

PARKER HANNIFIN CORPORATION - SEPTEMBER 30, 2022

Exhibit 99.1

CONSOLIDATED STATEMENT OF INCOME

(Unaudited) (Dollars in thousands, except per share amounts)	Three Months Ended September 30,	
	2022	2021*
Net sales	\$ 4,232,775	\$ 3,762,809
Cost of sales	2,795,456	2,504,382
Selling, general and administrative expenses	835,804	626,749
Interest expense	117,794	59,350
Other (income) expense, net	(19,624)	583
Income before income taxes	503,345	571,745
Income taxes	115,308	120,282
Net income	388,037	451,463
Less: Noncontrolling interests	183	306
Net income attributable to common shareholders	\$ 387,854	\$ 451,157

*Prior period amounts have been reclassified to reflect the income statement reclassification, as described in the attached press release.

Earnings per share attributable to common shareholders:

Basic earnings per share	\$ 3.02	\$ 3.50
Diluted earnings per share	\$ 2.98	\$ 3.45
Average shares outstanding during period - Basic	128,425,002	128,726,721
Average shares outstanding during period - Diluted	129,942,408	130,827,971

CASH DIVIDENDS PER COMMON SHARE

(Unaudited) (Amounts in dollars)	Three Months Ended September 30,	
	2022	2021
Cash dividends per common share	\$ 1.33	\$ 1.03

RECONCILIATION OF ORGANIC GROWTH

(Unaudited)	Three Months Ended September 30,	
	2022	2021
Sales growth - as reported	12.5 %	16.5 %
Adjustments:		
Acquisitions	3.8 %	— %
Divestitures	(0.1)%	— %
Currency	(5.4)%	0.7 %
Organic sales growth	14.2 %	15.8 %

RECONCILIATION OF NET INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS TO ADJUSTED NET INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS

(Unaudited) (Dollars in thousands)	Three Months Ended September 30,	
	2022	2021
Net income attributable to common shareholders	\$ 387,854	\$ 451,157
Adjustments:		
Acquired intangible asset amortization expense	87,014	79,771
Business realignment charges	3,861	3,014
Integration costs to achieve	11,991	1,202
Acquisition-related expenses	160,258	52,199
Loss on deal-contingent forward contracts	389,992	—
Gain on sale of Aircraft Wheel and Brake divestiture	(372,930)	—
Amortization of inventory step-up to fair value	18,358	—
Tax effect of adjustments ¹	(70,855)	(30,641)
Adjusted net income attributable to common shareholders	\$ 615,543	\$ 556,702

RECONCILIATION OF EARNINGS PER DILUTED SHARE TO ADJUSTED EARNINGS PER DILUTED SHARE

(Unaudited) (Amounts in dollars)	Three Months Ended September 30,	
	2022	2021
Earnings per diluted share	\$ 2.98	\$ 3.45
Adjustments:		
Acquired intangible asset amortization expense	0.67	0.61
Business realignment charges	0.03	0.02
Integration costs to achieve	0.09	0.01
Acquisition-related expenses	1.24	0.40
Loss on deal-contingent forward contracts	3.00	—
Gain on sale of Aircraft Wheel and Brake divestiture	(2.87)	—
Amortization of inventory step-up to fair value	0.14	—
Tax effect of adjustments ¹	(0.54)	(0.23)
Adjusted earnings per diluted share	\$ 4.74	\$ 4.26

¹This line item reflects the aggregate tax effect of all non-tax adjustments reflected in the preceding line items of the table. We estimate the tax effect of each adjustment item by applying our overall effective tax rate for continuing operations to the pre-tax amount, unless the nature of the item and/or the tax jurisdiction in which the item has been recorded requires application of a specific tax rate or tax treatment, in which case the tax effect of such item is estimated by applying such specific tax rate or tax treatment.

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RECONCILIATION OF EBITDA TO ADJUSTED EBITDA

(Unaudited)

(Dollars in thousands)

Three Months Ended September 30,

	2022	2021
Net sales	\$ 4,232,775	\$ 3,762,809
Net income	\$ 388,037	\$ 451,463
Income taxes	115,308	120,282
Depreciation	66,967	65,751
Amortization	87,014	79,771
Interest expense	117,794	59,350
EBITDA	775,120	776,617
Adjustments:		
Business realignment charges	3,861	3,014
Integration costs to achieve	11,991	1,202
Acquisition-related expenses	160,258	52,199
Loss on deal-contingent forward contracts	389,992	—
Gain on sale of Aircraft Wheel and Brake divestiture	(372,930)	—
Amortization of inventory step-up to fair value	18,358	—
Adjusted EBITDA	\$ 986,650	\$ 833,032
EBITDA margin	18.3 %	20.6 %
Adjusted EBITDA margin	23.3 %	22.1 %

