

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended **March 27, 2026**

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: 001-09249

GRACO INC.

(Exact name of registrant as specified in its charter)

Minnesota

(State or other jurisdiction of incorporation or organization)

41-0285640

(I.R.S. Employer Identification Number)

88 - 11th Avenue N.E.

Minneapolis, Minnesota

(Address of principal executive offices)

55413

(Zip Code)

(612) 623-6000

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$1.00 per share	GGG	The New York Stock Exchange

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.

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 is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

165,968,177 shares of the Registrant's Common Stock, \$1.00 par value, were outstanding as of April 8, 2026.

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PART I Item 1.
GRACO INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
(Unaudited) (In thousands except per share amounts)

	Three Months Ended	
	March 27, 2026	March 28, 2025
Net Sales	\$ 540,144	\$ 528,284
Cost of products sold	259,503	250,551
Gross Profit	280,641	277,733
Product development	19,974	19,375
Selling, marketing and distribution	70,019	67,211
General and administrative	52,873	47,134
Operating Earnings	137,775	144,013
Interest expense	836	713
Other (income) expense, net	(3,149)	(8,174)
Earnings Before Income Taxes	140,088	151,474
Income taxes	21,582	27,373
Net Earnings	\$ 118,506	\$ 124,101
Net Earnings per Common Share		
Basic	\$ 0.72	\$ 0.74
Diluted	\$ 0.70	\$ 0.72

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited) (In thousands)

	Three Months Ended	
	March 27, 2026	March 28, 2025
Net Earnings	\$ 118,506	\$ 124,101
Components of other comprehensive (loss) income		
Cumulative translation adjustment	(12,142)	19,903
Pension and postretirement medical liability adjustment	176	84
Income taxes - pension and postretirement medical liability adjustment	(33)	(21)
Other comprehensive (loss) income	(11,999)	19,966
Comprehensive Income	\$ 106,507	\$ 144,067

See notes to consolidated financial statements.

GRACO INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(Unaudited) (In thousands)

	March 27, 2026	December 26, 2025
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 712,171	\$ 624,083
Accounts receivable, less allowances of \$6,500 and \$6,000	390,367	393,753
Inventories	407,647	401,138
Other current assets	56,380	52,907
Total current assets	1,566,565	1,471,881
Property, Plant and Equipment, net	745,561	755,064
Goodwill	580,958	585,304
Other Intangible Assets, net	292,636	303,851
Operating Lease Assets	24,708	26,073
Deferred Income Taxes	29,001	35,975
Other Assets	95,339	96,122
Total Assets	\$ 3,334,768	\$ 3,274,270
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Notes payable to banks	\$ 26,189	\$ 23,072
Current portion of long-term debt	1,122	1,624
Trade accounts payable	84,807	78,573
Salaries and incentives	52,589	73,420
Dividends payable	48,882	48,705
Other current liabilities	226,994	241,867
Total current liabilities	440,583	467,261
Retirement Benefits and Deferred Compensation	86,046	87,179
Operating Lease Liabilities	17,505	18,131
Deferred Income Taxes	37,481	36,708
Other Non-current Liabilities	10,755	11,060
Shareholders' Equity		
Common stock	165,907	165,150
Additional paid-in-capital	1,039,336	994,566
Retained earnings	1,511,649	1,456,710
Accumulated other comprehensive income	25,506	37,505
Total shareholders' equity	2,742,398	2,653,931
Total Liabilities and Shareholders' Equity	\$ 3,334,768	\$ 3,274,270

See notes to consolidated financial statements.

GRACO INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited) (In thousands)

	Three Months Ended	
	March 27, 2026	March 28, 2025
Cash Flows From Operating Activities		
Net Earnings	\$ 118,506	\$ 124,101
Adjustments to reconcile net earnings to net cash provided by operating activities		
Depreciation and amortization	28,602	24,708
Deferred income taxes	8,324	3,200
Share-based compensation	7,549	7,353
Gain on sale of building	—	(4,737)
Change in		
Accounts receivable	596	(6,258)
Inventories	(7,389)	(2,789)
Trade accounts payable	4,396	17,673
Salaries and incentives	(21,086)	(7,997)
Retirement benefits and deferred compensation	(612)	(648)
Other accrued liabilities	(9,692)	(23,243)
Other	(8,946)	(5,947)
Net cash provided by operating activities	120,248	125,416
Cash Flows From Investing Activities		
Property, plant and equipment additions	(12,141)	(10,597)
Proceeds from sale of building	—	10,749
Acquisition of businesses, net of cash acquired	—	(10,454)
Other	81	(184)
Net cash used in investing activities	(12,060)	(10,486)
Cash Flows From Financing Activities		
Borrowings (payments) on short-term lines of credit, net	2,792	(1,075)
Payments on long-term debt and lines of credit	(476)	—
Common stock issued	47,350	31,574
Common stock repurchased	(11,755)	(238,089)
Taxes paid related to net share settlement of equity awards	(7,492)	(3,907)
Cash dividends paid	(48,767)	(46,586)
Net cash used in financing activities	(18,348)	(258,083)
Effect of exchange rate changes on cash	(1,752)	3,955
Net increase (decrease) in cash and cash equivalents	88,088	(139,198)
Cash and Cash Equivalents		
Beginning of year	624,083	675,336
End of period	\$ 712,171	\$ 536,138

See notes to consolidated financial statements.

