ph-2024123100000763346/302025Q2FALSEhttp://fasb.org/us-gaap/2024#InvestmentsAndOtherNoncurrentAssetshttp://fasb.org/us-
gaap/2024#InvestmentsAndOtherNoncurrentAssetshttp://fasb.org/us-gaap/2024#OtherLiabilitiesNoncurrenthttp://fasb.org/us-
gaap/2024#OtherLiabilitiesNoncurrenthttp://parkerhannifin.com/20241231#Nontradeandnotesreceivablehttp://parkerhannifin.com/20241231#Nontradeandnotesreceivablehttp://fasb.org/us-
gaap/2024#OtherAccruedLiabilitiesCurrenthttp://fasb.org/us-
gaap/2024#OtherAccruedLiabilitiesCurrentxbrli:sharesiso4217:USDiso4217:USDxbrli:sharesxbrli:pureph:employeeiso4217:EURiso4217:JPYph:segmentph:technology00000763342024-07-
012024-12-3100000763342024-12-3100000763342024-10-012024-12-3100000763342023-10-012023-12-3100000763342023-07-012023-12-3100000763342024-06-3000000763342023-06-
3000000763342023-12-310000076334ph:MotionSystemsMemberph:DiversifiedIndustrialSegmentMember2024-10-012024-12-
310000076334ph:MotionSystemsMemberph:DiversifiedIndustrialSegmentMember2023-10-012023-12-
310000076334ph:MotionSystemsMemberph:DiversifiedIndustrialSegmentMember2024-07-012024-12-
310000076334ph:MotionSystemsMemberph:DiversifiedIndustrialSegmentMember2023-07-012023-12-
310000076334ph:FlowAndProcessControlMemberph:DiversifiedIndustrialSegmentMember2024-10-012024-12-
310000076334ph:FlowAndProcessControlMemberph:DiversifiedIndustrialSegmentMember2023-10-012023-12-
310000076334ph:FlowAndProcessControlMemberph:DiversifiedIndustrialSegmentMember2024-07-012024-12-
310000076334ph:FlowAndProcessControlMemberph:DiversifiedIndustrialSegmentMember2023-07-012023-12-
310000076334ph:FiltrationAndEngineeredMaterialsMemberph:DiversifiedIndustrialSegmentMember2024-10-012024-12-
310000076334ph:FiltrationAndEngineeredMaterialsMemberph:DiversifiedIndustrialSegmentMember2023-10-012023-12-
310000076334ph:FiltrationAndEngineeredMaterialsMemberph:DiversifiedIndustrialSegmentMember2024-07-012024-12-
310000076334ph:FiltrationAndEngineeredMaterialsMemberph:DiversifiedIndustrialSegmentMember2023-07-012023-12-310000076334ph:DiversifiedIndustrialSegmentMember2024-10-
012024-12-310000076334ph:DiversifiedIndustrialSegmentMember2023-10-012023-12-310000076334ph:DiversifiedIndustrialSegmentMember2024-07-012024-12-
310000076334ph:DiversifiedIndustrialSegmentMember2023-07-012023-12-
310000076334ph:CommercialOriginalEquipmentManufacturerMemberph:AerospaceSystemsSegmentMember2024-10-012024-12-
310000076334ph:CommercialOriginalEquipmentManufacturerMemberph:AerospaceSystemsSegmentMember2023-10-012023-12-
310000076334ph:CommercialOriginalEquipmentManufacturerMemberph:AerospaceSystemsSegmentMember2024-07-012024-12-
310000076334ph:CommercialOriginalEquipmentManufacturerMemberph:AerospaceSystemsSegmentMember2023-07-012023-12-
310000076334ph:CommercialAftermarketMemberph:AerospaceSystemsSegmentMember2024-10-012024-12-
310000076334ph:CommercialAftermarketMemberph:AerospaceSystemsSegmentMember2023-10-012023-12-
310000076334ph:CommercialAftermarketMemberph:AerospaceSystemsSegmentMember2024-07-012024-12-
310000076334ph:CommercialAftermarketMemberph:AerospaceSystemsSegmentMember2023-07-012023-12-
310000076334ph:DefenseOriginalEquipmentManufacturerMemberph:AerospaceSystemsSegmentMember2024-10-012024-12-
310000076334ph:DefenseOriginalEquipmentManufacturerMemberph:AerospaceSystemsSegmentMember2023-10-012023-12-
310000076334ph:DefenseOriginalEquipmentManufacturerMemberph:AerospaceSystemsSegmentMember2024-07-012024-12-
310000076334ph:DefenseOriginalEquipmentManufacturerMemberph:AerospaceSystemsSegmentMember2023-07-012023-12-
310000076334ph:DefenseAftermarketMemberph:AerospaceSystemsSegmentMember2024-10-012024-12-
310000076334ph:DefenseAftermarketMemberph:AerospaceSystemsSegmentMember2023-10-012023-12-
310000076334ph:DefenseAftermarketMemberph:AerospaceSystemsSegmentMember2024-07-012024-12-
310000076334ph:DefenseAftermarketMemberph:AerospaceSystemsSegmentMember2023-07-012023-12-310000076334ph:AerospaceSystemsSegmentMember2024-10-012024-12-
310000076334ph:AerospaceSystemsSegmentMember2023-10-012023-12-310000076334ph:AerospaceSystemsSegmentMember2024-07-012024-12-
310000076334ph:AerospaceSystemsSegmentMember2023-07-012023-12-310000076334srt:NorthAmericaMember2024-10-012024-12-310000076334srt:NorthAmericaMember2023-10-
012023-12-310000076334srt:NorthAmericaMember2024-07-012024-12-310000076334srt:NorthAmericaMember2023-07-012023-12-310000076334srt:EuropeMember2024-10-012024-12-
310000076334srt:EuropeMember2023-10-012023-12-310000076334srt:EuropeMember2024-07-012024-12-310000076334srt:EuropeMember2023-07-012023-12-
310000076334srt:AsiaPacificMember2024-10-012024-12-310000076334srt:AsiaPacificMember2023-10-012023-12-310000076334srt:AsiaPacificMember2024-07-012024-12-
310000076334srt:AsiaPacificMember2023-07-012023-12-310000076334srt:LatinAmericaMember2024-10-012024-12-310000076334srt:LatinAmericaMember2023-10-012023-12-
310000076334srt:LatinAmericaMember2024-07-012024-12-310000076334srt:LatinAmericaMember2023-07-012023-12-3100000763342025-01-012024-12-
310000076334ph:CompositesAndFuelContainmentBusinessMemberus-
gaap:DisposalGroupDisposedOfBySaleNotDiscontinuedOperationsMemberph:DiversifiedIndustrialSegmentMember2024-11-012024-11-
300000076334ph:NonCoreFiltrationBusinessMemberus-gaap:DisposalGroupDisposedOfBySaleNotDiscontinuedOperationsMemberph:DiversifiedIndustrialSegmentMember2024-11-012024-
11-300000076334ph:FilterResourcesBusinessMemberus-gaap:DisposalGroupDisposedOfBySaleNotDiscontinuedOperationsMemberph:DiversifiedIndustrialSegmentMember2023-12-012023-
12-310000076334ph:MicroStrainSensingSystemsBusinessMemberus-
gaap:DisposalGroupDisposedOfBySaleNotDiscontinuedOperationsMemberph:DiversifiedIndustrialSegmentMember2023-09-012023-09-3000000763342014-10-220000076334us-
gaap:OperatingSegmentsMemberph:DiversifiedIndustrialSegmentMember2024-10-012024-12-310000076334us-
gaap:OperatingSegmentsMemberph:DiversifiedIndustrialSegmentMember2023-10-012023-12-310000076334us-
gaap:OperatingSegmentsMemberph:DiversifiedIndustrialSegmentMember2024-07-012024-12-310000076334us-
gaap:OperatingSegmentsMemberph:DiversifiedIndustrialSegmentMember2023-07-012023-12-310000076334us-
gaap:OperatingSegmentsMemberph:AerospaceSystemsSegmentMember2024-10-012024-12-310000076334us-gaap:OperatingSegmentsMemberph:AerospaceSystemsSegmentMember2023-
10-012023-12-310000076334us-gaap:OperatingSegmentsMemberph:AerospaceSystemsSegmentMember2024-07-012024-12-310000076334us-
gaap:OperatingSegmentsMemberph:AerospaceSystemsSegmentMember2023-07-012023-12-310000076334us-gaap:CorporateNonSegmentMember2024-10-012024-12-310000076334us-
gaap:CorporateNonSegmentMember2023-10-012023-12-310000076334us-gaap:CorporateNonSegmentMember2024-07-012024-12-310000076334us-
gaap:CorporateNonSegmentMember2023-07-012023-12-310000076334us-gaap:OtherNonoperatingIncomeExpenseMember2024-10-012024-12-310000076334us-
gaap:OtherNonoperatingIncomeExpenseMember2023-10-012023-12-310000076334us-gaap:OtherNonoperatingIncomeExpenseMember2024-07-012024-12-310000076334us-
gaap:OtherNonoperatingIncomeExpenseMember2023-07-012023-12-310000076334us-gaap:CostOfSalesMember2024-10-012024-12-310000076334us-gaap:CostOfSalesMember2023-10-
012023-12-310000076334us-gaap:CostOfSalesMember2024-07-012024-12-310000076334us-gaap:CostOfSalesMember2023-07-012023-12-310000076334us-
gaap:SellingGeneralAndAdministrativeExpensesMember2024-10-012024-12-310000076334us-gaap:SellingGeneralAndAdministrativeExpensesMember2023-10-012023-12-310000076334us-
gaap:SellingGeneralAndAdministrativeExpensesMember2024-07-012024-12-310000076334us-gaap:SellingGeneralAndAdministrativeExpensesMember2023-07-012023-12-310000076334us-
gaap:CommonStockMember2024-09-300000076334us-gaap:AdditionalPaidInCapitalMember2024-09-300000076334us-gaap:RetainedEarningsMember2024-09-300000076334us-
gaap:AccumulatedOtherComprehensiveIncomeMember2024-09-300000076334us-gaap:TreasuryStockCommonMember2024-09-300000076334us-gaap:NoncontrollingInterestMember2024-
09-3000000763342024-09-300000076334us-gaap:RetainedEarningsMember2024-10-012024-12-310000076334us-gaap:NoncontrollingInterestMember2024-10-012024-12-310000076334us-
gaap:AccumulatedOtherComprehensiveIncomeMember2024-10-012024-12-310000076334us-gaap:AdditionalPaidInCapitalMember2024-10-012024-12-310000076334us-
gaap:TreasuryStockCommonMember2024-10-012024-12-310000076334us-gaap:CommonStockMember2024-12-310000076334us-gaap:AdditionalPaidInCapitalMember2024-12-
310000076334us-gaap:RetainedEarningsMember2024-12-310000076334us-gaap:AccumulatedOtherComprehensiveIncomeMember2024-12-310000076334us-
gaap:TreasuryStockCommonMember2024-12-310000076334us-gaap:NoncontrollingInterestMember2024-12-310000076334us-gaap:CommonStockMember2023-09-300000076334us-
gaap:AdditionalPaidInCapitalMember2023-09-300000076334us-gaap:RetainedEarningsMember2023-09-300000076334us-gaap:AccumulatedOtherComprehensiveIncomeMember2023-09-
300000076334us-gaap:TreasuryStockCommonMember2023-09-300000076334us-gaap:NoncontrollingInterestMember2023-09-3000000763342023-09-300000076334us-
gaap:RetainedEarningsMember2023-10-012023-12-310000076334us-gaap:NoncontrollingInterestMember2023-10-012023-12-310000076334us-
gaap:AccumulatedOtherComprehensiveIncomeMember2023-10-012023-12-310000076334us-gaap:AdditionalPaidInCapitalMember2023-10-012023-12-310000076334us-
gaap:TreasuryStockCommonMember2023-10-012023-12-310000076334us-gaap:CommonStockMember2023-12-310000076334us-gaap:AdditionalPaidInCapitalMember2023-12-
310000076334us-gaap:RetainedEarningsMember2023-12-310000076334us-gaap:AccumulatedOtherComprehensiveIncomeMember2023-12-310000076334us-
gaap:TreasuryStockCommonMember2023-12-310000076334us-gaap:NoncontrollingInterestMember2023-12-310000076334us-gaap:CommonStockMember2024-06-300000076334us-
gaap:AdditionalPaidInCapitalMember2024-06-300000076334us-gaap:RetainedEarningsMember2024-06-300000076334us-gaap:AccumulatedOtherComprehensiveIncomeMember2024-06-
300000076334us-gaap:TreasuryStockCommonMember2024-06-300000076334us-gaap:NoncontrollingInterestMember2024-06-300000076334us-gaap:RetainedEarningsMember2024-07-
012024-12-310000076334us-gaap:NoncontrollingInterestMember2024-07-012024-12-310000076334us-gaap:AccumulatedOtherComprehensiveIncomeMember2024-07-012024-12-
310000076334us-gaap:AdditionalPaidInCapitalMember2024-07-012024-12-310000076334us-gaap:TreasuryStockCommonMember2024-07-012024-12-310000076334us-
gaap:CommonStockMember2023-06-300000076334us-gaap:AdditionalPaidInCapitalMember2023-06-300000076334us-gaap:RetainedEarningsMember2023-06-300000076334us-
gaap:AccumulatedOtherComprehensiveIncomeMember2023-06-300000076334us-gaap:TreasuryStockCommonMember2023-06-300000076334us-gaap:NoncontrollingInterestMember2023-
06-300000076334us-gaap:RetainedEarningsMember2023-07-012023-12-310000076334us-gaap:NoncontrollingInterestMember2023-07-012023-12-310000076334us-
gaap:AccumulatedOtherComprehensiveIncomeMember2023-07-012023-12-310000076334us-gaap:AdditionalPaidInCapitalMember2023-07-012023-12-310000076334us-
gaap:TreasuryStockCommonMember2023-07-012023-12-310000076334us-gaap:AccumulatedTranslationAdjustmentMember2024-06-300000076334us-
gaap:AccumulatedDefinedBenefitPlansAdjustmentMember2024-06-300000076334us-gaap:AccumulatedTranslationAdjustmentMember2024-07-012024-12-310000076334us-
gaap:AccumulatedDefinedBenefitPlansAdjustmentMember2024-07-012024-12-310000076334us-gaap:AccumulatedTranslationAdjustmentMember2024-12-310000076334us-
gaap:AccumulatedDefinedBenefitPlansAdjustmentMember2024-12-310000076334us-gaap:AccumulatedTranslationAdjustmentMember2023-06-300000076334us-
gaap:AccumulatedDefinedBenefitPlansAdjustmentMember2023-06-300000076334us-gaap:AccumulatedTranslationAdjustmentMember2023-07-012023-12-310000076334us-
