018, incorporated by reference to Exhibit 10(a) to Registrant's Report on Form 10-Q for the quarterly period ended September 30, 2018 (Commission File No. 1-4982).\*\*\*(10)(aaa)Term Loan Agreement, dated August 27, 2021, by and among Parker-Hannifin Corporation, Key Bank National Association, as administrative agent, and the lenders party thereto, incorporated by reference to Exhibit 10.1 to Registrant's Report on Form 8-K filed with the SEC on August 27, 2021 (Commission File No. 1-4982).\*\*\*(10)(bbb)Amendment One to the Parker-Hannifin Corporation Amended and Restated Defined Contribution Supplemental Executive Retirement Program, effective August 1, 2022, incorporated by reference to Exhibit 10(a) to Registrant's Report on Form 10-Q for the quarterly period ended September 30, 2022 (Commission File No. 1-4982).\*\*\*(10)(ccc)Amendment Three to the Parker-Hannifin Corporation Amended and Restated Executive Deferral Plan, effective August 1, 2022, incorporated by reference to Exhibit 10(b) to Registrant's Report on Form 10-Q for the quarterly period ended September 30, 2022 (Commission File No. 1-4982).\*\*\*(10)(ddd)Amendment One to the Parker-Hannifin Corporation Amended and Restated Savings Restoration Plan, effective August 1, 2022, incorporated by reference to Exhibit 10(c) to Registrant's Report on Form 10-Q for the quarterly period ended September 30, 2022 (Commission File No. 1-4982).\*\*\*(10)(eee)Amendment One to the Amended and Restated Deferred Compensation Plan for Directors of Parker-Hannifin Corporation, effective August 1, 2022, incorporated by reference to Exhibit 10(d) to Registrant's Report on Form 10-Q for the quarterly period ended September 30, 2022 (Commission File No. 1-4982).\*\*\*(10)(fff)Parker-Hannifin Corporation Annual Cash Incentive Plan, effective July 1, 2022, incorporated by reference to Exhibit 10(e) to Registrant's Report on Form 10-Q for the quarterly period ended September 30, 2022 (Commission File No. 1-4982).\*\*\*(10)(ggg)Parker-Hannifin Corporation Deferred Compensation Plan, effective January 1, 2023, incorporated by reference to Exhibit 10(f) to Registrant's Report on Form 10-Q for the quarterly period ended September 30, 2022 (Commission File No. 1-4982).\*\*\*(10)(hh)Parker-Hannifin Corporation Deferred Compensation Plan Adoption Agreement, effective January 1, 2023, incorporated by reference to Exhibit 10(g) to Registrant's Report on Form 10-Q for the quarterly period ended September 30, 2022 (Commission File No. 1-4982).\*\*\*(10)(iii)Form of Notice of Award under the Parker-Hannifin Corporation Long-Term Incentive Plan Under the Performance Bonus Plan, as Amended and Restated, effective as of January 25, 2023, incorporated by reference to Exhibit 10(a) to Registrant's Report on Form 10-Q for the quarterly period ended March 31, 2023 (Commission File No. 1-4982).\*\*\*(10)(jjj)Form of Notice Award under the Parker-Hannifin Corporation Long-Term Incentive Plan Under the Performance Bonus Plan, as Amended and Restated, effective as of January 24, 2024, incorporated by reference to Exhibit 10(a) to Registrant's Report on Form 10-Q for the quarterly period ended March 31, 2024 (Commission File No. 1-4982).\*\*\*(10)(kkk)Parker-Hannifin Corporation 2023 Omnibus Stock Incentive Plan, incorporated by reference to Exhibit A to Registrant's Definitive Proxy Statement on Schedule 14A, filed with the SEC on September 22, 2023 (Commission File No. 1-4982).\*\*\*(10)(l)Insider Trading Policy\*(21)List of Subsidiaries of Registrant.\*(23)Consent of Independent Registered Public Accounting Firm.\*(24)Power of Attorney.\*(31)(a)Certification of the Principal Executive Officer Pursuant to 17 CFR 240.13a-14(a), as Adopted Pursuant to A§302 of the Sarbanes-Oxley Act of 2002.\*(32)Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to A§906 of the Sarbanes-Oxley Act of 2002.\*(97)Parker-Hannifin Corporation Clawback Policy\*101.INSThe instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.\*101.SCHInline XBRL Taxonomy Extension Schema Document.\*101.CALInline XBRL Taxonomy Extension Calculation Linkbase Document.\*101.DEFInline XBRL Taxonomy Extension Definition Linkbase Document.\*101.LABInline XBRL Taxonomy Extension Label Linkbase Document.\*101.PREInline XBRL Taxonomy Extension Presentation Linkbase Document.\*104Cover page Interactive Data File (formatted as Inline XBRL with applicable taxonomy extension information contained in Exhibits 101).\*A A A Submitted electronically herewith.\*\* A A A Management contracts and compensatory plans or arrangements required to be filed as an exhibit hereto. Attached as Exhibit 101 to this Annual Report are the following formatted in Inline XBRL (Extensible Business Reporting Language): (i) Consolidated Statement of Income for the years ended June 30, 2024, 2023 and 2022, (ii) Consolidated Statement of Comprehensive Income for the years ended June 30, 2024, 2023 and 2022, (iii) Consolidated 75Table of ContentsBalance Sheet at June 30, 2024 and 2023, (iv) Consolidated Statement of Cash Flows for the years ended June 30, 2024, 2023 and 2022, (v) Consolidated Statement of Equity for the years ended June 30, 2024, 2023 and 2022, and (vi) Notes to Consolidated Financial Statements. Shareholders may request a copy of any of the exhibits to this Annual Report on Form 10-K by writing to the Secretary, Parker-Hannifin Corporation, 6035 Parkland Boulevard, Cleveland, Ohio 44124. 4141. Individual financial statements and related applicable schedules for the Registrant (separately) have been omitted because the Registrant is primarily an operating company and its subsidiaries are considered to be wholly-owned. ITEM 16. Form 10-K Summary. Not applicable. 76Table of ContentsSIGNATURESPursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized. A PARKER-HANNIFIN CORPORATION: A /s/ Todd M. Leombruno A Todd M. Leombruno A Executive Vice President and Chief Financial Officer A August 22, 2024 Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated. Signature and Title JENNIFER A. PARMENTIER, Chairman and Chief Executive Officer; ANGELA R. IVES, Principal Accounting Officer; JILLIAN C. EVANKO, Director; DENISE RUSSELL FLEMING, Director; LANCE M. FRITZ, Director; LINDA A. HARTY, Director; KEVIN A. LOBO, Director; E. JEAN SAVAGE, Director; JOSEPH SCAMINACE, Director; A. KE SVENSSON, Director; LAURA K. THOMPSON, Director; JAMES R. VERRIER, Director; and JAMES L. WAINSCOTT, Director. Date: August 22, 2024 A /s/ Todd M. Leombruno Todd M. Leombruno, Executive Vice President and Chief Financial Officer (Principal Financial Officer and Attorney-in-Fact for the officers and directors signing in the capacities indicated) 77Table of Contents PARKER-HANNIFIN CORPORATIONSCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS FOR THE YEARS ENDED JUNE 30, 2022, 2023 AND 2024 (Dollars in Thousands) A Column A Column B Column C Column D Column E Description Balance at Beginning of Period Additions Charged to Costs A and Expenses Other (Deductions) Additions A (A) Balance at End of Period Allowance for credit losses: Year ended June 30, 2022 \$12,078 A \$1,719 A \$ (3,855) \$9,942 A Year ended June 30, 2023 \$9,942 A \$7,379 A \$15,129 A \$32,450 A Year ended June 30, 2024 \$32,450 A \$5,405 A (\$17,342) \$20,513 A Deferred tax asset valuation allowance: Year ended June 30, 2022 \$865,764 A \$36,111 A \$ (801,873) A Year ended June 30, 2023 \$901,875 A \$163,178 A \$13,301 A \$1,078,354 A Year ended June 30, 2024 \$1,078,354 A (\$10,154) \$1,310 A \$1,069,510 A (A) For allowance for credit losses, net balance is comprised of deductions due to divestitures or uncollectible accounts charged off, additions due to acquisitions or recoveries, and currency translation adjustments. For deferred tax asset valuation allowance, the balance primarily represents adjustments due to acquisitions. 78Document EX-19 A A A Global Policy A A A 1.18Parker Hannifin CorporationSubjectEffective DateSupersedes This SheetTotal SheetsInsider Trading 08/2401/13 16INTRODUCTION The Board of Directors of Parker-Hannifin Corporation has adopted this Insider Trading Policy to prevent illegal insider trading and the appearance of illegal insider trading, and to protect Parker's reputation for ethical business practices and sound stewardship. It is your obligation to understand and comply with this policy and all applicable securities laws. Please contact the Office of the General Counsel if you have any questions regarding this policy or securities laws generally. The securities laws prohibit the purchase or sale of a public company's securities by persons who are aware of material nonpublic information (as defined below) about such company. These laws also prohibit persons who are aware of such information from disclosing it to others who may trade in the company's securities (such as friends, family members and business contacts). A company and its officers, directors and other supervisory personnel are also subject to liability if they do not take reasonable steps to prevent illegal insider trading. The U.S. Securities and Exchange Commission, the U.S. Department of Justice and the U.S. Financial Industry Regulatory Authority aggressively investigate and pursue violations of insider trading laws. Regardless of the number of shares or dollar amounts involved, insider trading cases have been successfully prosecuted against companies, their directors, officers, employees and consultants, and the friends, family members and business contacts of their directors, officers, employees and consultants. Violations of insider trading laws can have serious consequences, such as: Civil and Criminal Penalties. Individuals who violate insider trading laws are subject to civil fines of up to three times the profit gained or the loss avoided, criminal fines of up to \$5,000,000, and imprisonment of up to 20 years. Controlling Person Liabilities. Authorities may impose controlling person liabilities on other persons (such as Parker and its directors, officers and other supervisory personnel) if they are found to have failed to take reasonable steps to prevent an insider trading violation. Penalties for controlling persons include civil fines of up to the greater of \$1,000,000 or three times the profit gained or the loss avoided. Parker could also be subject to criminal fines of up to \$25,000,000 in these cases. Disciplinary Action by Parker. Failure to comply with this policy may subject you to disciplinary action by Parker, including removal or dismissal for cause, whether or not your failure to comply with this policy constitutes a violation of law. SCOPE OF POLICY Persons Covered. This policy applies to all directors, officers, employees and consultants of Parker and its subsidiaries. The restrictions that apply to you under this policy also apply to all immediate family members and any adult persons who reside with you, as well as those who do not reside with you but trade in securities based on your direction or subject to your influence or control (such as family members and friends who consult with you before trading in securities). You are responsible for making sure that the purchase or sale of any security covered by this policy by any such person complies with this policy. EX-19 A A A Global Policy A A A 1.18Parker Hannifin CorporationSubjectEffective DateSupersedes This SheetTotal SheetsInsider Trading 08/2401/13 26Companies Covered. The restrictions described in this policy are not limited to trades involving Parker securities. This policy also covers trades involving securities of any other company with which Parker has a business relationship (such as customers, suppliers and those with which Parker may be negotiating significant transactions). Please keep