UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K/A

Amendment No. 1

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended JUNE 30, 2024

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ___ to ___

Commission file number 1-2299

APPLIED INDUSTRIAL TECHNOLOGIES, INC.

(Exact name of registrant as specified in its charter)

Ohio	**34-0117420**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1 Applied Plaza Cleveland Ohio	**44115**
(Address of Principal Executive Offices)	(Zip Code)

(216) 426-4000

Registrant's telephone number, including area code

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, without par value	AIT	New York Stock Exchange

Securities registered pursuant to section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 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) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

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 (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☒ No ☐

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 "large accelerated filer," "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.1D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter (December 31, 2023): $6,623,721,000.

The registrant had outstanding 38,358,730 shares of common stock as of August 2, 2024.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the proxy statement for the annual meeting of shareholders of Applied Industrial Technologies, Inc., to be held October 22, 2024, are incorporated by reference into Parts II, III, and IV of this Form 10-K.

EXPLANATORY NOTE

Applied Industrial Technologies, Inc. (the "Company") is filing this Amendment No. 1 on Form 10-K/A to its Annual Report on Form 10-K for the fiscal year ended June 30, 2024 (the "Original Filing"), which was filed with the Securities and Exchange Commission ("SEC") on August 16, 2024, solely for the purpose of adding the conformed signature of Deloitte & Touche LLP to the Report of Independent Registered Public Accounting Firm included in Item 8 and Item 9A of Part II of the Original Filing (the "Audit Reports"). The signed Audit Reports were received by the Company prior to the Original Filing being filed with the SEC, but the conformed signature in the Audit Reports was inadvertently omitted from the Original Filing.

Pursuant to Rule 12b-15 of the Securities Exchange Act of 1934, as amended, this Amendment No. 1 contains the complete text of Item 8. Financial Statements and Supplementary Data, Item 9A. Controls and Procedures, and Item 15. Exhibits, Financial Statement Schedules, as well as certifications of the Company's Principal Executive Officer and Principal Financial Officer required under Items 302 and 906 of the Sarbanes-Oxley Act of 2002, as amended, each dated as of the date of this Amendment.

Except as expressly set forth in this Amendment No. 1, no other changes have been made to the Original Filing, and this Form 10-K/A does not modify, amend or update in any way the financial or other information contained in the Original Filing. This Form 10-K/A speaks as of the filing date of the Original Filing and does not reflect events that may have occurred subsequent to the filing date of the Original Filing. Accordingly, this Amendment No. 1 should be read together with the Original Filing.

TABLE OF CONTENTS

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Applied Industrial Technologies, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Applied Industrial Technologies, Inc. and subsidiaries (the "Company") as of June 30, 2024 and 2023, the related statements of consolidated income, comprehensive income, shareholders' equity, and cash flows, for each of the three years in the period ended June 30, 2024, and the related notes and the schedule listed in the Index at Item 15 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended June 30, 2024, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of June 30, 2024, based on criteria established in *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated August 16, 2024, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current-period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Goodwill - A reporting unit within the Engineered Solutions segment - Refer to Notes 1 and 5 to the financial statements

Critical Audit Matter Description

The Company's evaluation of goodwill for impairment involves the comparison of the fair value of each reporting unit to its carrying value. The Company determines the fair value of its reporting units using the income and market approaches. The determination of the fair value using the income approach requires management to make significant estimates and assumptions related to forecasts of future revenues, earnings before interest, taxes, depreciation, and amortization (EBITDA), and discount rates. The determination of the fair value using the market approach requires management to make significant estimates and assumptions related to the forecasts of future revenues, EBITDA and multiples that are applied to management's forecasted revenues and EBITDA estimates. The fair value of all reporting units exceeded their carrying value as of the measurement date and, therefore, no impairment was recognized.

Given the nature of operations for one reporting unit within the Engineered Solutions segment, the sensitivity of this reporting unit to changes in the economy, this reporting unit's historical performance as compared to projections, and the difference between its fair value and the carrying value, auditing management's judgments regarding forecasts of future revenues and EBITDA, as well as selection of the discount rate, and selection of multiples applied to management's forecasted revenues and EBITDA estimates for this reporting unit, required a high degree of auditor judgment and an increased extent of effort, including the need to involve our fair value specialists.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the forecasts of future revenues and EBITDA ("forecasts"), and the selection of the discount rate and selection of multiples applied to management's forecasted revenues and EBITDA estimates ("market multiples") for this reporting unit included the following, among others:

- We tested the design and effectiveness of controls over management's goodwill impairment evaluation, such as controls related to management's forecasts and the selection of the discount rate and market multiples used.
- We evaluated management's ability to accurately forecast by comparing actual results to management's historical forecasts.
- We evaluated the reasonableness of management's forecasts by comparing the current forecasts to (1) historical results, (2) internal communications to management and the Board of Directors at the reporting unit level and/or at a consolidated level, and (3) forecasted information included in industry reports for the various industries the reporting unit operates within.
- With the assistance of our fair value specialists, we evaluated the discount rate, including testing the underlying source information and the mathematical accuracy of the calculations, and developing a range of independent estimates and comparing those to the discount rate selected by management.
- With the assistance of our fair value specialists, we evaluated the market multiples by evaluating the selected comparable publicly traded companies and the adjustments made for differences in growth prospects and risk profiles between the reporting unit and the comparable publicly traded companies. We tested the underlying source information and mathematical accuracy of the calculations.

Inventory - Refer to Notes 1 and 4 to the financial statements

Critical Audit Matter Description

As of June 30, 2024, the Company holds inventory across a large number of locations, including distribution centers, service centers, repair shops and engineered solutions operations. The Company's processes to track and determine consolidated inventory relies on a perpetual inventory system that varies by location based in part upon the information technology (IT) system relevant to the location. Auditing the existence of inventory requires significant effort, the involvement of IT specialists due to the integration of IT systems that track physical inventory quantities by location, and auditor judgment in testing due to the disaggregation of inventory across the locations and the processes and controls in place. Judgment relates to assessing whether we have obtained sufficient audit evidence, including determining the number of locations to visit.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the existence of inventory included the following, among others:

- With the assistance of our IT specialists, we tested the design and effectiveness of controls over management's process to account for the physical existence of inventory, which included general IT controls as well as automated and manual business process controls.
- We involved senior team members to determine the extent and number of location counts to test.
- As part of our testing of the design and effectiveness of controls and of inventory, we observed management's count procedures at certain locations and obtained and evaluated management's audit evidence over counts at certain locations.
- We investigated any identified variations in inventory counts performed and considered the impact in the context of the inventory balance as a whole.

/s/ DELOITTE & TOUCHE LLP

Cleveland, Ohio
August 16, 2024

We have served as the Company's auditor since 1966.

STATEMENTS OF CONSOLIDATED INCOME
(In thousands, except per share amounts)

Year Ended June 30,	2024	2023	2022
Net sales	**$ 4,479,406**	$ 4,412,794	$ 3,810,676
Cost of sales	**3,142,753**	3,125,829	2,703,760
Gross profit	**1,336,653**	1,286,965	1,106,916
Selling, distribution and administrative expense, including depreciation	**840,830**	813,814	749,058
Operating income	**495,823**	473,151	357,858
Interest expense	**20,544**	24,790	26,785
Interest income	**(17,713)**	(3,151)	(522)
Other (income) expense, net	**(5,138)**	1,701	1,805
Income before income taxes	**498,130**	449,811	329,790
Income tax expense	**112,368**	103,072	72,376
Net income	**$ 385,762**	$ 346,739	$ 257,414
Net income per share — basic	**$ 9.98**	$ 8.98	$ 6.69
Net income per share — diluted	**$ 9.83**	$ 8.84	$ 6.58

See notes to consolidated financial statements.

STATEMENTS OF CONSOLIDATED COMPREHENSIVE INCOME

(In thousands)

Year Ended June 30,	**2024**	2023	2022
Net income per the statements of consolidated income	**$ 385,762**	$ 346,739	$ 257,414
Other comprehensive (loss) income, before tax:			
Foreign currency translation adjustments	**(12,544)**	7,723	(9,862)
Post-employment benefits:			
Actuarial (loss) gain on re-measurement	**(134)**	405	2,839
Termination of pension plan	**—**	1,031	—
Reclassification of net actuarial (gains) losses and prior service cost into other (income) expense, net and included in net periodic pension costs	**(117)**	36	300
Unrealized gain on cash flow hedge	**5,958**	18,174	26,204
Reclassification of interest from cash flow hedge into interest expense	**(18,683)**	(7,285)	11,361
Total other comprehensive (loss) income, before tax	**(25,520)**	20,084	30,842
Income tax (benefit) expense related to items of other comprehensive income	**(3,250)**	3,085	10,045
Other comprehensive (loss) income, net of tax	**(22,270)**	16,999	20,797
Comprehensive income	**$ 363,492**	$ 363,738	$ 278,211

See notes to consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

(In thousands)

June 30,	**2024**	2023
Assets		
Current assets		
Cash and cash equivalents	**$ 460,617**	$ 344,036
Accounts receivable, net	**724,878**	708,395
Inventories	**488,258**	501,184
Other current assets	**96,148**	93,192
Total current assets	**1,769,901**	1,646,807
Property — at cost		
Land	**14,160**	14,219
Buildings	**115,262**	109,884
Equipment, including computers and software	**233,745**	219,979
Total property — at cost	**363,167**	344,082
Less accumulated depreciation	**244,640**	229,041
Property — net	**118,527**	115,041
Operating lease assets, net	**133,289**	100,677
Identifiable intangibles, net	**245,870**	235,549
Goodwill	**619,395**	578,418
Other assets	**64,928**	66,840
Total Assets	**$ 2,951,910**	$ 2,743,332
Liabilities		
Current liabilities		
Accounts payable	**$ 266,949**	$ 301,685
Current portion of long-term debt	**25,055**	25,170
Compensation and related benefits	**93,204**	98,740
Other current liabilities	**115,892**	114,749
Total current liabilities	**501,100**	540,344
Long-term debt	**572,279**	596,926
Other liabilities	**189,750**	147,625
Total Liabilities	**1,263,129**	1,284,895
Shareholders' Equity		
Preferred stock — no par value; 2,500 shares authorized; none issued or outstanding	**—**	—
Common stock — no par value; 80,000 shares authorized; 54,213 shares issued; 38,409 and 38,657 shares outstanding, respectively	**10,000**	10,000
Additional paid-in capital	**193,778**	188,646
Retained earnings	**2,121,838**	1,792,632
Treasury shares — at cost (15,804 and 15,556 shares, respectively)	**(559,269)**	(477,545)
Accumulated other comprehensive loss	**(77,566)**	(55,296)
Total Shareholders' Equity	**1,688,781**	1,458,437
Total Liabilities and Shareholders' Equity	**$ 2,951,910**	$ 2,743,332

See notes to consolidated financial statements.

STATEMENTS OF CONSOLIDATED CASH FLOWS

(In thousands)

Year Ended June 30,	**2024**	2023	2022
Cash Flows from Operating Activities			
Net income	**$ 385,762**	$ 346,739	$ 257,414
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization of property	**23,431**	22,266	21,676
Amortization of intangibles	**28,923**	30,805	31,879
Amortization of stock appreciation rights and options	**3,448**	2,785	3,284
Deferred income taxes	**(1,074)**	(5,716)	15,176
(Recoveries of) provision for losses on accounts receivable	**(205)**	5,619	3,193
Other share-based compensation expense	**9,496**	9,576	8,558
Other	**(1,309)**	1,145	(1,752)
Changes in operating assets and liabilities, net of acquisitions:			
Accounts receivable	**(1,925)**	(51,059)	(145,519)
Inventories	**18,387**	(42,977)	(92,425)
Other operating assets	**(25,897)**	(25,254)	(4,982)
Accounts payable	**(39,272)**	37,682	53,597
Other operating liabilities	**(28,372)**	12,355	37,471
Cash provided by Operating Activities	**371,393**	343,966	187,570
Cash Flows from Investing Activities			
Cash paid for acquisition of businesses, net of cash acquired	**(72,090)**	(35,785)	(6,964)
Capital expenditures	**(24,864)**	(26,476)	(18,124)
Proceeds from property sales	**576**	1,428	1,107
Life insurance proceeds	**971**	—	3,158
Cash payments for loans on company-owned life insurance	**—**	—	(14,835)
Cash used in Investing Activities	**(95,407)**	(60,833)	(35,658)
Cash Flows from Financing Activities			
Repayments under revolving credit facility	**—**	(27,000)	—
Borrowings under revolving credit facility	**408**	—	410,592
Long-term debt repayments	**(25,251)**	(40,247)	(550,493)
Interest rate swap settlement receipts (payments)	**14,470**	8,800	(5,703)
Payment of debt issuance costs	**—**	—	(1,956)
Purchases of treasury shares	**(73,388)**	(716)	(13,784)
Dividends paid	**(55,879)**	(53,446)	(51,805)
Acquisition holdback payments	**(681)**	(1,510)	(2,361)
Exercise of stock appreciation rights and options	**127**	127	555
Taxes paid for shares withheld	**(16,274)**	(12,896)	(8,074)
Cash used in Financing Activities	**(156,468)**	(126,888)	(223,029)
Effect of exchange rate changes on cash	**(2,937)**	3,317	(2,154)
Increase (decrease) in cash and cash equivalents	**116,581**	159,562	(73,271)
Cash and cash equivalents at beginning of year	**344,036**	184,474	257,745
Cash and Cash Equivalents at End of Year	**$ 460,617**	$ 344,036	$ 184,474
Supplemental Cash Flow Information			
Cash paid during the year for:			
Income taxes	**$ 116,311**	$ 108,084	$ 53,301
Interest (includes interest rate swap settlements)	**$ 23,978**	$ 22,567	$ 20,164

See notes to consolidated financial statements.

