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Industrial Technologies®

Fiscal Q3 2026 Recap

April 28, 2026

Safe Harbor Statement

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Non-GAAP Financial Measures

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

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

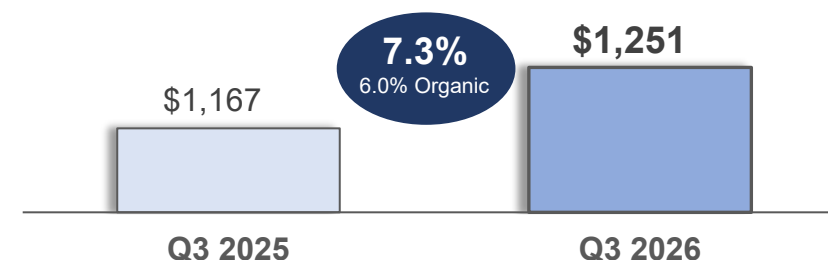
Primary Messages from Management

- 🌀 **Reported solid F3Q26 results underscored by strengthening organic sales growth**, as well as steady gross margin performance that drove record quarterly EBITDA at the high end of our expectations.
- 🌀 **F3Q26 YoY organic sales growth of 6.0% was the strongest in over two years** with trends strengthening across both segments as the quarter progressed; March organic daily sales up 10% YoY.
- 🌀 **Sales growth led by strong Engineered Solutions performance** including double-digit organic growth across Automation and Fluid Power, as well as improving Flow Control growth; segment orders trending favorably.
- 🌀 **Drove solid underlying gross margin performance in F3Q26** as internal initiatives, price & channel execution, and improving mix continue to balance ongoing inflation and LIFO headwinds.
- 🌀 **F3Q26 EBITDA margins of 12.3% were in line with guidance**; YoY EBITDA margin trends improved through the quarter reflecting stronger sales growth, improving mix, and cost controls.
- 🌀 **Tightening FY26 guidance toward the high end of prior range following F3Q26 results**; reiterate constructive outlook as positive demand signals are broadening, but mindful of trade policy and geopolitical uncertainty.

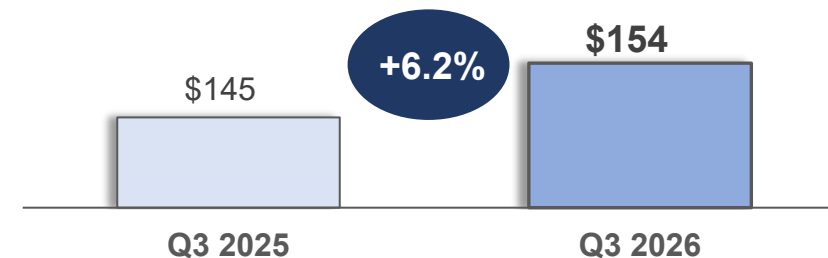
Fiscal Q3 2026 Key Financial Highlights

- **Sales up 7.3% YoY**
 - Up 6.0% on an organic basis; acquisitions +0.5%, currency +0.8%
- **Net Income of \$99.8M and EPS of \$2.65**
 - EPS up 3.1% YoY
 - Includes \$5.6M pre-tax (\$0.11/sh) of LIFO expense
 - Unfavorable YoY impact from interest expense and a higher tax rate, partially offset by a lower diluted share count
 - Higher tax rate includes \$1.7M (\$0.05) of non-routine discrete tax expense related to prior-year tax provision adjustments
- **Gross margin 30.4%, unchanged vs. prior year**
 - Includes a 27 bps YoY headwind from higher LIFO expense
- **SD&A expense of \$242.9M at 19.4% of sales**
 - Up 6.0% YoY on an organic, constant currency basis
- **EBITDA of \$153.9M, up 6.2% vs. prior year of \$144.9M**
 - EBITDA margin of 12.3% down 13 bps YoY
 - Includes a 27 bps YoY headwind from higher LIFO expense
- **Operating cash of \$100.1M; free cash of \$95.4M**
 - Free cash 95.6% of net income