GRACO INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(Unaudited) (In thousands)

	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Total
Three Months Ended March 27, 2026					
Balance, December 26, 2025	\$ 165,150	\$ 994,566	\$ 1,456,710	\$ 37,505	\$ 2,653,931
Shares issued	946	39,454	—	—	40,400
Shares repurchased	(189)	(1,141)	(14,625)	—	(15,955)
Stock compensation cost	—	6,999	—	—	6,999
Restricted stock issued	—	(542)	—	—	(542)
Net earnings	—	—	118,506	—	118,506
Dividends declared (\$0.295 per share)	—	—	(48,942)	—	(48,942)
Other comprehensive loss	—	—	—	(11,999)	(11,999)
Balance, March 27, 2026	<u>\$ 165,907</u>	<u>\$ 1,039,336</u>	<u>\$ 1,511,649</u>	<u>\$ 25,506</u>	<u>\$ 2,742,398</u>
Three Months Ended March 28, 2025					
Balance, December 27, 2024	\$ 169,394	\$ 955,051	\$ 1,509,264	\$ (49,574)	\$ 2,584,135
Shares issued	622	27,045	—	—	27,667
Shares repurchased	(2,798)	(15,774)	(219,517)	—	(238,089)
Stock compensation cost	—	6,333	—	—	6,333
Net earnings	—	—	124,101	—	124,101
Dividends declared (\$0.275 per share)	—	—	(46,393)	—	(46,393)
Other comprehensive income	—	—	—	19,966	19,966
Balance, March 28, 2025	<u>\$ 167,218</u>	<u>\$ 972,655</u>	<u>\$ 1,367,455</u>	<u>\$ (29,608)</u>	<u>\$ 2,477,720</u>

See notes to consolidated financial statements.

GRACO INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

1. Basis of Preparation

The consolidated balance sheet of Graco Inc. and subsidiaries (the "Company") as of March 27, 2026 and the related statements of earnings, comprehensive income and shareholders' equity for the three months ended March 27, 2026 and March 28, 2025, and cash flows for the three months ended March 27, 2026 and March 28, 2025 have been prepared by the Company and have not been audited.

In the opinion of management, these consolidated financial statements reflect all adjustments (consisting of only normal recurring adjustments) necessary to present fairly the financial position of the Company as of March 27, 2026, and the results of operations and cash flows for all periods presented.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. Therefore, these statements should be read in conjunction with the financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 26, 2025 (the "2025 Annual Report").

The results of operations for interim periods are not necessarily indicative of results that will be realized for the full fiscal year.

2. Segment Information

The Company classifies its business into three reportable segments: Contractor, Industrial and Expansion Markets.

Segment information follows (in thousands):

	Three Months Ended	
	March 27, 2026	March 28, 2025
Contractor		
Net Sales	\$ 259,981	\$ 255,032
Cost of products sold	133,643	131,883
Gross Profit	126,338	123,149
Operating expenses	64,103	61,219
Contractor Operating Earnings	<u>\$ 62,235</u>	<u>\$ 61,930</u>
Industrial		
Net Sales	\$ 240,412	\$ 231,653
Cost of products sold	104,637	96,824
Gross Profit	135,775	134,829
Operating expenses	59,968	55,234
Industrial Operating Earnings	<u>\$ 75,807</u>	<u>\$ 79,595</u>

Expansion Markets		
Net Sales	\$ 39,751	\$ 41,599
Cost of products sold	19,172	20,163
Gross Profit	20,579	21,436
Operating expenses	10,935	11,371
Expansion Markets Operating Earnings	\$ 9,644	\$ 10,065
Reportable Segment Operating Earnings Total		
Unallocated corporate expense	9,911	7,577
Operating Earnings	137,775	144,013
Interest expense	836	713
Other (income) expense, net	(3,149)	(8,174)
Earnings Before Income Taxes	\$ 140,088	\$ 151,474

Geographic information follows (in thousands):

	Three Months Ended	
	March 27, 2026	March 28, 2025
Net Sales (based on customer location)		
United States	\$ 291,197	\$ 282,557
Other countries	248,947	245,727
Total	\$ 540,144	\$ 528,284

	March 27, 2026	December 26, 2025
	Long-lived Assets	
United States	\$ 592,718	\$ 600,011
Other countries	152,843	155,053
Total	\$ 745,561	\$ 755,064

3. Inventories

Major components of inventories were as follows (in thousands):

	March 27, 2026	December 26, 2025
Finished products and components	\$ 181,081	\$ 175,684
Products and components in various stages of completion	133,070	123,866
Raw materials and purchased components	211,302	216,559
Subtotal	525,453	516,109
Reduction to LIFO cost	(117,806)	(114,971)
Total	\$ 407,647	\$ 401,138

4. Share-Based Awards

Options on common shares granted and outstanding, as well as the weighted average exercise price, are shown below (in thousands, except exercise prices):

	Option Shares	Weighted Average Exercise Price	Options Exercisable	Weighted Average Exercise Price
Outstanding, December 26, 2025	9,786	\$ 61.38	7,017	\$ 52.94
Granted	921	93.43		
Exercised	(804)	38.94		
Canceled	(37)	82.49		
Outstanding, March 27, 2026	9,866	\$ 66.07	7,054	\$ 57.48

The Company recognized year-to-date share-based compensation of \$8 million in 2026 and \$7 million in 2025. As of March 27, 2026, there was \$42 million of unrecognized compensation cost related to unvested options, expected to be recognized over a weighted average period of 3.1 years.

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions and results:

	Three Months Ended	
	March 27, 2026	March 28, 2025
Expected life in years	6.7	6.6
Interest rate	3.8 %	4.4 %
Volatility	24.8 %	26.2 %
Dividend yield	1.3 %	1.3 %
Weighted average fair value per share	\$ 27.20	\$ 26.80

Under the Company's Employee Stock Purchase Plan, the Company issued 235,000 shares in 2026 and 246,000 shares in 2025. The fair value of the employees' purchase rights under this plan was estimated on the date of grant. The benefit of the 15 percent discount from the lesser of the fair market value per common share on the first day and the last day of the plan year was added to the fair value of the employees' purchase rights determined using the Black-Scholes option pricing model with the following assumptions and results:

	Three Months Ended	
	March 27, 2026	March 28, 2025
Expected life in years	1.0	1.0
Interest rate	3.5 %	4.1 %
Volatility	20.6 %	19.6 %
Dividend yield	1.2 %	1.3 %
Weighted average fair value per share	\$ 25.69	\$ 19.65

5. Earnings per Share

The following table sets forth the computation of basic and diluted earnings per share (in thousands, except per share amounts):

	Three Months Ended	
	March 27, 2026	March 28, 2025
Net earnings available to common shareholders	\$ 118,506	\$ 124,101
Weighted average shares outstanding for basic earnings per share	165,632	168,560
Dilutive effect of stock options computed using the treasury stock method and the average market price	2,702	3,021
Weighted average shares outstanding for diluted earnings per share	168,334	171,581
Basic earnings per share	\$ 0.72	\$ 0.74
Diluted earnings per share	\$ 0.70	\$ 0.72
Anti-dilutive shares not included in diluted earnings per share computation	2,591	1,860

6. Retirement Benefits

The components of net periodic benefit cost for retirement benefit plans were as follows (in thousands):

	Three Months Ended	
	March 27, 2026	March 28, 2025
Pension Benefits		
Service cost	\$ 1,166	\$ 1,253
Interest cost	2,648	2,143
Expected return on assets	(3,275)	(2,903)
Amortization and other	(78)	164
Net periodic benefit cost	\$ 461	\$ 657
Postretirement Medical		
Service cost	\$ 75	\$ 75
Interest cost	225	200
Net periodic benefit cost	\$ 300	\$ 275

7. Receivables and Credit Losses

Accounts receivable includes trade receivables of \$372 million and other receivables of \$18 million as of March 27, 2026 and \$376 million and \$18 million of trade receivables and other receivables, respectively, as of December 26, 2025.