STATEMENTS OF CONSOLIDATED SHAREHOLDERS' EQUITY

(In thousands)

For the Years Ended June 30, 2024, 2023 and 2022	Shares of Common Stock Outstanding	Common Stock	Additional Paid-In Capital	Retained Earnings	Treasury Shares-at Cost	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
Balance at June 30, 2021	38,516	$ 10,000	$ 177,014	$1,294,413	$(455,789)	$ (93,092)	$ 932,546
Net income				257,414			257,414
Other comprehensive income						20,797	20,797
Cash dividends — $1.34 per share				(52,175)			(52,175)
Purchases of common stock for treasury	(149)				(13,784)		(13,784)
Treasury shares issued for:							
Exercise of stock appreciation rights and options	104		(3,945)		(2,132)		(6,077)
Performance share awards	5		(222)		(73)		(295)
Restricted stock units	12		(598)		(138)		(736)
Compensation expense — stock appreciation rights			3,284				3,284
Other share-based compensation expense			8,558				8,558
Other	11		(269)	24	68		(177)
Balance at June 30, 2022	38,499	10,000	183,822	1,499,676	(471,848)	(72,295)	1,149,355
Net income				346,739			346,739
Other comprehensive income						16,999	16,999
Cash dividends — $1.38 per share				(53,887)			(53,887)
Purchases of common stock for treasury	(8)				(716)		(716)
Treasury shares issued for:							
Exercise of stock appreciation rights and options	92		(4,256)		(3,773)		(8,029)
Performance share awards	23		(1,290)		(758)		(2,048)
Restricted stock units	34		(1,712)		(932)		(2,644)
Compensation expense — stock appreciation rights			2,785				2,785
Other share-based compensation expense			9,576				9,576
Other	17		(279)	104	482		307
Balance at June 30, 2023	**38,657**	**10,000**	**188,646**	**1,792,632**	**(477,545)**	**(55,296)**	**1,458,437**
Net income				**385,762**			**385,762**
Other comprehensive loss						**(22,270)**	**(22,270)**
Cash dividends — $1.44 per share				**(56,560)**			**(56,560)**
Purchases of common stock for treasury	**(398)**				**(73,388)**		**(73,388)**
Treasury shares issued for:							
Exercise of stock appreciation rights and options	**73**		**(3,611)**		**(3,886)**		**(7,497)**
Performance share awards	**54**		**(3,072)**		**(3,487)**		**(6,559)**
Restricted stock units	**16**		**(905)**		**(1,108)**		**(2,013)**
Compensation expense — stock appreciation rights			**3,448**				**3,448**
Other share-based compensation expense			**9,496**				**9,496**
Other	**7**		**(224)**	**4**	**145**		**(75)**
Balance at June 30, 2024	**38,409**	**$ 10,000**	**$ 193,778**	**$2,121,838**	**$(559,269)**	**$ (77,566)**	**$ 1,688,781**

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

NOTE 1: BUSINESS AND ACCOUNTING POLICIES

Business
Applied Industrial Technologies, Inc. and subsidiaries (the “Company,” “Applied,” "us," "we," or "our") is a leading value-added distributor and technical solutions provider of industrial motion, fluid power, flow control, automation technologies, and related maintenance supplies. Our leading brands, specialized services, and comprehensive knowledge serve MRO (Maintenance, Repair & Operations) and OEM (Original Equipment Manufacturer) end users in virtually all industrial markets through our multi-channel capabilities that provide choice, convenience, and expertise. Although the Company does not generally manufacture the products it sells, it does assemble and repair certain products and systems.

Consolidation
The consolidated financial statements include the accounts of Applied Industrial Technologies, Inc. and its subsidiaries. Intercompany transactions and balances have been eliminated in consolidation.

Foreign Currency
The financial statements of the Company’s Canadian, Mexican, Australian, and New Zealand subsidiaries are measured using local currencies as their functional currencies. Assets and liabilities are translated into U.S. dollars at current exchange rates, while income and expenses are translated at average exchange rates. Translation gains and losses are reported in other comprehensive income (loss) in the statements of consolidated comprehensive income. Gains and losses resulting from transactions denominated in foreign currencies are included in the statements of consolidated income as a component of other expense (income), net.

Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results may differ from the estimates and assumptions used in preparing the consolidated financial statements.

Cash and Cash Equivalents
The Company considers all short-term, highly liquid investments with maturities of three months or less at the date of purchase to be cash equivalents. Cash and cash equivalents are carried at cost, which approximates fair value.

Marketable Securities
The primary marketable security investments of the Company include money market and mutual funds held in a rabbi trust for a non-qualified deferred compensation plan. These are included in other assets in the consolidated balance sheets, are classified as trading securities, and are reported at fair value based on quoted market prices. Changes in the fair value of the investments during the period are recorded in other expense (income), net in the statements of consolidated income.

Concentration of Credit Risk
The Company has a broad customer base representing many diverse industries across North America, Australia, New Zealand, Singapore, and Costa Rica. As such, the Company does not believe that a significant concentration of credit risk exists in its accounts receivable. The Company’s cash and cash equivalents consist of deposits with commercial banks and regulated non-bank subsidiaries. While the Company monitors the creditworthiness of these institutions, a crisis in the financial systems could limit access to funds and/or result in the loss of principal. The terms of these deposits and investments provide that all monies are available to the Company upon demand.

Accounts Receivable
Accounts receivable are stated at their estimated net realizable value and consist of amounts billed or billable and currently due from customers.

Allowances for Doubtful Accounts
The Company maintains an allowance for doubtful accounts, which reflects management’s best estimate of probable losses based on an analysis of customer accounts, known troubled accounts, historical experience with write-offs, and other currently available evidence. Initially, the Company estimates an allowance for doubtful accounts as a percentage of net sales based on historical bad debt experience. This initial estimate is adjusted based on recent trends of customers and industries estimated to be greater credit risks, trends within the entire customer

pool, and changes in the overall aging of accounts receivable. Accounts are written off against the allowance when it becomes evident collection will not occur. While the Company has a large customer base that is geographically dispersed, a general economic downturn in any of the industry segments in which the Company operates could result in higher than expected defaults, and therefore, the need to revise estimates for bad debts. The allowance for doubtful accounts was $13,063 and $22,334 at June 30, 2024 and June 30, 2023, respectively.

Inventories

Inventories are valued at average cost, using the last-in, first-out (LIFO) method for U.S. inventories and the average cost method for foreign inventories. The Company adopted the link chain dollar value LIFO method of accounting for U.S. inventories in fiscal 1974. At June 30, 2024, approximately 14.9% of the Company’s domestic inventory dollars relate to LIFO layers added in the 1970s. The Company maintains five LIFO pools based on the following product groupings: bearings, power transmission products, rubber products, fluid power products, and other products. LIFO layers and/or liquidations are determined consistently year-to-year.

The Company evaluates the recoverability of its slow moving and inactive inventories at least quarterly. The Company estimates the recoverable cost of such inventory by product type while considering factors such as its age, historic and current demand trends, the physical condition of the inventory, as well as assumptions regarding future demand. The Company’s ability to recover its cost for slow moving or obsolete inventory can be affected by such factors as general market conditions, future customer demand, and relationships with suppliers. Historically, the Company’s inventories have demonstrated long shelf lives, are not highly susceptible to obsolescence, and, in certain instances, can be eligible for return under supplier return programs.

Supplier Purchasing Programs

The Company enters into agreements with certain suppliers providing inventory purchase incentives. The Company’s inventory purchase incentive arrangements are unique to each supplier and are generally annual programs ending at either the Company’s fiscal year end or the supplier’s year end; however, program length and ending dates can vary. Incentives are received in the form of cash or credits against purchases upon attainment of specified purchase volumes and are received either monthly, quarterly, or annually. The incentives are generally a specified percentage of the Company’s net purchases based upon achieving specific purchasing volume levels. These percentages can increase or decrease based on changes in the volume of purchases. The Company accrues for the receipt of these inventory purchase incentives based upon cumulative purchases of inventory. The percentage level utilized is based upon the estimated total volume of purchases expected during the life of the program. Supplier programs are analyzed each quarter to determine the appropriateness of the amount of purchase incentives accrued. Upon program completion, differences between estimates and actual incentives subsequently received have not been material. Benefits under these supplier purchasing programs are recognized under the Company’s inventory accounting methods as a reduction of cost of sales when the inventories representing these purchases are recorded as cost of sales. Accrued incentives expected to be settled as a credit against future purchases are reported on the consolidated balance sheets as an offset to amounts due to the related supplier.

Property and Related Depreciation and Amortization

Property and equipment are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets and is included in selling, distribution, and administrative expense in the accompanying statements of consolidated income. Buildings, building improvements and leasehold improvements are depreciated over ten to thirty years or the life of the lease if a shorter period, and equipment is depreciated over three to ten years. The Company capitalizes internal use software development costs in accordance with guidance on accounting for costs of computer software developed or obtained for internal use. Amortization of software begins when it is ready for its intended use, and is computed on a straight-line basis over the estimated useful life of the software, generally not to exceed twelve years. Capitalized software and hardware costs are classified as property on the consolidated balance sheets. The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the asset group's recorded value cannot be recovered from undiscounted future cash flows. Impairment losses, if any, would be measured based upon the difference between the carrying amount of an asset group and its fair value.

Goodwill and Intangible Assets

Goodwill is recognized as the excess cost of an acquired entity over the net amount assigned to assets acquired and liabilities assumed. Goodwill is not amortized. Goodwill is reviewed for impairment annually as of January 1 or whenever changes in conditions indicate an evaluation should be completed. These conditions could include a significant change in the business climate, legal factors, operating performance indicators, competition, or sale or disposition of a significant portion of a reporting unit. The Company utilizes the income and market approaches to determine the fair value of reporting units. Evaluating impairment requires significant judgment by management, including estimated future operating results, estimated future cash flows, the long-term rate of growth of the business, and determination of an appropriate discount rate. While the Company uses available information to prepare the estimates and evaluations, actual results could differ significantly.

The Company recognizes acquired identifiable intangible assets such as customer relationships, trade names, vendor relationships, and non-competition agreements apart from goodwill. Customer relationship identifiable intangibles are amortized using the sum-of-the-years-digits method or the expected cash flow method over estimated useful lives consistent with assumptions used in the determination of their value. Amortization of all other finite-lived identifiable intangible assets is computed using the straight-line method over the estimated period of benefit. Amortization of identifiable intangible assets is included in selling, distribution and administrative expense in the accompanying statements of consolidated income. Identifiable intangible assets with finite lives are reviewed for impairment when changes in conditions indicate carrying value may not be recoverable. If circumstances require a finite-lived intangible asset be tested for possible impairment, the Company first compares undiscounted cash flows expected to be generated by the asset to the carrying value of the asset. If the carrying value of the finite-lived intangible asset is not recoverable on an undiscounted cash flow basis, impairment is recognized to the extent that the carrying value exceeds its fair value determined through a discounted cash flow model. Identifiable intangible assets with indefinite lives are reviewed for impairment on an annual basis or whenever changes in conditions indicate an evaluation should be completed. The Company does not currently have any indefinite-lived identifiable intangible assets.

Self-Insurance Liabilities

The Company maintains business insurance programs with significant self-insured retention covering workers' compensation, business, automobile, general product liability and other claims. The Company accrues estimated losses including those incurred but not reported using actuarial calculations, models and assumptions based on historical loss experience. The Company also maintains a self-insured health benefits plan which provides medical benefits to U.S. based employees electing coverage under the plan. The Company estimates its reserve for all unpaid medical claims, including those incurred but not reported, based on historical experience, adjusted as necessary based upon management's reasoned judgment.

Revenue Recognition

The Company primarily sells purchased products distributed through its network of service centers and recognizes revenue at a point in time when control of the product transfers to the customer, typically upon shipment from an Applied facility or directly from a supplier. For products that ship directly from suppliers to customers, Applied generally acts as the principal in the transaction and recognizes revenue on a gross basis. Revenue recognized over time is not significant. Revenue is measured as the amount of consideration expected to be received in exchange for the products and services provided, net of allowances for product returns, variable consideration, and any taxes collected from customers that will be remitted to governmental authorities. Shipping and handling costs are recognized in net sales when they are billed to the customer. The Company has elected to account for shipping and handling activities as fulfillment costs. There are no significant costs associated with obtaining customer contracts.