in mind that information you obtain through your position with Parker that is not material to Parker may nevertheless be material to another company, and that trading securities of such other company while in possession of such information could violate insider trading laws. Transactions Covered. Trading under this policy includes any purchases or sales of securities, including stock, derivative securities such as put and call options, and debt securities such as bonds and notes. Trading also includes certain transactions under Parker stock or equity plans which may or may not be obvious to you. For example, the following table compares certain transactions under Parker stock and equity plans that generally are not governed by this policy against those that generally are governed by this policy. Please contact the Office of the General Counsel if you have any questions as to whether or not any particular transaction would violate this policy. Plan/Program/Trading activities generally not governed by this policy Trading activities generally governed by this policy Equity Awards (i.e., Stock Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Long-Term Incentive Performance Plan (LTIP) Awards) (a) Grant, vesting or exercise of such awards, (b) withholding of stock by Parker to cover taxes, or (c) accumulation of dividend equivalent units Sale of the shares delivered after vesting or exercise, including shares sold to cover taxes (or costs of exercise, for stock options) Retirement Savings Plan Purchases of Parker stock made through payroll deductions or Parker matching contributions (if based on elections made at a time when you are unaware of material nonpublic information) Elections to (a) modify the contribution allocation to your Parker Stock Fund or Parker Stock Match Fund, (b) transfer an existing account balance into or out of your Parker Stock Fund or Parker Stock Match Fund, (c) borrow against your account if the loan will result in liquidation of any part of your Parker Stock Fund or Parker Stock Match Fund, or (d) pre-pay a plan loan if pre-payment will result in allocation of loan proceeds to your Parker Stock Fund or Parker Stock Match Fund EX-19 A A A Global Policy A A A 1.18Parker Hannifin CorporationSubjectEffective DateSupersedes This SheetTotal SheetsInsider Trading 08/2401/13 36Non-Qualified Deferred Compensation Plans (Deferred Compensation Plan, Savings Restoration Plan, Executive Deferral Plan) Purchases of Parker stock made through payroll deductions or Parker matching contributions (if based on elections made at a time when you are unaware of material nonpublic information) Elections to (a) participate or modify your participation level, (b) start, modify or stop your contribution elections, (c) purchase Parker stock through voluntary cash payments or (d) sell Parker stock under the plan Global Employee Stock Purchase Plan Purchases of Parker stock made through payroll deductions (if based on elections made at a time when you were unaware of material nonpublic information) Elections to (a) participate or modify your participation level, (b) start, modify or stop your contribution elections, (c) purchase Parker stock through voluntary cash payments or (d) sell Parker stock under the plan STATEMENTS OF POLICY No Trading on Inside Information. You may not trade in Parker securities, either directly or indirectly through family members, friends, business associates or other persons or entities, if you are aware of material nonpublic information relating to Parker. Similarly, you may not trade in the securities of any other company if you are aware of material nonpublic information about that company. No Tipping. You may not provide material nonpublic information to others or recommend to anyone the purchase or sale of any securities when you are aware of such information. This practice, known as tipping, can also violate the securities laws and result in the same civil and criminal penalties that apply to illegal insider trading, even if you did not trade or personally profit from another's trading. No Speculative Transactions. You may not engage in speculative transactions that could lead to inadvertent violations of insider trading laws, such as: Short Sales. Short sales in Parker securities (sales of securities that are not then owned), including sales against the box (sales with delayed delivery). Short-Term Trading. For Parker directors and certain Parker officers and shareholders, buying or selling securities in the open market within six months of a corresponding purchase or sale. Note that such directors, officers and shareholders are also subject to the liability provisions of Section 16(b) of the Securities Exchange Act of 1934 for such short-swing trades. EX-19 A A A Global Policy A A A 1.18Parker Hannifin CorporationSubjectEffective DateSupersedes This SheetTotal SheetsInsider Trading 08/2401/13 46 Exchange-Traded Options. Option transactions (puts, calls and other derivatives) in Parker securities conducted on an exchange or in any other organized market. Margin Accounts. Holding Parker securities in margin accounts. Pledges. Pledging Parker securities as collateral in a transaction. Lending. Lending Parker securities to others in