Allowance for Credit Losses

Following is a summary of activity for credit losses (in thousands):

	Three Months Ended	
	March 27, 2026	March 28, 2025
Balance, beginning	\$ 5,264	\$ 4,973
Additions charged to costs and expenses	644	231
Deductions from reserves ⁽¹⁾	(297)	(2)
Other (deductions) additions ⁽²⁾	(6)	158
Balance, ending	<u>\$ 5,605</u>	<u>\$ 5,360</u>

(1) Represents amounts determined to be uncollectible and charged against reserves, net of collections on accounts previously charged against reserves.

(2) Includes effects of foreign currency translation.

8. Intangible Assets

Components of other intangible assets were as follows (dollars in thousands):

	Finite Life			Indefinite Life	Total
	Customer Relationships	Patents and Proprietary Technology	Trademarks, Trade Names and Other	Trade Names	
As of March 27, 2026					
Cost	\$ 201,562	\$ 40,271	\$ 4,786	\$ 107,034	\$ 353,653
Accumulated amortization	(60,190)	(8,109)	(2,663)	—	(70,962)
Foreign currency translation	1,745	1,352	19	6,829	9,945
Book value	<u>\$ 143,117</u>	<u>\$ 33,514</u>	<u>\$ 2,142</u>	<u>\$ 113,863</u>	<u>\$ 292,636</u>
Weighted average life in years	<u>14</u>	<u>10</u>	<u>3</u>	N/A	
As of December 26, 2025					
Cost	\$ 316,962	\$ 44,304	\$ 4,786	\$ 107,034	\$ 473,086
Accumulated amortization	(165,150)	(10,649)	(2,027)	—	(177,826)
Foreign currency translation	(877)	1,464	54	7,950	8,591
Book value	<u>\$ 150,935</u>	<u>\$ 35,119</u>	<u>\$ 2,813</u>	<u>\$ 114,984</u>	<u>\$ 303,851</u>
Weighted average life in years	<u>13</u>	<u>10</u>	<u>2</u>	N/A	

Amortization of intangibles for the year to date was \$8 million in 2026 and \$7 million in 2025. Estimated annual amortization expense based on the current carrying amount of other intangible assets is as follows (in thousands):

	2026 (Remainder)	2027	2028	2029	2030	Thereafter
Estimated Amortization Expense	\$ 17,068	\$ 19,671	\$ 17,551	\$ 16,954	\$ 16,176	\$ 91,353

Changes in the carrying amount of goodwill for each reportable segment were as follows (in thousands):

	Contractor	Industrial	Expansion Markets	Total
Balance, December 26, 2025	\$ 238,575	\$ 275,263	\$ 71,466	\$ 585,304
Adjustments from business acquisitions	(170)	254	—	84
Foreign currency translation	(2,744)	(1,686)	—	(4,430)
Balance, March 27, 2026	<u>\$ 235,661</u>	<u>\$ 273,831</u>	<u>\$ 71,466</u>	<u>\$ 580,958</u>

9. Other Current Liabilities

Components of other current liabilities were as follows (in thousands):

	March 27, 2026	December 26, 2025
Accrued self-insurance retentions	\$ 8,044	\$ 8,013
Accrued warranty and service liabilities	20,954	21,103
Accrued trade promotions	6,522	7,511
Payable for employee stock purchases	4,471	15,546
Customer advances and deferred revenue	91,669	93,995
Income taxes payable	21,554	15,493
Tax payable, other	17,563	14,693
Right of return refund liability	14,440	15,055
Operating lease liabilities, current	8,074	8,769
Other	33,703	41,689
Total	\$ 226,994	\$ 241,867

A liability is established for estimated future warranty and service claims that relate to current and prior period sales. The Company estimates warranty costs based on historical claim experience and other factors, including evaluating specific product warranty issues. Following is a summary of activity in accrued warranty and service liabilities (in thousands):

Balance, December 26, 2025	\$ 21,103
Charged to expense	2,273
Margin on parts sales reversed	962
Reductions for claims settled	(3,384)
Balance, March 27, 2026	\$ 20,954

Customer Advances and Deferred Revenue

Revenue is deferred when cash payments are received or due in advance of performance, including amounts which are refundable. This is also the case for services associated with certain product sales. During the three months ended March 27, 2026, we recognized \$35 million that was included in deferred revenue at December 26, 2025. During the three months ended March 28, 2025, we recognized \$30 million that was included in deferred revenue at December 27, 2024.

10. Fair Value

Assets and liabilities measured at fair value on a recurring basis and fair value measurement level were as follows (in thousands):

	Level	March 27, 2026	December 26, 2025
Assets			
Cash surrender value of life insurance	2	\$ 27,682	\$ 28,893
Forward exchange contracts	2	118	—
Total assets at fair value		\$ 27,800	\$ 28,893
Liabilities			
Contingent consideration	3	\$ 1,617	\$ 1,649
Deferred compensation	2	8,357	8,336
Forward exchange contracts	2	—	268
Total liabilities at fair value		\$ 9,974	\$ 10,253

Contracts insuring the lives of certain employees who are eligible to participate in certain non-qualified pension and deferred compensation plans are held in trust. Cash surrender value of the contracts is based on performance measurement funds that shadow the deferral investment allocations made by participants in certain deferred compensation plans. The deferred compensation liability balances are valued based on amounts allocated by participants to the underlying performance measurement funds.

