



GRAINGER[®]

NYSE: GWW

Q1 2026 Earnings Call

May 7, 2026

Safe Harbor Statement and Non-GAAP Financial Measures

All statements in this communication, other than those relating to historical facts, are “forward-looking statements” under the federal securities laws. Forward-looking statements can generally be identified by their use of terms such as “anticipate,” “estimate,” “believe,” “expect,” “could,” “forecast,” “may,” “intend,” “plan,” “predict,” “project,” “will,” or “would,” and similar terms and phrases, including references to assumptions. Grainger cannot guarantee that any forward-looking statement will be realized and achievement of future results is subject to risks and uncertainties, many of which are beyond Grainger's control, which could cause Grainger's results to differ materially from those that are presented. Forward-looking statements include, but are not limited to, statements about future strategic plans and future financial and operating results. Important factors that could cause actual results to differ materially from those presented or implied in the forward-looking statements include, without limitation: inflation, higher product costs or other expenses, including operational and administrative expenses; a major loss of customers; loss or disruption of sources of supply; changes in customer or product mix; increased competitive pricing pressures; changes in third-party practices regarding digital advertising; failure to enter into or sustain contractual arrangements on a satisfactory basis with group purchasing organizations; failure to develop, manage or implement new technology initiatives or business strategies including with respect to Grainger's eCommerce platforms and artificial intelligence; failure to adequately protect intellectual property or successfully defend against infringement claims; fluctuations or declines in Grainger's gross profit margin; Grainger's responses to market pressures; the outcome of pending and future litigation or governmental or regulatory proceedings, including with respect to wage and hour, anti-bribery and corruption, environmental, regulations related to advertising, marketing and the internet, consumer protection, pricing (including disaster or emergency declaration pricing statutes), product liability, compliance or safety, trade and export compliance, general commercial disputes, or privacy and cybersecurity matters; investigations, inquiries, audits and changes in laws and regulations; failure to comply with laws, regulations and standards, including new or stricter environmental laws or regulations; government contract matters, including new or revised provisions relating to contract compliance or performance; the impact of any government shutdown; disruption or breaches of information technology or data security systems involving Grainger or third parties on which Grainger depends; general industry, economic, market or political conditions; general global economic conditions, including existing, new, or increased tariffs, trade issues and changes in trade policies, inflation, and interest rates; currency exchange rate fluctuations; market volatility, including price and trading volume volatility or price declines of Grainger's common stock; an incident that adversely impacts Grainger's reputation or brand; commodity price volatility; facilities disruptions or shutdowns; higher fuel costs or disruptions in transportation services; effects of outbreaks of pandemic disease or viral contagions, global conflicts, natural or human induced disasters, extreme weather, and other catastrophes or conditions; effects of climate change; failure to execute on our corporate responsibility efforts; competition for, or failure to attract, retain, train, motivate and develop executives and key team members; loss of key members of management or key team members; loss of operational flexibility and potential for work stoppages or slowdowns if team members unionize or join a collective bargaining arrangement; changes in effective tax rates; changes in credit ratings or outlook; Grainger's incurrence of indebtedness or failure to comply with restrictions and obligations under its debt agreements and instruments and other factors that can be found in our filings with the Securities and Exchange Commission, including our most recent periodic reports filed on Form 10-K and Form 10-Q, which are available on our Investor Relations website. Forward-looking statements are given only as of the date of this communication and we disclaim any obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by law.

Additional information relating to certain non-GAAP financial measures referred to in this presentation is available in the appendix to this presentation, including: adjusted return on invested capital; adjusted gross profit; adjusted operating earnings; adjusted EBITDA; adjusted SG&A; adjusted net earnings; adjusted EPS; daily sales; daily, organic daily sales; constant currency sales; daily, organic constant currency sales; constant currency sales in local days; daily, organic constant currency sales in local days; net leverage ratio; and free cash flow. This communication also includes certain non-GAAP forward-looking information (including, but not limited to, slides 12 and 21). The Company believes that a quantitative reconciliation of such forward-looking information to the most comparable financial measure calculated and presented in accordance with GAAP cannot be made available without unreasonable efforts. A reconciliation of these non-GAAP financial measures would require the Company to predict the timing and likelihood of future restructurings, asset impairments, and other charges. Neither these forward-looking measures, nor their probable significance, can be quantified with a reasonable degree of accuracy. Accordingly, the most directly comparable forward-looking GAAP measures are not provided. Forward-looking non-GAAP financial measures provided without the most directly comparable GAAP financial measures may vary materially from the corresponding GAAP financial measures.