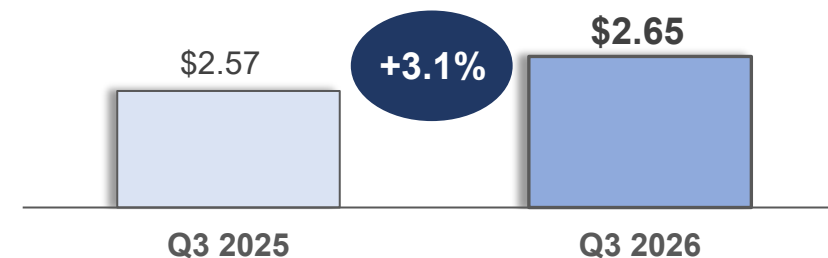
Sales, \$ in millions



EBITDA, \$ in millions



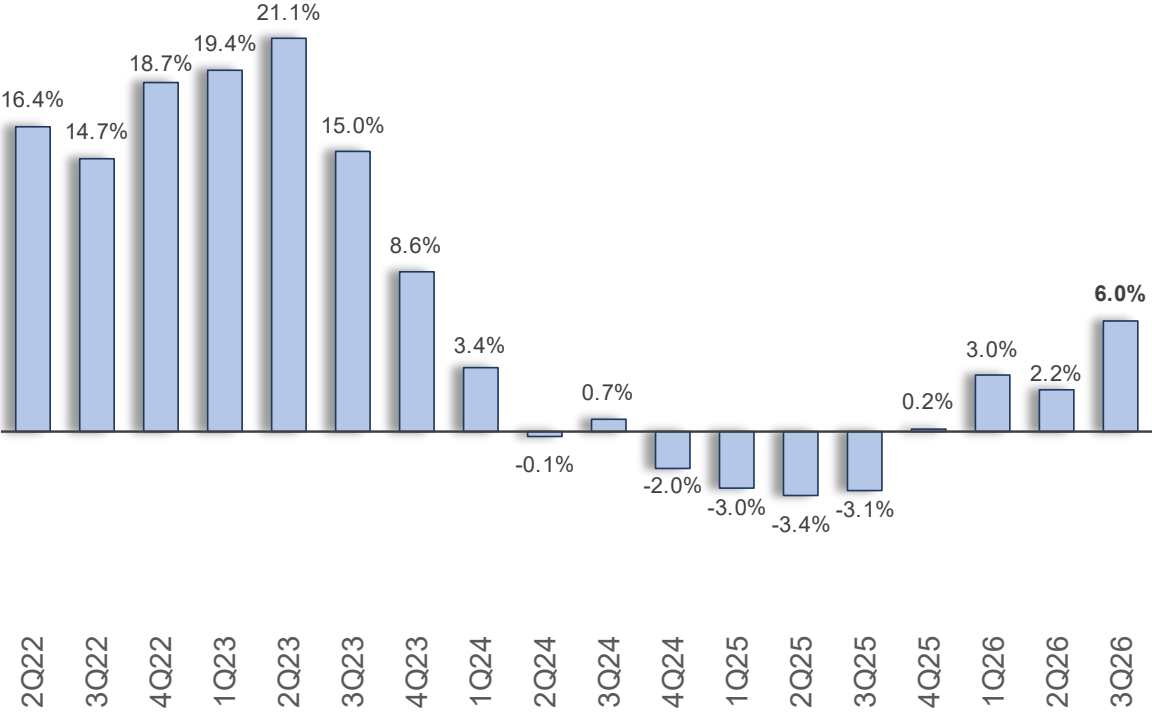
Earnings Per Share



Organic Sales Growth Trend

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

Fiscal Quarters



F3Q26 Sales Growth Detail

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

* Based on largest 30 industry verticals for fiscal 2025

Investor Discussion Points

Investor Topic

Update & Details

Underlying Demand

Trends continuing to gradually improve with demand strengthening as F3Q26 progressed; sentiment across sales teams more favorable; customer capital spending backdrop improving

Pricing / Inflation

Price contributed ~250 bps YoY in F3Q26 (in line with our expectations); F4Q26 guidance assumes ~200 bps; watchful of evolving tariff / inflationary backdrop but positioned well given industry position

ES Segment Growth

Stronger growth reflects ongoing positive order trends, emerging tech vertical tailwinds, industry position, and firming end-market demand; orders up by a DD percent organically YoY in F3Q26

Incremental Margins

F3Q26 incremental EBITDA margin of 11% was in line with our expectation; inclusive of YoY LIFO headwinds and a difficult prior-year SC segment comparison; expect stronger trends in F4Q26

Capital Allocation

Deployed over \$120M in F3Q26 on M&A, share buybacks, and dividends; M&A pipeline remains active with ongoing evaluation of mid-sized targets; announced new 3.0M repurchase authorization