gaap:AccumulatedDefinedBenefitPlansAdjustmentMember2023-07-012023-12-310000076334us-gaap:AccumulatedTranslationAdjustmentMember2023-12-310000076334us-
gaap:AccumulatedDefinedBenefitPlansAdjustmentMember2023-12-310000076334us-gaap:AccumulatedDefinedBenefitPlansAdjustmentNetPriorServiceCostCreditMemberus-
gaap:ReclassificationOutOfAccumulatedOtherComprehensiveIncomeMember2024-10-012024-12-310000076334us-
gaap:AccumulatedDefinedBenefitPlansAdjustmentNetPriorServiceCostCreditMemberus-gaap:ReclassificationOutOfAccumulatedOtherComprehensiveIncomeMember2024-07-012024-12-
310000076334us-gaap:AccumulatedDefinedBenefitPlansAdjustmentNetUnamortizedGainLossMemberus-gaap:ReclassificationOutOfAccumulatedOtherComprehensiveIncomeMember2024-
10-012024-12-310000076334us-gaap:AccumulatedDefinedBenefitPlansAdjustmentNetUnamortizedGainLossMemberus-
gaap:ReclassificationOutOfAccumulatedOtherComprehensiveIncomeMember2024-07-012024-12-310000076334us-gaap:AccumulatedDefinedBenefitPlansAdjustmentMemberus-
gaap:ReclassificationOutOfAccumulatedOtherComprehensiveIncomeMember2024-10-012024-12-310000076334us-gaap:AccumulatedDefinedBenefitPlansAdjustmentMemberus-
gaap:ReclassificationOutOfAccumulatedOtherComprehensiveIncomeMember2024-07-012024-12-310000076334us-
gaap:AccumulatedDefinedBenefitPlansAdjustmentNetPriorServiceCostCreditMemberus-gaap:ReclassificationOutOfAccumulatedOtherComprehensiveIncomeMember2023-10-012023-12-
310000076334us-gaap:AccumulatedDefinedBenefitPlansAdjustmentNetPriorServiceCostCreditMemberus-gaap:ReclassificationOutOfAccumulatedOtherComprehensiveIncomeMember2023-
07-012023-12-310000076334us-gaap:AccumulatedDefinedBenefitPlansAdjustmentNetUnamortizedGainLossMemberus-
gaap:ReclassificationOutOfAccumulatedOtherComprehensiveIncomeMember2023-10-012023-12-310000076334us-
gaap:AccumulatedDefinedBenefitPlansAdjustmentNetUnamortizedGainLossMemberus-gaap:ReclassificationOutOfAccumulatedOtherComprehensiveIncomeMember2023-07-012023-12-
310000076334us-gaap:AccumulatedDefinedBenefitPlansAdjustmentMemberus-gaap:ReclassificationOutOfAccumulatedOtherComprehensiveIncomeMember2023-10-012023-12-
310000076334us-gaap:AccumulatedDefinedBenefitPlansAdjustmentMemberus-gaap:ReclassificationOutOfAccumulatedOtherComprehensiveIncomeMember2023-07-012023-12-
310000076334ph:DiversifiedIndustrialSegmentMember2024-06-300000076334ph:AerospaceSystemsSegmentMember2024-06-300000076334ph:DiversifiedIndustrialSegmentMember2024-
12-310000076334ph:AerospaceSystemsSegmentMember2024-12-310000076334ph:PatentsAndTechnologyMember2024-12-310000076334ph:PatentsAndTechnologyMember2024-06-
300000076334us-gaap:TradeNamesMember2024-12-310000076334us-gaap:TradeNamesMember2024-06-300000076334ph:CustomerRelationshipsAndOtherMember2024-12-
310000076334ph:CustomerRelationshipsAndOtherMember2024-06-300000076334country:USus-gaap:PensionPlansDefinedBenefitMember2024-10-012024-12-310000076334country:USus-
gaap:PensionPlansDefinedBenefitMember2023-10-012023-12-310000076334us-gaap:ForeignPlanMemberus-gaap:PensionPlansDefinedBenefitMember2024-10-012024-12-310000076334us-
gaap:ForeignPlanMemberus-gaap:PensionPlansDefinedBenefitMember2023-10-012023-12-310000076334us-gaap:OtherPostretirementBenefitPlansDefinedBenefitMember2024-10-012024-
12-310000076334us-gaap:OtherPostretirementBenefitPlansDefinedBenefitMember2023-10-012023-12-310000076334country:USus-gaap:PensionPlansDefinedBenefitMember2024-07-
012024-12-310000076334country:USus-gaap:PensionPlansDefinedBenefitMember2023-07-012023-12-310000076334us-gaap:ForeignPlanMemberus-
gaap:PensionPlansDefinedBenefitMember2024-07-012024-12-310000076334us-gaap:ForeignPlanMemberus-gaap:PensionPlansDefinedBenefitMember2023-07-012023-12-310000076334us-
gaap:OtherPostretirementBenefitPlansDefinedBenefitMember2024-07-012024-12-310000076334us-gaap:OtherPostretirementBenefitPlansDefinedBenefitMember2023-07-012023-12-
310000076334ph:TermLoanFacilityMemberus-gaap:LineOfCreditMemberus-gaap:LoansPayableMember2024-07-012024-12-310000076334ph:FixedRateMediumTermNoteMemberus-

gaap:MediumTermNotesMember2024-11-012024-11-300000076334ph:FixedRateMediumTermNoteMemberus-gaap:MediumTermNotesMember2024-11-300000076334srt:MaximumMember2024-07-012024-12-310000076334us-gaap:CarryingReportedAmountFairValueDisclosureMember2024-12-310000076334us-gaap:CarryingReportedAmountFairValueDisclosureMember2024-06-300000076334us-gaap:EstimateOfFairValueFairValueDisclosureMember2024-12-310000076334us-gaap:EstimateOfFairValueFairValueDisclosureMember2024-06-300000076334ph:SeniorNotesDue2025Memberus-gaap:SeniorNotesMember2024-12-310000076334us-gaap:CurrencySwapMember2023-12-310000076334us-gaap:CurrencySwapMember2024-12-310000076334us-gaap:CurrencySwapMember2024-06-300000076334us-gaap:ForwardContractsMember2023-12-310000076334us-gaap:ForwardContractsMember2024-12-310000076334us-gaap:ForwardContractsMember2024-06-300000076334ph:CurrencySwapDueNovember2034Member2024-12-310000076334ph:CurrencySwapDueMay2038Member2024-12-310000076334us-gaap:ForwardContractsMember2024-10-012024-12-310000076334us-gaap:ForwardContractsMember2023-10-012023-12-310000076334us-gaap:ForwardContractsMember2024-07-012024-12-310000076334us-gaap:ForwardContractsMember2023-07-012023-12-310000076334us-gaap:CurrencySwapMemberus-gaap:DesignatedAsHedgingInstrumentMember2024-10-012024-12-310000076334us-gaap:CurrencySwapMemberus-gaap:DesignatedAsHedgingInstrumentMember2023-10-012023-12-310000076334us-gaap:CurrencySwapMemberus-gaap:DesignatedAsHedgingInstrumentMember2024-07-012024-12-310000076334us-gaap:CurrencySwapMemberus-gaap:DesignatedAsHedgingInstrumentMember2023-07-012023-12-310000076334ph:ForeignCurrencyDenominatedDebtMemberus-gaap:DesignatedAsHedgingInstrumentMember2024-10-012024-12-310000076334ph:ForeignCurrencyDenominatedDebtMemberus-gaap:DesignatedAsHedgingInstrumentMember2023-10-012023-12-310000076334ph:ForeignCurrencyDenominatedDebtMemberus-gaap:DesignatedAsHedgingInstrumentMember2024-07-012024-12-310000076334ph:ForeignCurrencyDenominatedDebtMemberus-gaap:DesignatedAsHedgingInstrumentMember2023-07-012023-12-310000076334us-gaap:FairValueInputsLevel1Member2024-12-310000076334us-gaap:FairValueInputsLevel2Member2024-12-310000076334us-gaap:FairValueInputsLevel3Member2024-12-310000076334us-gaap:FairValueInputsLevel1Member2024-06-300000076334us-gaap:FairValueInputsLevel2Member2024-06-300000076334us-gaap:FairValueInputsLevel3Member2024-06-300000076334us-gaap:OperatingSegmentsMember2024-10-012024-12-310000076334us-gaap:OperatingSegmentsMember2023-10-012023-12-310000076334us-gaap:OperatingSegmentsMember2024-07-012024-12-310000076334us-gaap:OperatingSegmentsMember2023-07-012023-12-31UNITED STATESSECURITIES AND EXCHANGE COMMISSIONWASHINGTON, D.C. 20549FORM 10-QÂ â˜’QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934For the quarterly period ended December 31, 2024 ORÂ â˜TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934For the transition period from Â Â Â Â Â Â Â Â Â Â Â Â to Â Â Â Â Â Â Â Â Â Â Â Â Â Commission File number 1-4982 Â PARKER-HANNIFIN CORPORATION (Exact name of registrant as specified in its charter)Ohio34-0451060(State or other jurisdiction ofIncorporation or Organization)(I.R.S. EmployerIdentification No.)6035 Parkland Boulevard,Cleveland,Ohio44124-4141(Address of Principal Executive Offices)(Zip Code)Registrantâ€™s telephone number, including area code: (216) 896-3000 Securities registered pursuant to SectionÂ 12(b) of the Act:Title of Each ClassTrading SymbolName of Each Exchange on which RegisteredCommon Shares, $.50 par valuePHNew York Stock ExchangeIndicate by check mark whether the Registrant (1)Â has filed all reports required to be filed by SectionÂ 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2)Â has been subject to such filing requirements for the past 90 days.Â Â Â Â YesÂ Â â˜’Â Â Â Â NoÂ Â â˜Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (Â§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files).Â Â Â Â YesÂ Â â˜’Â Â Â Â NoÂ â˜Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of â€œlarge accelerated filer,â€ â€œaccelerated filer,â€ â€œsmaller reporting companyâ€ and "emerging growth company" in Rule 12b-2 of the Exchange Act:Â Large accelerated filerÂ â˜’Â Â AcceleratedÂ filerÂ â˜Non-accelerated filerÂ â˜Â Â SmallerÂ reportingÂ companyÂ â˜Emerging growth companyÂ â˜If an emerging growth company, indicate by check mark if the Registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. â˜Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).YesÂ Â â˜Â Â Â Â NoÂ Â â˜’Number of Common Shares outstanding at DecemberÂ 31, 2024: 128,764,843 PART I - FINANCIAL INFORMATIONITEMÂ 1. FINANCIAL STATEMENTSPARKER-HANNIFIN CORPORATIONCONSOLIDATED STATEMENT OF INCOME(Dollars in thousands, except per share amounts)(Unaudited)Â Three Months EndedSix Months EndedDecember 31,December 31,Â 2024202320242023Net sales$4,742,593Â $4,820,947Â $9,646,577Â $9,668,435Â Cost of sales3,022,229Â 3,101,962Â 6,119,948Â 6,199,311Â Selling, general and administrative expenses782,421Â 806,802Â 1,631,210Â 1,680,493Â Interest expense100,802Â 129,029Â 213,893Â 263,497Â Other income, net(328,716)(85,011)(359,517)(163,466)Income before income taxes1,165,857Â 868,165Â 2,041,043Â 1,688,600Â Income taxes217,208Â 186,108Â 393,866Â 355,471Â Net income948,649Â 682,057Â 1,647,177Â 1,333,129Â Less: Noncontrolling interest in subsidiaries' earnings107Â 206Â 215Â 451Â Net income attributable to common shareholders$948,542Â $681,851Â $1,646,962Â $1,332,678Â Earnings per share attributable to common shareholders:Basic$7.37Â $5.31Â $12.80Â $10.38Â Diluted$7.25Â $5.23Â $12.60Â $10.23Â See accompanying notes to consolidated financial statements.- 2 -PARKER-HANNIFIN CORPORATIONCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME(Dollars in thousands)(Unaudited)Â Three Months EndedSix Months EndedDecember 31,December 31,Â 2024202320242023Net income$948,649Â $682,057Â $1,647,177Â $1,333,129Â Less: Noncontrolling interests in subsidiaries' earnings107Â 206Â 215Â 451Â Net income attributable to common shareholders948,542Â 681,851Â 1,646,962Â 1,332,678Â Other comprehensive (loss) income, net of taxÂ Â Foreign currency translation adjustment(449,152)272,235Â (104,606)49,703Â Â Â Retirement benefits plan activity 3,410Â 1,911Â 6,861Â 2,729Â Â Â Â Â Other comprehensive (loss) income (445,742)274,146Â (97,745)52,432Â Less: Other comprehensive (loss) income for noncontrolling interests(1,048)415Â (628)776Â Other comprehensive (loss) income attributable to common shareholders(444,694)273,731Â (97,117)51,656Â Total comprehensive income attributable to common shareholders$503,848Â $955,582Â $1,549,845Â $1,384,334Â See accompanying notes to consolidated financial statements.