Opening Remarks

D.G. Macpherson

Chairman & CEO



The Grainger **Edge**[®] embedded in everything we do

Our Purpose








We Keep The World
Working[®]



Our Aspiration

We relentlessly expand our leadership position by being the **go-to partner** for people who build and run safe, sustainable, and productive operations.

Our Principles

-  Start with the **customer**
-  Embrace **curiosity**
-  Act with **intent**
-  Compete with **urgency**
-  Win as **one team**
-  Invest in our **success**
-  Do the **right thing**

Q1 2026 Highlights

Focused execution driving results across the business

- Delivered strong quarter of growth and profitability
 - Generated reported sales growth of 10.1% (12.2% in daily, organic constant currency)
 - Delivered diluted EPS of \$11.65, up \$1.79 or 18.2% versus prior year
 - Produced operating cash flow of \$739 million
- Returned \$345 million to shareholders through dividends and share repurchases⁽¹⁾
- Announced quarterly dividend increase of 10%
- Increasing FY 2026 outlook to reflect strong start and continued momentum

Compared to Q1'25

Sales

\$4.7B

+12.2%
(daily, organic
constant currency)

Operating
Margin

16.7%

+110 bps

EPS
(diluted)

\$11.65

+18.2%

ROIC

44.0%

+320 bps



Q1 2026 Results



Dee Merriwether

SVP & CFO



Q1 2026 Results: *Total Company*

Summary Results

(\$ in millions)	Q1 2026		Q1 2025		% vs. PY Fav/(Unfav)
Sales	\$	4,742	\$	4,306	10.1%
Daily Sales		75.3		68.3	10.1%
GP		1,896		1,710	10.9%
SG&A		1,103		1,038	(6.3)%
Op Earnings	\$	793	\$	672	18.0%
EPS (diluted)	\$	11.65	\$	9.86	18.2%
(% of sales)					bps vs. PY Fav/(Unfav)
GP Margin		40.0 %		39.7 %	30
SG&A		23.3 %		24.1 %	80
Op Margin		16.7 %		15.6 %	110

Commentary vs. Prior Year

Sales increased 10.1% (reported and daily)

- 12.2% sales growth on a daily, organic constant currency basis
- Generated strong growth in HTS - N.A. and Endless Assortment

Gross profit margin increased 30 bps

- Expansion in both segments combined with benefit of U.K. market exit

Operating margin increased 110 bps

- Leverage in both segments combined with benefit of U.K. market exit

Diluted EPS of \$11.65, up 18.2% versus prior year

Q1 2026 Results: *High-Touch Solutions - N.A.*

Summary Results

(\$ in millions)	Q1 2026		Q1 2025		% vs. PY Fav/(Unfav)
Sales	\$	3,752	\$	3,397	10.5%
<i>Daily Sales</i>		59.6		53.9	10.5%
GP		1,599		1,439	11.1%
SG&A		911		839	(8.6)%
Op Earnings	\$	688	\$	600	14.7%
(% of sales)	Q1 2026		Q1 2025		bps vs. PY Fav/(Unfav)
GP Margin		42.6 %		42.4 %	20
SG&A		24.3 %		24.7 %	40
Op Margin		18.3 %		17.7 %	60

Commentary vs. Prior Year

Sales increased 10.5% (reported and daily)

- 10.0% sales growth on a daily, constant currency basis
- Includes healthy price contribution and volume growth

Gross profit margin increased 20 bps

- Positive mix and freight partially offset by the impact of annual Grainger Sales Meeting
- Price / cost roughly neutral
- *Note:* Continued LIFO inventory valuation headwind

Operating margin increased 60 bps

- Higher payroll & benefits (inclusive of incentive-based compensation) and marketing investment more than offset by sales leverage