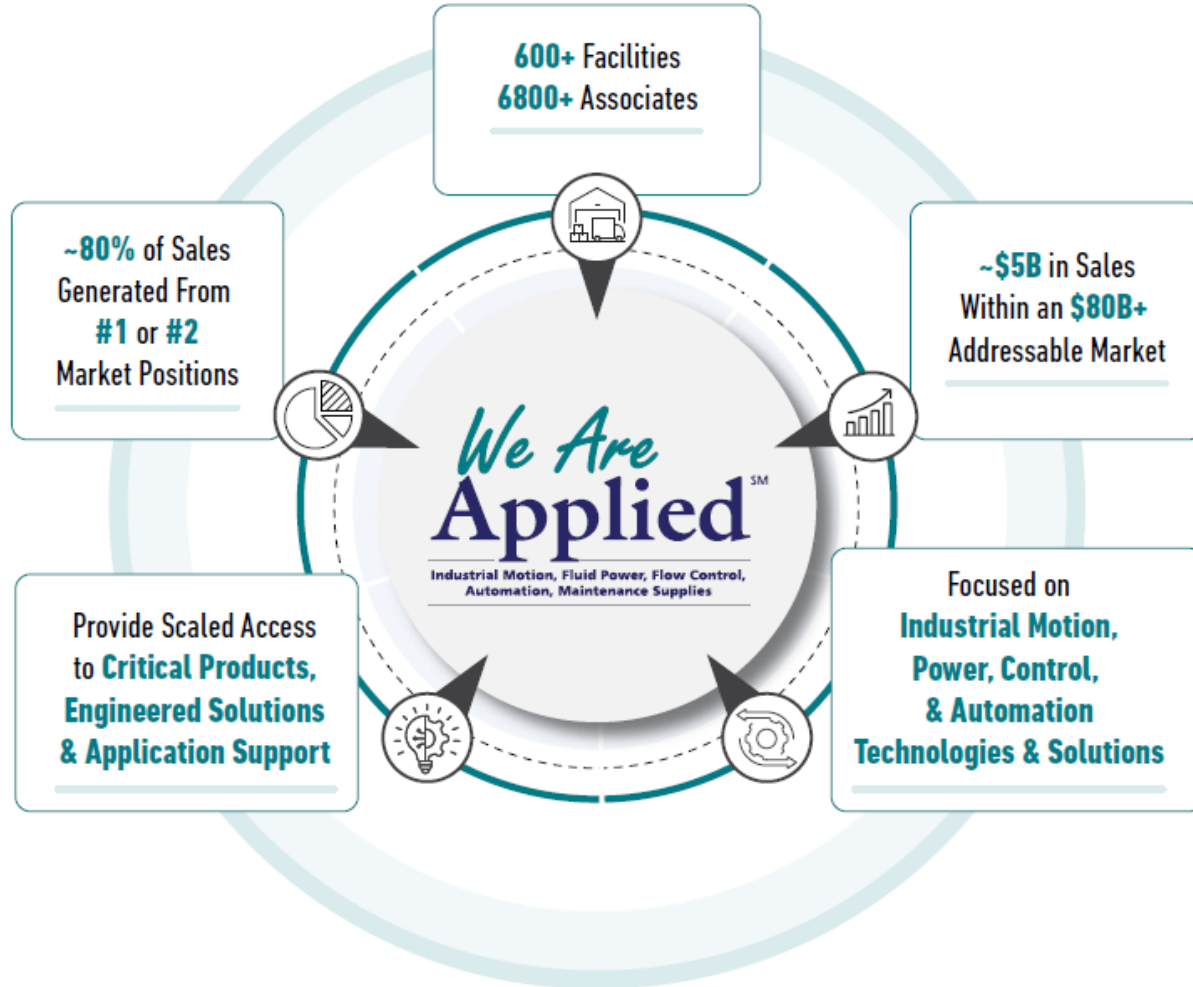
F4Q26 Outlook

Assumes organic sales increase 4.0% to 5.5% YoY in F4Q26 on more difficult comparisons vs. F3Q26; improving industrial macro indicators, positive order growth, and business funnel activity are encouraging signs, but mindful of current geopolitical, trade policy, and end-market dynamics

Note: DD = Double Digits

Applied Industry Position and Growth Considerations

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



... With Secular Tailwinds & Customer Requirements Presenting Distinct Growth Opportunities

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

Growth Vertical Highlight – Technology

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

Semiconductor Market



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

Upstream Process Flow Control Solutions	Pneumatic and Fluid Conveyance / Delivery Assemblies	Robotic and Mechatronic Solutions & Assemblies
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Data Center Market