- 3 -PARKER-HANNIFIN CORPORATIONCONSOLIDATED BALANCE SHEET(Dollars in thousands)(Unaudited)December 31,2024June 30,2024ASSETSCurrent assets:Cash and cash equivalents$395,507Â $422,027Â Trade accounts receivable, net2,445,845Â 2,865,546Â Non-trade and notes receivable304,829Â 331,429Â Inventories2,806,983Â 2,786,800Â Prepaid expenses246,467Â 252,618Â Other current assets148,831Â 140,204Â Total current assets6,348,462Â 6,798,624Â Property, plant and equipment7,039,883Â 7,074,574Â Less: Accumulated depreciation4,238,891Â 4,198,906Â Property, plant and equipment, net2,800,992Â 2,875,668Â Deferred income taxes87,400Â 92,704Â Investments and other assets1,232,636Â 1,207,232Â Intangible assets, net7,444,670Â 7,816,181Â Goodwill10,357,303Â 10,507,433Â Total assets$28,271,463Â $29,297,842Â LIABILITIESCurrent liabilities:Notes payable and long-term debt payable within one year$2,373,286Â $3,403,065Â Accounts payable, trade1,794,884Â 1,991,639Â Accrued payrolls and other compensation420,477Â 581,251Â Accrued domestic and foreign taxes364,143Â 354,659Â Other accrued liabilities1,034,501Â 982,695Â Total current liabilities5,987,291Â 7,313,309Â Long-term debt6,667,955Â 7,157,034Â Pensions and other postretirement benefits409,873Â 437,490Â Deferred income taxes1,394,882Â 1,583,923Â Other liabilities684,401Â 725,193Â Total liabilities15,144,402Â 17,216,949Â EQUITYShareholdersâ€™ equity:Serial preferred stock, $.50 par value; authorized 3,000,000 shares; none issuedâ€”Â â€”Â Common stock, $.50 par value; authorized 600,000,000 shares; issued 181,046,128 shares at DecemberÂ 31 and JuneÂ 3090,523Â 90,523Â Additional paid-in capital244,191Â 264,508Â Retained earnings20,331,500Â 19,104,599Â Accumulated other comprehensive (loss)(1,535,129)(1,438,012)Treasury shares, at cost; 52,281,285 shares at DecemberÂ 31 and 52,442,162 shares at JuneÂ 30(6,012,532)(5,949,646)Total shareholdersâ€™ equity13,118,553Â 12,071,972Â Noncontrolling interests8,508Â 8,921Â Total equity13,127,061Â 12,080,893Â Total liabilities and equity$28,271,463Â $29,297,842Â See accompanying notes to consolidated financial statements.- 4 -PARKER-HANNIFIN CORPORATIONCONSOLIDATED STATEMENT OF CASH FLOWS(Dollars in thousands)(Unaudited) Six Months EndedÂ December 31,Â 20242023CASH FLOWS FROM OPERATING ACTIVITIESNet income$1,647,177Â $1,333,129Â Adjustments to reconcile net income to net cash provided by operating activities:Depreciation176,622Â 170,618Â Amortization278,247Â 297,547Â Stock incentive plan compensation106,472Â 108,061Â Deferred income taxes50,150Â (81,592)Foreign currency transaction loss (gain)5,203Â (15,932)(Gain) loss on property, plant and equipment and intangible assets(6,975)5,097Â Gain on sale of businesses(250,373)(25,964)Other, net6,231Â 11,193Â Changes in assets and liabilities, net of effect of acquisitions and divestitures:Accounts receivable, net362,306Â 213,436Â Inventories(138,280)(170,032)Prepaid expenses3,352Â 15,779Â Other current assets(4,524)1,865Â Other assets(52,803)(65,395)Accounts payable, trade(153,045)(86,208)Accrued payrolls and other compensation(145,422)(180,888)Accrued domestic and foreign taxes11,417Â (76,294)Other accrued liabilities(158,832)3,132Â Pensions and other postretirement benefits(16,601)(64,493)Other liabilities(41,589)(41,072)Net cash provided by operating activities1,678,733Â 1,351,987Â CASH FLOWS FROM INVESTING ACTIVITIESCapital expenditures(216,493)(204,117)Proceeds from sale of property, plant and equipment13,259Â 1,360Â Proceeds from sale of businesses622,182Â 74,595Â Other, net(6,941)(2,954)Net cash provided by (used in) investing activities412,007Â (131,116)CASH FLOWS FROM FINANCING ACTIVITIESProceeds from exercise of stock options2,636Â 1,928Â Payments for common shares(192,317)(138,322)Acquisition of noncontrolling interestsâ€”Â (2,883)Payments for notes payable, net(505,447)(584,207)Proceeds from long-term borrowings11,839Â 11,839Â Payments for long-term borrowings(1,000,876)(212,479)Dividends paid(420,061)(381,115)Net cash used in financing activities(2,104,226)(1,305,239)Effect of exchange rate changes on cash(13,034)(7,999)Net decrease in cash and cash equivalents(26,520)(92,367)Cash and cash equivalents at beginning of year422,027Â 475,182Â Cash and cash equivalents at end of period$395,507Â $382,815Â See accompanying notes to consolidated financial statements.- 5 -PARKER-HANNIFIN CORPORATIONNOTES TO CONSOLIDATED FINANCIAL STATEMENTS(Dollars in thousands, except per share amounts or as otherwise noted)As used in this Quarterly Report on Form 10-Q, unless the context otherwise requires, the terms "Company", "Parker", "we" or "us" refer to Parker-Hannifin Corporation and its subsidiaries.1. Management representationIn the opinion of the management of the Company, the accompanying unaudited consolidated financial statements contain all adjustments (consisting of only normal recurring adjustments) necessary to present fairly the Company's financial position as of DecemberÂ 31, 2024, the results of operations for the three and six months ended DecemberÂ 31, 2024 and 2023 and cash flows for the six months then ended. These financial statements should be read in conjunction with the consolidated financial statements and related notes included in the Companyâ€™s 2024 Annual Report on Form 10-K.Subsequent EventsThe Company has evaluated subsequent events that occurred through the date these financial statements were issued. No subsequent events have occurred that required adjustment to or disclosure in these financial statements.2. New accounting pronouncementsIn November 2024, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2024-03, â€œIncome Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses,â€ which requires expanded interim and annual disclosures of expense information, including the amounts of inventory purchases, employee compensation, depreciation, amortization and depletion within commonly presented expense captions during the period. The amendments are effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. The amendments should be applied either (1) prospectively to financial statements issued for reporting periods after the effective date or (2) retrospectively to any or all prior periods presented in the financial statements. The Company is currently evaluating the ASU to determine its impact on the Company's disclosures.In December 2023, the FASB issued 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. The amendments should be applied retrospectively to all prior periods presented in the financial statements. We plan to adopt the standard beginning with our fiscal 2025 Form 10-K. We expect this ASU to result in expanded disclosure of segment financial information with no impact on our financial position and results of operations.In September 2022, the FASB issued ASU 2022-04, "Liabilitiesâ€”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 programâ€™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 Company adopted the guidance on July 1, 2023, except for the annual rollforward requirement, which was adopted on July 1, 2024, and will be presented in the Company's Annual Report on Form 10-K for fiscal 2025. The adoption did not have a material impact on the Company's condensed consolidated financial statements. Refer to Note 10 for further discussion.- 6 -3. Revenue recognitionRevenue is derived primarily from the sale of products in the aerospace and defense, in-plant and industrial equipment, transportation, off-highway, energy and HVAC and refrigeration markets. A majority of the Companyâ€™s revenues are recognized at a point in time. However, a portion of the Companyâ€™s revenues are recognized over time.Diversified Industrial Segment revenues by technology platform:Three Months EndedSix Months EndedDecember 31,December 31,2024202320242023Motion Systems$804,462Â $917,966Â $1,653,011Â $1,860,280Â Flow and Process Control1,059,614Â 1,122,400Â 2,185,248Â 2,303,861Â Filtration and Engineered Materials1,388,730Â 1,474,107Â 2,870,705Â 2,968,860Â Total$3,252,806Â $3,514,473Â $6,708,964Â $7,133,001Â Aerospace Systems Segment revenues by market segment:Three Months EndedSix Months EndedDecember 31,December 31,2024202320242023Commercial original equipment manufacturer ("OEM")$448,138Â $424,768Â $881,373Â $843,384Â Commercial aftermarket530,760Â 437,762Â 1,051,589Â 828,968Â Defense OEM284,834Â 263,313Â 547,125Â 526,378Â Defense aftermarket226,055Â 180,631Â 457,526Â 336,704Â Total$1,489,787Â $1,306,474Â $2,937,613Â $2,535,434Â Total Company revenues by geographic region based on the Company's selling operation's location:Three Months EndedSix Months EndedDecember 31,December 31,2024202320242023North America$3,197,751Â $3,234,158Â $6,531,411Â $6,527,249Â Europe897,832Â 947,584Â 1,832,412Â 1,889,299Â Asia Pacific596,007Â 583,920Â 1,175,918Â 1,138,325Â Latin America51,003Â 55,285Â 106,836Â 113,562Â Total$4,742,593Â $4,820,947Â $9,646,577Â $9,668,435Â The majority of revenues from the Aerospace Systems Segment are generated from sales within North America. Contract 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.- 7 -Total contract assets and contract liabilities are as follows:December 31,2024June 30,2024Contract assets, current (included within Other current assets)$137,877Â $136,814Â Contract assets, noncurrent (included within Investments and other assets)16,552Â 21,063Â Total contract assets154,429Â 157,877Â Contract liabilities, current (included within Other accrued liabilities)(187,997)(183,868)Contract liabilities, noncurrent (included within Other liabilities)(81,864)(77,957)Total contract liabilities(269,861)(261,825)Net contract liabilities$(115,432)$(103,948)Net contract liabilities at DecemberÂ 31, 2024 increased from the JuneÂ 30, 2024 amount primarily due to timing differences between when revenue was recognized and the receipt of advance payments. During the six months ended DecemberÂ 31, 2024, approximately $125Â million of revenue was recognized that was included in the contract liabilities at JuneÂ 30, 2024.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 DecemberÂ 31, 2024 was $10.5 billion, of which approximately 74 percent is expected to be recognized as revenue within the next 12 months and the balance thereafter.4. DivestituresWe continually assess our existing businesses and may divest those that are not considered to be a good long-term strategic fit for the Company.During November 2024, we divested our composites and fuel containment ("CFC") business within the North America businesses of the Diversified Industrial Segment, which was acquired in the acquisition of Meggitt plc ("Meggitt"), for net proceeds of $555 million. The resulting pre-tax gain of $238 million is included in other income, net in the Consolidated Statement of Income. The operating results and net assets of this business were immaterial to the Company's consolidated results of operations and financial position.During November 2024, we divested a non-core filtration business within the North America businesses of the Diversified Industrial Segment for proceeds of $66 million. The resulting pre-tax gain of $11 million is included in other income, net in the Consolidated Statement of Income. The operating results and net assets of this business were immaterial to the Company's consolidated results of operations and financial position.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 other income, 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 other income, 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.