Contingent consideration liabilities represent the estimated value (using a probability-weighted expected return approach) of future payments to be made to previous owners of certain acquired businesses based on future revenues.

The fair value of variable rate borrowings approximates carrying value. The Company uses significant other observable inputs to estimate fair value (level 2 of the fair value hierarchy) based on the present value of future cash flows and rates that would be available for issuance of debt with similar terms and remaining maturities.

Item 2. GRACO INC. AND SUBSIDIARIES

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

The Company supplies technology and expertise for the management of fluids and coatings in both industrial and commercial applications. It designs, manufactures and markets systems and equipment to move, measure, control, dispense and spray fluid and coating materials. Management classifies the Company's business into three reportable segments: Contractor, Industrial and Expansion Markets. Key strategies include developing and marketing new products, leveraging products and technologies into additional, growing end-user markets, expanding distribution globally and completing strategic acquisitions that provide additional channels and technologies.

The following Management's Discussion and Analysis reviews significant factors affecting the Company's results of operations and financial condition. This discussion should be read in conjunction with the financial statements and the accompanying notes to the financial statements.

Consolidated Results

A summary of financial results follows (in millions except per share amounts):

	Three Months Ended		
	Mar 27, 2026	Mar 28, 2025	% Change
Net Sales	\$ 540.1	\$ 528.3	2 %
Operating Earnings	137.8	144.0	(4)%
Net Earnings	118.5	124.1	(5)%
Net Earnings, adjusted ⁽¹⁾	111.8	120.5	(7)%
Diluted Net Earnings per Common Share	\$ 0.70	\$ 0.72	(3)%
Diluted Net Earnings per Common Share, adjusted ⁽¹⁾	\$ 0.66	\$ 0.70	(6)%

(1) See below for a reconciliation of adjusted non-GAAP financial measures to GAAP.

Net sales for the first quarter increased 2 percent, with 5 percentage points of sales growth from acquired operations and 3 percentage points of sales growth from the effects of changes in currency translation rates. Sales growth for the quarter was partially offset by a 6 percentage point organic decline.

The gross margin rate was lower than the first quarter last year, primarily due to unfavorable product and channel mix and lower margin rates of acquired operations. Price realization was able to mostly offset the impact of incremental tariffs of \$7 million.

Operating expenses increased 7 percent, including 4 percentage points from acquired operations and 3 percentage points from the effects of currency translation.

Operating earnings decreased 4 percent, due to a lower gross margin rate and increased expenses.

Net earnings decreased 5 percent for the first quarter. Adjusted net earnings decreased 7 percent, driven by lower operating earnings and a prior year gain from the sale of a former manufacturing and distribution facility in Switzerland that did not repeat.

Excluding the impact of excess tax benefits from stock option exercises presents a more consistent basis for comparison of financial results. A calculation of the non-GAAP adjusted measurements of earnings before income taxes, income taxes, effective income tax rate, net earnings and diluted earnings per share follows (in millions except per share amounts):

	Three Months Ended	
	March 27, 2026	March 28, 2025
Earnings before income taxes	\$ 140.1	\$ 151.5
Income taxes, as reported	\$ 21.6	\$ 27.4
Excess tax benefit from option exercises	6.7	3.6
Income taxes, adjusted	\$ 28.3	\$ 31.0
Effective income tax rate		
As reported	15.4 %	18.1 %
Adjusted	20.2 %	20.5 %
Net Earnings, as reported	\$ 118.5	\$ 124.1
Excess tax benefit from option exercises	(6.7)	(3.6)
Net Earnings, adjusted	\$ 111.8	\$ 120.5
Weighted Average Diluted Shares	168.3	171.6
Diluted Earnings per Share		
As reported	\$ 0.70	\$ 0.72
Adjusted	\$ 0.66	\$ 0.70

The following table presents an overview of components of net earnings as a percentage of net sales:

	Three Months Ended	
	March 27, 2026	March 28, 2025
Net Sales	100.0 %	100.0 %
Cost of products sold	48.0	47.4
Gross Profit	52.0	52.6
Product development	3.7	3.7
Selling, marketing and distribution	13.0	12.7
General and administrative	9.8	8.9
Operating Earnings	25.5	27.3
Interest expense	0.2	0.1
Other (income) expense, net	(0.6)	(1.5)
Earnings Before Income Taxes	25.9	28.7
Income taxes	4.0	5.2
Net Earnings	21.9 %	23.5 %

Net Sales

The following table presents net sales by geographic region (in millions):

	Three Months Ended	
	March 27, 2026	March 28, 2025
Americas ⁽¹⁾	\$ 334.4	\$ 323.2
EMEA ⁽²⁾	125.6	121.0
Asia Pacific	80.1	84.1
Consolidated	\$ 540.1	\$ 528.3

(1) North, South and Central America, including the United States

(2) Europe, Middle East and Africa

The following table presents the components of net sales change by geographic region:

	Three Months			
	Volume and Price	Acquisitions	Currency	Total
Americas	(1)%	4%	0%	3%
EMEA	(14)%	9%	9%	4%
Asia Pacific	(8)%	0%	3%	(5)%
Consolidated	(6)%	5%	3%	2%

Gross Profit

The first quarter gross margin rate was lower than the first quarter last year, primarily due to unfavorable product and channel mix and lower margin rates of acquired operations. Price realization was able to mostly offset the impact of incremental tariffs of \$7 million.

Operating Expenses

Total operating expenses for the first quarter increased \$9 million (7 percent) compared to the same period last year, including approximately \$5 million (4 percentage points) from acquired operations and \$4 million (3 percentage points) from the effects of currency translation.

Other (Income) Expense

Other non-operating income for the first quarter decreased \$5 million compared to the same period last year due to a prior year gain from the sale of a former manufacturing and distribution facility in Switzerland that did not repeat.

Income Taxes

The effective income tax rate was 15 percent for the quarter, down approximately 3 percentage points from the first quarter last year. The decrease was due primarily to an increase in excess tax benefits related to stock option exercises.