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

Fluid Conveyance Assemblies	Mobile Robot, Vision, & Automated Handling Solutions	Process Flow Control Solutions & Assemblies
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Fiscal Q3 2026 Margin and Expense Highlights

Gross Profit, SD&A, and EBITDA Metrics

<i>\$ in millions</i>	Q3 26	Q3 25	Chg YoY	LIFO Impact YoY
Gross Profit	\$380.8	\$355.3	7.2%	(0.9%)
Gross Margin	30.4%	30.5%	(2) bps	(27) bps
SD&A Expense	\$242.9	\$225.9	7.5%	
% of Sales	19.4%	19.4%	(5) bps	
EBITDA	\$153.9	\$144.9	6.2%	(2.3%)
EBITDA Margin	12.3%	12.4%	(13) bps	(27) bps
Memo: LIFO Expense	\$5.6	\$2.2		

- **Gross margin unchanged YoY**

- Includes an unfavorable 27 bps YoY impact from higher LIFO expense
- YoY improvement excluding LIFO impact primarily reflects pricing & channel execution, ongoing internal initiatives, and improving mix

- **SD&A expense up 7.5% YoY**

- Up 6.0% on an organic, constant currency basis
- Excluding depreciation & amortization, SD&A expense at 18.1% of sales vs. 18.3% in F2Q26 and 17.9% in F3Q25
- Inflationary headwinds, higher employee-related costs, and growth investments balanced by cost controls and productivity initiatives

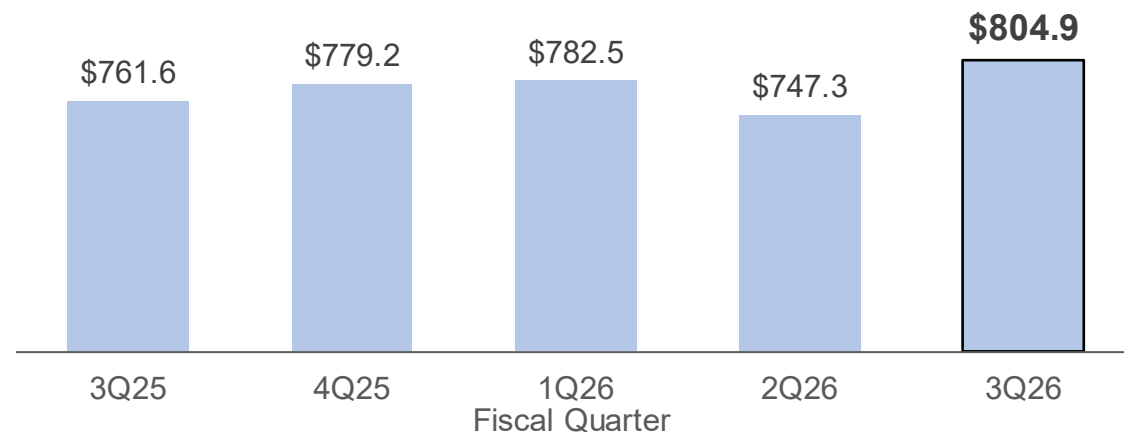
- **EBITDA margin of 12.3% down 13 bps YoY**

- Includes an unfavorable 27 bps YoY impact from LIFO expense
- In line with F3Q26 guidance of 12.2% to 12.4%

Segment Results – Service Center

Segment Overview: Representing 66% of fiscal 2025 sales - the segment includes our core distribution operations including ~400 local service centers across North America, Australia, and New Zealand, primarily focused on our technical bearings, power transmission, and fluid power MRO product and solution offerings, as well as other industrial supplies for scheduled maintenance and repairs of customers' machinery, equipment, and facilities

Service Center Segment Sales, in Millions



- **Sales up 5.7% YoY in F3Q26**

- Organic + 4.2%
- Currency + 1.3%
- Acquisitions + 0.2%

- Organic sales increase reflects stable price contribution and improving volume growth across the U.S., partially offset by weaker international sales; segment organic daily sales up over 6% YoY in March
- U.S. organic sales up by a high single-digit percent YoY in F3Q26 driven by internal initiatives including greater cross-selling momentum, as well as increased technical MRO activity
- F3Q26 segment EBITDA of \$114.6M (up 2.7% YoY) and EBITDA margin of 14.2% (down 42 bps YoY) impacted by LIFO headwinds and a difficult prior-year comparison