Payment terms with customers vary by the type and location of the customer and the products or services offered. The Company does not adjust the promised amount of consideration for the effects of significant financing components based on the expectation that the period between when the Company transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less. Arrangements with customers that include payment terms extending beyond one year are not significant.

The Company's products are generally sold with a right of return and may include variable consideration in the form of incentives, discounts, credits, or rebates. Product returns are estimated based on historical return rates. The returns reserve was $10,815 and $12,635 at June 30, 2024 and June 30, 2023, respectively.

The Company estimates and recognizes variable consideration based on historical experience to determine the expected amount to which the Company will be entitled in exchange for transferring the promised goods or services to a customer. The Company records variable consideration as an adjustment to the transaction price in the period it is incurred. The realization of variable consideration occurs within a short period of time from product delivery; therefore, the time value of money effect is not significant.

Shipping and Handling Costs

The Company records freight payments to third parties in cost of sales and internal delivery costs in selling, distribution and administrative expense in the accompanying statements of consolidated income. Internal delivery costs in selling, distribution and administrative expense were approximately $24,620, $22,170, and $17,890 for the fiscal years ended June 30, 2024, 2023, and 2022, respectively.

Income Taxes

Income taxes are determined based upon income and expenses recorded for financial reporting purposes. Deferred income taxes are recorded for estimated future tax effects of differences between the bases of assets and liabilities for financial reporting and income tax purposes, giving consideration to enacted tax laws. Uncertain tax positions meeting a more-likely-than-not recognition threshold are recognized in accordance with Accounting Standards Codification (ASC) Topic 740 - Income Taxes. The Company recognizes accrued interest and penalties related to unrecognized income tax benefits in the provision for income taxes.

Share-Based Compensation

Share-based compensation represents the cost related to share-based awards granted to employees under the 2023 Long-Term Performance Plan, the 2019 Long-Term Performance Plan, or the 2015 Long-Term Performance Plan. The Company measures share-based compensation cost at the grant date, based on the estimated fair value of the award and recognizes the cost over the requisite service period. Non-qualified stock appreciation rights (SARs) and stock options are granted with an exercise price equal to the closing market price of the Company's common stock at the date of grant and the fair values are determined using a Black-Scholes option pricing model, which incorporates assumptions regarding the expected volatility, the expected option life, the risk-free interest rate and the expected dividend yield. SARs and stock option awards generally vest over four years of continuous service and have ten-year contractual terms. The fair value of restricted stock awards, restricted stock units (RSUs), and performance shares are based on the closing market price of Company common stock on the grant date.

Treasury Shares

Shares of common stock repurchased by the Company are recorded at cost as treasury shares and result in a reduction of shareholders' equity in the consolidated balance sheets. The Company uses the weighted-average cost method for determining the cost of shares reissued. The difference between the cost of the shares and the reissuance price is added to or deducted from additional paid-in capital.

Derivatives

The Company records all derivatives on the balance sheet at fair value. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative, whether the Company has elected to designate a derivative in a hedging relationship and apply hedge accounting, and whether the hedging relationship has satisfied the criteria necessary to apply hedge accounting. Derivatives designated and qualifying as a hedge of the exposure to changes in the fair value of an asset, liability, or firm commitment attributable to a particular risk, such as interest rate risk, are considered fair value hedges. Derivatives designated and qualifying as a hedge of the exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges. Derivatives may also be designated as hedges of the foreign currency exposure of a net investment in a foreign operation. Hedge accounting generally provides for the matching of the timing of gain or loss recognition on the hedging instrument with the recognition of the changes in the fair value of the hedged asset or liability that are attributable to the hedged risk in a fair value hedge or the earnings effect of the hedged forecasted transactions in a cash flow hedge. The Company may enter into derivative contracts that are intended to economically hedge certain risks, even though hedge accounting does not apply or the Company elects not to apply hedge accounting.

In accordance with the FASB's fair value measurement guidance, the Company made an accounting policy election to measure the credit risk of its derivative financial instruments that are subject to master netting agreements on a net basis by counterparty portfolio.

Retirement Savings Plan

Substantially all U.S. employees participate in the Applied Industrial Technologies, Inc. Retirement Savings Plan, a 401(k) plan. Participants may elect 401(k) contributions of up to 50% of their compensation, subject to Internal Revenue Code maximums. The Company partially matches 401(k) contributions by participants. The Company's expense for matching of employees' 401(k) contributions was $9,670, $9,989 and $9,149 during 2024, 2023 and 2022, respectively.

Deferred Compensation Plans

The Company maintains deferred compensation plans that enable certain employees of the Company to defer receipt of a portion of their compensation. Rabbi trusts have been established to hold and provide a measure of security for investments that fund benefits payments under these plans. Assets held in these rabbi trusts consist of investments in money market and mutual funds and Company common stock.

Post-employment Benefit Plans

The Company provides the following post-employment benefits which, except for the Qualified Defined Benefit Retirement Plan and Key Executive Restoration Plan, are unfunded:

Supplemental Executive Retirement Benefits Plan

The Company has a non-qualified pension plan to provide supplemental retirement benefits to certain officers. Benefits are payable and determinable at retirement based upon a percentage of the participant's historical compensation. The Executive Organization and Compensation Committee of the Board of Directors froze participant benefits (credited service and final average earnings) and entry into the Supplemental Executive Retirement Benefits Plan (SERP) effective December 31, 2011. The Company recorded net periodic benefit costs associated with the SERP of $289, $399, and $450 in fiscal 2024, 2023, and 2022, respectively. The Company expects to make payments of approximately $1,300 under the SERP in fiscal 2025 and 2026, respectively.

Key Executive Restoration Plan

In fiscal 2012, the Company adopted the Key Executive Restoration Plan (KERP), a funded, non-qualified deferred compensation plan, to replace the SERP. The Company recorded $446, $456, and $514 of expense associated with this plan in fiscal 2024, 2023, and 2022, respectively.

Qualified Defined Benefit Retirement Plan

The Company's qualified defined benefit retirement plan provided benefits to certain hourly employees at retirement based on length of service and date of retirement. The plan accruals were frozen as of April 16, 2018, and employees were permitted to participate in the Retirement Savings Plan, following that date. The Company terminated the defined benefit retirement plan effective February 28, 2022. Participants elected to receive benefits as either a lump sum payment or through an annuity contract and the settlement of $8,895 was paid from plan assets in the second quarter of fiscal 2023. As a result of the plan termination, the Company recognized a loss of $1,184 in the year ended June 30, 2023, which was recorded in other (income) expense, net in the statements of consolidated income. The Company recorded net periodic costs associated with this plan of $282 in fiscal 2022.

Retiree Health Care Benefits

The Company provides health care benefits, through third-party policies, to eligible retired employees who pay a specified monthly premium. Premium payments are based upon current insurance rates for the type of coverage provided and are adjusted annually. Certain monthly health care premium payments are partially subsidized by the Company. Additionally, in conjunction with a fiscal 1998 acquisition, the Company assumed the obligation for a post-retirement medical benefit plan which provides health care benefits to eligible retired employees at no cost to the individual. The Company recorded net periodic benefits associated with these plans of $186, $113, and $123 in fiscal 2024, 2023, and 2022, respectively.

The Company has determined that the related disclosures under ASC Topic 715 - Compensation, Retirement Benefits, for these post-employment benefit plans are not material to the consolidated financial statements.

Leases

The Company leases facilities for certain service centers, warehouses, distribution centers, and office space. The Company also leases office equipment and vehicles. All leases are classified as operating. The Company's leases expire at various dates through 2036, with terms ranging from 1 year to 15 years. Many of the Company's real estate leases contain renewal provisions to extend lease terms up to 5 years. The exercise of renewal options is solely at the Company's discretion. The Company's lease agreements do not contain material variable lease payments, residual value guarantees, or restrictive covenants. The Company does not recognize right-of-use assets or lease liabilities for short-term leases with initial terms of 12 months or less. Leased vehicles comprise the majority of the Company's short-term leases. All other leases are recorded on the balance sheet with right-of-use assets representing the right to use the underlying asset for the lease term and lease liabilities representing lease payment obligations. The Company's leases do not provide implicit rates; therefore the Company uses its incremental borrowing rate as the discount rate for measuring lease liabilities. Non-lease components are accounted for separately from lease components. The Company's operating lease expense is recognized on a straight-line basis over the lease term and is recorded in selling, distribution, and administrative expense on the statements of consolidated income.

Recently Issued Accounting Guidance

In December 2023, the FASB issued its final standard to improve income tax disclosures. This standard, issued as ASU 2023-09, requires public business entities to annually disclose specific categories in the rate reconciliation and provide additional information for reconciling items that meet a quantitative threshold. This update is effective for annual periods beginning after December 15, 2024. The Company has not yet determined the impact of this pronouncement on its financial statements and related disclosures.

In November 2023, the FASB issued its final standard to improve reportable segment disclosures. This standard, issued as ASU 2023-07, requires enhanced disclosures about significant segment expenses, enhances interim disclosure requirements, clarifies circumstances in which an entity can disclose multiple segment measures of profit or loss, provides new segment disclosure requirements for entities with a single reportable segment, and contains other disclosure requirements. This update is effective for all public entities for fiscal years beginning after December 15, 2023, with the interim disclosure requirements being effective for fiscal years beginning after December 15, 2024. The Company has not yet determined the impact of this pronouncement on its financial statements and related disclosures.

NOTE 2: REVENUE RECOGNITION

Disaggregation of Revenues

The following tables present the Company's net sales by reportable segment and by geographic areas based on the location of the facility shipping the product for the years ended June 30, 2024, 2023, and 2022. Other countries consist of Mexico, Australia, New Zealand, Singapore, and Costa Rica.

	Year Ended June 30, 2024		
	Service Center Based Distribution	**Engineered Solutions**	**Total**
Geographic Areas:			
United States	**$ 2,540,427**	**$ 1,391,762**	**$ 3,932,189**
Canada	**310,210**	**—**	**310,210**
Other Countries	**205,918**	**31,089**	**237,007**
Total	**$ 3,056,555**	**$ 1,422,851**	**$ 4,479,406**

	Year Ended June 30, 2023		
	Service Center Based Distribution	Engineered Solutions	Total
Geographic Areas:			
United States	$ 2,441,281	$ 1,419,140	$ 3,860,421
Canada	315,499	—	315,499
Other Countries	210,062	26,812	236,874
Total	$ 2,966,842	$ 1,445,952	$ 4,412,794

	Year Ended June 30, 2022		
	Service Center Based Distribution	Engineered Solutions	Total
Geographic Areas:			
United States	$ 2,081,566	$ 1,218,184	$ 3,299,750
Canada	291,530	—	291,530
Other Countries	192,508	26,888	219,396
Total	$ 2,565,604	$ 1,245,072	$ 3,810,676

The following tables present the Company's percentage of revenue by reportable segment and major customer industry for the years ended June 30, 2024, 2023, and 2022:

	Year Ended June 30, 2024		
	Service Center Based Distribution	**Engineered Solutions**	**Total**
General Industry	**35.0 %**	**38.7 %**	**36.2 %**
Industrial Machinery	**8.2 %**	**24.2 %**	**13.3 %**
Food	**15.0 %**	**2.8 %**	**11.1 %**
Metals	**10.9 %**	**7.9 %**	**10.0 %**
Forest Products	**12.0 %**	**3.2 %**	**9.2 %**
Chem/Petrochem	**2.7 %**	**16.0 %**	**6.9 %**
Cement & Aggregate	**7.4 %**	**1.3 %**	**5.5 %**
Oil & Gas	**5.1 %**	**1.7 %**	**4.0 %**
Transportation	**3.7 %**	**4.2 %**	**3.8 %**
Total	**100.0 %**	**100.0 %**	**100.0 %**

	Year Ended June 30, 2023		
	Service Center Based Distribution	Engineered Solutions	Total
General Industry	34.0 %	41.2 %	36.2 %
Industrial Machinery	9.8 %	26.1 %	15.2 %
Food	13.2 %	2.7 %	9.8 %
Metals	10.6 %	7.5 %	9.6 %
Forest Products	12.1 %	2.8 %	9.1 %
Chem/Petrochem	2.8 %	13.9 %	6.4 %
Cement & Aggregate	7.8 %	1.3 %	5.7 %
Oil & Gas	6.0 %	1.4 %	4.5 %
Transportation	3.7 %	3.1 %	3.5 %
Total	100.0 %	100.0 %	100.0 %

	Year Ended June 30, 2022		
	Service Center Based Distribution	Engineered Solutions	Total
General Industry	34.9 %	40.1 %	36.7 %
Industrial Machinery	10.3 %	28.3 %	16.2 %
Food	12.6 %	2.5 %	9.3 %
Metals	11.2 %	7.4 %	9.9 %
Forest Products	10.8 %	2.4 %	8.0 %
Chem/Petrochem	3.1 %	13.8 %	6.6 %
Cement & Aggregate	7.6 %	1.0 %	5.5 %
Oil & Gas	5.4 %	1.2 %	4.0 %
Transportation	4.1 %	3.3 %	3.8 %
Total	100.0 %	100.0 %	100.0 %

The following tables present the Company's percentage of revenue by reportable segment and product line for the years ended June 30, 2024, 2023, and 2022:

	Year Ended June 30, 2024		
	Service Center Based Distribution	**Engineered Solutions**	**Total**
Power Transmission	**37.7 %**	**11.3 %**	**29.4 %**
Fluid Power	**14.1 %**	**36.3 %**	**21.1 %**
General Maintenance; Hose Products	**22.1 %**	**17.2 %**	**20.5 %**
Bearings, Linear & Seals	**26.1 %**	**0.4 %**	**18.0 %**
Specialty Flow Control	**— %**	**34.8 %**	**11.0 %**
Total	**100.0 %**	**100.0 %**	**100.0 %**

	Year Ended June 30, 2023		
	Service Center Based Distribution	Engineered Solutions	Total
Power Transmission	37.3 %	10.6 %	28.5 %
Fluid Power	13.3 %	34.3 %	20.2 %
General Maintenance; Hose Products	21.1 %	19.3 %	20.6 %
Bearings, Linear & Seals	28.3 %	0.4 %	19.1 %
Specialty Flow Control	— %	35.4 %	11.6 %
Total	100.0 %	100.0 %	100.0 %

	Year Ended June 30, 2022		
	Service Center Based Distribution	Engineered Solutions	Total
Power Transmission	37.1 %	10.6 %	28.4 %
Fluid Power	12.8 %	37.2 %	20.8 %
General Maintenance; Hose Products	20.9 %	18.9 %	20.3 %
Bearings, Linear & Seals	29.2 %	0.4 %	19.8 %
Specialty Flow Control	— %	32.9 %	10.7 %
Total	100.0 %	100.0 %	100.0 %

Contract Assets

The Company's contract assets consist of un-billed amounts resulting from contracts for which revenue is recognized over time using the cost-to-cost method, and for which revenue recognized exceeds the amount billed to the customer.