Segment Results

Certain measurements of segment operations compared to last year are summarized below:

Contractor Segment

The following table presents net sales and operating earnings as a percentage of sales for the Contractor segment (dollars in millions):

	Three Months Ended	
	March 27, 2026	March 28, 2025
Net Sales		
Americas	\$ 180.9	\$ 175.9
EMEA	56.2	54.5
Asia Pacific	22.9	24.6
Total	\$ 260.0	\$ 255.0
Operating earnings as a percentage of net sales	24 %	24 %

The following table presents the components of net sales change by geographic region for the Contractor segment:

	Three Months			
	Volume and Price	Acquisitions	Currency	Total
Americas	(2)%	4%	1%	3%
EMEA	(6)%	0%	9%	3%
Asia Pacific	(12)%	0%	5%	(7)%
Segment Total	(4)%	3%	3%	2%

Contractor segment net sales increased 2 percent for the first quarter compared to the same period last year. Incremental sales from acquired operations and favorable changes in currency translation rates were partially offset by continued weakness in the worldwide construction markets. The operating margin rate was flat as price realization offset higher product costs, including increased tariff costs of \$4 million.

Industrial Segment

The following table presents net sales and operating earnings as a percentage of sales for the Industrial segment (dollars in millions):

	Three Months Ended	
	March 27, 2026	March 28, 2025
Net Sales		
Americas	\$ 131.4	\$ 121.2
EMEA	62.7	59.4
Asia Pacific	46.3	51.1
Total	\$ 240.4	\$ 231.7
Operating earnings as a percentage of net sales	32 %	34 %

The following table presents the components of net sales change by geographic region for the Industrial segment:

	Three Months			
	Volume and Price	Acquisitions	Currency	Total
Americas	1%	6%	1%	8%
EMEA	(22)%	18%	10%	6%
Asia Pacific	(12)%	1%	2%	(9)%
Segment Total	(8)%	8%	4%	4%

Industrial segment sales growth for the first quarter included \$20 million (8 percentage points) from acquired operations, which more than offset the impact of the timing of finishing system sales and other project activity compared to the first quarter last year. Higher product costs, including increased tariff costs of \$3 million, and unfavorable product and channel mix drove a 2 percentage point decline in the operating margin rate for the quarter.

Expansion Markets Segment

The following table presents net sales and operating earnings as a percentage of sales for the Expansion Markets segment (dollars in millions):

	Three Months Ended	
	March 27, 2026	March 28, 2025
Net Sales		
Americas	\$ 22.1	\$ 26.0
EMEA	6.8	7.1
Asia Pacific	10.8	8.5
Total	\$ 39.7	\$ 41.6
Operating earnings as a percentage of net sales	24 %	24 %

The following table presents the components of net sales change by geographic region for the Expansion Markets segment:

	Three Months			
	Volume and Price	Acquisitions	Currency	Total
Americas	(15)%	0%	0%	(15)%
EMEA	(6)%	0%	2%	(4)%
Asia Pacific	28%	0%	0%	28%
Segment Total	(5)%	0%	1%	(4)%

Net sales for the first quarter in the Expansion Markets segment decreased 4 percent, primarily due to lower semiconductor application sales in the Americas. The decline in sales volume was offset by lower expenses and an improved gross margin rate, resulting in an operating margin rate that was comparable to the same period last year.

Liquidity and Capital Resources

Net cash provided by operating activities of \$120 million in the first quarter of 2026 decreased \$5 million compared to the same period last year, mostly due to higher performance-based incentive payouts. Significant uses of cash in the first three months of 2026 included dividend payments of \$49 million and plant and equipment additions of \$12 million. Net proceeds from shares issued in 2026 totaled \$40 million, which was partially offset by share repurchases of \$12 million.

For the first three months of 2025, significant uses of cash included share repurchases of \$238 million (partially offset by \$28 million from shares issued) and dividend payments of \$47 million.

As of March 27, 2026, the Company had available liquidity of \$1,485 million, including cash and cash equivalents of \$712 million, of which \$223 million was held outside of the U.S., and available credit under existing committed credit facilities of \$773 million.

Cash balances and unused financing sources are expected to provide the Company with the flexibility to meet its liquidity needs for the next 12 months and beyond, including its capital expenditure plan, planned dividends, share repurchases, potential future acquisitions and operating requirements. Capital expenditures for 2026 are expected to be approximately \$100 million. The Company may make opportunistic share repurchases going forward.

Outlook

Incoming order activity and end market demand trends support the Company's 2026 outlook of low single-digit sales growth on an organic constant-currency basis and mid-single-digit growth including the expected incremental sales from acquisitions.

Cautionary Statement Regarding Forward-Looking Statements

The Company desires to take advantage of the "safe harbor" provisions regarding forward-looking statements of the Private Securities Litigation Reform Act of 1995 and is filing this Cautionary Statement in order to do so. From time to time various forms filed by our Company with the Securities and Exchange Commission, including our Form 10-K, Form 10-Qs and Form 8-Ks, and other disclosures, including our 2025 Overview report, press releases, earnings releases, analyst briefings, conference calls and other written documents or oral statements released by our Company, may contain forward-looking statements. Forward-looking statements generally use words such as "expect," "foresee," "anticipate," "believe," "project," "should," "estimate," "will," and similar expressions, and reflect our Company's expectations concerning the future. All forecasts and projections are forward-looking statements. Forward-looking statements are based upon currently available information, but various risks and uncertainties may cause our Company's actual results to differ materially from those expressed in these statements. The Company undertakes no obligation to update these statements in light of new information or future events.

Future results could differ materially from those expressed, due to the impact of changes in various factors. These risk factors include, but are not limited to, risks relating to the demand for our products and the level of commercial, industrial and construction activity worldwide; changes in currency translation rates; international and domestic instability; interest rate fluctuations and changes in credit markets; global sourcing of materials; inflationary cost pressures and our ability to raise prices without decreasing demand for our products; interruptions of or intrusions into our information systems; intellectual property rights; the use of generative artificial intelligence and other emerging technologies; conducting business internationally; catastrophic events; our ability to attract, develop and retain qualified personnel; public health crises; our growth strategies and acquisitions; potential goodwill impairment; our ability to compete effectively; our dependence on a few large customers; our dependence on cyclical industries; changes in laws and regulations; climate-related laws, regulations and accords; environmental, social and governance-related expectations and requirements; compliance with anti-corruption and trade laws; changes in tax or tariff rates or the adoption of new tax or tariff legislation; and costs associated with legal proceedings. Please refer to Item 1A of our 2025 Annual Report on Form 10-K and Item 1A of this Form 10-Q for a more comprehensive discussion of these and other risk factors. These reports are available on the Company's website at www.graco.com and the Securities and Exchange Commission's website at www.sec.gov. Shareholders, potential investors and other readers are urged to consider these factors in evaluating forward-looking statements and are cautioned not to place undue reliance on such forward-looking statements.