exchange for a fee paid to you. Furthermore, certain transactions may provide ownership in Parker securities without the full risks and rewards of such ownership, and as a result are prohibited. These include hedging or monetization transactions involving Parker securities, such as zero-cost collars and forward sale contracts. Post-Termination Trading. This policy continues to apply to you after you terminate your employment or other services to Parker and its subsidiaries. In other words, if you are aware of material nonpublic information when your employment or service relationship terminates, you may not trade until that information has become public or is no longer material. No Exceptions or Circumvention. Personal financial emergency or hardship does not excuse you from compliance with this policy. There are no exceptions for comparatively small transactions. Attempting to accomplish indirectly what is directly prohibited in this policy is also prohibited. Pre-Clearance and Blackout Procedures. To help prevent inadvertent violations of the securities laws and avoid even the appearance of illegal insider trading, Parker's directors and executive officers are required to obtain pre-clearance from designated individuals within the Office of the General Counsel prior to trading in Parker securities. Pre-clearance to trade will not constitute legal advice or advice regarding the investment aspects of any transaction, and the Office of the General Counsel is in no way obligated to pre-clear any purchase or sale of Parker securities. Pre-clearance of a transaction is valid until the earlier to occur of (a) the expiration of a three (3) business day period, (b) you become aware of material nonpublic information, or (c) commencement of a blackout period (as defined below). If the transaction order is not placed within such period, pre-clearance of the transaction must be re-requested. Parker's directors and executive officers, as well as certain designated Parker employees, are required to refrain from trading in Parker securities during specified periods where material financial or other information has not yet been released to and fully absorbed by the public (such periods, "blackout periods"). Blackout periods for Parker directors, executive officers and any other employees, as designated by the Chief Financial Officer or the General Counsel, include (a) the period beginning on the tenth business day of the last calendar month of each fiscal quarter, and ending on the day immediately after the first full trading day following the public release of Parker's quarterly or annual earnings for that fiscal quarter, and (b) any special periods during which a significant, non-routine event is occurring or will occur as determined by the Office of the General Counsel. Parker will notify affected individuals in the event of a special blackout period going into effect. Rule 10b5-1 Trading Plans. EX-19A. Global Policy. A. 1.18. Parker Hannifin Corporation Subject Effective Date Supersedes This Sheet Total Sheets Insider Trading 08/24/01/13 56SEC Rule 10b5-1(c) provides a defense for an insider to trade when he or she may be in possession of material nonpublic information if the trade occurs under a pre-arranged Rule 10b5-1 trading plan that meets certain conditions. Under the rule, if you enter into an instruction, a written plan or a binding contract that specifies the amount, price and date on which securities are to be purchased or sold, and if the plan is established at a time when you do not possess material nonpublic information, then you may claim a defense to insider trading liability even if trades occur under the plan at a time when you are in possession of material nonpublic information. The plan may specify the amount, price and date through a formula or specific parameters under which another person has discretion to trade on your behalf. Under no circumstances, however, should you exercise any subsequent discretion or influence over the trades. In addition, if your broker or another person has discretion to trade on your behalf, he or she may not make any such trades while in possession of material nonpublic information. It is important that you properly document the details of your Rule 10b5-1 trading plan. In addition to the requirements described above, there are a number of complex conditions that must be satisfied before your plan can provide a defense from insider trading liability. These conditions include that you act in good faith with respect to your plan, do not modify or terminate your plan while in possession of material nonpublic information, and do not enter into corresponding or hedging transactions or positions. In addition, any new Rule 10b5-1 trading plan and any modification to (or termination of) an existing plan is subject to certain "cooling off" periods before the first trade can occur. For Parker officers and directors, this cooling off period generally is the later of (a) 90 days after the plan's adoption, modification or termination and (b) two business days after Parker files its latest Form 10-Q or 10-K with the SEC. For all other persons, the cooling off period is 30 days after the plan's adoption, modification or termination. Please note that any modification to an existing plan is treated as a new plan subject to a new cooling off period, and the law significantly limits your ability to maintain more than one plan at a time. All Rule 10b5-1 trading plans must be reviewed and approved by the Office of the General Counsel before they can be established, modified or terminated. In order to obtain approval of the Office of the General Counsel, your plan must satisfy the conditions described above and each of the following conditions: (a) the plan must be established at a time when you are not in possession of material nonpublic information; and (b) if you are a Parker officer or director, the plan must include a certification that (i) you are not aware of any material non-public information about Parker or its securities and (ii) you are adopting the plan in good faith and not as a part of a plan or scheme to evade the prohibitions of Section 10(b) or Rule 10b-5 of the Securities Exchange Act of 1934. DEFINITION OF MATERIAL NONPUBLIC INFORMATION. Material nonpublic information is any information that has each of the following characteristics: Material Information. Information is "material" if there is a substantial likelihood that a reasonable investor would consider it important in