Activity related to contract assets, which are included in other current assets on the consolidated balance sheet, is as follows:

	June 30, 2024	June 30, 2023	$ Change	% Change
Contract assets	**$ 12,648**	$ 17,911	$ (5,263)	(29.4)%

The difference between the opening and closing balances of the Company's contract assets primarily results from the timing difference between the Company's performance and when the customer is billed.

NOTE 3: BUSINESS COMBINATIONS

The operating results of all acquired entities are included within the consolidated operating results of the Company from the date of each respective acquisition.

Fiscal 2024 Acquisitions

On May 1, 2024, the Company acquired 100% of the outstanding shares of Grupo Kopar (Kopar), a Monterrey, Mexico based provider of emerging automation technologies and engineered solutions. Kopar is included in the Engineered Solutions segment. The purchase price for the acquisition was $61,225, net liabilities assumed were $2,529, and intangible assets including goodwill were $63,754 based upon preliminary estimated fair values at the acquisition date, which are subject to adjustment. The Company funded this acquisition using available cash. The acquisition price and the results of operations for the acquired entity are not material in relation to the Company's consolidated financial statements.

On September 1, 2023, the Company acquired substantially all of the net assets of Bearing Distributors, Inc. (BDI), a Columbia, South Carolina based provider of bearings, power transmission, and industrial motion products, and related service and repair capabilities. BDI is included in the Service Center Based Distribution segment. The purchase price for the acquisition was $17,926, net tangible assets acquired were $4,086, and intangible assets including goodwill were $13,840 based upon preliminary estimated fair values at the acquisition date, which are subject to adjustment. The purchase price includes $1,800 of acquisition holdback payments, which are included in other current liabilities and other liabilities on the consolidated balance sheet as of June 30, 2024, and which will be paid on the first and second anniversaries of the acquisition date with interest at a fixed rate of 3.0% per annum. The Company funded this acquisition using available cash. The acquisition price and the results of operations for the acquired entity are not material in relation to the Company's consolidated financial statements.

On August 1, 2023, the Company acquired substantially all of the net assets of Cangro Industries, Inc. (Cangro), a Farmingdale, New York based provider of bearings, power transmission, industrial motion, and related service and repair capabilities. Cangro is included in the Service Center Based Distribution segment. The purchase price for the acquisition was $6,219, net tangible assets acquired were $2,175, and intangible assets including goodwill were $4,044 based upon preliminary estimated fair values at the acquisition date, which are subject to adjustment. The purchase price includes $930 of acquisition holdback payments, which are included in other current liabilities and other liabilities on the consolidated balance sheet as of June 30, 2024, and which will be paid on the first, second, and third anniversaries of the acquisition date with interest at a fixed rate of 1.0% per annum. The Company funded this acquisition using available cash. The acquisition price and the results of operations for the acquired entity are not material in relation to the Company's consolidated financial statements.

Fiscal 2023 Acquisitions

On March 31, 2023, the Company acquired substantially all of the net assets of Advanced Motion Systems Inc. (AMS), a western New York based provider of automation products, services, and engineered solutions focused on a full range of machine vision, robotics, and motion control products and technologies. AMS is included in the Engineered Solutions segment. The purchase price for the acquisition was $10,118, net tangible assets acquired were $1,768, and intangible assets including goodwill were $8,350 based upon estimated fair values at the acquisition date. The Company funded this acquisition using available cash. The acquisition price and the results of operations for the acquired entity are not material in relation to the Company's consolidated financial statements.

On November 1, 2022, the Company acquired substantially all of the net assets of Automation, Inc., a Minneapolis, Minnesota based provider of automation products, services, and engineered solutions focused on machine vision, collaborative and mobile robotics, motion control, intelligent sensors, pneumatics, and other related products and solutions. Automation, Inc. is included in the Engineered Solutions segment. The purchase price for the acquisition was $25,617, net tangible assets acquired were $3,639, and intangible assets including goodwill were $21,978 based upon estimated fair values at the acquisition date. The Company funded this acquisition using available cash. The acquisition price and the results of operations for the acquired entity are not material in relation to the Company's consolidated financial statements.

Fiscal 2022 Acquisitions

On August 18, 2021, the Company acquired substantially all of the net assets of R.R. Floody Company (Floody), a Rockford, Illinois provider of high technology solutions for advanced factory automation. Floody is included in the Engineered Solutions segment. The purchase price for the acquisition was $8,038, net tangible assets acquired were $1,040, and intangible assets including goodwill were $6,998 based upon estimated fair values at the acquisition date. The purchase price included $1,000 of acquisition holdback payments, of which $500 was paid during the year-ended June 30, 2023, and the remaining $500 was paid during the year-ended June 30, 2024. The Company funded this acquisition using available cash. The acquisition price and the results of operations for the acquired entity are not material in relation to the Company's consolidated financial statements.

NOTE 4: INVENTORIES

Inventories consist of the following:

June 30,	2024	2023
U.S. inventories at average cost	$ 557,313	$ 558,299
Foreign inventories at average cost	156,873	158,165
	714,186	716,464
Less: Excess of average cost over LIFO cost for U.S. inventories	225,928	215,280
Inventories on consolidated balance sheets	$ 488,258	$ 501,184

The overall impact of LIFO layer liquidations increased gross profit by $1,160, $127, and $501 in fiscal 2024, fiscal 2023, and fiscal 2022, respectively.

NOTE 5: GOODWILL AND INTANGIBLES

The changes in the carrying amount of goodwill for both the Service Center Based Distribution segment and the Engineered Solutions segment for the years ended June 30, 2024 and 2023 are as follows:

	Service Center Based Distribution	Engineered Solutions	Total
Balance at July 1, 2022	$ 211,010	$ 352,195	$ 563,205
Goodwill acquired during the year	—	14,517	14,517
Other, primarily currency translation	221	475	696
Balance at June 30, 2023	211,231	367,187	578,418
Goodwill acquired during the year	9,712	32,634	42,346
Other, primarily currency translation	(1,369)	—	(1,369)
Balance at June 30, 2024	**$ 219,574**	**$ 399,821**	**$ 619,395**

During the first quarter of fiscal 2024, the Company recorded an adjustment to the preliminary estimated fair value of intangible assets related to the AMS acquisition. The fair value of the trade name was reduced by $1,249, with a corresponding increase to goodwill of $1,249. During the second quarter of fiscal 2024, the Company recorded an adjustment to the preliminary estimated fair value of intangible assets related to the BDI acquisition. The fair value of the trade name was reduced by $2,130, and the fair value of the customer relationship was increased by $70, with a corresponding combined increase to goodwill of $2,060.

The Company has eight (8) reporting units for which an annual goodwill impairment assessment was performed as of January 1, 2024. Based on the assessment performed, the Company concluded that the fair value of all of the reporting units exceeded their carrying amount as of January 1, 2024, therefore no impairment exists.

At June 30, 2024 and 2023, accumulated goodwill impairment losses subsequent to fiscal year 2002 totaled $64,794 related to the Service Center Based Distribution segment and $167,605 related to the Engineered Solutions segment.

The Company's identifiable intangible assets resulting from business combinations are amortized over their estimated period of benefit and consist of the following:

June 30, 2024	Amount	Accumulated Amortization	Net Book Value
Finite-Lived Intangibles:			
Customer relationships	$ 394,114	$ 205,422	$ 188,692
Trade names	88,848	34,891	53,957
Other	4,946	1,725	3,221
Total Intangibles	$ 487,908	$ 242,038	$ 245,870

June 30, 2023		Amount		Accumulated Amortization		Net Book Value
Finite-Lived Intangibles:						
Customer relationships	$	364,572	$	188,804	$	175,768
Trade names		108,301		50,823		57,478
Vendor relationships		9,861		9,744		117
Other		3,347		1,161		2,186
Total Intangibles	$	486,081	$	250,532	$	235,549

Amounts include the impact of foreign currency translation. Fully amortized amounts are written off.

During fiscal 2024, the Company acquired identifiable intangible assets with an acquisition cost allocation and weighted-average life as follows:

		Acquisition Cost Allocation	Weighted-Average Life
Customer relationships	$	35,131	20.0
Trade names		3,810	13.3
Other		1,600	6.7
Total Intangibles Acquired	$	40,541	18.9

Identifiable intangible assets with finite lives are reviewed for impairment when changes in conditions indicate carrying value may not be recoverable.

Amortization of identifiable intangibles totaled $28,923, $30,805, and $31,879 in fiscal 2024, 2023, and 2022, respectively, and is included in selling, distribution and administrative expense in the statements of consolidated income. Future amortization expense based on the Company’s identifiable intangible assets as of June 30, 2024 is estimated to be $29,300 for 2025, $27,300 for 2026, $25,200 for 2027, $23,400 for 2028, and $21,800 for 2029.

NOTE 6: DEBT

A summary of long-term debt, including the current portion, follows:

June 30,		2024		2023
Revolving credit facility	$	384,000	$	383,592
Trade receivable securitization facility		188,300		188,300
Series D Notes		—		25,000
Series E Notes		25,000		25,000
Other		105		356
Total debt	$	597,405	$	622,248
Less: unamortized debt issuance costs		71		152
	$	597,334	$	622,096

Revolving Credit Facility & Term Loan

In December 2021, the Company entered into a five-year revolving credit facility with a group of banks to refinance the existing credit facility as well as provide funds for ongoing working capital and other general corporate purposes. The revolving credit facility provides a $900,000 unsecured revolving credit facility and an uncommitted accordion feature which allows the Company to request an increase in the borrowing commitments, or incremental term loans, under the credit facility in aggregate principal amounts of up to $500,000. In May 2023, the Company and the administrative agent entered into an amendment to the credit facility to replace LIBOR with SOFR as a reference rate available for use in the computation of interest. Borrowings under this agreement bear interest, at the Company's election, at either the base rate plus a margin that ranges from 0 to 55 basis points based on the net leverage ratio or SOFR plus a margin that ranges from 80 to 155 basis points based on the net leverage ratio. Available borrowing under this facility, without exercising the accordion feature and net of outstanding letters of credit of $200 to secure certain insurance obligations, totaled $515,800 and $516,208 at June 30, 2024 and June 30, 2023, respectively, and were available to fund future acquisitions or other capital and operating requirements. The interest rate on the revolving credit facility was 6.24% and 6.11% as of June 30, 2024 and June 30, 2023, respectively.

Additionally, the Company had letters of credit outstanding not associated with the revolving credit agreement, in the amount of $4,046 as of June 30, 2024 and June 30, 2023 in order to secure certain insurance obligations.

Trade Receivable Securitization Facility

In August 2018, the Company established a trade receivable securitization facility (the "AR Securitization Facility"). On March 26, 2021, the Company amended the AR Securitization Facility to expand the eligible receivables, which increased the maximum availability to $250,000 and increased the fees on the AR Securitization Facility to 0.98% per year. On August 4, 2023, the Company amended the AR Securitization Facility, extended the term to August 4, 2026, and reduced drawn fees to 0.90% per year. Availability is further subject to changes in the credit ratings of our customers, customer concentration levels or certain characteristics of the accounts receivable being transferred and, therefore, at certain times, we may not be able to fully access the $250,000 of funding available under the AR Securitization Facility. The AR Securitization Facility effectively increases the Company's borrowing capacity by collateralizing a portion of the amount of the U.S. operations' trade accounts receivable. The Company uses the proceeds from the AR Securitization Facility as an alternative to other forms of debt, effectively reducing borrowing costs. In May 2023, the Company entered into an amendment to the AR Securitization Facility to replace LIBOR with SOFR as a reference rate available for use in the computation of interest, therefore borrowings under this facility carry variable interest rates tied to SOFR. The interest rate on the AR Securitization Facility as of June 30, 2024 and June 30, 2023 was 6.35% and 6.16%, respectively.