Investors should realize that factors other than those identified above and in Item 1A might prove important to the Company's future results. It is not possible for management to identify each and every factor that may have an impact on the Company's operations in the future as new factors can develop from time to time.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes related to market risk from the disclosures made in the 2025 Annual Report on Form 10-K.

Item 4. Controls and Procedures

Evaluation of disclosure controls and procedures

As of the end of the fiscal quarter covered by this report, the Company carried out an evaluation of the effectiveness of the design and operation of its disclosure controls and procedures. This evaluation was done under the supervision and with the participation of the Company's President and Chief Executive Officer and the Chief Financial Officer and Treasurer. Based upon that evaluation, the Company's President and Chief Executive Officer and the Chief Financial Officer and Treasurer concluded that the Company's disclosure controls and procedures are effective.

Changes in internal controls

During the quarter, there was no change in the Company's internal control over financial reporting that has materially affected or is reasonably likely to materially affect the Company's internal control over financial reporting.

PART II OTHER INFORMATION

Item 1A. Risk Factors

There have been no material changes to the Company's risk factors from those disclosed in the Company's 2025 Annual Report on Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

On December 7, 2018, the Board of Directors authorized the purchase of up to 18 million shares of common stock, primarily through open market transactions. On December 5, 2025, the Board of Directors authorized the Company to purchase up to an additional 15 million shares of its outstanding stock, primarily through open-market transactions. The authorization is for an indefinite period of time or until terminated by the Board.

In addition to shares purchased under the Board authorization, the Company purchases shares of common stock held by employees who wish to tender owned shares to satisfy the exercise price or tax due upon exercise of options or vesting of restricted stock.

Information on issuer purchases of equity securities follows:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs (at end of period)
December 28, 2025 - January 23, 2026	4,692	\$ 81.99	4,692	22,992,246
January 24, 2026 - February 20, 2026	—	\$ —	—	22,992,246
February 21, 2026 - March 27, 2026	184,728	\$ 84.29	184,728	22,807,518

Item 5. Other Information

During the three months ended March 27, 2026, none of the Company's directors or officers (as defined in Rule 16a-1(f) of the Securities Exchange Act of 1934) adopted, terminated or modified a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408 of Regulation S-K of the Securities Act of 1933).

Item 6. Exhibits

- 3.1 Restated Articles of Incorporation as amended December 8, 2017. ([Incorporated by reference to Exhibit 3.1 to the Company's Report on Form 8-K filed December 8, 2017.](#))
- 3.2 Restated Bylaws as amended February 17, 2023. ([Incorporated by reference to Exhibit 3.2 to the Company's 2024 Annual Report on Form 10-K.](#))
- 10.1 Form of Executive Officer Restricted Stock Until Agreement. ([Incorporated by reference to Exhibit 10.1 to the Company's Report on Form 8-K filed March 2, 2026.](#))
- [31.1](#) Certification of President and Chief Executive Officer pursuant to Rule 13a-14(a).
- [31.2](#) Certification of Chief Financial Officer and Treasurer pursuant to Rule 13a-14(a).
- [32](#) Certification of President and Chief Executive Officer and Chief Financial Officer and Treasurer pursuant to Section 1350 of Title 18, U.S.C.
- [99.1](#) Press Release Reporting First Quarter Earnings dated April 22, 2026.
- 101 Interactive data files pursuant to Rule 405 of Regulation S-T formatted in iXBRL (Inline eXtensible Business Reporting Language).
- 104 Cover Page Interactive Data File (formatted as iXBRL and contained in Exhibit 101).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

GRACO INC.

Date: April 22, 2026 By: /s/ Mark W. Sheahan
Mark W. Sheahan
President and Chief Executive Officer
(Principal Executive Officer)

Date: April 22, 2026 By: /s/ Sanjiv Gupta
Sanjiv Gupta
Chief Financial Officer and Treasurer
(Principal Financial Officer)

Date: April 22, 2026 By: /s/ Christopher D. Knutson
Christopher D. Knutson
Vice President, Controller and Chief Accounting Officer
(Principal Accounting Officer)

CERTIFICATION

I, Mark W. Sheahan, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Graco Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 22, 2026

/s/ Mark W. Sheahan
Mark W. Sheahan
President and Chief Executive Officer

CERTIFICATION

I, Sanjiv Gupta, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Graco Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 22, 2026

/s/ Sanjiv Gupta
Sanjiv Gupta
Chief Financial Officer and Treasurer

CERTIFICATION UNDER SECTION 1350

Pursuant to Section 1350 of Title 18 of the United States Code, each of the undersigned certifies that this periodic report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in this periodic report fairly presents, in all material respects, the financial condition and results of operations of Graco Inc.

Date: April 22, 2026

/s/ Mark W. Sheahan
Mark W. Sheahan
President and Chief Executive Officer

Date: April 22, 2026

/s/ Sanjiv Gupta
Sanjiv Gupta
Chief Financial Officer and Treasurer

News Release

FOR IMMEDIATE RELEASE:

Wednesday, April 22, 2026

GRACO INC.
P.O. Box 1441
Minneapolis, MN
55440-1441
NYSE: GGG



FOR FURTHER INFORMATION:

Financial Contact: Sanjiv Gupta, 612-623-6129
Media Contact: Kirstie L. Foster, 612-623-6249
Kirstie.L.Foster@graco.com

Acquisitions Drive Sales Growth

MINNEAPOLIS (April 22, 2026) – Graco Inc. (NYSE: GGG) today announced results for the first quarter ended March 27, 2026.