Q1 2026 Results: *Endless Assortment*

Summary Results

(\$ in millions)	Q1 2026		Q1 2025	% vs. PY Fav/(Unfav)
	Sales	\$ 990	\$ 828	
Daily Sales	15.7	13.1		19.6%
GP	297	245		21.2%
SG&A	192	173		(11.0)%
Op Earnings	\$ 105	\$ 72		45.8%
(% of sales)	Q1 2026		Q1 2025	bps vs. PY Fav/(Unfav)
GP Margin	30.0 %	29.6 %		40
SG&A	19.4 %	20.9 %		150
Op Margin	10.6 %	8.7 %		190

Commentary vs. Prior Year

Sales increased 19.6%; up 21.9% on a daily, organic constant currency basis

- Zero growth of 18.7% on a daily basis
- MonotaRO growth of 24.3% in local days, local constant currency

Gross profit margin increased 40 bps

- Benefit from discount strategy change and favorable product mix at Zoro

Operating margin increased 190 bps

- Gross margin flow through and top-line leverage across the segment



Looking Ahead

Dee Merriwether

SVP & CFO



Update on inflationary environment

Navigating tariff and geopolitical cost pressures

Situation remains fluid; confident in ability to manage impact while adhering to core pricing tenets

YTD

Completed actions



Looking Ahead

Passed incremental price in January and took incremental cost in February, in line with normal cadence

- January actions included response to previously-delayed tariff inflation as well as offsets to annually negotiated cost increases with suppliers
- These actions are net of partial roll-back on certain Chinese tariffs announced in November 2025

Passed net neutral price in May as Section 122 tariffs largely offset IEEPA roll-back

- Realized modest net tariff reductions on products directly imported by Grainger; working with suppliers to assess further cost reduction opportunities

Included in updated guide

Expecting fuel headwinds to persist; working with supply chain partners to minimize

Not included in updated guide

Evaluating further inflationary pressures; will take pricing actions as warranted

- Assessing impact of Section 232 tariff modifications (expect only minimal impact)
- Monitoring for potential supply disruptions due to conflict in Middle East

Pursuing potential recovery of IEEPA tariffs paid directly by Grainger

Full Year Guidance: *Total Company*

Raising 2026 Outlook

Updated guide includes:

- **Sales:** continued strong execution and improved MRO market demand
- **OM%:** Q1'26 outperformance offset by anticipated cost pressures (e.g., fuel, incentive-based compensation)

Note:

- Assumes no change to current effective tariff rates as of 5/6/2026

	2025A	2026 Guidance <small>(as of May 7, 2026)</small>	Y/Y change
Sales (\$ billions)	\$17.9	\$19.2 – \$19.6	6.7% to 9.1% <small>(9.5% to 12.0% daily, organic constant currency sales⁽¹⁾)</small>
<small>Prior FY'26 Guidance</small>		<small>\$18.7 – \$19.1</small>	
Gross Profit Margin	39.1%	39.2% – 39.5%	10 bps to 40 bps
<small>Prior FY'26 Guidance</small>		<small>39.2% – 39.5%</small>	
Adj. Operating Margin	15.0%	15.6% – 16.0%	60 bps to 100 bps
<small>Prior FY'26 Guidance</small>		<small>15.4% – 15.9%</small>	
Adj. EPS (diluted)	\$39.48	\$44.25 – \$46.25	12.1% to 17.1%
<small>Prior FY'26 Guidance</small>		<small>\$42.25 – \$44.75</small>	

Note: 2025 results and 2026 guidance are provided on an adjusted basis. The Company does not reconcile forward-looking non-GAAP financial measures. Updated 2026 Guidance assumes corporate effective tax rate of ~25% and JPY / USD FX rate of 158. Normalization of effective tax rate to ~25% driving ~130bps Y/Y headwind to 2026 EPS growth rate. Prior 2026 guidance as provided on Feb 3, 2026.

(1) Based on U.S. selling days. There are 255 selling days in both 2026 and 2025. See appendix for a reconciliation of any non-GAAP financial measures.