deciding whether to buy, hold or sell a security, or would view its disclosure as having significantly altered the "catalytic mix" of information available. Both positive and negative information can be material. Common examples of material information are: projections of future earnings or losses and other earnings guidance, including information about whether performance is likely to meet expectations of the investment community; earnings and other financial information that has not been disclosed to the public; pending or proposed mergers, tender offers or significant acquisitions or dispositions; EX-19A. Global Policy. A. 1.18. Parker Hannifin Corporation Subject Effective Date Supersedes This Sheet Total Sheets Insider Trading 08/24/01/13 66A. Changes in management; significant events regarding securities such as dividends, stock splits or new offerings; changes in dividend policies; severe financial liquidity problems; significant cybersecurity breaches; significant actual or threatened litigation (or the resolution thereof); and significant new contracts, orders, suppliers, customers or finance sources (or the loss thereof). You should note that, in the event of an insider trading inquiry, your trading activities will be evaluated and scrutinized by authorities after the fact and with the benefit of hindsight. Therefore, if there is any question as to whether or not any particular information is material, you should assume that it is and refrain from trading until the information has been released to and fully absorbed by the public. Nonpublic Information. Information is "nonpublic" if it is not generally known or available to the public. A common misconception is that information loses its "nonpublic" status as soon as a press release disclosing the information is issued. However, information is considered to be generally known or available to the public only when (a) it has been released broadly to the marketplace and (b) the investing public has had time to fully absorb it. Parker's general rule is that information remains nonpublic for a period of one full trading day after it is disclosed to the public by press release or SEC filing. CONFIDENTIALITY. Maintaining the confidentiality of Parker information is necessary for ensuring compliance with this policy and the securities laws and for competitive, security and other business reasons. You should treat all information you learn about Parker or its business plans in connection with your employment as confidential and proprietary to Parker. Inadvertent disclosure of such information may significantly increase your risk of violating this policy and the securities laws. As a result, it is critical that the disclosure of information about Parker to outsiders (such as the press, investment analysts and others in the financial community) be made on Parker's behalf only through authorized individuals. Refer to Global Policy 1.21 for Parker's requirements on investor, media and government communications. PERSONAL RESPONSIBILITY. The ultimate responsibility for adhering to this policy and avoiding illegal insider trading rests with you. Failure to comply with this policy may subject you to disciplinary action by Parker, including removal or dismissal for cause, whether or not your failure to comply with this policy results in a violation of law. COMPANY ASSISTANCE. Your compliance with this policy is of critical importance for both you and Parker. If you have any questions about this policy or the securities laws generally, please contact the Office of the General Counsel. Do not try to resolve uncertainties on your own, as the rules relating to insider trading are often complex, are not always intuitive and, as described above, carry potentially severe consequences. EX-19A. Global Policy. A. 1.18. Parker Hannifin Corporation Subject Effective Date Supersedes This Sheet Total Sheets Insider Trading 08/24/01/13 76. Functional Leader Approved: Joseph R. Leonti Vice President, General Counsel and Secretary Board of Directors Document Exhibit 21 to Annual Report Form 10-K for Fiscal Year Ended June 30, 2024 by Parker-Hannifin Corporation. Listed below are the significant subsidiaries of the Company and their jurisdictions of organization. All other subsidiaries, if considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary. All of the following subsidiaries are either directly or indirectly wholly-owned by the Company. Name of Subsidiary/State/Country of Organization. UNITED STATES: Securaplane Technologies, Inc. (Arizona) Meggitt (North Hollywood), Inc. (California) Meggitt Safety Systems, Inc. (California) NASCO Aircraft Brake, Inc. (California) Pacific Scientific Company (California) Baldwin Filters, Inc. (Delaware) LORD Technol, Inc. (Delaware) Meggitt (Rockmart), Inc. (Delaware) Meggitt (Troy), Inc. (Delaware) Meggitt Aircraft Braking Systems Corporation (Delaware) Meggitt Aircraft Braking Systems Kentucky Corporation (Delaware) OECO, LLC (Delaware) Parker Intangibles LLC (Delaware) Parker Italy (PH Espana Holding) LLC (Delaware) Parker-Hannifin International Corp. (Delaware) Parker-Seattle Acquisitions, LLC (Delaware) Purolator Facet, Inc. (Delaware) Meggitt Defense Systems, Inc. (Delaware) Total Filtration Services, Inc. (Ohio) LORD Corporation (Pennsylvania) Exotic Metals Forming Company LLC (Washington) INTERNATIONAL: Parker Hannifin (Australia) Pty. Limited (Australia) Parker Hannifin Australia Holding Pty Limited (Australia) Parker Hannifin Ind'Austria e Com'@rcio Ltda. (Brazil) Parker Hannifin Canada (Canada) LDRD Chemical (Shanghai) Co., Ltd. (China) LORD International Trading (Shanghai) Co., Ltd. (China) Meggitt (Xiamen) Sensors & Controls Co Ltd (China) Parker Hannifin Motion & Control (Shanghai) Co. Ltd. (China) Artus SAS France (Meggitt (Sensorex) SAS France) Parker Hannifin France Holding SAS France (Parker Hannifin