Unsecured Shelf Facility

At June 30, 2024 and June 30, 2023, the Company had borrowings outstanding under its unsecured shelf facility agreement with Prudential Investment Management of $25,000 and $50,000, respectively. Fees on this facility range from 0.25% to 1.25% per year based on the Company's leverage ratio at each quarter end. The "Series D" notes carried a fixed interest rate of 3.21%, and the remaining principal balance of $25,000 was paid in October 2023. The "Series E" notes have a principal amount of $25,000, carry a fixed interest rate of 3.08%, and are due in October 2024.

Other Long-Term Borrowing

In 2014, the Company assumed $2,359 of debt as a part of the headquarters facility acquisition. The 1.50% fixed interest rate note is held by the State of Ohio Development Services Agency and matures in November 2024.

The table below summarizes the aggregate maturities of amounts outstanding under long-term borrowing arrangements for each of the next five years:

Fiscal Year	Aggregate Maturity
2025	$ 25,105
2026	—
2027	572,300
2028	—
2029	—

Covenants

The credit facility and the unsecured shelf facility contain restrictive covenants regarding liquidity, net worth, financial ratios, and other covenants. At June 30, 2024, the most restrictive of these covenants required that the Company have net indebtedness less than 3.75 times consolidated income before interest, taxes, depreciation and amortization (as defined). At June 30, 2024, the Company's net indebtedness was less than 0.3 times consolidated income before interest, taxes, depreciation and amortization (as defined). The Company was in compliance with all financial covenants at June 30, 2024.

NOTE 7: DERIVATIVES

Risk Management Objective of Using Derivatives

The Company is exposed to certain risks arising from both its business operations and economic conditions.
The Company principally manages its exposures to a wide variety of business and operational risks through management of its core business activities. The Company manages economic risks, including interest rate, liquidity, and credit risk primarily by managing the amount, sources, and duration of its assets and liabilities and the use of derivative financial instruments. Specifically, the Company enters into derivative financial instruments to manage exposures that arise from business activities that result in the receipt or payment of future known and uncertain cash amounts, the value of which are determined by interest rates. The Company's derivative financial instruments are used to manage differences in the amount, timing, and duration of the Company's known or expected cash receipts and its known or expected cash payments principally related to the Company's borrowings.

Cash Flow Hedges of Interest Rate Risk

The Company’s objectives in using interest rate derivatives are to add stability to interest expense and to manage its exposure to interest rate movements. To accomplish this objective, the Company primarily uses interest rate swaps as part of its interest rate risk management strategy. Interest rate swaps designated as cash flow hedges involve the receipt of variable amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount.

For derivatives designated and that qualify as cash flow hedges of interest rate risk, the gain or loss on the derivative is recorded in accumulated other comprehensive loss and subsequently reclassified into interest expense in the same period(s) during which the hedged transaction affects earnings. Amounts reported in accumulated other comprehensive loss related to derivatives will be reclassified to interest expense as interest payments are made on the Company’s variable-rate debt.

In January 2019, the Company entered into an interest rate swap to mitigate variability in forecasted interest payments on $463,000 of the Company’s U.S. dollar-denominated unsecured variable rate debt. The notional amount declines over time. The interest rate swap effectively converts a portion of the floating rate interest payment into a fixed rate interest payment. The Company designated the interest rate swap as a pay-fixed, receive-floating interest rate swap instrument and is accounting for this derivative as a cash flow hedge. During fiscal 2021, the Company completed a transaction to amend and extend the interest rate swap agreement which resulted in an extension of the maturity date to January 31, 2026 and a decrease of the weighted average fixed pay rate from 2.61% to 1.63%. The pay-fixed interest rate swap is considered a hybrid instrument with a financing component and an embedded at-market derivative that was designated as a cash flow hedge. In May 2023, the Company entered into bilateral agreements with its swap counterparties to transition its interest rate swap agreements to SOFR, and further decreased the weighted average fixed pay rate to 1.58%. The Company made various ASC 848 elections related to changes in critical terms of the hedging relationship due to reference rate reform to not result in a dedesignation of the hedging relationship. As of May 31, 2023, the Company's interest rate swap agreement was indexed to SOFR.

The interest rate swap converted $384,000 of variable rate debt to a rate of 2.48% as of June 30, 2024 and to a rate of 2.59% as of June 30, 2023. The fair value (Level 2 in the fair value hierarchy) of the interest rate cash flow hedge was $18,081 and $27,044 as of June 30, 2024 and June 30, 2023, respectively, which is included in other current assets and other assets in the consolidated balance sheet. Amounts reclassified from other comprehensive (loss) income, before tax, to interest expense totaled $(18,683), $(7,285), and $11,361 for fiscal 2024, 2023, and 2022, respectively.

NOTE 8: FAIR VALUE MEASUREMENTS

Marketable securities measured at fair value at June 30, 2024 and June 30, 2023 totaled $22,519 and $18,637, respectively. The majority of these marketable securities are held in a rabbi trust for a non-qualified deferred compensation plan. The marketable securities are included in other assets on the consolidated balance sheets and their fair values were valued using quoted market prices (Level 1 in the fair value hierarchy).

As of June 30, 2024, the carrying value of the Company's fixed interest rate debt outstanding under its unsecured shelf facility agreement with Prudential Investment Management approximates fair value (Level 2 in the fair value hierarchy).

The revolving credit facility contains variable interest rates and its carrying value approximates fair value (Level 2 in the fair value hierarchy).

NOTE 9: INCOME TAXES

Income Before Income Taxes

The components of income before income taxes are as follows:

Year Ended June 30,	2024	2023	2022
U.S.	**$ 467,785**	$ 423,316	$ 287,367
Foreign	**30,345**	26,495	42,423
Income before income taxes	**$ 498,130**	$ 449,811	$ 329,790

Provision

The provision for income taxes consists of:

Year Ended June 30,	2024	2023	2022
Current:			
Federal	**$ 86,501**	$ 84,294	$ 40,608
State and local	**23,016**	19,026	10,188
Foreign	**3,925**	5,468	6,404
Total current	**113,442**	108,788	57,200
Deferred:			
Federal	**(791)**	(1,881)	12,467
State and local	**1,159**	(84)	2,659
Foreign	**(1,442)**	(3,751)	50
Total deferred	**(1,074)**	(5,716)	15,176
Total	**$ 112,368**	$ 103,072	$ 72,376

Effective Tax Rates

The following reconciles the U.S. federal statutory income tax rate to the Company's effective income tax rate:

Year Ended June 30,	2024	2023	2022
Statutory income tax rate	**21.0 %**	21.0 %	21.0 %
Effects of:			
State and local taxes	**4.0**	3.5	3.3
Stock compensation	**(1.2)**	(1.0)	(1.5)
GILTI/FDII	**(0.4)**	(0.2)	0.2
R & D credit	**(0.4)**	(0.4)	(0.4)
U.S. tax on foreign income, net	**(0.1)**	—	(0.4)
Impact of foreign operations	**0.3**	0.2	0.4
Non-deductibles/Deductible dividend	**0.9**	0.6	0.2
Interest deduction	**(0.4)**	(0.4)	(0.6)
Valuation allowance	**(0.7)**	(0.6)	(0.6)
Other, net	**(0.4)**	0.2	0.3
Effective income tax rate	**22.6 %**	22.9 %	21.9 %

Significant components of the Company's deferred tax assets and liabilities are as follows:

June 30,	2024	2023
Deferred tax assets:		
Compensation liabilities not currently deductible	$ 18,646	$ 17,726
Other expenses and reserves not currently deductible	15,008	18,215
Leases	34,771	26,345
Net operating loss carryforwards	6,340	6,809
Capitalization of R&D costs	17,584	11,646
Other	300	381
Total deferred tax assets	$ 92,649	$ 81,122
Less: Valuation allowance	(158)	(3,459)
Deferred tax assets, net of valuation allowance	$ 92,491	$ 77,663
Deferred tax liabilities:		
Inventories	$ (18,086)	$ (15,174)
Goodwill and intangibles	(63,733)	(52,463)
Leases	(34,473)	(26,179)
Hedging instrument	(5,965)	(9,081)
Depreciation and differences in property bases	(10,506)	(9,757)
Total deferred tax liabilities	(132,763)	(112,654)
Net deferred tax liabilities	$ (40,272)	$ (34,991)
Net deferred tax liabilities are classified as follows:		
Other assets	$ 11,306	$ 9,990
Other liabilities	(51,578)	(44,981)
Net deferred tax liabilities	$ (40,272)	$ (34,991)

As of June 30, 2024 and 2023, the Company had foreign net operating loss carryforwards of approximately $24,627 and $29,374, respectively, the tax benefit of which is approximately $6,146 and $6,440, respectively. These loss carryforwards will expire at various dates beginning in 2036. As of June 30, 2024 and 2023, the Company had state net operating loss carryforwards, the tax benefit of which is approximately $194 and $466, respectively, which will expire at various dates beginning in 2034.

Valuation allowances are provided against deferred tax assets where it is considered more-likely-than-not that the Company will not realize the benefit of such assets. The remaining net deferred tax asset is the amount management believes is more-likely-than-not of being realized. The realization of these deferred tax assets can be impacted by changes to tax laws, statutory tax rates and future income levels. The Company evaluates the realization of its deferred tax assets each quarter throughout the year. During the years ended June 30, 2024 and 2023, the Company recorded a net tax benefit related to the change in valuation allowances of $3,283 and $2,657, respectively. The total valuation allowance provided against the deferred tax assets is $158 and $3,415 as of June 30, 2024 and 2023, respectively.

As of June 30, 2024, the Company had accumulated undistributed earnings of non-U.S. subsidiaries of approximately $186,420. The vast majority of such earnings have previously been subjected to the one-time transition tax or the Global Intangible Low Taxed Income (GILTI) inclusion. Therefore, any additional taxes due with respect to such earnings or the excess of the amount for financial reporting over the tax basis of our foreign investments would generally be limited to foreign withholding and state income taxes. In addition, we expect foreign tax credits would be available to either offset or partially reduce the tax cost in the event of a distribution. We intend, however, to indefinitely reinvest these earnings and expect future U.S. cash generation to be sufficient to meet future U.S. cash needs.

Unrecognized Income Tax Benefits

The Company and its subsidiaries file income tax returns in U.S. federal, various state, local, and foreign jurisdictions. The following table sets forth the changes in the amount of unrecognized tax benefits for the years ended June 30, 2024, 2023, and 2022:

Year Ended June 30,	2024	2023	2022
Unrecognized Income Tax Benefits at beginning of the year	**$ 4,821**	$ 4,926	$ 5,230
Current year tax positions	**105**	622	505
Prior year tax positions	**(412)**	(86)	(83)
Expirations of statutes of limitations	**(1,466)**	(641)	(726)
Unrecognized Income Tax Benefits at end of year	**$ 3,048**	$ 4,821	$ 4,926

The Company recognizes interest and penalties related to uncertain tax positions in the provision for income taxes. During 2024, 2023, and 2022, the Company recognized $296, $239, and $(362) of expense (income), respectively, for interest and penalties related to unrecognized income tax benefits in its statements of consolidated income. The Company had a liability for penalties and interest of $1,411, $1,115, and $876 as of June 30, 2024, 2023, and 2022, respectively. The Company anticipates a decrease to unrecognized income tax benefits within the next twelve months of approximately $2,250, of which all would affect the effective income tax rate. Included in the balance of unrecognized income tax benefits at June 30, 2024, 2023, and 2022 are $2,946, $4,722, and $4,813 respectively, of income tax benefits that, if recognized, would affect the effective income tax rate.

The Company is subject to U.S. federal income tax examinations for the tax years 2019 through 2024 and to state and local income tax examinations for the tax years 2018 through 2024. In addition, the Company is subject to foreign income tax examinations for the tax years 2017 through 2024.

The Company's unrecognized income tax benefits are included in other liabilities in the consolidated balance sheets since payment of cash is not expected within one year, or as a reduction of a deferred tax asset.

NOTE 10: SHAREHOLDERS' EQUITY

Treasury Shares

At June 30, 2024, 128 shares of the Company's common stock held as treasury shares were restricted as collateral under escrow arrangements relating to change in control and director and officer indemnification agreements.