- 8 -5. Earnings per shareThe following table presents a reconciliation of the numerator and denominator of basic and diluted earnings per share for the three and six months ended DecemberÂ 31, 2024 and 2023.Three Months EndedSix Months EndedDecember 31,December 31,Â 2024202320242023Numerator:Net income attributable to common shareholders$948,542Â $681,851Â $1,646,962Â $1,332,678Â Denominator:Basic - weighted average common shares128,752,836Â 128,426,247Â 128,707,962Â 128,449,398Â Increase in weighted average common shares from dilutive effect of equity-based awards2,005,972Â 1,941,104Â 2,008,520Â 1,864,928Â Diluted - weighted average common shares, assuming exercise of equity-based awards130,758,808Â 130,367,351Â 130,716,482Â 130,314,326Â Basic earnings per share$7.37Â $5.31Â $12.80Â $10.38Â Diluted earnings per share$7.25Â $5.23Â $12.60Â $10.23Â For the three months ended DecemberÂ 31, 2024 and 2023, 180,043 and 458,864 common shares subject to equity-based awards, respectively, were excluded from the computation of diluted earnings per share because the effect of their exercise would be anti-dilutive. For the six months ended DecemberÂ 31, 2024 and 2023, 262,527 and 344,226 common shares subject to equity-based awards, respectively, were excluded from the computation of diluted earnings per share because the effect of their exercise would be anti-dilutive.6. Share repurchase programThe 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 for repurchase under the program so that, beginning on such date, the aggregate number of shares authorized for repurchase was 35Â million. There is no limitation on the number of shares that can be repurchased in a fiscal year. There is no expiration date for this program. Repurchases may be funded primarily from operating cash flows and commercial paper borrowings and the shares are initially held as treasury shares. During the three months ended DecemberÂ 31, 2024, we repurchased 75,764 shares at an average price, including commissions, of $659.94 per share. During the six months ended DecemberÂ 31, 2024, we repurchased 164,585 shares at an average price, including commissions, of $607.59 per share.7. Trade accounts receivable, netTrade accounts receivable are initially recorded at their net collectible amount and are generally recorded at the time the revenue from the sales transaction is recorded. We evaluate the collectibility of our receivables based on historical experience and current and forecasted economic conditions based on management's judgment. Additionally, receivables are written off to bad debt when management makes a final determination of uncollectibility. Allowance for credit losses was $12 million and $21 million at DecemberÂ 31, 2024 and JuneÂ 30, 2024, respectively.8. Non-trade and notes receivableThe non-trade and notes receivable caption in the Consolidated Balance Sheet is comprised of the following components:December 31,2024June 30,2024Notes receivable$90,643Â $93,114Â Accounts receivable, other214,186Â 238,315Â Total$304,829Â $331,429Â - 9 -9. InventoriesThe inventories caption in the Consolidated Balance Sheet is comprised of the following components:December 31,2024June 30,2024Finished products$784,543Â $777,775Â Work in process1,461,227Â 1,421,104Â Raw materials561,213Â 587,921Â Total$2,806,983Â $2,786,800Â 10. 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 $119 million and $116 million payable to suppliers who have elected to participate in the SCF programs as of DecemberÂ 31, 2024 and JuneÂ 30, 2024, respectively. The amounts settled through the SCF programs and paid to the participating financial intermediaries totaled $215 million and $140 million during the first six months of fiscal 2025 and 2024, respectively. 11. Business realignment and acquisition integration chargesWe incurred business realignment and acquisition integration charges in the first six months of fiscal 2025 and 2024, which 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 both fiscal 2025 and 2024, 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:Three Months EndedSix Months EndedÂ December 31,December 31,Â 2024202320242023Diversified Industrial$19,343Â $13,285Â $28,243Â $25,924Â Aerospace Systems386Â (123)394Â 330Â Corporate general and administrative expenses575Â â€”Â 575Â â€”Â Other expense, net551Â 1,192Â 1,149Â 1,192Â Reductions to our workforce made in connection with such business realignment charges by business segment are as follows:Three Months EndedSix Months EndedÂ December 31,December 31,Â 2024202320242023Diversified Industrial393Â 190Â 720Â 515Â Aerospace Systems16Â â€”Â 16Â 2Â Corporate general and administrative expenses14Â â€”Â 14Â â€”Â - 10 -The business realignment charges are presented in the Consolidated Statement of Income as follows:Three Months EndedSix Months EndedÂ December 31,December 31,Â 2024202320242023Cost of sales$10,590Â $8,467Â $16,030Â $15,451Â Selling, general and administrative expenses9,714Â 4,695Â 13,182Â 10,803Â Other income, net551Â 1,192Â 1,149Â 1,192Â During the first six months of fiscal 2025, approximately $22 million in payments were made relating to business realignment charges. Remaining payments related to business realignment actions of approximately $21 million, a majority of which are expected to be paid by SeptemberÂ 30, 2025, 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 actions described above, the timing and amount of which are not known at this time.We also incurred the following acquisition integration charges: Three Months EndedSix Months EndedÂ December 31,December 31,Â 2024202320242023Diversified Industrial$627Â $871Â $1,405Â $2,010Â Aerospace Systems6,266Â 9,143Â 11,899Â 14,410Â Charges incurred in fiscal 2025 and 2024 relate to the acquisition of Meggitt. In both fiscal 2025 and 2024, these charges were primarily included in selling, general and administrative expenses ("SG&A") within the Consolidated Statement of Income. 12. EquityChanges in equity for the three months ended DecemberÂ 31, 2024 and 2023 are as follows:Common StockAdditional Paid-in CapitalRetained EarningsAccumulated Other Comprehensive (Loss)Treasury SharesNoncontrollingInterestsTotalÂ EquityBalance at September 30, 2024$90,523Â $275,019Â $19,593,082Â $(1,090,435)$(5,976,289)$9,449Â $12,901,349Â Net income948,542Â 107Â 948,649Â Other comprehensive loss(444,694)(1,048)(445,742)Dividends paid ($1.63 per share)(210,124)(210,124)Stock incentive plan activity(30,828)13,757Â (17,071)Shares purchased at cost(50,000)(50,000)Balance at December 31, 2024$90,523Â $244,191Â $20,331,500Â $(1,535,129)$(6,012,532)$8,508Â $13,127,061Â Common StockAdditional Paid-in CapitalRetained EarningsAccumulated Other Comprehensive (Loss)Treasury SharesNoncontrollingInterestsTotalÂ EquityBalance at September 30, 2023$90,523Â $337,162Â $17,501,909Â $(1,514,947)$(5,849,265)$9,568Â $10,574,950Â Net income681,851Â 206Â 682,057Â Other comprehensive income273,731Â 415Â 274,146Â Dividends paid ($1.48 per share)(190,307)(388)(190,695)Stock incentive plan activity15,655Â 6,265Â 21,920Â Shares purchased at cost(49,999)(49,999)Balance at December 31, 2023$90,523Â $352,817Â $17,993,453Â $(1,241,216)$(5,892,999)$9,801Â $11,312,379Â - 11 -Changes in equity for the six months ended DecemberÂ 31, 2024 and 2023 are as follows:Common StockAdditional Paid-in CapitalRetained EarningsAccumulated Other Comprehensive (Loss)Treasury SharesNoncontrollingInterestsTotalÂ EquityBalance at June 30, 2024$90,523Â $264,508Â $19,104,599Â $(1,438,012)$(5,949,646)$8,921Â $12,080,893Â Net income1,646,962Â 215Â 1,647,177Â Other comprehensive loss(97,117)(628)(97,745)Dividends paid ($3.26 per share)(420,061)(420,061)Stock incentive plan activity(20,317)37,113Â 16,796Â Shares purchased at cost(99,999)(99,999)Balance at December 31, 2024$90,523Â $244,191Â $20,331,500Â $(1,535,129)$(6,012,532)$8,508Â $13,127,061Â Common StockAdditional Paid-in CapitalRetained EarningsAccumulated Other Comprehensive (Loss)Treasury SharesNoncontrollingInterestsTotalÂ EquityBalance at June 30, 2023$90,523Â $305,522Â $17,041,502Â $(1,292,872)$(5,817,787)$11,391Â $10,338,279Â Net income1,332,678Â 451Â 1,333,129Â Other comprehensive income51,656Â 776Â 52,432Â Dividends paid ($2.96 per share)(380,727)(388)(381,115)Stock incentive plan activity46,880Â 24,787Â 71,667Â Acquisition activity415Â (2,429)(2,014)Shares purchased at cost(99,999)(99,999)Balance at December 31, 2023$90,523Â $352,817Â $17,993,453Â $(1,241,216)$(5,892,999)$9,801Â $11,312,379Â Changes in accumulated other comprehensive (loss) in shareholders' equity by component for the six months ended DecemberÂ 31, 2024 and 2023 are as follows:Â Foreign Currency Translation AdjustmentRetirement Benefit PlansTotal Balance at June 30, 2024$(1,129,997)$(308,015)$(1,438,012)Other comprehensive (loss) before reclassifications(103,978)â€”Â (103,978)Amounts reclassified from accumulated other comprehensive (loss)â€”Â 6,861Â 6,861Â Balance at December 31, 2024$(1,233,975)$(301,154)$(1,535,129)Â Foreign Currency Translation AdjustmentRetirement Benefit PlansTotalBalance at June 30, 2023$(962,044)$(330,828)$(1,292,872)Other comprehensive income before reclassifications48,927Â â€”Â 48,927Â Amounts reclassified from accumulated other comprehensive (loss)â€”Â 2,729Â 2,729Â Balance at December 31, 2023$(913,117)$(328,099)$(1,241,216)- 12 -Significant reclassifications out of accumulated other comprehensive (loss) in shareholders' equity for the six months ended DecemberÂ 31, 2024 and 2023 are as follows:Details about Accumulated Other Comprehensive (Loss) ComponentsIncome (Expense) Reclassified from Accumulated Other Comprehensive (Loss)Consolidated Statement of Income ClassificationThree Months EndedSix Months EndedDecember 31, 2024December 31, 2024Retirement benefit plansAmortization of prior service cost and initial net obligation(826)(1,653)Other income, netRecognized actuarial loss(3,747)(7,551)Other income, netTotal before tax(4,573)(9,204)Tax benefit1,163Â 2,343Â Net of tax$(3,410)$(6,861)Details about Accumulated Other Comprehensive (Loss) ComponentsIncome (Expense) Reclassified from Accumulated Other Comprehensive (Loss)Consolidated Statement of Income ClassificationThree Months EndedSix Months EndedDecember 31, 2023December 31, 2023Retirement benefit plansAmortization of prior service cost and initial net obligation(334)(636)Other income, netRecognized actuarial loss(2,309)(3,101)Other income, netTotal before tax(2,643)(3,737)Tax benefit732Â 1,008Â Net of tax$(1,911)$(2,729)13. Goodwill and intangible assetsThe changes in the carrying amount of goodwill for the six months ended DecemberÂ 31, 2024 are as follows:Diversified IndustrialSegmentAerospaceSystemsSegmentTotalBalance at June 30, 2024$7,607,429Â $2,900,004Â $10,507,433Â Divestitures(89,549)â€”Â (89,549)Foreign currency translation(50,556)(10,025)(60,581)Balance at December 31, 2024$7,467,324Â $2,889,979Â $10,357,303Â Divestitures relate to both CFC and a non-core filtration business. Refer to Note 4 for further discussion.Intangible assets are amortized using the straight-line method over their legal or estimated useful lives. The following summarizes the gross carrying value and accumulated amortization for each major category of intangible assets:Â December 31, 2024June 30, 2024Â Gross CarryingAmountAccumulatedAmortizationGrossÂ CarryingAmountAccumulatedAmortizationPatents and technology$2,086,865Â $497,399Â $2,116,999Â $451,908Â Trade names1,009,053Â 459,186Â 1,041,633Â 441,382Â Customer relationships and other7,957,816Â 2,652,479Â 8,044,208Â 2,493,369Â Total$11,053,734Â $3,609,064Â $11,202,840Â $3,386,659Â Total intangible asset amortization expense for the six months ended DecemberÂ 31, 2024 and 2023 was $278 million and $298 million, respectively. The estimated amortization expense for the five years ending JuneÂ 30, 2025 through 2029 is $550Â million, $547 million, $539 million, $532 million and $506 million, respectively.