Manufacturing France SAS France) Parker Hannifin GmbH (Germany) Parker Hannifin Holding GmbH (Germany) Parker Hannifin Manufacturing Germany GmbH & Co. KG (Germany) Name of Subsidiary/State/Country of Organization. Parker Hannifin (Gibraltar) Acquisitions Limited (Gibraltar) LORD Asia International Limited (Hong Kong) Parker Hannifin (Hong Kong, Ltd. (Hong Kong) LORD India Private Limited (India) Parker Hannifin India Private Ltd. (India) Parker Hannifin Italy S.R.L. (Italy) Parker Hannifin Manufacturing srl (Italy) Parker Hannifin Global Capital Management S.a.r.l. (Luxembourg) Parker Hannifin Holding EMEA S.a.r.l. (Luxembourg) Parker Hannifin Lux FinCo S.a.r.l. (Luxembourg) Parker Hannifin Luxembourg Acquisitions S.a.r.l. (Luxembourg) Parker Hannifin Luxembourg Investments 1 S.a.r.l. (Luxembourg) Parker Hannifin de Mexico, S.A. de C.V. (Mexico) Parker Hannifin Holding, S. de R.L. de C.V. (Mexico) Parker Industrial, S. de R.L. de C.V. (Mexico) Lord Holdings (Asia) B.V. (Netherlands) Parker Hannifin (Clarcon Filtration) Holding B.V. (Netherlands) Parker Hannifin B.V. (Netherlands) Parker Hannifin Netherlands Holdings 2 B.V. (Netherlands) Parker Hannifin Netherlands Holdings B.V. (Netherlands) Meggitt Aerospace Asia Pacific Pte Ltd (Singapore) Parker Hannifin Singapore Private Limited (Singapore) Parker Hannifin Cartera Industrial S.L. (Spain) Parker Hannifin Sweden Holding Co (ABS) Sweden Parker Hannifin EMEA S.a.r.l. (Switzerland) Meggitt SAS (Switzerland) Parker Hannifin Switzerland Holdings S.A. (Switzerland) Meggitt (UK) Limited (United Kingdom) Meggitt Limited (United Kingdom) Altair (UK) Limited (United Kingdom) Domnick Hunter Group Limited (United Kingdom) Meggitt (GB) Limited (United Kingdom) Parker Hannifin (Holdings) Limited (United Kingdom) Parker Hannifin Industries Limited (United Kingdom) Parker Hannifin Limited (United Kingdom) Parker Hannifin Manufacturing Limited (United Kingdom) Document Exhibit 23 to Annual Report Form 10-K for Fiscal Year Ended June 30, 2024 by Parker-Hannifin Corporation. CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM. We consent to the incorporation by reference in Registration Statement Nos. 333-274347 on Form S-3, and Registration Statement Nos. 333-275166, 333-236293, 333-186733, 333-186734, 333-192909, 333-201071, and 333-215107 on Form S-8 of our report dated August 22, 2024, relating to the financial statements of Parker-Hannifin Corporation and the effectiveness of Parker-Hannifin Corporation's internal control over financial reporting appearing in this Annual Report on Form 10-K for the year ended June 30, 2024, /s/ Deloitte & Touche LLP (Cleveland, Ohio) August 22, 2024 Document Exhibit 24 Securities and Exchange Commission (Washington, D.C. 20549) RE: Parker-Hannifin Corporation Commission File No. 1-4982 Annual Report on Form 10-K Authorized Representatives Ladies and Gentlemen: Parker-Hannifin Corporation (the "Company") is the issuer of Securities registered under Section 12(b) of the Securities Exchange Act of 1934 (the "Act"). Each of the persons signing his or her name below confirms, as of the date appearing opposite his or her signature, that each of the following "Authorized Representatives" is authorized on his or her behalf to sign and to submit to the Securities and Exchange Commission Annual Reports on Form 10-K and amendments thereto as required by the Act: Authorized Representatives Jennifer A. Parmentier, Todd M. Leombruno, Joseph R. Leonti. Each person so signing also confirms the authority of each of the Authorized Representatives named above to do and perform, on his or her behalf, any and all acts and things requisite or necessary to assure compliance by the signing person with the Form 10-K filing requirements. The authority confirmed herein shall remain in effect as to each person signing his or her name below until such time as the Commission shall receive from such person a written communication terminating or modifying the authority. Date: Date/Date/s Jennifer A. Parmentier 8/15/2024/s/ Kevin A. Lobo 8/15/2024/s/ Jennifer A. Parmentier, Chairman of the Board and Chief Executive Kevin A. Lobo, Director/Officer (Principal Executive Officer)/s/ Todd M. Leombruno 8/15/2024/s/ E. Jean Savage 8/15/2024/s/ Todd M. Leombruno, Executive Vice E. Jean Savage, Director/President and Chief Financial Officer (Principal Financial Officer)/s/ Angela R. Ives 8/15/2024/s/ Joseph Scaminace 8/15/2024/s/ Angela R. Ives, Vice President and Joseph Scaminace, Director/Controller (Principal Accounting Officer)/s/ Julian C. Evans 8/15/2024/s/ A. ke Svensson 8/15/2024 Julian C. Evans, Director/s/ Denise Russell Fleming 8/15/2024/s/ Laura K. Thompson 8/15/2024 Denise Russell Fleming, Director/Laura K. Thompson, Director/s/ Lance M. Fritz 8/15/2024/s/ James R. Verrier 8/15/2024 Lance M. Fritz, Director/s/ Linda A. Harty 8/15/2024/s/ James L. Wainscott 8/15/2024 Linda A. Harty, Director/s/ James L. Wainscott, Director/Document Exhibit 31(a) CERTIFICATIONS, Jennifer A. Parmentier, certify that: 1. I have reviewed this annual report on Form 10-K of Parker-Hannifin Corporation; 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report; 3. Based on my knowledge, the financial statements and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report; 4. The Registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have: a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared; b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles; c) evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and d) disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and 5. The Registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions): a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting. Date: August 22, 2024 /s/ Jennifer A. Parmentier, Jennifer A. Parmentier, Chief Executive Officer/Document Exhibit 31(b) CERTIFICATIONS, Todd M. Leombruno, certify that: 1. I have reviewed this annual report on Form 10-K of Parker-Hannifin Corporation; 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report; 3. Based on my knowledge, the financial statements and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report; 4. The Registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have: a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared; b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting

principles; c) evaluated the effectiveness of the Registrantâ™s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and d) disclosed in this report any change in the Registrantâ™s internal control over financial reporting that occurred during the Registrantâ™s most recent fiscal quarter (the Registrantâ™s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrantâ™s internal control over financial reporting; and 5. The Registrantâ™s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrantâ™s auditors and the audit committee of the Registrantâ™s board of directors (or persons performing the equivalent functions): a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrantâ™s ability to record, process, summarize and report financial information; and b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrantâ™s internal control over financial reporting. Date: August 22, 2024 /s/ Todd M. LeombrunoExecutive Vice President and Chief Financial OfficerDocumentExhibit 32Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to § 906 of the Sarbanes-Oxley Act of 2002A. A. A Pursuant to 18 U.S.C. A Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, in connection with the filing of the Annual Report on Form 10-K of Parker-Hannifin Corporation (the âœCompanyâ) for the fiscal year ended June 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the âœReportâ), each of the undersigned officers of the Company certifies, that, to such officerâ™s knowledge: (1) A. A. A. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and (2) A. A. A. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report. A. A. A. Dated: August 22, 2024 /s/ Jennifer A. ParmentierName: Jennifer A. ParmentierTitle: Chief Executive Officer/s/ Todd M. LeombrunoName: Todd M. LeombrunoTitle: Executive Vice President and Chief Financial OfficerDocumentEX-97PARKER-HANNIFIN CORPORATIONSection 16 Officer Clawback PolicyAdopted December 1, 2023IntroductionAs required pursuant to the listing standards of the New York Stock Exchange (the âœStock Exchangeâ), Section 10D of the Securities Exchange Act of 1934, as amended (the âœExchange Actâ), and Rule 10D-1 under the Exchange Act, the Board of Directors (the âœBoardâ) of Parker-Hannifin Corporation (the âœCompanyâ) has adopted this Section 16 Officer Clawback Policy (the âœPolicyâ). Notwithstanding anything in this Policy to the contrary, at all times, this Policy remains subject to all applicable final rules and regulations promulgated by the U.S. Securities and Exchange Commission (the âœSECâ), final listing standards adopted by the Stock Exchange, and SEC or Stock Exchange guidance or interpretations (collectively, the âœFinal Guidanceâ). Policy StatementUnless a Clawback Exception (as defined below) applies, the Company will recover, reasonably promptly, from each Covered Officer, his or her Covered Compensation in the event that the Company is required to prepare an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period (each, an âœAccounting Restatementâ). If a Clawback Exception applies with respect to a Covered Officer, the Company may forgo such recovery under this Policy from such Covered Officer. Covered OfficersFor purposes of this Policy, âœCovered Officerâ is defined as any current or former âœSection 16 officerâ of the Company within the meaning of Rule 16a-1(f) under the Exchange Act, as determined by the Board or the Human Resources and Compensation Committee (the âœCommitteeâ) of the Board. Covered Officers include, at a minimum, âœexecutive officersâ as defined in Rule 3b-7 under the Exchange Act and identified under Item 401(b) of Regulation S-K. Covered CompensationFor purposes of this Policy, âœCovered Compensationâ is defined as the amount of Incentive-Based Compensation (as defined below) Received (as defined below) during the applicable Recovery Period (as defined below) that exceeds the amount of Incentive-Based Compensation that otherwise would have been Received during such Recovery Period had it been determined based on the relevant restated amounts, and computed without regard to any taxes paid. Incentive-Based Compensation Received by a Covered Officer will only qualify as Covered Compensation if: (i) it is Received on or after October 2, 2023; (ii) it is Received after such Covered Officer begins service as a Covered Officer; (iii) such Covered Officer served as a Covered Officer at any time during the performance period for such Incentive-Based Compensation; and (iv) it is Received while the Company has a class of securities listed on a national securities exchange or a national securities association. For Incentive-Based Compensation based on stock price or total shareholder return, where the amount of erroneously awarded Covered Compensation is not subject to mathematical recalculation directly EX-97from the information in an Accounting Restatement, the amount of such Incentive-Based Compensation that is deemed to be Covered Compensation will be based on a reasonable estimate of the effect of the Accounting Restatement on the stock price or total shareholder return upon which the Incentive-Based Compensation was Received, and the Company will maintain and provide to the Stock Exchange documentation of the determination of such reasonable estimate. Incentive-Based Compensationâ is defined as any compensation that is granted, earned, or vested based wholly or in part upon the attainment of a Financial