Summary

\$ in millions except per share amounts

	Three Months Ended		
	Mar 27, 2026	Mar 28, 2025	% Change
Net Sales	\$ 540.1	\$ 528.3	2 %
Operating Earnings	137.8	144.0	(4) %
Net Earnings	118.5	124.1	(5) %
Diluted Net Earnings per Common Share	\$ 0.70	\$ 0.72	(3) %
Adjusted (non-GAAP): ⁽¹⁾			
Net Earnings, adjusted	\$ 111.8	\$ 120.5	(7) %
Diluted Net Earnings per Common Share, adjusted	\$ 0.66	\$ 0.70	(6) %

(1) Excludes the impact of excess tax benefits from stock option exercises. See Financial Results Adjusted for Comparability below for a reconciliation of adjusted non-GAAP financial measures to GAAP.

- Net sales for the first quarter increased 2 percent, with 5 percentage points of sales growth from acquired operations and 3 percentage points of sales growth from the effects of changes in currency translation rates. Sales growth for the quarter was partially offset by a 6 percentage point organic decline.
- The gross margin rate was lower than the first quarter last year, primarily due to unfavorable product and channel mix and lower margin rates of acquired operations. Price realization was able to mostly offset the impact of incremental tariffs of \$7 million.
- Operating expenses increased 7 percent, including 4 percentage points from acquired operations and 3 percentage points from the effects of currency translation.
- Operating earnings decreased 4 percent, due to a lower gross margin rate and increased expenses.
- Net earnings decreased 5 percent for the first quarter. Adjusted net earnings decreased 7 percent, driven by lower operating earnings and a prior year gain from the sale of a former manufacturing and distribution facility in Switzerland that did not repeat.

"Sales increased 2 percent in the quarter, with contributions from acquired businesses offsetting organic revenue declines," said Mark Sheahan, Graco's President and Chief Executive Officer. "In the Contractor segment, demand in infrastructure-related markets continued to be strong and resilient while residential construction activity remained soft. Industrial segment results were impacted by the timing of completion of

powder finishing systems and other project activity. Despite a slower start to the year, incoming order rates improved as we progressed throughout the quarter."

Consolidated Results

Net sales for the first quarter increased 2 percent from the comparable period last year. First quarter net sales increased 3 percent in the Americas (3 percent at consistent translation rates), increased 4 percent in EMEA (decreased 5 percent at consistent translation rates), and decreased 5 percent in Asia Pacific (8 percent at consistent translation rates). Changes in currency translation rates increased net sales by approximately \$17 million for the first quarter. Acquired operations contributed \$26 million of sales growth for the first quarter.

The first quarter gross margin rate was lower than the first quarter last year, primarily due to unfavorable product and channel mix and lower margin rates of acquired operations. Price realization was able to mostly offset the impact of incremental tariffs of \$7 million.

Total operating expenses for the first quarter increased \$9 million (7 percent), including approximately \$5 million (4 percentage points) from acquired operations and \$4 million (3 percentage points) from the effects of currency translation.

Other non-operating income for the first quarter decreased \$5 million compared to the same period last year due to a prior year gain from the sale of a former manufacturing and distribution facility in Switzerland that did not repeat.

The effective income tax rate was 15 percent for the quarter, down approximately 3 percentage points from the first quarter last year. The decrease was due primarily to an increase in excess tax benefits related to stock option exercises. Adjusted to exclude the impacts of excess tax benefits from stock option exercises (see Financial Results Adjusted for Comparability below), the adjusted effective income tax rate of 20 percent was comparable to the same period last year.

Segment Results

Management assesses performance of segments by reference to operating earnings excluding unallocated corporate expenses. For a reconciliation of segment operating earnings to consolidated operating earnings, refer to the segment information table included in the financial statement section of this release. Certain measurements of segment operations are summarized below:

	Three Months		
	Contractor	Industrial	Expansion Markets
Net Sales (in millions)	\$ 260.0	\$ 240.4	\$ 39.7
Percentage change from last year			
Sales	2 %	4 %	(4)%
Operating earnings	0 %	(5)%	(4)%
Operating earnings as a percentage of sales			
2026	24 %	32 %	24 %
2025	24 %	34 %	24 %

Components of net sales change by geographic region for the Contractor segment were as follows:

	Three Months			
	Volume and Price	Acquisitions	Currency	Total
Americas	(2)%	4%	1%	3%
EMEA	(6)%	0%	9%	3%
Asia Pacific	(12)%	0%	5%	(7)%
Consolidated	(4)%	3%	3%	2%

Contractor segment net sales increased 2 percent for the first quarter compared to the same period last year. Incremental sales from acquired operations and favorable changes in currency translation rates were partially offset by continued weakness in the worldwide construction markets. The operating margin rate was flat as price realization offset higher product costs, including increased tariff costs of \$4 million.

Components of net sales change by geographic region for the Industrial segment were as follows:

	Three Months			
	Volume and Price	Acquisitions	Currency	Total
Americas	1%	6%	1%	8%
EMEA	(22)%	18%	10%	6%
Asia Pacific	(12)%	1%	2%	(9)%
Consolidated	(8)%	8%	4%	4%

Industrial segment sales growth for the first quarter included \$20 million (8 percentage points) from acquired operations, which more than offset the impact of the timing of finishing system sales and other project activity compared to the first quarter last year. Higher product costs, including increased tariff costs of \$3 million, and unfavorable product and channel mix drove a 2 percentage point decline in the operating margin rate for the quarter.

Components of net sales change by geographic region for the Expansion Markets segment were as follows:

	Three Months			
	Volume and Price	Acquisitions	Currency	Total
Americas	(15)%	0%	0%	(15)%
EMEA	(6)%	0%	2%	(4)%
Asia Pacific	28%	0%	0%	28%
Consolidated	(5)%	0%	1%	(4)%

Net sales for the first quarter in the Expansion Markets segment decreased 4 percent, primarily due to lower semiconductor application sales in the Americas. The decline in sales volume was offset by lower expenses and an improved gross margin rate, resulting in an operating margin rate that was comparable to the same period last year.

Outlook

"We are maintaining our 2026 revenue guidance of low single-digit organic growth on a constant-currency basis and mid-single-digit growth including the expected sales from acquisitions," said Sheahan. "Housing related markets remain challenged, especially in the Americas, but we are seeing pockets of growth across a range of industrial applications. While organic sales declined in the quarter due to timing of powder equipment

project activity, organic order backlog increased 13% from the end of 2025, driven by strong order cadence as we exited the quarter. This momentum reinforces our confidence in maintaining our full-year outlook."