- 13 -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 during the six months ended DecemberÂ 31, 2024 and 2023.14. Retirement benefitsNet pension (benefit) expense recognized included the following components:U.S. Pension BenefitsNon-U.S. Pension BenefitsThree Months EndedThree Months EndedÂ December 31,December 31,Â 2024202320242023Service cost$6,973Â $6,747Â $5,440Â $5,673Â Interest cost46,013Â 47,726Â 18,604Â 19,826Â Expected return on plan assets(61,244)(64,383)(21,250)(23,850)Amortization of prior service cost762Â 243Â 64Â 91Â Amortization of net actuarial loss2,578Â 1,207Â 1,614Â 1,586Â Net pension (benefit) expense$(4,918)$(8,460)$4,472Â $3,326Â We recognized $0.5 million and $0.4 million in expense related to other postretirement benefits during the three months ended DecemberÂ 31, 2024 and 2023, respectively. U.S. Pension BenefitsNon-U.S. Pension BenefitsSix Months EndedSix Months EndedÂ December 31,December 31,Â 2024202320242023Service cost$13,946Â $14,651Â $11,081Â $11,296Â Interest cost92,026Â 94,752Â 37,806Â 39,681Â Expected return on plan assets(122,487)(128,765)(43,179)(47,716)Amortization of prior service cost1,525Â 454Â 128Â 182Â Amortization of net actuarial loss5,155Â 803Â 3,286Â 3,172Â Net pension (benefit) expense$(9,835)$(18,105)$9,122Â $6,615Â During the six months ended DecemberÂ 31, 2024 and 2023, we recognized $1.0 million and $1.1 million, respectively, in expense related to other postretirement benefits. Components of retirement benefits expense, other than service cost, are included in other income, net in the Consolidated Statement of Income.15. DebtOur debt portfolio included a term loan facility (the â€œTerm Loan Facilityâ€). During the six months ended DecemberÂ 31, 2024, we repaid the remaining principal balance of $490 million of the Term Loan Facility. Additionally, we repaid the $500 million aggregate principal amount of fixed rate medium-term notes bearing interest of 3.3 percent upon maturity in November 2024. Refer to the Companyâ€™s 2024 Annual Report on Form 10-K for further discussion.Commercial paper notes outstanding at DecemberÂ 31, 2024 and JuneÂ 30, 2024 were $1.6 billion and $2.1 billion, respectively. Based on the Companyâ€™s rating level at DecemberÂ 31, 2024, the most restrictive financial covenant provides that the ratio of debt to debt-shareholders' equity cannot exceed 0.65 to 1.0. At DecemberÂ 31, 2024, our debt to debt-shareholders' equity ratio was 0.41 to 1.0. We are in compliance, and expect to remain in compliance, with all covenants set forth in the credit agreement and indentures governing certain debt securities.16. Income taxesIn 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 - 14 -beginning after December 31, 2023, which for us is fiscal year 2025. Pillar Two does not currently have a significant impact on our consolidated financial statements. Future legislation and guidance may result in a change to our assessment.Unrecognized tax benefits reflect the difference between positions taken or expected to be taken on income tax returns and the amounts reflected in the financial statements. As of DecemberÂ 31, 2024, we had gross unrecognized tax benefits of $89 million, all of which, if recognized, would impact the effective tax rate. The accrued interest and accrued penalties related to the gross unrecognized tax benefits, excluded from the amount above, is $25 million and $2 million, respectively. 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 gross 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 on our U.S. federal income tax returns by the Internal Revenue Service for fiscal years after 2013, and our state and local returns for fiscal years after 2016. We are also open to assessment for significant foreign jurisdictions for fiscal years after 2011. 17. Financial instrumentsOur financial instruments consist primarily of cash and cash equivalents, 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. 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 are as follows:December 31,2024June 30,2024Carrying value of long-term debt $7,451,244Â $8,469,739Â Estimated fair value of long-term debt 6,961,636Â 7,884,556Â The fair value of long-term debt is classified within level 2 of the fair value hierarchy.We utilize derivative and non-derivative financial instruments, including forward exchange contracts, cross-currency swap contracts and certain foreign currency denominated debt designated as net investment hedges, to manage foreign currency transaction and translation risk. 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.The Companyâ€™s â‚¬700 million aggregate principal amount of Senior Notes due 2025 have been designated as a hedge of the Companyâ€™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.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 in the Consolidated Balance Sheet are as follows:Balance Sheet CaptionDecember 31,2024June 30,2024Net investment hedgesCross-currency swap contractsInvestments and other assets$13,143Â $16,325Â Cross-currency swap contractsOther liabilities199Â 208Â Other derivative contractsForward exchange contractsNon-trade and notes receivable19,997Â 7,625Â Forward exchange contractsOther accrued liabilities1,858Â 72Â The cross-currency swap and forward exchange contracts are reflected on a gross basis in the Consolidated Balance Sheet. We have not entered into any master netting arrangements.- 15 -The â‚¬69 million, â‚¬290 million and Â¥2.1 billion of cross-currency swap contracts have been designated as hedging instruments. The forward exchange contracts have not been designated as hedging instruments and are considered to be economic hedges of forecasted transactions.The forward exchange contracts are adjusted to fair value by recording gains and losses in other income, net 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 â‚¬69 million, â‚¬290 million and Â¥2.1 billion of cross-currency swap contracts designated as hedging instruments using the spot method. Under this method, the periodic interest settlements are recognized directly in earnings through interest expense.Gains (losses) on derivative financial instruments that were recorded in the Consolidated Statement of Income are as follows:Three Months EndedSix Months EndedDecember 31,December 31,2024202320242023Forward exchange contracts$38,876Â $(2,249)$25,986Â $(1,813)Gains (losses) on derivative and non-derivative financial instruments that were recorded in accumulated other comprehensive (loss) on the Consolidated Balance Sheet are as follows:Three Months EndedSix Months EndedDecember 31,December 31,2024202320242023Cross-currency swap contracts$7,560Â $(17,900)$(2,201)$(15,317)Foreign currency denominated debt41,287Â (24,580)18,984Â (6,701)DuringÂ the six months ended DecemberÂ 31, 2024 and 2023, the periodic interest settlements related to the cross-currency swap contracts were not material.A summary of financial assets and liabilities that were measured at fair value on a recurring basis at DecemberÂ 31, 2024 and JuneÂ 30, 2024 are as follows:Quoted PricesSignificant OtherSignificantFairIn ActiveObservableUnobservableValue atMarketsInputsInputsDecember 31, 2024(Level 1)(Level 2)(Level 3)Assets:Derivatives$33,140Â $â€"Â $33,140Â $â€"Â Liabilities:Derivatives2,057Â â€"Â 2,057Â â€"Â Quoted PricesSignificant OtherSignificantFairIn ActiveObservableUnobservableValue atMarketsInputsInputsJune 30, 2024(Level 1)(Level 2)(Level 3)Assets:Derivatives$23,950Â $â€"Â $23,950Â $â€"Â Liabilities:Derivatives280Â â€"Â 280Â â€"Â 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 the 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.- 16 -There are no other financial assets or financial liabilities that are marked to market on a recurring basis. 18. Business segment informationThe Company operates in two reportable business segments: Diversified Industrial and Aerospace Systems. Both segments utilize eight core technologies, including hydraulics, pneumatics, electromechanical, filtration, fluid and gas handling, process control, engineered materials and climate control, to drive superior customer problem solving and value creation. Diversified Industrial - This 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.Aerospace Systems - This 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.Three Months EndedSix Months EndedÂ December 31,December 31,Â 2024202320242023Net salesDiversified Industrial$3,252,806Â $3,514,473Â $6,708,964Â $7,133,001Â Aerospace Systems1,489,787Â 1,306,474Â 2,937,613Â 2,535,434Â Total net sales$4,742,593Â $4,820,947Â $9,646,577Â $9,668,435Â Segment operating incomeDiversified Industrial$710,562Â $752,334Â $1,494,108Â $1,559,088Â Aerospace Systems338,184Â 263,112Â 661,170Â 489,372Â Total segment operating income1,048,746Â 1,015,446Â 2,155,278Â 2,048,460Â Corporate general and administrative expenses56,264Â 49,902Â 105,058Â 105,558Â Income before interest expense and other income, net992,482Â 965,544Â 2,050,220Â 1,942,902Â Interest expense100,802Â 129,029Â 213,893Â 263,497Â Other income, net(274,177)(31,650)(204,716)(9,195)Income before income taxes$1,165,857Â $868,165Â $2,041,043Â $1,688,600Â 19. Other income, netThe table below includes the components of other income, net in the Consolidated Statement of Income:Three Months EndedSix Months EndedDecember 31,December 31,Expense (income)2024202320242023Foreign currency transaction (gain) loss$(31,467)$(13,921)$5,203Â $(15,932)Income related to equity method investments(38,853)(36,544)(76,970)(74,655)Non-service components of retirement benefit cost(12,434)(16,987)(24,646)(35,473)Gain on disposal of assets and divestitures(248,613)(8,941)(257,348)(20,867)Interest income(2,431)(1,880)(5,248)(5,540)Other items, net5,082Â (6,738)(508)(10,999)$(328,716)$(85,011)$(359,517)$(163,466)- 17 -Equity method investments consist of investments in joint-venture companies in which ownership is 50 percent or less and in which the Company does not have operating control. During the six months ended DecemberÂ 31, 2024 and 2023, we received cash dividends from equity method investments of $73 million and $71 million, respectively. Sales to and services performed for equity method investments totaled $23 million and $17 million for the three months ended DecemberÂ 31, 2024 and 2023, respectively, and $43 million and $33 million for the six months ended DecemberÂ 31, 2024 and 2023, respectively.For further discussion of the gain on disposal of assets and divestitures and non-service components of retirement benefit cost refer to Notes 4 and 14, respectively.