Accumulated Other Comprehensive Loss

Changes in the accumulated other comprehensive loss for the years ended June 30, 2024, 2023, and 2022, are composed of the following amounts, shown net of taxes:

	Foreign currency translation adjustment	Post-employment benefits	Cash flow hedge	Total accumulated other comprehensive loss
Balance at July 1, 2021	$ (80,838)	$ (3,673)	$ (8,581)	$ (93,092)
Other comprehensive (loss) income	(9,900)	2,142	19,770	12,012
Amounts reclassified from accumulated other comprehensive loss	—	228	8,557	8,785
Net current-period other comprehensive (loss) income	(9,900)	2,370	28,327	20,797
Balance at June 30, 2022	(90,738)	(1,303)	19,746	(72,295)
Other comprehensive income	7,639	1,082	13,759	22,480
Amounts reclassified from accumulated other comprehensive loss	—	24	(5,505)	(5,481)
Net current-period other comprehensive income	7,639	1,106	8,254	16,999
Balance at June 30, 2023	(83,099)	(197)	28,000	(55,296)
Other comprehensive (loss) income	**(12,467)**	**(101)**	**4,499**	**(8,069)**
Amounts reclassified from accumulated other comprehensive loss	**—**	**(93)**	**(14,108)**	**(14,201)**
Net current-period other comprehensive loss	**(12,467)**	**(194)**	**(9,609)**	**(22,270)**
Balance at June 30, 2024	**$ (95,566)**	**$ (391)**	**$ 18,391**	**$ (77,566)**

Other Comprehensive (Loss) Income

Details of other comprehensive (loss) income are as follows:

Year Ended June 30,	2024			2023			2022		
	Pre-Tax Amount	**Tax (Benefit) Expense**	**Net Amount**	Pre-Tax Amount	Tax Expense (Benefit)	Net Amount	Pre-Tax Amount	Tax Expense	Net Amount
Foreign currency translation adjustments	**$ (12,544)**	**$ (77)**	**$ (12,467)**	$ 7,723	$ 84	$ 7,639	$ (9,862)	$ 38	$ (9,900)
Post-employment benefits:									
Actuarial (loss) gain on re-measurement	**(134)**	**(33)**	**(101)**	405	100	305	2,839	697	2,142
Reclassification of actuarial losses and prior service cost into other (income) expense, net and included in net periodic pension costs	**(117)**	**(24)**	**(93)**	36	12	24	300	72	228
Termination of pension plan	**—**	**—**	**—**	1,031	254	777	—	—	—
Unrealized gain on cash flow hedge	**5,958**	**1,459**	**4,499**	18,174	4,415	13,759	26,204	6,434	19,770
Reclassification of interest from cash flow hedge into interest expense	**(18,683)**	**(4,575)**	**(14,108)**	(7,285)	(1,780)	(5,505)	11,361	2,804	8,557
Other comprehensive (loss) income	**$ (25,520)**	**$ (3,250)**	**$ (22,270)**	$ 20,084	$ 3,085	$ 16,999	$ 30,842	$ 10,045	$ 20,797

Net Income Per Share

Basic net income per share is based on the weighted-average number of common shares outstanding. Diluted net income per share includes the dilutive effect of potential common shares outstanding. Under the two-class method of computing net income per share, non-vested share-based payment awards that contain rights to receive non-forfeitable dividends are considered participating securities. The Company's participating securities include Restricted Stock Units ("RSUs") and restricted stock awards. The Company calculated basic and diluted net income per share under both the treasury stock method and the two-class method. For the years presented there were no material differences in the net income per share amounts calculated using the two methods. Accordingly, the treasury stock method is disclosed below.

The following table presents amounts used in computing net income per share and the effect on the weighted-average number of shares of dilutive potential common shares:

Year Ended June 30,	**2024**	2023	2022
Net Income	**$ 385,762**	$ 346,739	$ 257,414
Average Shares Outstanding:			
Weighted-average common shares outstanding for basic computation	**38,672**	38,592	38,471
Dilutive effect of potential common shares	**585**	628	634
Weighted-average common shares outstanding for dilutive computation	**39,257**	39,220	39,105
Net Income Per Share — Basic	**$ 9.98**	$ 8.98	$ 6.69
Net Income Per Share — Diluted	**$ 9.83**	$ 8.84	$ 6.58

Stock awards relating to 99, 84 and 106 shares of common stock were outstanding at June 30, 2024, 2023 and 2022, respectively, but were not included in the computation of diluted earnings per share for the fiscal years then ended as they were anti-dilutive.

NOTE 11: SHARE-BASED COMPENSATION

Share-Based Incentive Plans

Following approval by the Company's shareholders in October 2023, the 2023 Long-Term Performance Plan (the "2023 Plan") replaced the 2019 Long-Term Performance Plan. The 2023 Plan, which expires in 2028, provides for granting of SARs, stock options, stock awards, cash awards, and such other awards or combination thereof as the Executive Organization and Compensation Committee or, in the case of director awards, the Corporate Governance & Sustainability Committee of the Board of Directors (together referred to as the "Committee") may determine to officers, other key employees and members of the Board of Directors. Grants are generally made at regularly scheduled committee meetings. Compensation costs charged to expense under award programs paid (or to be paid) with shares (including SARs, performance shares, restricted stock, and RSUs) are summarized in the table below:

Year Ended June 30,	**2024**	2023	2022
SARs	**$ 3,448**	$ 2,785	$ 3,284
Performance shares	**4,232**	5,302	4,549
Restricted stock and RSUs	**5,264**	4,274	4,009
Total compensation costs under award programs	**$ 12,944**	$ 12,361	$ 11,842

Such amounts are included in selling, distribution, and administrative expense in the accompanying statements of consolidated income. The total income tax benefit recognized in the statements of consolidated income for share-based compensation plans was $5,885, $7,886, and $5,105 for fiscal 2024, 2023, and 2022, respectively. It has been the practice of the Company to issue shares from treasury to satisfy requirements of awards paid with shares.

The aggregate unrecognized compensation cost for share-based award programs with the potential to be paid at June 30, 2024 is summarized in the table below:

June 30,	**2024**	**Average Expected Period of Expected Recognition (Years)**
SARs	**$ 5,113**	**2.6**
Performance shares	**6,415**	**1.7**
Restricted stock and RSUs	**3,050**	**2.1**
Total unrecognized compensation costs under award programs	**$ 14,578**	**2.1**

Cost of these programs will be recognized as expense over the weighted-average remaining vesting period of 2.1 years. The aggregate number of shares of common stock which may be awarded under the 2023 Plan is 1,600; shares available for future grants at June 30, 2024 were 1,584.

Stock Appreciation Rights and Stock Options

The weighted-average assumptions used for SARs grants issued in fiscal 2024, 2023, and 2022 are:

	2024	2023	2022
Expected life, in years	**6.0**	6.2	6.4
Risk free interest rate	**4.1 %**	2.9 %	1.0 %
Dividend yield	**1.0 %**	1.3 %	1.5 %
Volatility	**37.0 %**	35.5 %	34.3 %
Per share fair value of SARs granted during the year	**$55.65**	$35.98	$26.18

The expected life is based upon historical exercise experience of the officers, other key employees, and members of the Board of Directors. The risk free interest rate is based upon U.S. Treasury zero-coupon bonds with remaining terms equal to the expected life of the SARs. The assumed dividend yield has been estimated based upon the Company's historical results and expectations for changes in dividends and stock prices. The volatility assumption is calculated based upon historical daily price observations of the Company's common stock for a period equal to the expected life.

SARs are redeemable solely in Company common stock. The exercise price of stock option awards may be settled by the holder with cash or by tendering Company common stock.

A summary of SARs and stock options activity is presented below:

Year Ended June 30, 2024 (Shares in thousands)	Shares	Weighted-Average Exercise Price
Outstanding, beginning of year	816	$ 70.11
Granted	102	143.72
Exercised	(188)	61.25
Forfeited	(18)	83.67
Outstanding, end of year	712	$ 82.65
Exercisable at end of year	472	$ 65.93
Expected to vest at end of year	706	$ 82.29

The weighted-average remaining contractual terms for SARs and stock options outstanding, exercisable, and expected to vest at June 30, 2024 were 5.8, 4.6, and 5.8 years, respectively. The aggregate intrinsic values of SARs and stock options outstanding, exercisable, and expected to vest at June 30, 2024 were $79,326 $60,488, and $78,921, respectively. The aggregate intrinsic value of the SARs and stock options exercised during fiscal 2024, 2023, and 2022 was $19,700, $20,170, and $17,015, respectively.

The total fair value of shares vested during fiscal 2024, 2023, and 2022 was $2,550, $2,691, and $2,341, respectively.

Performance Shares

Performance shares are paid in shares of Applied stock at the end of a three-year period provided the Company achieves goals established by the Committee. The number of Applied shares payable will vary depending on the level of the goals achieved.

A summary of non-vested performance shares activity at June 30, 2024 is presented below:

Year Ended June 30, 2024 (Shares in thousands)	Shares	Weighted-Average Grant-Date Fair Value
Non-vested, beginning of year	159	$ 66.74
Awarded	42	99.79
Vested	(100)	53.50
Non-vested, end of year	101	$ 93.73

The Committee set three one-year goals for each of the 2024, 2023, and 2022 grants. Each fiscal year during the three-year term has its own separate goals, tied to the Company’s earnings before interest, tax, depreciation, and amortization (EBITDA) and after-tax return on assets (ROA). Achievement during any particular fiscal year is awarded and “banked” for payout at the end of the three-year term. For the outstanding grants as of June 30, 2024, the maximum number of shares that could be earned in future periods was 53.

Restricted Stock and Restricted Stock Units

Under the 2023 Plan, restricted stock award recipients have voting rights with respect to their shares, but are restricted from selling or transferring the shares prior to vesting; dividends are accrued and paid upon vesting. Restricted stock awards vest over periods of one to four years. RSUs are grants valued in shares of Applied stock, but shares are not issued until the grants vest three to five years from the award date, assuming continued employment with Applied; dividend equivalents on RSUs are accrued and paid upon vesting.

A summary of the status of the Company's non-vested restricted stock and RSUs at June 30, 2024 is presented below:

Year Ended June 30, 2024 (Share amounts in thousands)	Shares	Weighted-Average Grant-Date Fair Value
Non-vested, beginning of year	143	$ 83.35
Granted	29	151.53
Forfeitures	(4)	84.96
Vested	(38)	81.50
Non-vested, end of year	130	$ 99.05

NOTE 12: LEASES

The Company's operating lease expense is recognized on a straight-line basis over the lease term and is recorded in selling, distribution and administrative expense on the statements of consolidated income. Operating lease costs and short-term lease costs were $38,905 and $12,683, respectively, for the year ended June 30, 2024 and $35,982 and $9,153, respectively, for the year ended June 30, 2023. Variable lease costs and sublease income were not material.

Information related to operating leases is as follows:

June 30,	2024	2023
Operating lease assets, net	$ 133,289	$ 100,677
Operating lease liabilities		
Other current liabilities	$ 33,466	$ 31,173
Other liabilities	104,143	72,704
Total operating lease liabilities	$ 137,609	$ 103,877

June 30,	2024	2023
Weighted average remaining lease term (years)	5.5	4.9
Weighted average incremental borrowing rate	4.51 %	3.67 %

Year Ended June 30,	2024	2023
Cash paid for operating leases	$ 38,130	$ 35,545
Right of use assets obtained in exchange for new operating lease liabilities	$ 67,535	$ 30,605

The table below summarizes the aggregate maturities of liabilities pertaining to operating leases with terms greater than one year for each of the next five years:

Fiscal Year	Maturity of Operating Lease Liabilities
2025	$ 38,617
2026	33,357
2027	26,843
2028	19,466
2029	14,208
Thereafter	23,456
Total lease payments	155,947
Less interest	18,338
Present value of lease liabilities	$ 137,609

The Company maintains lease agreements for many of the operating facilities of businesses it acquires from previous owners. In many cases, the previous owners of the business acquired become employees of Applied and occupy management positions within those businesses. The payments under lease agreements of this nature totaled $2,250 in 2024, $1,500 in 2023, and $2,100 in 2022.

NOTE 13: SEGMENT INFORMATION

The Company's reportable segments are: Service Center Based Distribution and Engineered Solutions. These reportable segments contain the Company's various operating segments which have been aggregated based upon similar economic and operating characteristics. The Service Center Based Distribution segment operates through local service centers and distribution centers with a focus on providing products and services addressing the maintenance and repair of motion control infrastructure and production equipment. Products primarily include industrial bearings, motors, belting, drives, couplings, pumps, linear motion products, hydraulic and pneumatic components, filtration supplies, and hoses, as well as other related supplies for general operational needs of customers' machinery and equipment. The Engineered Solutions segment includes our operations that specialize in distributing, engineering, designing, integrating, and repairing hydraulic and pneumatic fluid power technologies, and engineered flow control products and services. This segment also includes our operations that focus on advanced automation solutions including machine vision, robotics, motion control, and smart technologies.

The accounting policies of the Company's reportable segments are generally the same as those described in Note 1. Intercompany sales, primarily from the Engineered Solutions segment to the Service Center Based Distribution segment of $52,574, $48,450, and $37,163, in 2024, 2023, and 2022, respectively, have been eliminated in the following table.