Financial Results Adjusted for Comparability

Excluding the impact of excess tax benefits from stock option exercises presents a more consistent basis for comparison of financial results. A calculation of the non-GAAP adjusted measurements of earnings before income taxes, income taxes, effective income tax rate, net earnings and diluted earnings per share follows (in millions except per share amounts):

	Three Months Ended	
	Mar 27, 2026	Mar 28, 2025
Earnings before income taxes	\$ 140.1	\$ 151.5
Income taxes, as reported	\$ 21.6	\$ 27.4
Excess tax benefit from option exercises	6.7	3.6
Income taxes, adjusted	\$ 28.3	\$ 31.0
Effective income tax rate		
As reported	15.4 %	18.1 %
Adjusted	20.2 %	20.5 %
Net Earnings, as reported	\$ 118.5	\$ 124.1
Excess tax benefit from option exercises	(6.7)	(3.6)
Net Earnings, adjusted	\$ 111.8	\$ 120.5
Weighted Average Diluted Shares	168.3	171.6
Diluted Earnings per Share		
As reported	\$ 0.70	\$ 0.72
Adjusted	\$ 0.66	\$ 0.70

Cautionary Statement Regarding Forward-Looking Statements

The Company desires to take advantage of the “safe harbor” provisions regarding forward-looking statements of the Private Securities Litigation Reform Act of 1995 and is filing this Cautionary Statement in order to do so. From time to time various forms filed by our Company with the Securities and Exchange Commission, including our Form 10-K, Form 10-Qs and Form 8-Ks, and other disclosures, including our 2025 Overview report, press releases, earnings releases, analyst briefings, conference calls and other written documents or oral statements released by our Company, may contain forward-looking statements. Forward-looking statements generally use words such as “expect,” “foresee,” “anticipate,” “believe,” “project,” “should,” “estimate,” “will,” and similar expressions, and reflect our Company’s expectations concerning the future. All forecasts and projections are forward-looking statements. Forward-looking statements are based upon currently available information, but various risks and uncertainties may cause our Company’s actual results to differ materially from those expressed in these statements. The Company undertakes no obligation to update these statements in light of new information or future events.

Future results could differ materially from those expressed, due to the impact of changes in various factors. These risk factors include, but are not limited to, risks relating to the demand for our products and the level of commercial, industrial and construction activity worldwide; changes in currency translation rates; international and domestic instability; interest rate fluctuations and changes in credit markets; global sourcing of materials; inflationary cost pressures and our ability to raise prices without decreasing demand for our products; interruptions of or intrusions into our information systems; intellectual property rights; the use of generative artificial intelligence and other emerging technologies; conducting business internationally; catastrophic events; our ability to attract, develop and retain qualified personnel; public health crises; our growth strategies and

acquisitions; potential goodwill impairment; our ability to compete effectively; our dependence on a few large customers; our dependence on cyclical industries; changes in laws and regulations; climate-related laws, regulations and accords; environmental, social and governance-related expectations and requirements; compliance with anti-corruption and trade laws; changes in tax or tariff rates or the adoption of new tax or tariff legislation; and costs associated with legal proceedings. Please refer to Item 1A of our Annual Report on Form 10-K for fiscal year 2025 (and the most recent Form 10-Q) for a more comprehensive discussion of these and other risk factors. These reports are available on the Company's website at www.graco.com and the Securities and Exchange Commission's website at www.sec.gov. Shareholders, potential investors and other readers are urged to consider these factors in evaluating forward-looking statements and are cautioned not to place undue reliance on such forward-looking statements.

Investors should realize that factors other than those identified above and in Item 1A of our Annual Report on Form 10-K for fiscal year 2025 might prove important to the Company's future results. It is not possible for management to identify each and every factor that may have an impact on the Company's operations in the future as new factors can develop from time to time.

Conference Call

Graco management will hold a conference call, including slides via webcast, with analysts and institutional investors on Thursday, April 23, 2026, at 11 a.m. ET, 10 a.m. CT, to discuss Graco's first quarter results.

A real-time listen-only webcast of the conference call will be broadcast by Nasdaq. Individuals can access the call and view the slides on the Company's website at www.graco.com. Listeners should go to the website at least 15 minutes prior to the live conference call to install any necessary audio software.

About Graco

Graco Inc. supplies technology and expertise for the management of fluids and coatings in both industrial and commercial applications. It designs, manufactures and markets systems and equipment to move, measure, control, dispense and spray fluid and powder materials. A recognized leader in its specialties, Minneapolis-based Graco serves customers around the world in the manufacturing, processing, construction and maintenance industries. For additional information about Graco Inc., please visit us at www.graco.com.

GRACO INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS (Unaudited)
(In thousands except per share amounts)

	Three Months Ended	
	Mar 27, 2026	Mar 28, 2025
Net Sales	\$ 540,144	\$ 528,284
Cost of products sold	259,503	250,551
Gross Profit	280,641	277,733
Product development	19,974	19,375
Selling, marketing and distribution	70,019	67,211
General and administrative	52,873	47,134
Operating Earnings	137,775	144,013
Interest expense	836	713
Other (income) expense, net	(3,149)	(8,174)
Earnings Before Income Taxes	140,088	151,474
Income taxes	21,582	27,373
Net Earnings	\$ 118,506	\$ 124,101
Net Earnings per Common Share		
Basic	\$ 0.72	\$ 0.74
Diluted	\$ 0.70	\$ 0.72
Weighted Average Number of Shares		
Basic	165,632	168,560
Diluted	168,334	171,581

SEGMENT INFORMATION (Unaudited)
(In thousands)

	Three Months Ended	
	Mar 27, 2026	Mar 28, 2025
Net Sales		
Contractor	\$ 259,981	\$ 255,032
Industrial	240,412	231,653
Expansion Markets	39,751	41,599
Total	\$ 540,144	\$ 528,284
Operating Earnings		
Contractor	\$ 62,235	\$ 61,930
Industrial	75,807	79,595
Expansion Markets	9,644	10,065
Unallocated corporate (expense)	(9,911)	(7,577)
Total	\$ 137,775	\$ 144,013