Segment Results – Engineered Solutions

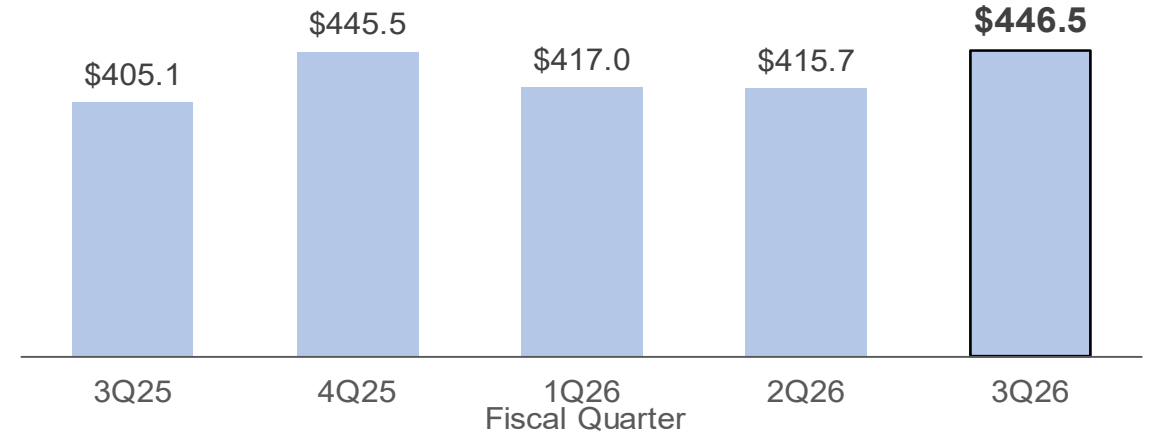
Segment Overview: Representing 34% of fiscal 2025 sales - the segment consists of 1) our Fluid Power network specializing in distributing, engineering, designing, integrating, and repairing hydraulic and pneumatic technologies and related systems across off-highway mobile, industrial, and technology verticals, 2) our specialty flow control products and engineered solutions supporting mission-critical process infrastructure, and 3) our advanced automation products and solutions focused on machine vision, robotics, motion, & digital technologies

- **Sales up 10.2% YoY in F3Q26**

- Organic + 9.3%
- Acquisitions + 0.9%

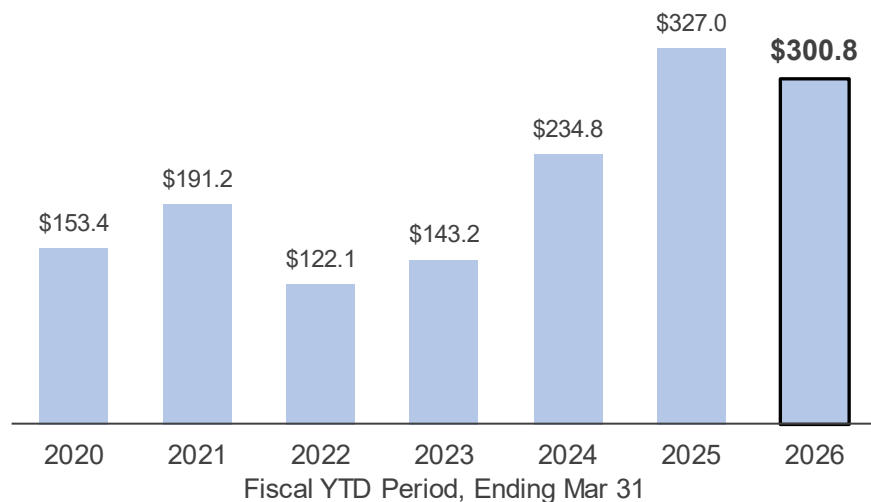
- Organic sales increase primarily driven by volume growth across Fluid Power and Automation operations, as well as improved growth across Flow Control operations; includes stronger demand across technology vertical
- F3Q26 segment orders up by a double-digit percent YoY on an organic basis for the second straight quarter; segment book-to-bill above 1x and strengthened sequentially vs. F2Q26
- F3Q26 segment EBITDA of \$62.7M (up 11.9% YoY) and EBITDA margin of 14.0% (up 21 bps YoY) benefited from stronger sales growth, solid underlying gross margin performance, and cost control