- 18 - Â Â Â Â Â Â Â Â PARKER-HANNIFIN CORPORATIONFORM 10-QITEMÂ 2. MANAGEMENTâ€™S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONSFOR THE THREE AND SIX MONTHS ENDED DECEMBERÂ 31, 2024 AND COMPARABLE PERIODS ENDED DECEMBERÂ 31, 2023 OVERVIEWThe 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 that 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 and defense, in-plant and industrial equipment, transportation, off-highway, energy and HVAC and refrigeration. We believe we can meet our strategic objectives by:â€¢serving the customer and continuously enhancing its experience with the Company;â€¢successfully executing The Win Strategy initiatives relating to engaged people, premier customer experience, profitable growth and financial performance;â€¢maintaining a decentralized division and sales company structure;â€¢fostering a safety-first and entrepreneurial culture;â€¢engineering innovative systems and products to provide superior customer value through improved service, efficiency and productivity;â€¢delivering products, systems and services that have demonstrable savings to customers and are priced by the value they deliver;â€¢enabling a sustainable future by providing innovative technology solutions that offer a positive global environmental impact and operating responsibly by reducing our energy use and emissions;â€¢acquiring strategic businesses;â€¢organizing around targeted regions, technologies and markets; â€¢driving efficiency by implementing lean enterprise principles; and â€¢creating a culture of empowerment through our values, inclusion and diversity, accountability and teamwork.Our order rates provide a near-term perspective of the Companyâ€™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. - 19 -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. As used in this Quarterly Report on Form 10-Q, unless the context otherwise requires, the terms "Company", "Parker", "we" or "us" refer to Parker-Hannifin Corporation and its subsidiaries. Dollars are presented in millions (except per share amounts or as otherwise noted) and computed based on the amounts in thousands; therefore, totals may not sum due to rounding.CONSOLIDATED STATEMENT OF INCOMEThree Months EndedSix Months EndedÂ December 31,December 31,(dollars in millions)2024202320242023Net sales$4,743Â $4,821Â $9,647Â $9,668Â Gross profit margin36.3Â %35.7Â %36.6Â %35.9Â %Selling, general and administrative expenses$782Â $807Â $1,631Â $1,680Â Selling, general and administrative expenses, as a percent of sales16.5Â %16.7Â %16.9Â %17.4Â %Interest expense$101Â $129Â $214Â $263Â Other income, net$(329)(85)(360)$(163)Effective tax rate18.6Â %21.4Â %19.3Â %21.1Â %Net income$949Â $682Â $1,647Â $1,333Â Net income, as a percent of sales20.0Â %14.1Â %17.1Â %13.8Â %Net sales decreased in the current-year quarter due to lower sales in the Diversified Industrial Segment, partially offset by higher sales in the Aerospace Systems Segment. The effect of currency exchange rate changes decreased net sales during the current-year quarter by approximately $46 million, which was primarily attributable to the Diversified Industrial Segment. The impact of divestiture activity decreased net sales by approximately $67 million during the current-year quarter.Net sales decreased in the first six months of fiscal 2025 due to lower sales in the Diversified Industrial Segment, partially offset by higher sales in the Aerospace Systems Segment. The effect of currency exchange rate changes decreased net sales during the first six months of fiscal 2025 by approximately $49 million, of which $56 million was attributable to the Diversified Industrial Segment, partially offset by an increase of $7 million in the Aerospace Systems Segment. The impact of divestiture activity decreased net sales by approximately $75 million during the first six months of fiscal 2025.Gross profit margin (calculated as net sales minus cost of sales, divided by net sales) increased in the current-year quarter and first six months of fiscal 2025 due to higher margins in both segments primarily resulting from price increases, favorable product mix and cost containment, as well as benefits from prior-year business realignment activities, partially offset by decreased volume within the Diversified Industrial Segment.Cost of sales also included business realignment and acquisition integration charges of $11 million and $9 million for the current and prior-year quarter, respectively, and $16 million and $18 million for the first six months of fiscal 2025 and 2024, respectively.Selling, general and administrative expenses ("SG&A") decreased in the current-year quarter and first six months of fiscal 2025 primarily due to lower research and development expenses and benefits from prior-year restructuring and acquisition-integration activities, as well as cost containment. In the current-year quarter the decrease in expense was partially offset by an increase in stock-based compensation. In the first six months of fiscal 2025 lower intangible asset amortization also contributed to the decrease in SG&A.SG&A also included business realignment and acquisition integration charges of $16 million and $14 million for the current and prior-year quarter, respectively, and $26 million and $25 million for the first six months of fiscal 2025 and 2024, respectively.Interest expense decreased during the current-year quarter and the first six months of fiscal 2025 primarily due to lower average debt outstanding.- 20 -Other income, net included the following: Three Months EndedSix Months EndedDecember 31,December 31,(dollars in millions)2024202320242023Expense (income)Foreign currency transaction (gain) loss(31)(14)$5Â $(16)Income related to equity method investments(39)(37)(77)(75)Non-service components of retirement benefit cost(12)(17)(25)(35)Gain on disposal of assets and divestitures(249)(9)(257)(21)Interest income(2)(2)(5)(6)Other items, net5Â (7)(1)(11)(329)(85)(360)(163)Foreign currency transaction (gain) loss primarily relates to the impact of exchange rates on intercompany transactions, forward contracts, cash, as well as accounts and notes receivables. Gain on disposal of assets and divestitures during the current-year quarter and first six months of fiscal 2025 primarily relates to the divestiture of the composites and fuel containment ("CFC") business. Refer to Note 4 to the Consolidated Financial Statements for further discussion.Effective tax rate for the current-year quarter and first six months of fiscal 2025 was lower than the U.S. Federal statutory rate of 21 percent due to tax benefits from share-based compensation, lower taxable gain on divestitures than gain under accounting principles generally accepted in the United States of America ("GAAP"), and foreign-derived intangible income, which were partially offset by U.S. state and local taxes and taxes related to international activities. The effective tax rate for the comparable prior-year periods was greater than the U.S. Federal statutory rate of 21 percent due to U.S. state and local taxes and taxes related to international activities, which were partially offset by benefits from share-based compensation and foreign-derived intangible income.The fiscal 2025 effective tax rate is expected to be approximately 21 percent.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 SegmentThree Months EndedSix Months EndedÂ December 31,December 31,(dollars in millions)2024202320242023Net salesNorth America businesses$1,928Â $2,110Â $4,028Â $4,340Â International businesses1,325Â 1,404Â 2,681Â 2,793Â Diversified Industrial Segment3,253Â 3,514Â 6,709Â 7,133Â Operating incomeNorth America businesses427Â 462Â 911Â 968Â International businesses284Â 290Â 583Â 591Â Diversified Industrial Segment$711Â $752Â $1,494Â $1,559Â Operating marginNorth America businesses22.1Â %21.9Â %22.6Â %22.3Â %International businesses21.4Â %20.7Â %21.7Â %21.2Â %Diversified Industrial

Segment21.8Â %21.4Â %22.3Â %21.9Â %Backlog$3,508Â $4,429Â $3,508Â $4,429Â - 21 -The Diversified Industrial Segment operations experienced the following percentage changes in net sales in the current-year periods versus the comparable prior-year periods:Period Ending December 31, 2024Three MonthsSix MonthsNorth America businesses â€“ as reported(8.6)%(7.2)%Divestitures(3.2)%(1.7)%Currency(0.4)%(0.5)%North America businesses â€“ without divestitures and currency1(5.0)%(5.0)%International businessesâ€“ as reported(5.7)%(4.0)%Currency(2.7)%(1.3)%International businesses â€“ without currency1(3.0)%(2.7)%Diversified Industrial Segment â€“ as reported(7.4)%(5.9)%Divestitures(1.9)%(1.0)%Currency(1.3)%(0.8)%Diversified Industrial Segment â€“ without divestitures and currency1(4.2)%(4.1)%1This table reconciles the percentage changes in net sales of the Diversified Industrial Segment reported in accordance with GAAP to percentage changes in net sales adjusted to remove the effects of divestitures for 12 months after their completion as well as changes in currency exchange rates (a non-GAAP measure). The effects of 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 decreased $262 million and $424 million from the prior-year quarter and first six months of fiscal 2024, respectively. The effect of changes in currency exchange rates decreased sales by approximately $46 million and $56 million in the current-year quarter and first six months of fiscal 2025, respectively. The impact of divestiture activity decreased sales by approximately $67 million and $75 million in the current-year quarter and first six months of fiscal 2025, respectively. Excluding the effects of the changes in currency exchange rates and divestiture activity, sales decreased $148 million and $293 million from the prior-year quarter and first six months of fiscal 2024, respectively.North America businesses - Sales decreased $182 million and $312 million from the prior-year quarter and first six months of fiscal 2024, respectively. The effect of changes in currency exchange rates decreased sales by approximately $9 million and $19 million in the current-year quarter and first six months of fiscal 2025, respectively. The effects of divestiture activity decreased sales by approximately $67 million and $75 million in the current-year quarter and first six months of fiscal 2025, respectively. Excluding the effects of changes in currency exchange rates and divestiture activity, sales in the North America businesses decreased $106 million and $218 million in the current-year quarter and first six months of fiscal 2025, respectively. In the current-year quarter and first six months of fiscal 2025, the decrease in sales is primarily due to lower demand from end users in the in-plant and industrial equipment, off-highway, transportation and energy markets, partially offset by an increase in end-user demand in the aerospace and defense markets.International businesses - Sales decreased $79 million and $112 million from the prior-year quarter and first six months of fiscal 2024, respectively. The effect of changes in currency exchange rates decreased sales by approximately $37 million in both the current-year quarter and first six months of fiscal 2025. Excluding the effects of changes in currency exchange rates, sales in the International businesses decreased $42 million and $76 million in the current-year quarter and first six months of fiscal 2025, respectively. In both the current-year quarter and first six months of fiscal 2025, this decrease in sales was due to lower sales in Europe, partially offset by an increase in sales in the Asia Pacific region and Latin America. Within Europe, sales in the current-year quarter and first six months of fiscal 2025 decreased primarily due to lower demand from end users across the in-plant and industrial equipment and off-highway markets. In the first six months of fiscal 2025, we also experienced lower end-user demand in the transportation market.Within the Asia Pacific region, sales in the current-year quarter and first six months of fiscal 2025 increased primarily due to higher end-user demand in the electronics and semiconductor and in-plant and industrial equipment markets, partially offset by lower demand from end users in the transportation, energy and off-highway markets. - 22 -Within Latin America, sales in the current-year quarter increased primarily due to higher end-user demand in the in-plant and industrial equipment, transportation and energy markets. In the first six months of fiscal 2025, sales increased primarily due to higher end-user demand in the in-plant and industrial equipment, transportation and off-highway markets, partially offset by lower demand from end users in the energy market.Operating MarginDiversified Industrial Segment operating margin increased during the current-year quarter and first six months of fiscal 2025 in both the North America and International businesses due to favorable product mix, price increases and benefits related to prior- year restructuring activities as well as cost containment, partially offset by decreased sales volume. Also, during the current-year quarter and first six months of fiscal 