Reporting Measure (as defined below). For purposes of clarity, Incentive-Based Compensation includes compensation that is in any plan, other than tax-qualified retirement plans, including long term disability, life insurance, and supplemental executive retirement plans, and any other compensation that is based on such Incentive-Based Compensation, such as earnings accrued on notional amounts of Incentive-Based Compensation contributed to such plans. Financial Reporting Measureâ is defined as a measure that is determined and presented in accordance with the accounting principles used in preparing the Companyâ™s financial statements, and any measures that are derived wholly or in part from such measures. Stock price and total shareholder return are also Financial Reporting Measures. Incentive-Based Compensation is deemed âœReceivedâ in the Companyâ™s fiscal period during which the Financial Reporting Measure specified in the Incentive-Based Compensation award is attained, even if the payment or grant of the Incentive-Based Compensation occurs after the end of that period. Recovery PeriodFor purposes of this Policy, the applicable âœRecovery Periodâ is defined as the three completed fiscal years immediately preceding the Trigger Date (as defined below) and, if applicable, any transition period resulting from a change in the Companyâ™s fiscal year within or immediately following those three completed fiscal years (provided, however, that if a transition period between the last day of the Companyâ™s previous fiscal year end and the first day of its new fiscal year comprises a period of nine to 12 months, such period would be deemed to be a completed fiscal year). For purposes of this Policy, the âœTrigger Dateâ as of which the Company is required to prepare an Accounting Restatement is the earlier to occur of: (i) the date that the Board, applicable Board committee, or officers authorized to take action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare the Accounting Restatement or (ii) the date a court, regulator, or other legally authorized body directs the Company to prepare the Accounting Restatement. Clawback ExceptionsThe Company is required to recover all Covered Compensation Received by a Covered Officer in the event of an Accounting Restatement unless (i) one of the following conditions are met and (ii) the Committee has made a determination that recovery would be impracticable in accordance with Rule 10D-1 under the Exchange Act (under such circumstances, a âœClawback Exceptionâ applies): the direct expense paid to a third party to assist in enforcing this Policy would exceed the amount to be recovered (and the Company has already made a reasonable attempt to recover such erroneously awarded Covered Compensation from such Covered Officer, has documented such reasonable attempt(s) to recover, and has provided such documentation to the Stock Exchange); recovery would violate any home country law that was adopted prior to November 28, 2022 (and the Company has already obtained an opinion of home country counsel, acceptable to the Stock Exchange, that recovery would result in such a violation, and provided such opinion to the Stock Exchange); or 2EX-97a recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of Section 401 (a) (13) or Section 411(a) of the Internal Revenue Code and regulations thereunder. For purposes of clarity, this Clawback Exception only applies to tax-qualified retirement plans and does not apply to other plans, including long term disability, life insurance, and supplemental executive retirement plans, or any other compensation that is based on Incentive-Based Compensation in such plans, such as earnings accrued on notional amounts of Incentive-Based Compensation contributed to such plans. ProhibitionsThe Company is prohibited from paying or reimbursing the cost of insurance for, or indemnifying, any Covered Officer against the loss of erroneously awarded Covered Compensation. Administration and InterpretationThis Policy applies to Covered Compensation which is Received on or after October 2, 2023 and with respect to such Covered Compensation supersedes the Claw-back Policy of Parker-Hannifin Corporation that applies to compensation granted or paid on or after July 1, 2009 (the âœPrior Policyâ). For the avoidance of doubt, the Prior Policy shall continue to apply to compensation Received prior to October 2, 2023. The Committee will administer this Policy in accordance with the Final Guidance, and will have full and exclusive authority and discretion to supplement, amend, repeal, interpret, terminate, construe, modify, replace and/or enforce (in whole or in part) this Policy, including the authority to correct any defect, supply any omission or reconcile any ambiguity, inconsistency or conflict in the Policy, subject to the Final Guidance, and to take any other action it deems appropriate. The Committee will have the authority to offset any compensation or benefit amounts that become due to the applicable Covered Officers to the extent permissible under Section 409A of the Internal Revenue Code of 1986, as amended, and as it deems necessary or desirable to recover any Covered Compensation. This Policy shall not preclude any other compensation recoupment or clawback policies, arrangements or provisions of the Company (âœOther Recovery Provisionsâ). To the extent recovery of compensation is achieved by the Company under this Policy, there shall be no duplication of recovery under Other Recovery Provisions, except as may be required by law. DisclosureThis Policy, and any recovery of Covered Compensation by the Company pursuant to this Policy that is required to be disclosed in the Companyâ™s filings with the SEC, will be disclosed as required by the Securities Act of 1933, as amended, the Exchange Act, and related rules and regulations, including the Final Guidance.3