Engineered Solutions Segment Sales, in Millions

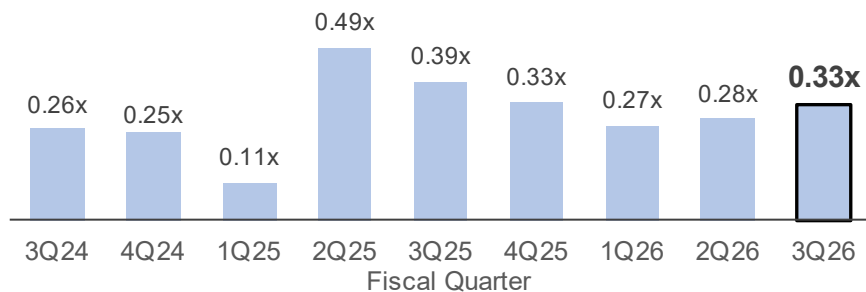


Cash Flow and Balance Sheet

Free Cash Flow (in Millions) - Fiscal YTD Period



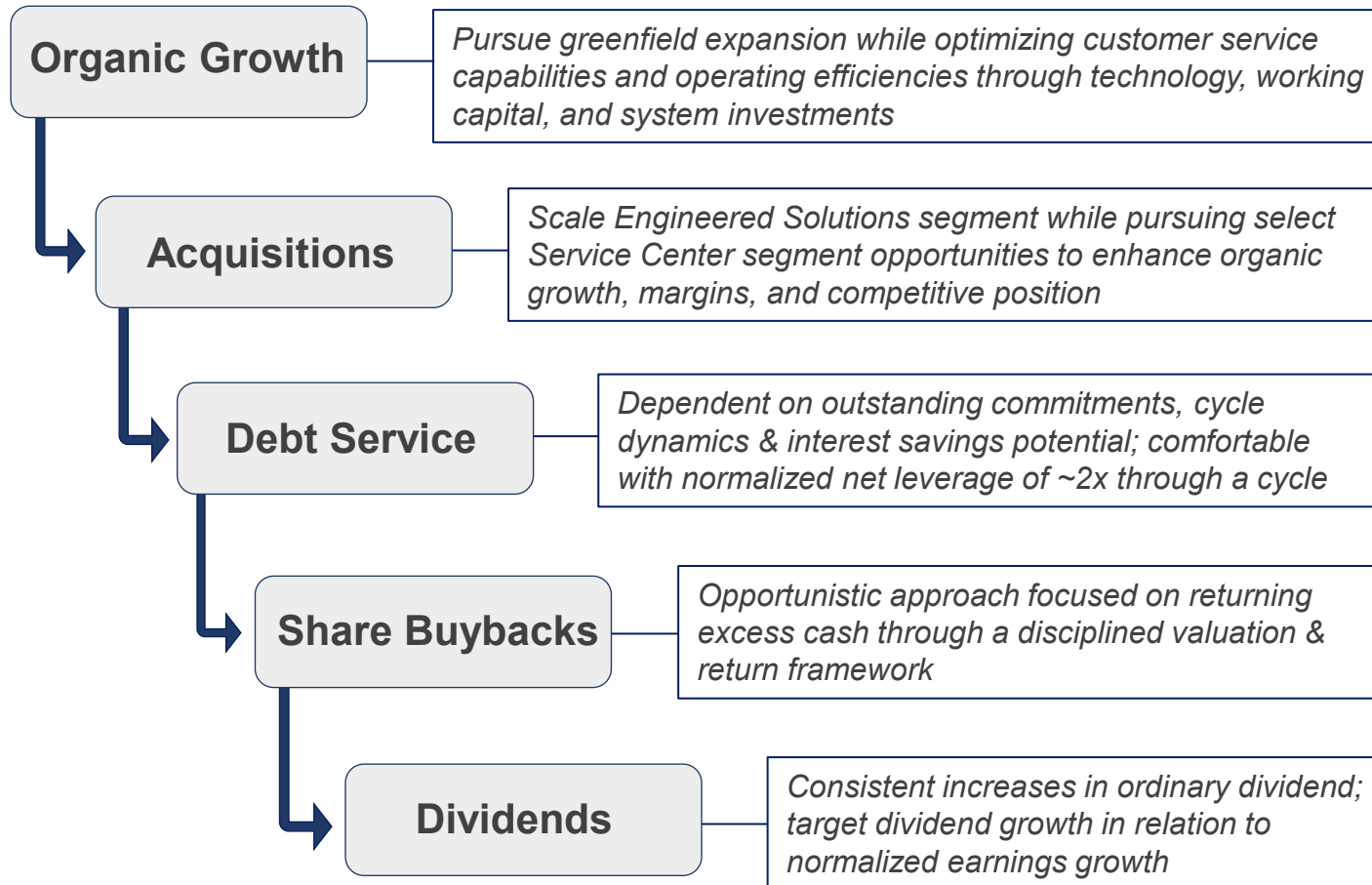
Net Leverage Ratio (Net Debt to Trailing EBITDA)