2025, operating margin in the North America businesses benefited from divestiture activity.Business RealignmentThe following business realignment and acquisition integration charges are included in the Diversified Industrial Segment operating income:Three Months EndedSix Months EndedÂ December 31,December 31,(dollars in millions)2024202320242023North America businesses$6Â $4Â $10Â $7Â International businesses14Â 10Â 20Â 21Â Diversified Industrial Segment$20Â $14Â $30Â $28Â The business realignment charges primarily consist of severance costs related to actions taken under the Company's simplification initiative aimed at reducing organizational and process complexity, as well as plant closures. Acquisition integration charges relate to the acquisition of Meggitt plc ("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 in the first six months of fiscal 2025 will not materially impact operating income in fiscal 2025 and will increase operating income by approximately one percent in fiscal 2026 for both the North America and International businesses. We expect to continue to take actions necessary to appropriately structure the operations of the Diversified Industrial Segment. We currently anticipate incurring approximately $20 million of additional business realignment charges in the remainder of fiscal 2025. However, continually changing business conditions could impact the ultimate costs we incur.BacklogDiversified Industrial Segment backlog, as of DecemberÂ 31, 2024, decreased from the prior-year quarter. Approximately 70 percent of the decrease in backlog is related to the North America businesses, which is primarily due to the CFC divestiture, as well as shipments exceeding orders. Approximately 30 percent of the decrease is due to shipments exceeding orders in the International businesses. Within the International businesses, Europe, the Asia Pacific region, and Latin America accounted for approximately 80 percent, 15 percent and five percent of the change, respectively.Diversified Industrial Segment backlog decreased from the JuneÂ 30, 2024 amount of $4.2 billion. Approximately 90 percent of the decrease in backlog is related to the CFC divestiture in the North America businesses. Approximately 10 percent of the decrease is due to shipments exceeding orders in the International businesses. Within the International businesses, the decrease in backlog from the JuneÂ 30, 2024 amount was primarily attributable to Europe, partially offset by an increase in backlog in the Asia Pacific region. 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.- 23 -Aerospace Systems SegmentThree Months EndedSix Months EndedÂ December 31,December 31,(dollars in millions)2024202320242023Net sales$1,490Â $1,306Â $2,938Â $2,535Â Operating income$338Â $263Â $661Â $489Â Operating margin22.7Â %20.1Â %22.5Â %19.3Â %Backlog$7,008Â $6,399Â $7,008Â $6,399Â Net SalesAerospace Systems Segment sales increased in both the current-year quarter and first six months of fiscal 2025 primarily due to higher volume in the commercial and defense aftermarket, as well as the commercial original equipment manufacturer ("OEM") market segment.Operating MarginAerospace Systems Segment operating margin increased during both the current-year quarter and first six months of fiscal 2025 due to higher sales volume and favorable aftermarket mix, as well as benefits from cost containment initiatives and prior-year acquisition integration activities. Business RealignmentWithin the Aerospace Systems Segment, we incurred acquisition integration and business realignment charges of $7 million and $9 million in the current and prior-year quarter, respectively, and $12 million and $15 million in the first six months of fiscal 2025 and 2024, respectively. We do not expect to incur material business realignment and acquisition integration charges in the remainder of fiscal 2025. However, continually changing business conditions could impact the ultimate costs we incur.BacklogAerospace Systems Segment backlog, as of DecemberÂ 31, 2024, increased from both the prior-year quarter and the JuneÂ 30, 2024 amount of $6.7 billion primarily due to orders exceeding shipments in the commercial and defense OEM market segments. Commercial and defense aftermarket backlog at DecemberÂ 31, 2024 remained relatively flat when compared to the prior-year quarter and JuneÂ 30, 2024 amounts.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 & administrative expensesThree Months EndedSix Months EndedDecember 31,December 31,(dollars in millions)2024202320242023ExpenseCorporate general and administrative expense$56Â $50Â $105Â $106Â Corporate general and administrative expense, as a percent of sales1.2Â %1.0Â %1.1Â %1.1Â %Corporate general and administrative expenses increased in the current-year quarter primarily due to higher net expense associated with the Company's deferred compensation plan and related investments, as well as higher professional service fees and salaries and benefits, partially offset by lower incentive compensation expense, information technology expenses and discretionary costs.Corporate general and administrative expenses remained relatively flat during the first six months of fiscal 2025 primarily due to lower incentive compensation expense, information technology expenses and discretionary spend, partially offset by an increase in professional service fees and salaries and benefits.- 24 -Other income, netThree Months EndedSix Months EndedDecember 31,December 31,(dollars in millions)2024202320242023Expense (income)Foreign currency transaction (gain) loss(31)(14)$5Â $(16)Stock-based compensation15Â 12Â 73Â 74Â Non-service components of retirement benefit cost(12)(17)(25)(35)Gain on disposal of assets and divestitures(249)(9)(257)(21)Interest income(2)(2)(5)(6)Other items, net5Â (2)4Â (5)(274)(32)(205)(9)Foreign currency transaction (gain) loss primarily relates to the impact of exchange rates on intercompany transactions, forward contracts, cash, as well as accounts and notes receivables. Gain on disposal of assets and divestitures during the current-year quarter and first six months of fiscal 2025 primarily relates to the divestiture of the CFC business. Refer to Note 4 to the Consolidated Financial Statements 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:â€¢Continuing our record annual dividend increasesâ€¢Investing in organic growth and productivityâ€¢Strategic acquisitions that strengthen our portfolioâ€¢Offset share dilution through the 10b5-1 share repurchase programCash FlowsA summary of cash flows follows:Six Months EndedÂ December 31,(dollars in millions)20242023Cash provided by (used in):Operating activities$1,679Â $1,352Â Investing activities412Â (131)Financing activities(2,104)(1,305)Effect of exchange rates(13)(8)Net decrease in cash and cash equivalents(27)(92)Cash flows from operating activities for the first six months of fiscal 2025 were $1,679 million compared to $1,352 million for the first six months of fiscal 2024. This increase of $327 million 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.â€¢Days sales outstanding relating to trade accounts receivable was 48 days at DecemberÂ 31, 2024, 51 days at JuneÂ 30, 2024 and 50 days at DecemberÂ 31, 2023.â€¢Days supply of inventory on hand was 89 days at DecemberÂ 31, 2024, 80 days at JuneÂ 30, 2024 and 96 days at DecemberÂ 31, 2023.Cash flows from investing activities for the first six months of fiscal 2025 and 2024 were impacted by the following factors:â€¢Capital expenditures of $216 million in fiscal 2025 compared to $204 million in fiscal 2024.- 25 -â€¢Net proceeds totaling $621 million from the sale of the CFC and non-core filtration businesses in fiscal 2025.â€¢Proceeds totaling $74 million from the sale of the MicroStrain sensing systems and Filter Resources businesses in fiscal 2024.Cash flows from financing activities for the first six months of fiscal 2025 and 2024 were impacted by the following factors:â€¢Net commercial paper repayments of $515 million in fiscal 2025 compared to net commercial paper repayments of $584 million in fiscal 2024.â€¢Principal payments totaling $490 million related to borrowings under the term loan facility ("Term Loan Facility") in fiscal 2025 compared to principal payments totaling $200 million related to the Term Loan Facility in fiscal 2024. â€¢Aggregate principal payment of $500 million related to the maturity of medium-term notes during fiscal 2025.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.DividendsWe declared a quarterly cash dividend of $1.63 per share on October 23, 2024, which was paid on December 6, 2024. Dividends have been paid for 298 consecutive quarters, including a yearly increase in dividends for the last 68 years. Additionally, we declared a quarterly cash dividend of $1.63 per share on January 23, 2025, payable on March 7, 2025. 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 6 to the Consolidated Financial Statements for further discussion of share repurchases.LiquidityCash, comprised of cash and cash equivalents and marketable securities and other investments, includes $300 million and $311 million held by the Company's foreign subsidiaries at DecemberÂ 31, 2024 and JuneÂ 30, 2024, 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. As of DecemberÂ 31, 2024, $1.6 billion of commercial paper notes were outstanding, and the largest amount of commercial paper notes outstanding during the current-year quarter was $1.9 billion.The Company has a line of credit totaling $3.0 billion through a multi-currency revolving credit agreement with a group of banks, of which $1.4 billion was available as of DecemberÂ 31, 2024. 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 credit 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 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 Companyâ€™s credit ratings. Although a lowering of the Companyâ€™s credit ratings would increase the cost of future debt, it would not limit the Companyâ€™s ability to use the credit agreement, nor would it accelerate the repayment of any outstanding borrowings.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 15 to the Consolidated Financial Statements for further discussion.- 26 -Our debt portfolio included a Term Loan Facility. During the six months ended DecemberÂ 31, 2024, we repaid the remaining principal balance of $490 million of the Term Loan Facility. Refer to Note 15 to the Consolidated Financial Statements for further discussion.The Companyâ€™s credit agreement 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 Companyâ€™s rating level at DecemberÂ 31, 2024, the most restrictive financial covenant provides that the ratio of debt to debt-shareholders' equity cannot exceed 0.65 to 1.0. At DecemberÂ 31, 2024, the Company's debt to debt-shareholders' equity ratio was 0.41 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 the Company's credit ratings as events occur. At DecemberÂ 31, 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 RatingsA-Moody's Investors Services, Inc.Baa1Standard & Poor'sBBB+Supply Chain FinancingWe continue to identify opportunities to improve our liquidity and working capital efficiency, which include the extension of payment terms with our suppliers. We have supply chain financing 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 10 to the Consolidated Financial Statements for further discussion.Strategic Acquisitions and DivestituresAcquisitions will be considered from time to time to the extent there is a strong strategic fit, while at the same time maintaining the Companyâ€™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. On July 28, 2024, the Company signed an agreement to divest its CFC business within the North America businesses of the Diversified Industrial Segment, which was acquired as part of the Meggitt acquisition. This divestiture closed on November 1, 2024 for net proceeds of $555 million. Refer to Note 4 to the Consolidated Financial Statements for further discussion. Additionally, we divested a non-core filtration business within the North America businesses of the Diversified Industrial Segment for proceeds of $66 million on November 1, 2024.