Segment Financial Information

	Service Center Based Distribution	Engineered Solutions	Total
Year Ended June 30, 2024			
Net sales	**$ 3,056,555**	**$ 1,422,851**	**$ 4,479,406**
Operating income for reportable segments	**400,182**	**206,844**	**607,026**
Assets used in the business	**1,865,269**	**1,086,641**	**2,951,910**
Depreciation and amortization of property	**17,700**	**5,731**	**23,431**
Capital expenditures	**18,040**	**6,824**	**24,864**
Year Ended June 30, 2023			
Net sales	$ 2,966,842	$ 1,445,952	$ 4,412,794
Operating income for reportable segments	373,439	203,404	576,843
Assets used in the business	1,736,393	1,006,939	2,743,332
Depreciation and amortization of property	17,932	4,334	22,266
Capital expenditures	15,390	11,086	26,476
Year Ended June 30, 2022			
Net sales	$ 2,565,604	$ 1,245,072	$ 3,810,676
Operating income for reportable segments	301,881	156,644	458,525
Assets used in the business	1,455,293	997,295	2,452,588
Depreciation and amortization of property	17,509	4,167	21,676
Capital expenditures	14,486	3,638	18,124

A reconciliation of operating income for reportable segments to the consolidated income before income taxes is as follows:

Year Ended June 30,	2024	2023	2022
Operating income for reportable segments	$ 607,026	$ 576,843	$ 458,525
Adjustments for:			
Intangible amortization — Service Center Based Distribution	3,188	2,857	3,435
Intangible amortization — Engineered Solutions	25,735	27,948	28,444
Corporate and other expense, net	82,280	72,887	68,788
Total operating income	495,823	473,151	357,858
Interest expense, net	2,831	21,639	26,263
Other (income) expense, net	(5,138)	1,701	1,805
Income before income taxes	$ 498,130	$ 449,811	$ 329,790

Fluctuations in corporate and other expense, net, are due to changes in corporate expenses, as well as in the amounts and levels of certain expenses being allocated to the segments. The expenses being allocated include corporate charges for working capital, logistics support, and other items.

Geographic Information

Long-lived assets are based on physical locations and are composed of the net book value of property and right of use assets. Information by geographic area is as follows:

June 30,	2024	2023
Long-Lived Assets:		
United States	$ 209,987	$ 176,025
Canada	26,436	29,817
Other Countries	15,393	9,876
Total	$ 251,816	$ 215,718

NOTE 14: COMMITMENTS AND CONTINGENCIES

The Company is a party to various pending judicial and administrative proceedings. Based on circumstances currently known, the Company does not expect that the ultimate resolution of any of these matters will have, either individually or in the aggregate, a material adverse effect on the Company's consolidated financial position, results of operations, or cash flows.

NOTE 15: OTHER (INCOME) EXPENSE, NET

Other (income) expense, net, consists of the following:

Year Ended June 30,	2024	2023	2022
Unrealized (gain) loss on assets held in rabbi trust for a non-qualified deferred compensation plan	$ (3,300)	$ (2,223)	$ 2,612
Foreign currency transaction (gains) losses	(1,099)	3,284	(65)
Net other periodic post-employment costs	114	1,470	610
Life insurance income, net	(855)	(668)	(1,374)
Other, net	2	(162)	22
Total other (income) expense, net	$ (5,138)	$ 1,701	$ 1,805

NOTE 16: SUBSEQUENT EVENTS

We have evaluated events and transactions occurring subsequent to June 30, 2024 through the date the financial statements were issued.

On August 1, 2024, the Company acquired substantially all of the net assets of Total Machine Solutions (TMS) and 100% of the outstanding shares of Stanley Proctor. TMS is a Fairfield, NJ provider of electrical and mechanical power transmission products and solutions including bearings, drives, motors, conveyor components, and related repair services. The purchase price for TMS was $6,500 and it is included in the Service Center Based Distribution segment. Stanley Proctor, based in Twinsburg, OH, provides hydraulic, pneumatic, measurement, control, and instrumentation components, as well as fluid power engineered systems. The purchase price for Stanley Proctor was $3,200 and it is included in the Engineered Solutions segment. The Company funded both acquisitions using available cash.

ITEM 9A. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

The Company's management, under the supervision and with the participation of the Chief Executive Officer (CEO) and Chief Financial Officer (CFO), evaluated the effectiveness of the Company's disclosure controls and procedures, as defined in Exchange Act Rule 13a-15(e), as of the end of the period covered by this report. Based on that evaluation, the CEO and CFO have concluded that the Company's disclosure controls and procedures are effective.

Management's Report on Internal Control over Financial Reporting

The Management of Applied Industrial Technologies, Inc. is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed by, or under the supervision of, the President & Chief Executive Officer and the Vice President - Chief Financial Officer, Treasurer, & Principal Accounting Officer, and effected by the Company's Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America.

The Company's internal control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America and that receipts and expenditures of the Company are being made only in accordance with authorizations of the Company's Management and Board of Directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the consolidated financial statements.

Because of inherent limitations, internal control over financial reporting can provide only reasonable, not absolute, assurance with respect to the preparation and presentation of the consolidated financial statements and may not prevent or detect misstatements. Further, because of changes in conditions, effectiveness of internal control over financial reporting may vary over time.

Management conducted an evaluation of the effectiveness of the Company's internal control over financial reporting as of June 30, 2024. This evaluation was based on the criteria set forth in the framework "Internal Control - Integrated Framework (2013)" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, Management determined that the Company's internal control over financial reporting was effective as of June 30, 2024.

The effectiveness of the Company's internal control over financial reporting has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report which is included herein.

/s/ Neil A. Schrimsher	/s/ David K. Wells
President & Chief Executive Officer	Vice President - Chief Financial Officer, Treasurer, & Principal Accounting Officer

August 16, 2024

Changes in Internal Control Over Financial Reporting

There have not been any changes in internal control over financial reporting during the quarter ended June 30, 2024 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Applied Industrial Technologies, Inc.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Applied Industrial Technologies, Inc. and subsidiaries (the "Company") as of June 30, 2024, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of June 30, 2024, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended June 30, 2024, of the Company and our report dated August 16, 2024, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ DELOITTE & TOUCHE LLP

Cleveland, Ohio
August 16, 2024

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULE.

(a)1. Financial Statements.

The following consolidated financial statements, notes thereto, the reports of independent registered public accounting firm, and supplemental data are included in Item 8 of this report:

- Report of Independent Registered Public Accounting Firm
- Statements of Consolidated Income for the Years Ended June 30, 2024, 2023, and 2022
- Statements of Consolidated Comprehensive Income for the Years Ended June 30, 2024, 2023, and 2022
- Consolidated Balance Sheets at June 30, 2024 and 2023
- Statements of Consolidated Cash Flows for the Years Ended June 30, 2024, 2023, and 2022
- Statements of Consolidated Shareholders' Equity For the Years Ended June 30, 2024, 2023, and 2022
- Notes to Consolidated Financial Statements for the Years Ended June 30, 2024, 2023, and 2022
- Supplementary Data:

(a)2. Financial Statement Schedule.

The following schedule is included in this Part IV, and is found in this report at the page indicated:

Page No.

Schedule II - Valuation and Qualifying Accounts: Pg. 37

All other schedules for which provision is made in the applicable accounting regulation of the Securities and Exchange Commission have been omitted because they are not required under the related instructions, are not applicable, or the required information is included in the consolidated financial statements and notes thereto.

(a)3. Exhibits.

* Asterisk indicates an executive compensation plan or arrangement.

Exhibit No.	Description
3.1	Amended and Restated Articles of Incorporation of Applied Industrial Technologies, Inc., as amended on October 25, 2005 (filed as Exhibit 3(a) to Applied's Form 10-Q for the quarter ended December 31, 2005, SEC File No. 1-2299, and incorporated here by reference).
3.2	Code of Regulations of Applied Industrial Technologies, Inc., as amended on October 19, 1999 (filed as Exhibit 3(b) to Applied's Form 10-Q for the quarter ended September 30, 1999, SEC File No. 1-2299, and incorporated here by reference).
4.1	Certificate of Merger of Bearings, Inc. (Ohio) and Bearings, Inc. (Delaware) filed with the Ohio Secretary of State on October 18, 1988, including an Agreement and Plan of Reorganization dated September 6, 1988 (filed as Exhibit 4(a) to Applied's Registration Statement on Form S-4 filed May 23, 1997, Registration No. 333-27801, and incorporated here by reference).
4.2	Amended and Restated Note Purchase and Private Shelf Agreement dated as of October 30, 2019, between Applied Industrial Technologies, Inc. and PGIM, Inc. (formerly known as Prudential Investment Management, Inc.), and certain of its affiliates (filed as Exhibit 10.1 to Applied’s Form 8-K filed November 5, 2019, SEC File No. 1-2299, and incorporated here by reference).
4.3	Amendment No. 1 to Amended and Restated Note Purchase and Private Shelf Agreement dated as of March 26, 2021 between Applied Industrial Technologies, Inc. and PGIM, Inc. (formerly known as Prudential Investment Management, Inc.), and certain of its affiliates (filed as Exhibit 4.3 to Applied's Form 10-Q for the quarter ended March 31, 2021, SEC File No. 1-2299, and incorporated here by reference).
4.4	Amendment No. 2 to Amended and Restated Note Purchase and Private Shelf Agreement, dated as of December 9, 2021, between Applied and PGIM, Inc. (filed as Exhibit 10.2 to the Company's Form 8-K filed December 14, 2021, SEC File No. 1-2299, and incorporated here by reference).

4.5	Amendment No. 3 to Amended and Restated Note Purchase and Private Shelf Agreement, dated as of October 28, 2022, between Applied and PGIM, Inc. (filed as Exhibit 10.1 to the Company's Form 8-K filed November 1, 2022, SEC File No. 1-2299, and incorporated here by reference).
4.6	Credit Agreement dated as of December 9, 2021, among Applied Industrial Technologies, Inc., KeyBank National Association as Agent, and various financial institutions (filed as Exhibit 10.1 to the Company's Form 8-K filed December 14, 2021, SEC File No. 1-2299, and incorporated here by reference).
4.7	First Amendment Agreement, dated as of May 12, 2023, among Applied Industrial Technologies, Inc., KeyBank National Association as Agent, and the Lenders set forth therein (filed as Exhibit 4.7 to the Company's Form 10-K for the fiscal year ended June 30, 2023 filed August 11, 2023, SEC File No. 1-2299, and incorporated here by reference).
4.8	Receivables Financing Agreement dated as of August 31, 2018, among AIT Receivables LLC, as borrower, PNC Bank, National Association, as administrative agent, Applied Industrial Technologies, Inc., as initial servicer, PNC Capital Markets LLC, as structuring agent and the additional persons from time to time party thereto, as lenders (filed as Exhibit 10.1 to Applied's Form 8-K filed September 6, 2018, SEC File No. 1-2299, and incorporated here by reference).
4.9	Amendment No. 1 to Receivables Financing Agreement and Reaffirmation of Performance Guaranty dated as of March 26, 2021 among AIT Receivables LLC, as borrower, PNC Bank, National Association, as administrative agent, Applied Industrial Technologies, Inc., as initial servicer, PNC Capital Markets LLC, as structuring agent and the additional persons from time to time party thereto, as lenders (filed as Exhibit 10.2 to Applied's Form 8-K filed March 29, 2021, SEC File No. 1-2299, and incorporated here by reference).
4.10	Amendment No. 2 to Receivables Financing Agreement and Reaffirmation of Performance Guaranty, dated as of May 12, 2023, by and among AIT Receivables, LLC, Applied Industrial Technologies, Inc., PNC Bank, National Association, Regions Bank, and PNC Capital Markets LLC (filed as Exhibit 4.10 to the Company's Form 10-K for the fiscal year ended June 30, 2023 filed August 11, 2023, SEC File No. 1-2299, and incorporated here by reference).
4.11	Purchase and Sale Agreement dated as of August 31, 2018 among various entities listed on Schedule I thereto (including Applied Industrial Technologies, Inc.), as originators, Applied Industrial Technologies, Inc., as servicer, and AIT Receivables LLC, as buyer (filed as Exhibit 10.2 to Applied's Form 8-K filed September 6, 2018, SEC File No. 1-2299, and incorporated here by reference).
4.12	Amendment No. 1 to Purchase and Sale Agreement dated as of November 19, 2018 among Applied Industrial Technologies, Inc. and various of its affiliates, as originators, Applied Industrial Technologies, Inc., as servicer, and AIT Receivables LLC, as buyer(filed as Exhibit 4.10 to Applied's Form 10-Q for the quarter ended March 31, 2021, SEC File No. 1-2299, and incorporated here by reference).
4.13	Amendment No. 2 to Purchase and Sale Agreement dated as of March 26, 2021, among various entities listed on Schedule 1 thereto (including Applied Industrial Technologies, Inc.), as originators, Applied Industrial Technologies, Inc, as servicer, and AIT Receivables LLC, as buyer (filed as Exhibit 10.2 to Applied's Form 8-K filed March 29, 2021, SEC File No. 1-2299, and incorporated here by reference).
4.14	Description of Applied's securities (filed as Exhibit 4.7 to Applied's Form 10-K for the year ended June 30, 2020, SEC File No. 1-2299, and incorporated here by reference).
4.15	Amendment No. 3 to Receivables Financing Agreement and Reaffirmation of Performance Guaranty dated as of August 6, 2023 among AIT Receivables LLC, as borrower, PNC Bank, National Association, as administrative agent, Applied Industrial Technologies, Inc., as initial servicer, PNC Capital Markets LLC, as structuring agent, and the additional persons from time to time party thereto, as lenders (filed as Exhibit 10.1 to Applied’s Form 8-K filed August 9, 2023, SEC File No. 1-2299, and incorporated here by reference).
4.16	Amendment No. 3 to Purchase and Sale Agreement dated as of August 4, 2023 among various entities listed on Schedule I thereto (including Applied Industrial Technologies, Inc.), as originators, Applied Industrial Technologies, Inc., as servicer, and AIT Receivables LLC, as buyer (filed as Exhibit 10.2 to Applied’s Form 8-K filed August 9, 2023, SEC File No. 1-2299, and incorporated here by reference).
*10.1	A written description of Applied's director compensation program is incorporated by reference to Applied’s proxy statement for the annual meeting of shareholders to be held October 22, 2024 under the caption “Director Compensation.”
*10.2	Deferred Compensation Plan for Non-Employee Directors (Post-2004 Terms), in which Peter C. Wallace participates (filed as Exhibit 10.2 to Applied's Form 10-Q for the quarter ended December 31, 2008, SEC File No. 1-2299, and incorporated here by reference).
*10.3	Amendment to the Applied Industrial Technologies, Inc. Deferred Compensation Plan for Non-Employee Directors (Post-2004 Terms) (filed as Exhibit 10.1 to Applied’s Form 10-Q for the quarter ended March 31, 2014, SEC File No. 1-2299, and incorporated here by reference).
*10.4	Form of Director and Officer Indemnification Agreement entered into between Applied and each of its directors and executive officers (filed as Exhibit 10(g) to Applied's Registration Statement on Form S-4 filed May 23, 1997, Registration No. 333-27801, and incorporated here by reference).