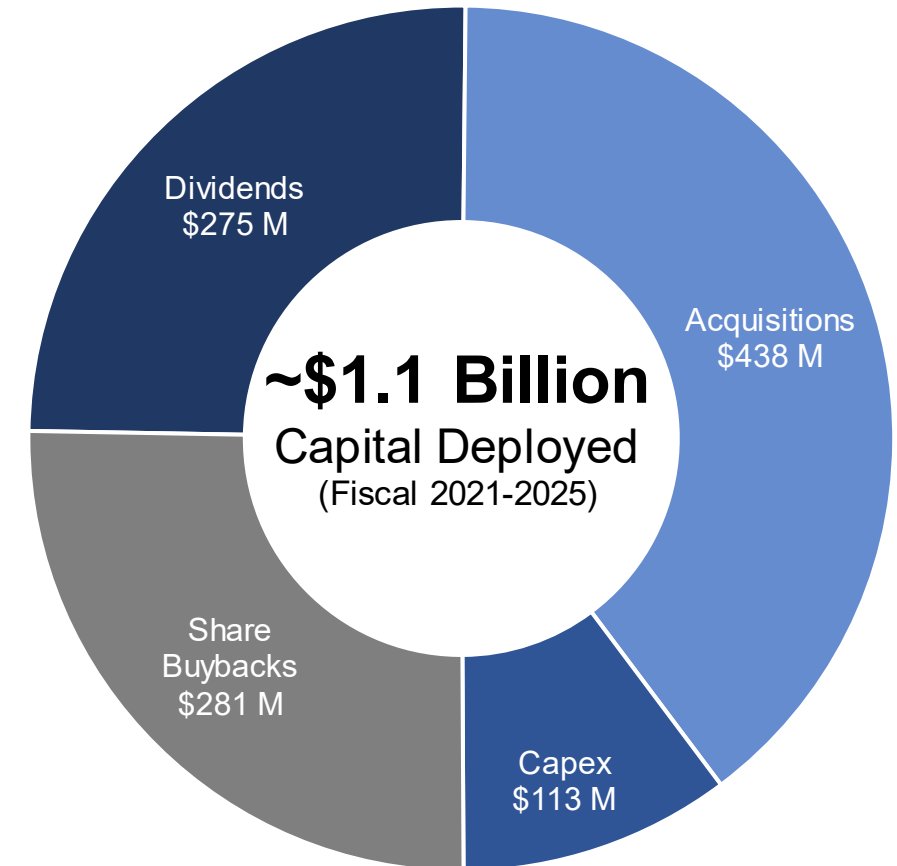
- F3Q26 cash from operations of \$100.1M; free cash of \$95.4M**
 - Free cash at 95.6% of net income in F3Q26
 - YTD free cash of \$300.8M down 8% YoY reflecting greater working capital investment compared to the prior year, balanced by ongoing internal initiatives
- Net leverage ratio at 0.33x as of March 31, 2026**
 - Compares to prior-year level of 0.39x
- Strong balance sheet capacity to support capital deployment**
 - \$172M of cash on hand (*as of 3/31/26*)
 - \$723M of available capacity under revolver
 - Additional \$800M accordion option
 - \$62M of available capacity under AR securitization facility

Capital Allocation

Capital Allocation Priorities & Strategy



Capital Deployed Last 5 Years (Capex, M&A, Share Repurchases, & Dividends)



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

Fiscal 2026 Guidance and Outlook Assumptions



Fiscal 2026 Guidance

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

Updated Considerations:

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

Notes: 1) \$ amount in millions except EPS

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

Fiscal Period	Q1	Q2	Q3	Q4	Year
2024	63.0	61.0	63.5	64.0	251.5
2025	64.0	62.0	63.0	63.5	252.5
2026	64.0	62.0	63.0	63.5	252.5
2027	64.0	62.0	62.5	64.0	252.5

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

<i>(dollar amount in thousands)</i>	Three Months Ended Mar 31	
	Q3 FY25	Q3 FY26
Service Center Segment:		
Net sales	\$ 761,602	\$ 804,937
Operating income	106,386	109,410
Depreciation and amortization of property	4,477	4,412
Amortization of intangibles	779	782
EBITDA	\$ 111,642	\$ 114,604
<i>% of sales (EBITDA margin)</i>	<i>14.7%</i>	<i>14.2%</i>
Engineered Solutions Segment:		
Net sales	\$ 405,147	\$ 446,516
Operating income	44,518	51,636
Depreciation and amortization of property	2,106	1,984
Amortization of intangibles	9,439	9,102
EBITDA	\$ 56,063	\$ 62,722
<i>% of sales (EBITDA margin)</i>	<i>13.8%</i>	<i>14.0%</i>
Corporate and other expense, net	\$ 21,502	\$ 23,121