- 27 -Forward-Looking StatementsForward-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 â€œanticipates,â€ â€œbelieves,â€ â€œmay,â€ â€œshould,â€ â€œcould,â€ â€œexpects,â€ â€œtargets,â€ â€œis likely,â€ â€œwill,â€ or the negative of these terms and similar expressions, and include all statements regarding future performance, earnings projections, events or developments. Neither Parker nor any of its respective associates or directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements will actually occur. Parker cautions readers not to place undue reliance on these statements. It is possible that the future performance and earnings projections of the company, including its individual segments, may differ materially from past performance or current expectations. A change in the economic conditions in individual markets may have a particularly volatile effect on segment performance.Among other factors which may affect future performance are:â€¢changes in business relationships with and orders by or from major customers, suppliers or distributors, including delays or cancellations in shipments; â€¢disputes regarding contract terms, changes in contract costs and revenue estimates for new development programs; â€¢changes in product mix; â€¢ability to identify acceptable strategic acquisition targets; â€¢uncertainties surrounding timing, successful completion or integration of acquisitions and similar transactions; â€¢ability to successfully divest businesses planned for divestiture and realize the anticipated benefits of such divestitures; â€¢the determination and ability to successfully undertake business realignment activities and the expected costs, including cost savings, thereof; â€¢ability to implement successfully business and operating initiatives, including the timing, price and execution of share repurchases and other capital initiatives; â€¢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; â€¢ability to manage costs related to insurance and employee retirement and health care benefits; â€¢legal and regulatory developments and other government actions, including related to environmental protection, and associated compliance costs; â€¢supply chain and labor disruptions, including as a result of tariffs and labor shortages; â€¢threats associated with international conflicts and cybersecurity risks and risks associated with protecting our intellectual property; â€¢uncertainties surrounding the ultimate resolution of outstanding legal proceedings, including the outcome of any appeals; â€¢effects on market conditions, including sales and pricing, resulting from global reactions to U.S. trade policies; â€¢manufacturing activity, air travel trends, currency exchange rates, difficulties entering new markets and economic conditions such as inflation, deflation, interest rates and credit availability;â€¢inability to obtain, or meet conditions imposed for, required governmental and regulatory approvals; â€¢changes in the tax laws in the United States and foreign jurisdictions and judicial or regulatory interpretations thereof; and â€¢large scale disasters, such as floods, earthquakes, hurricanes, industrial accidents and pandemics.Readers should consider these forward-looking statements in light of risk factors discussed in Parkerâ€™s Annual Report on Form 10-K for the fiscal year ended JuneÂ 30, 2024 and other periodic filings made with the Securities and Exchange Commission. The Company makes these statements as of the date of the filing of this Quarterly Report on Form 10-Q for the quarter ended DecemberÂ 31, 2024, and undertakes no obligation to update them unless otherwise required by law.ITEMÂ 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKA 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 the translation of foreign currency-denominated assets and - 28 -liabilities into U.S. dollars and from transactions denominated in a currency other than the subsidiaryâ€™s functional currency. We continue to manage the associated foreign currency transaction and translation risk using existing processes.The Company manages foreign currency transaction and translation risk by utilizing derivative and non-derivative financial instruments, including forward exchange 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. 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 income (loss) in the Consolidated Balance Sheet until the hedged item is recognized in earnings. For cross-currency swap contracts 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 income (loss) and remains there until the underlying net investment is sold or substantially liquidated.The Companyâ€™s debt portfolio contains variable rate debt, consisting of commercial paper, inherently exposing the Company to interest rate risk. The Term Loan Facility, which had a variable interest rate, was repaid as of December 31, 2024. Our objective is to maintain a 60/40 mix between fixed rate and variable rate debt thereby limiting our exposure to changes in near-term interest rates. A 100 basis point increase in near-term interest rates would increase annual interest expense on variable rate debt, consisting of weighted-average commercial paper borrowings for the six months ended DecemberÂ 31, 2024, by approximately $18 million.ITEMÂ 4. CONTROLS AND PROCEDURESThe Company carried out an evaluation, under the supervision and with the participation of the Companyâ€™s management, including the Companyâ€™s principal executive officer and principal financial officer, of the effectiveness of the Companyâ€™s disclosure controls and procedures as of DecemberÂ 31, 2024. Based on this evaluation, the Company's principal executive officer and principal financial officer concluded that, as of DecemberÂ 31, 2024, the Companyâ€™s disclosure controls and procedures were effective.There was no change to our internal control over financial reporting during the second quarter of fiscal 2025 that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. - 29 -PARKER-HANNIFIN CORPORATIONPART II - OTHER INFORMATIONITEM 1. Legal Proceedings.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.ITEMÂ 2. Unregistered Sales of Equity Securities and Use of Proceeds.(a)Unregistered Sales of Equity Securities. Not applicable.(b)Use of Proceeds. Not applicable.(c)Issuer Purchases of Equity Securities.Period(a) TotalNumberÂ ofSharesPurchased(b)Â AveragePrice PaidPer Share(c)Â TotalÂ NumberÂ ofShares Purchasedas Part of PubliclyAnnounced Plansor Programs (1)(d)Â MaximumÂ Number(or ApproximateÂ DollarValue) of Shares thatMay Yet Be PurchasedUnder the Plans orPrograms (1)October 1, 2024 through October 31, 202429,479Â $631.05Â 29,479Â 7,195,034Â November 1, 2024 through November 30, 202421,600Â $685.87Â 21,600Â 7,173,434Â December 1, 2024 through December 31, 202424,685Â $671.70Â 24,685Â 7,148,749Â Total:75,764Â 75,764Â Â (1)On October 22, 2014, the Company publicly announced that the Board of Directors increased the overall maximum number of shares authorized for repurchase under the Company's share repurchase program, first announced on August 16, 1990, so that, beginning on October 22, 2014, the maximum aggregate number of shares authorized for repurchase was 35 million shares. There is no limitation on the amount of shares that can be repurchased in a fiscal year. There is no expiration date for this program. ITEM 5. Other InformationNone 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 DecemberÂ 31, 2024.- 30 -ITEMÂ 6. Exhibits.The following documents are furnished as exhibits and are numbered pursuant to ItemÂ 601 of Regulation S-K:ExhibitNo.Description of Exhibit31(a)Certification of the Principal Executive Officer Pursuant to 17 CFR 240.13a-14(a), as Adopted Pursuant to Â§302 of the Sarbanes-Oxley Act of 2002.*31(b)Certification of the Principal Financial Officer Pursuant to 17 CFR 240.13a-14(a), as Adopted Pursuant to Â§302 of the Sarbanes-Oxley Act of 2002.*32Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Â§906 of the Sarbanes-Oxley Act of 2002.*101.INSInline XBRL Instance 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).*Submitted electronically herewith.Attached as Exhibit 101 to this report are the following formatted in Inline XBRL (Extensible Business Reporting Language): (i)Â Consolidated Statement of Income for the three and six months ended DecemberÂ 31, 2024 and 2023, (ii)Â Consolidated Statement of Comprehensive Income for the three and six months ended DecemberÂ 31, 2024 and 2023, (iii)Â Consolidated Balance Sheet at DecemberÂ 31, 2024 and JuneÂ 30, 2024, (iv)Â Consolidated Statement of Cash Flows for the six months ended DecemberÂ 31, 2024 and 2023, and (v)Â Notes to Consolidated Financial Statements for the six months ended DecemberÂ 31, 2024.- 31 -SIGNATUREPursuant to the requirements 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.Â PARKER-HANNIFIN CORPORATION(Registrant)/s/ Todd M. LeombrunoTodd M. LeombrunoExecutive Vice President and Chief Financial OfficerDate: January 31, 2025- 32 -DocumentExhibit 31(a)CERTIFICATIONSI, Jennifer A. Parmentier, certify that:1.I have reviewed this quarterly report on Form 10-Q 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 Registrantâ€™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; andd)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; and5.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; andb)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: JanuaryÂ 31, 2025 /s/ Jennifer A. ParmentierJennifer A. ParmentierChief Executive OfficerDocumentExhibit 31(b)CERTIFICATIONSI, Todd M. Leombruno, certify that:1.I have reviewed this quarterly report on Form 10-Q 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 Registrantâ€™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; andd)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; and5.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; andb)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: JanuaryÂ 31, 2025 /s/ Todd M. LeombrunoTodd M. LeombrunoExecutive Vice President and Chief Financial Officer/div>DocumentExhibit 32Certification Pursuant to18 U.S.C. Section 1350,As Adopted Pursuant toÂ§ 906 of the Sarbanes-Oxley Act of 2002Â Â Â Pursuant to 18 U.S.C.Â Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, in connection with the filing of the Quarterly Report on Form 10-Q of Parker-Hannifin Corporation (the â€œCompanyâ€) for the quarterly period ended DecemberÂ 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the â€œReportâ€), each of the undersigned officers of the Company certifies, that, to such officerâ€™s knowledge: (1)Â Â Â Â The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and (2)Â Â Â Â 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.Â Â Â Â Dated: JanuaryÂ 31, 2025/s/ Jennifer A. ParmentierName: Jennifer A. ParmentierTitle: Chief Executive Officer/s/ Todd M. LeombrunoName: Todd M. LeombrunoTitle: Executive Vice President and Chief Financial Officer