*10.5	2011 Long-Term Performance Plan (filed as Appendix to Applied’s proxy statement for the annual meeting of shareholders held on October 25, 2011, SEC File No. 1-2299, and incorporated here by reference).
*10.6	2015 Long-Term Performance Plan (filed as Appendix to Applied's proxy statement for the annual meeting of shareholders held on October 27, 2015, SEC File No. 1-2299, and incorporated here by reference).
*10.7	2019 Long-Term Performance Plan, amended and restated (filed as Exhibit 10.3 to Applied's Form 10-Q for the quarter ended September 30, 2019, SEC File No. 1-2299, and incorporated here by reference).
*10.8	2023 Long-Term Performance Plan (filed as Exhibit 10.1 to Applied's Form 10-Q for the quarter ended September 30, 2023, SEC File No. 1-2299, and incorporated here by reference).
*10.9	Non-Statutory Stock Option Award Terms and Conditions (Directors) (filed as Exhibit 10 to Applied's Form 8-K filed November 30, 2005, SEC File No. 1-2299, and incorporated here by reference).
*10.10	Restricted Stock Award Terms and Conditions (Directors) (filed as Exhibit 10.1 to Applied's Form 10-Q for the quarter ended March 31, 2020, SEC File No. 1-2299, and incorporated here by reference).
*10.11	Stock Appreciation Rights Award Terms and Conditions (Officers) (August 2020 revision) (filed as Exhibit 10.4 to Applied's Form 10-Q for the quarter ended September 30, 2020, SEC File No. 1-2299, and incorporated here by reference).
*10.12	Restricted Stock Units Terms and Conditions (filed as Exhibit 10.3 to Applied's Form 10-Q for the quarter ended September 30, 2020, SEC File No. 1-2299, and incorporated here by reference).
*10.13	Performance Shares Terms and Conditions (filed as Exhibit 10.2 to Applied's Form 10-Q for the quarter ended September 30, 2020, SEC File No. 1-2299, and incorporated here by reference).
*10.14	Stock Appreciation Rights Award Terms and Conditions (Officers) (August 2022 revision) (filed as Exhibit 10.1 to Applied Form 10-Q for the quarter ended September 30, 2022, SEC File No. 1-2299, and incorporated here by reference).
*10.15	Restricted Stock Units Terms and Conditions (Officers) (August 2022 revision) (filed as Exhibit 10.2 to Applied Form 10-Q for the quarter ended September 30, 2022, SEC File No. 1-2299, and incorporated here by reference).
*10.16	Performance Shares Terms and Conditions (August 2022 revision) (filed as Exhibit 10.3 to Applied Form 10-Q for the quarter ended September 30, 2022, SEC File No. 1-2299, and incorporated here by reference).
*10.17	Management Incentive Plan General Terms (filed as Exhibit 10.17 to Applied's Form 10-K filed August 16, 2024, SEC File No. 1-2299, and incorporated here by reference).
*10.18	Restricted Stock Units Terms and Conditions (August 2024 revision) (filed as Exhibit 10.18 to Applied's Form 10-K filed August 16, 2024, SEC File No. 1-2299, and incorporated here by reference).
*10.19	Performance Shares Terms and Conditions (August 2024 revision) (filed as Exhibit 10.19 to Applied's Form 10-K filed August 16, 2024, SEC File No. 1-2299, and incorporated here by reference).
*10.20	Stock Appreciation Rights Award Terms and Conditions (August 2024 revision) (filed as Exhibit 10.20 to Applied's Form 10-K filed August 16, 2024, SEC File No. 1-2299, and incorporated here by reference).
*10.21	Key Executive Restoration Plan, as amended and restated (filed as Exhibit 10.1 to Applied's Form 8-K filed August 16, 2013, SEC File No. 1-2299, and incorporated here by reference).
*10.22	Schedule of executive officer participants in the Key Executive Restoration Plan, as amended and restated (filed as Exhibit 10.18 to the Company's Form 10-K for the fiscal year ended June 30, 2023 filed August 11, 2023, SEC File No. 1-2299, and incorporated here by reference).
*10.23	Supplemental Defined Contribution Plan (Post-2004 Terms), restated effective as of January 1, 2017 (filed as Exhibit 10.27 to Applied's Form 10-K for the year ended June 30, 2017, SEC File No. 1-2299, and incorporated here by reference.)
*10.24	First Amendment to Supplemental Defined Contribution Plan (Post-2004 Terms) (filed as Exhibit 10.5 to Applied's 10-Q for the quarter ended September 30, 2020 SEC File No. 1-2299, and incorporated here by reference.)
*10.25	Severance Agreement for Neil A. Schrimsher (filed as Exhibit 10.2 to Applied's Form 8-K filed October 31, 2011, SEC File No. 1-2299, and incorporated here by reference).
*10.26	Amendment to Severance Agreement for Neil A. Schrimsher (filed as Exhibit 10.2 to Applied's Form 8-K filed October 26, 2012, SEC File No. 1-2299, and incorporated here by reference).
*10.27	Change in Control Agreement for Neil A. Schrimsher (filed as Exhibit 10.3 to Applied's Form 8-K filed October 31, 2011, SEC File No. 1-2299, and incorporated here by reference).

*10.28	Form of Change in Control Agreement for Kurt W. Loring, Jon S. Ploetz and David K. Wells (filed as Exhibit 10.3 to Applied's Form 10-Q for the quarter ended September 30, 2013, SEC File No. 1-2299, and incorporated here by reference).
*10.29	A written description of Applied's Life and Accidental Death and Dismemberment Insurance for executive officers (filed as Exhibit 10.33 to Applied's Form 10-K for the year ended June 30, 2017, SEC File No. 1-2299, and incorporated here by reference).
*10.30	A written description of Applied's Long-Term Disability Insurance for executive officers (filed as Exhibit 10.34 to Applied's Form 10-K for the year ended June 30, 2017, SEC File No. 1-2299, and incorporated here by reference).
*10.31	A written description of Applied's Retiree Health Care Coverage for Neil A. Schrimsher (filed as Exhibit 10.35 to Applied's Form 10-K for the year ended June 30, 2017, SEC File No. 1-2299, and incorporated here by reference).
19	Applied's Insider Trading Policy (filed as Exhibit 19 to the Company's Form 10-K for the fiscal year ended June 30, 2023 filed August 11, 2023, SEC File No. 1-2299, and incorporated here by reference).
21	Applied’s subsidiaries at June 30, 2024 (filed as Exhibit 21 to Applied's Form 10-K filed August 16, 2024, SEC File No. 1-2299, and incorporated here by reference).
23	Consent of Independent Registered Public Accounting Firm.
24	Powers of attorney.
31	Rule 13a-14(a)/15d-14(a) certifications.
32	Section 1350 certifications.
95	Mine safety and health disclosure (filed as Exhibit 95 to Applied's Form 10-K filed August 16, 2024, SEC File No. 1-2299, and incorporated here by reference).
97	Policy for the Recovery of Erroneously Awarded Compensation (filed as Exhibit 97 to Applied's Form 10-K filed August 16, 2024, SEC File No. 1-2299, and incorporated here by reference).
101	The following financial information from Applied Industrial Technologies, Inc.'s Annual Report on Form 10-K for the year ended June 30, 2024, formatted in Inline XBRL (Extensible Business Reporting Language) includes: (i) the Statements of Consolidated Income, (ii) the Statements of Consolidated Comprehensive Income, (iii) the Consolidated Balance Sheets, (iv) the Statements of Consolidated Cash Flows, (v) the Statements of Consolidated Shareholders' Equity, and (vi) the Notes to the Consolidated Financial Statements.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

Applied will furnish a copy of any exhibit described above and not contained herein upon payment of a specified reasonable fee, which shall be limited to Applied's reasonable expenses in furnishing the exhibit.

Certain instruments with respect to long-term debt have not been filed as exhibits because the total amount of securities authorized under any one of the instruments does not exceed 10 percent of the total assets of the Company and its subsidiaries on a consolidated basis. The Company agrees to furnish to the Securities and Exchange Commission, upon request, a copy of each such instrument.

APPLIED INDUSTRIAL TECHNOLOGIES, INC. & SUBSIDIARIES
SCHEDULE II
VALUATION AND QUALIFYING ACCOUNTS
YEARS ENDED JUNE 30, 2024, 2023, AND 2022
(in thousands)

COLUMN A	COLUMN B	COLUMN C			COLUMN D		COLUMN E
DESCRIPTION	Balance at Beginning of Period	(Deductions) Additions Charged to Cost and Expenses	(Deductions) Additions Charged to Other Accounts		Deductions from Reserve		Balance at End of Period
Year Ended June 30, 2024							
Reserve deducted from assets to which it applies —							
Accounts receivable:							
Allowance for doubtful accounts	$ 22,334	$ (205)	$ —		$ 9,066	(B)	$ 13,063
Returns reserve	12,635	—	(1,820)	(A)	—		10,815
	$ 34,969	$ (205)	$ (1,820)		$ 9,066		$ 23,878
Year Ended June 30, 2023							
Reserve deducted from assets to which it applies —							
Accounts receivable:							
Allowance for doubtful accounts	$ 17,522	$ 5,619	$ —		$ 807	(B)	$ 22,334
Returns reserve	10,522	—	2,113	(A)	—		12,635
	$ 28,044	$ 5,619	$ 2,113		$ 807		$ 34,969
Year Ended June 30, 2022							
Reserve deducted from assets to which it applies —							
Accounts receivable:							
Allowance for doubtful accounts	$ 16,455	$ 3,193	$ —		$ 2,126	(B)	$ 17,522
Returns reserve	9,772	—	750	(A)	—		10,522
	$ 26,227	$ 3,193	$ 750		$ 2,126		$ 28,044

(A) Amounts in the years ending June 30, 2024, 2023 and 2022 represent reserves recorded for the return of merchandise by customers. The Company adopted ASC 606 - Revenue from Contracts with Customers effective July 1, 2018 which requires the Company's sales returns reserve to be established at the gross sales value with an asset established for the value of the expected product to be returned.

(B) Amounts represent uncollectible accounts charged off.

SIGNATURES.

Pursuant to the requirements of Section 13 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.

APPLIED INDUSTRIAL TECHNOLOGIES, INC.

/s/ Neil A. Schrimsher	/s/ David K. Wells
Neil A. Schrimsher President & Chief Executive Officer	David K. Wells Vice President-Chief Financial Officer, Treasurer, & Principal Accounting Officer

Date: September 10, 2024

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

*	*
Madhuri A. Andrews, Director	Shelly M. Chadwick, Director
*	*
Mary Dean Hall, Director	Dan P. Komnenovich, Director
*	*
Robert J. Pagano, Jr., Director	Vincent K. Petrella, Director
*	/s/ Neil A. Schrimsher
Joe A. Raver, Director	Neil A. Schrimsher, President & Chief Executive Officer and Director
*	*
Peter C. Wallace, Director and Chairman	Richard J. Simoncic, Director

/s/ Jon S. Ploetz

Jon S. Ploetz, as attorney in fact
for persons indicated by "*"

Date: September 10, 2024