BUSINESS SEGMENT INFORMATION

(Unaudited)

(Dollars in thousands)

Three Months Ended September 30,

	2022	2021
Net sales		
Diversified Industrial:		
North America	\$ 2,131,760	\$ 1,793,715
International	1,355,013	1,376,436
Aerospace Systems	746,002	592,658
Total net sales	\$ 4,232,775	\$ 3,762,809
Segment operating income		
Diversified Industrial:		
North America	\$ 452,986	\$ 333,702
International	293,940	291,176
Aerospace Systems	92,151	118,251
Total segment operating income	839,077	743,129
Corporate general and administrative expenses	51,660	49,072
Income before interest expense and other expense	787,417	694,057
Interest expense	117,794	59,350
Other expense	166,278	62,962
Income before income taxes	\$ 503,345	\$ 571,745

RECONCILIATION OF SEGMENT OPERATING MARGINS TO ADJUSTED SEGMENT OPERATING MARGINS

(Unaudited) (Dollars in thousands)	Three Months Ended September 30,	
	2022	2021
Diversified Industrial North America sales	\$ 2,131,760	\$ 1,793,715
Diversified Industrial North America operating income	\$ 452,986	\$ 333,702
Adjustments:		
Acquired intangible asset amortization	46,274	47,263
Business realignment charges	133	953
Integration costs to achieve	47	331
Adjusted Diversified Industrial North America operating income	<u>\$ 499,440</u>	<u>\$ 382,249</u>
Diversified Industrial North America operating margin	21.2 %	18.6 %
Adjusted Diversified Industrial North America operating margin	23.4 %	21.3 %

(Unaudited) (Dollars in thousands)	Three Months Ended September 30,	
	2022	2021
Diversified Industrial International sales	\$ 1,355,013	\$ 1,376,436
Diversified Industrial International operating income	\$ 293,940	\$ 291,176
Adjustments:		
Acquired intangible asset amortization	16,805	19,742
Business realignment charges	1,879	2,064
Integration costs to achieve	139	871
Adjusted Diversified Industrial International operating income	<u>\$ 312,763</u>	<u>\$ 313,853</u>
Diversified Industrial International operating margin	21.7 %	21.2 %
Adjusted Diversified Industrial International operating margin	23.1 %	22.8 %

(Unaudited) (Dollars in thousands)	Three Months Ended September 30,	
	2022	2021
Aerospace Systems sales	\$ 746,002	\$ 592,658
Aerospace Systems operating income	\$ 92,151	\$ 118,251
Adjustments:		
Acquired intangible asset amortization	23,935	12,766
Business realignment charges	1,849	(3)
Integration costs to achieve	11,805	—
Amortization of inventory step-up to fair value	18,358	—
Adjusted Aerospace Systems operating income	<u>\$ 148,098</u>	<u>\$ 131,014</u>
Aerospace Systems operating margin	12.4 %	20.0 %
Adjusted Aerospace Systems operating margin	19.9 %	22.1 %

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RECONCILIATION OF SEGMENT OPERATING MARGINS TO ADJUSTED SEGMENT OPERATING MARGINS

(Unaudited)

Three Months Ended September 30,

(Dollars in thousands)

2022

2021

	2022	2021
Total segment sales	\$ 4,232,775	\$ 3,762,809
Total segment operating income	\$ 839,077	\$ 743,129
Adjustments:		
Acquired intangible asset amortization	87,014	79,771
Business realignment charges	3,861	3,014
Integration costs to achieve	11,991	1,202
Amortization of inventory step-up to fair value	18,358	—
Adjusted total segment operating income	\$ 960,301	\$ 827,116
Total segment operating margin	19.8 %	19.7 %
Adjusted total segment operating margin	22.7 %	22.0 %

CONSOLIDATED BALANCE SHEET

(Unaudited)
(Dollars in thousands)

	September 30, 2022	June 30, 2022	September 30, 2021
Assets			
Current assets:			
Cash and cash equivalents	\$ 502,307	\$ 535,799	\$ 478,582
Marketable securities and other investments	19,504	27,862	40,160
Trade accounts receivable, net	2,649,166	2,341,504	2,109,648
Non-trade and notes receivable	374,177	543,757	315,571
Inventories	3,130,182	2,214,553	2,264,725
Prepaid expenses and other	492,491	6,383,169	422,588
Total current assets	7,167,827	12,046,644	5,631,274
Property, plant and equipment, net	2,753,607	2,122,758	2,223,534
Deferred income taxes	125,604	110,585	145,972
Investments and other assets	1,135,728	788,057	800,211
Intangible assets, net	8,388,011	3,135,817	3,426,540
Goodwill	10,384,130	7,740,082	8,009,340
Total assets	\$ 29,954,907	\$ 25,943,943	\$ 20,236,871