Closing Remarks



D.G. Macpherson

Chairman & CEO





Q&A





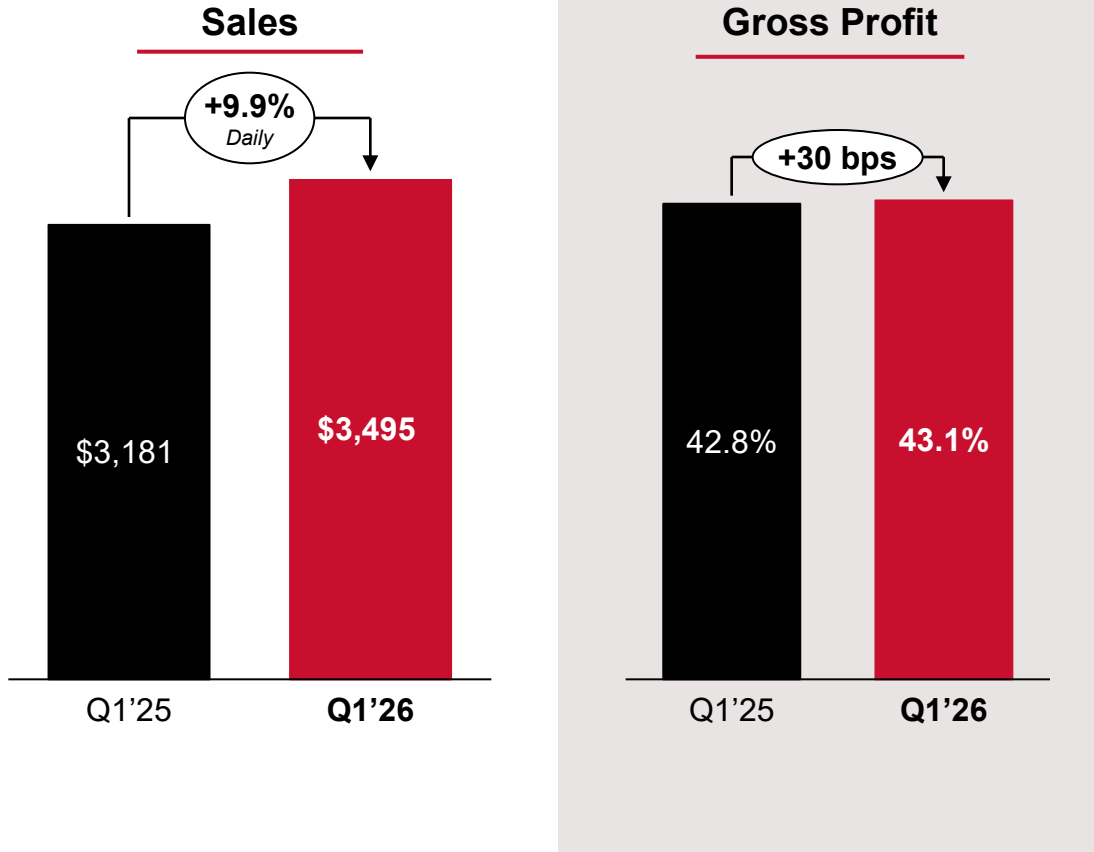
Appendix



Q1 2026 Segment Highlights: *High-Touch Solutions - N.A.*

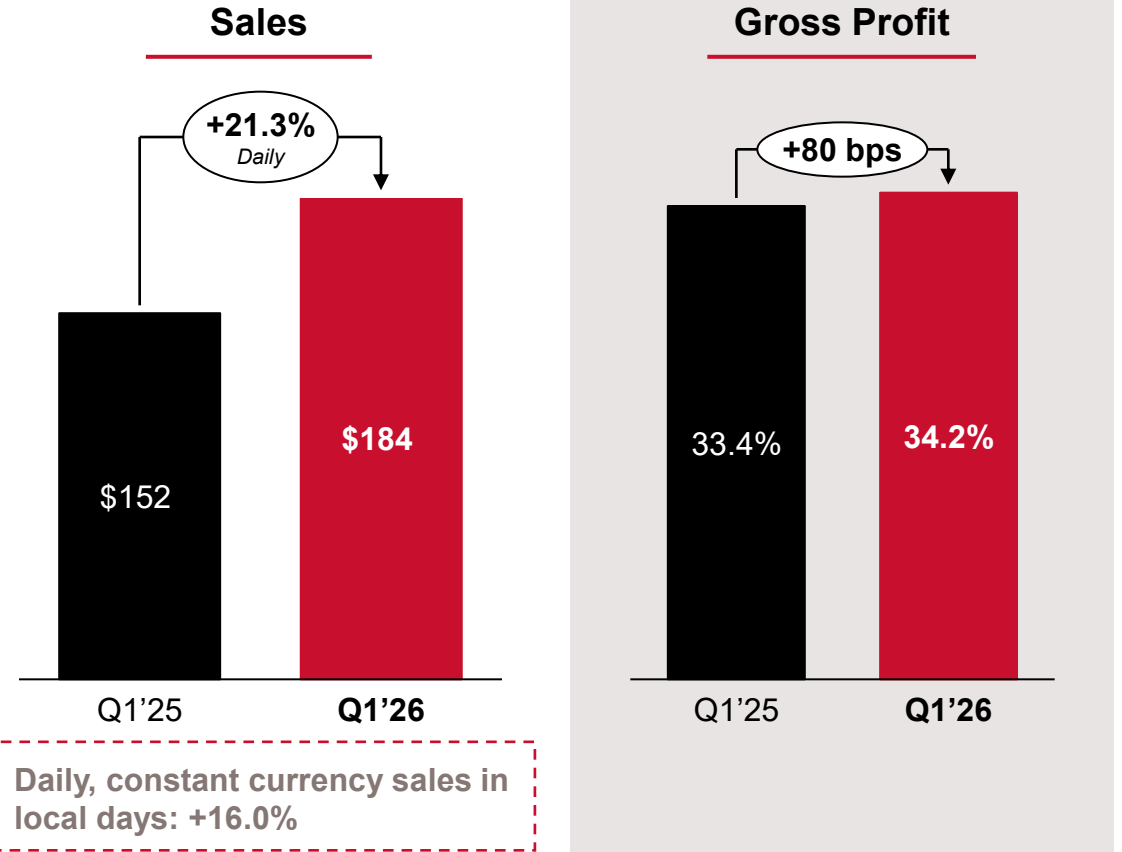