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

Appendix: Reconciliation of EBITDA

<i>(dollar amount in thousands)</i>	Three Months Ended Mar 31	
	Q3 FY25	Q3 FY26
Net Income	\$ 99,799	\$ 99,769
Interest (income) expense, net	853	2,447
Income tax expense	27,483	35,359
Depreciation and amortization of property	6,583	6,396
Amortization of intangibles	10,218	9,884
EBITDA	\$ 144,936	\$ 153,855

Appendix: Reconciliation of EBITDA Margin

<i>(dollar amount in thousands)</i>	Three Months Ended Mar 31	
	Q3 FY25	Q3 FY26
Net Sales	\$ 1,166,749	\$ 1,251,453
EBITDA	144,936	153,855
EBITDA Margin	12.4%	12.3%

Appendix: Reconciliation of Free Cash Flow

Three Months Ended September 30

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

Three Months Ended December 31

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

Three Months Ended March 31

<i>(dollar amount in thousands)</i>	Q3 FY21	Q3 FY22	Q3 FY23	Q3 FY24	Q3 FY25	Q3 FY26
Cash provided by Operating Activities	\$ 44,053	\$ 52,559	\$ 75,204	\$ 84,192	\$ 122,453	\$ 100,110
Capital Expenditures	(3,728)	(4,164)	(7,992)	(7,491)	(7,549)	(4,734)
Free Cash Flow	\$ 40,325	\$ 48,395	\$ 67,212	\$ 76,701	\$ 114,904	\$ 95,376

Nine Months Ended March 31

<i>(dollar amount in thousands)</i>	FY21	FY22	FY23	FY24	FY25	FY26
Cash provided by Operating Activities	\$ 203,409	\$ 133,823	\$ 164,027	\$ 252,159	\$ 345,337	\$ 319,086
Capital Expenditures	(12,177)	(11,674)	(20,809)	(17,354)	(18,295)	(18,312)
Free Cash Flow	\$ 191,232	\$ 122,149	\$ 143,218	\$ 234,805	\$ 327,042	\$ 300,774

Appendix: Reconciliation of Net Leverage Ratio

<i>(dollar amount in thousands)</i>	Q3 FY24	Q4 FY24	Q1 FY25	Q2 FY25	Q3 FY25	Q4 FY25	Q1 FY26	Q2 FY26	Q3 FY26
Net Income	\$ 97,217	\$ 103,491	\$ 92,063	\$ 93,290	\$ 99,799	\$ 107,836	\$ 100,807	\$ 95,349	\$ 99,769
Interest expense (income), net	265	(671)	(627)	(936)	853	1,322	993	942	2,447
Income tax expense	25,448	37,444	24,017	29,271	27,483	27,208	27,778	27,423	35,359
Depreciation and amortization	5,802	5,864	5,924	5,926	6,583	6,466	6,486	6,590	6,396
Amortization of intangibles	6,951	7,322	7,600	7,567	10,218	10,196	10,203	10,126	9,884
EBITDA	\$ 135,683	\$ 153,450	\$ 128,977	\$ 135,118	\$ 144,936	\$ 153,028	\$ 146,267	\$ 140,430	\$ 153,855
Trailing 4-Quarter EBITDA	\$ 539,887	\$ 553,315	\$ 548,933	\$ 553,228	\$ 562,481	\$ 562,059	\$ 579,349	\$ 584,661	\$ 593,580
Current portion of long-term debt	\$ 25,107	\$ 25,055	\$ 25,003	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,000
Long-term debt	571,862	572,279	572,288	572,300	572,300	572,300	572,300	572,300	347,300
Total Debt	\$ 596,969	\$ 597,334	\$ 597,291	\$ 572,300	\$ 572,300	\$ 572,300	\$ 572,300	\$ 572,300	\$ 365,300
Cash	456,533	460,617	538,520	303,441	352,842	388,417	418,716	405,986	171,576
Net Debt	\$ 140,436	\$ 136,717	\$ 58,771	\$ 268,859	\$ 219,458	\$ 183,883	\$ 153,584	\$ 166,314	\$ 193,724
Net Leverage Ratio	0.26	0.25	0.11	0.49	0.39	0.33	0.27	0.28	0.33