Liabilities and equity**Current liabilities:**

Notes payable and long-term debt payable within one year	\$ 1,725,077	\$ 1,724,310	\$ 302,309
Accounts payable, trade	2,018,209	1,731,925	1,636,272
Accrued payrolls and other compensation	462,075	470,132	341,355
Accrued domestic and foreign taxes	230,899	250,292	279,173
Other accrued liabilities	1,062,448	1,682,659	724,134
Total current liabilities	5,498,708	5,859,318	3,283,243
Long-term debt	12,238,900	9,755,825	6,263,941
Pensions and other postretirement benefits	770,032	639,939	997,392
Deferred income taxes	1,778,074	307,044	568,369
Other liabilities	895,789	521,897	618,081
Shareholders' equity	8,762,521	8,848,011	8,490,781
Noncontrolling interests	10,883	11,909	15,064
Total liabilities and equity	\$ 29,954,907	\$ 25,943,943	\$ 20,236,871

CONSOLIDATED STATEMENT OF CASH FLOWS

(Unaudited)

Three Months Ended September 30,

(Dollars in thousands)

	2022	2021
Cash flows from operating activities:		
Net income	\$ 388,037	\$ 451,463
Depreciation and amortization	153,981	145,522
Share incentive plan compensation	65,018	57,666
Gain on sale of business	(372,930)	—
Gain on disposal of property, plant and equipment	(4,287)	(30)
(Gain) loss on marketable securities	(1,361)	804
Gain on investments	(1,957)	(200)
Net change in receivables, inventories and trade payables	(30,792)	(137,074)
Net change in other assets and liabilities	24,371	(87,118)
Other, net	237,278	(6,674)
Net cash provided by operating activities	457,358	424,359
Cash flows from investing activities:		
Acquisitions (net of cash of \$89,704 in 2022)	(7,146,110)	—
Capital expenditures	(83,555)	(48,203)
Proceeds from sale of property, plant and equipment	11,107	7,751
Proceeds from sale of businesses	441,340	—
Purchases of marketable securities and other investments	(7,687)	(7,456)
Maturities and sales of marketable securities and other investments	16,467	5,312
Payments of deal-contingent forward contracts	(1,405,418)	—
Other	246,438	649
Net cash used in investing activities	(7,927,418)	(41,947)
Cash flows from financing activities:		
Net payments for common stock activity	(66,682)	(244,731)
Net proceeds from (payments for) debt	1,586,181	(595)
Financing fees paid	(8,754)	(42,703)
Dividends paid	(171,176)	(132,921)
Net cash provided by (used in) financing activities	1,339,569	(420,950)
Effect of exchange rate changes on cash	(15,078)	(997)
Net decrease in cash, cash equivalents and restricted cash	(6,145,569)	(39,535)
Cash, cash equivalents and restricted cash at beginning of year	6,647,876	733,117
Cash, cash equivalents and restricted cash at end of period	\$ 502,307	\$ 693,582

RECONCILIATION OF FORECASTED EARNINGS PER DILUTED SHARE TO ADJUSTED FORECASTED EARNINGS PER DILUTED SHARE

(Unaudited)

(Amounts in dollars)

	Fiscal Year 2023
Forecasted earnings per diluted share	\$12.85 to \$13.55
Adjustments:	
Business realignment charges	0.27
Costs to achieve	0.54
Acquisition-related intangible asset amortization expense	4.00
Acquisition-related expenses	2.54
Loss on deal-contingent forward contracts	3.00
Gain on Aircraft Wheel & Brake divestiture	(2.87)
Tax effect of adjustments ¹	(1.73)
Adjusted forecasted earnings per diluted share	\$18.60 to \$19.30

¹This line item reflects the aggregate tax effect of all non-tax adjustments reflected in the preceding line items of the table. We estimate the tax effect of each adjustment item by applying our overall effective tax rate for continuing operations to the pre-tax amount, unless the nature of the item and/or the tax jurisdiction in which the item has been recorded requires application of a specific tax rate or tax treatment, in which case the tax effect of such item is estimated by applying such specific tax rate or tax treatment.