HTS - U.S.

(\$ millions)



HTS - Canada

(\$ millions)

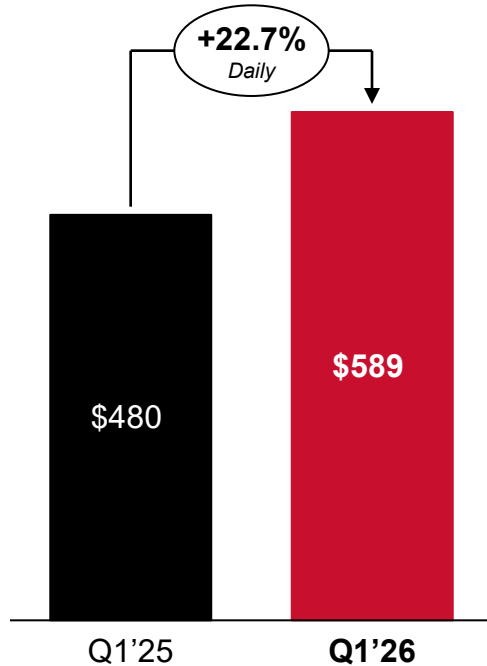


Q1 2026 Segment Highlights: *Endless Assortment*

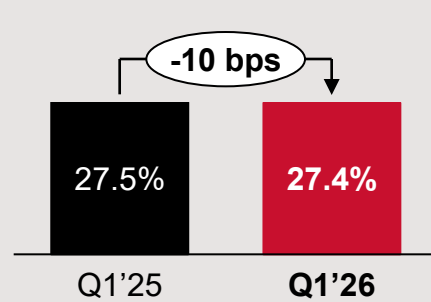
MonotaRO⁽¹⁾

(\$ millions)

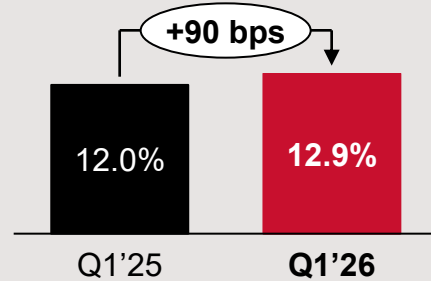
Sales



Gross Profit



Op. Margin

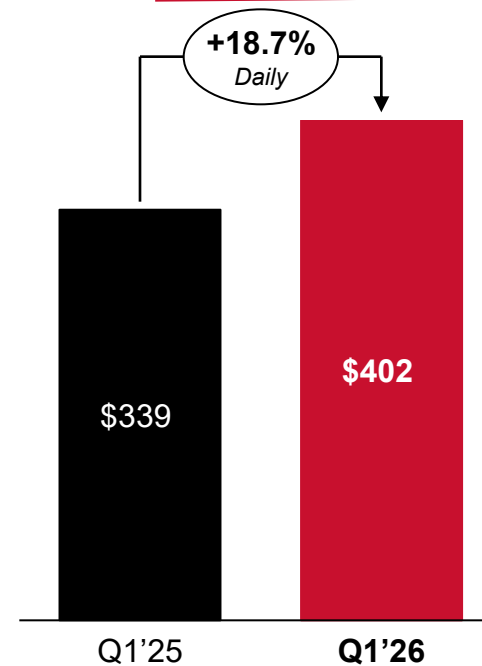


Daily, constant currency sales in local days: +24.3%

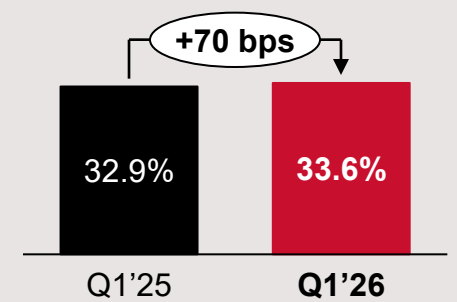
Zoro - U.S.

(\$ millions)

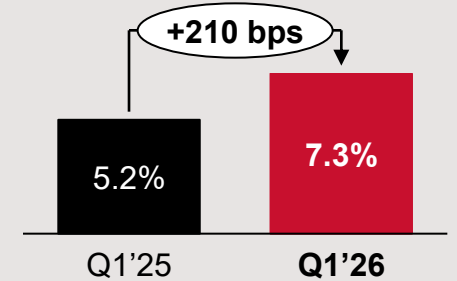
Sales



Gross Profit



Op. Margin

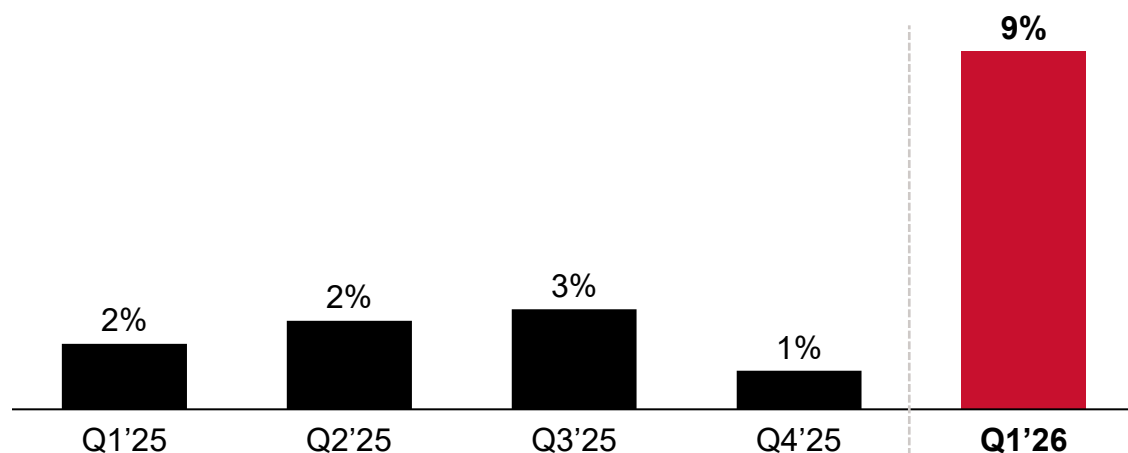


Note: Results are consistent on a reported and adjusted basis. See appendix for a reconciliation of any non-GAAP financial measures. Numbers may not sum due to rounding.

(1) The Company has a controlling ownership interest in MonotaRO, which is part of our Endless Assortment segment. MonotaRO's results are fully consolidated, reflected in U.S. GAAP, and reported one-month in arrears. Results will differ from MonotaRO's externally reported financials, which follow Japanese GAAP.

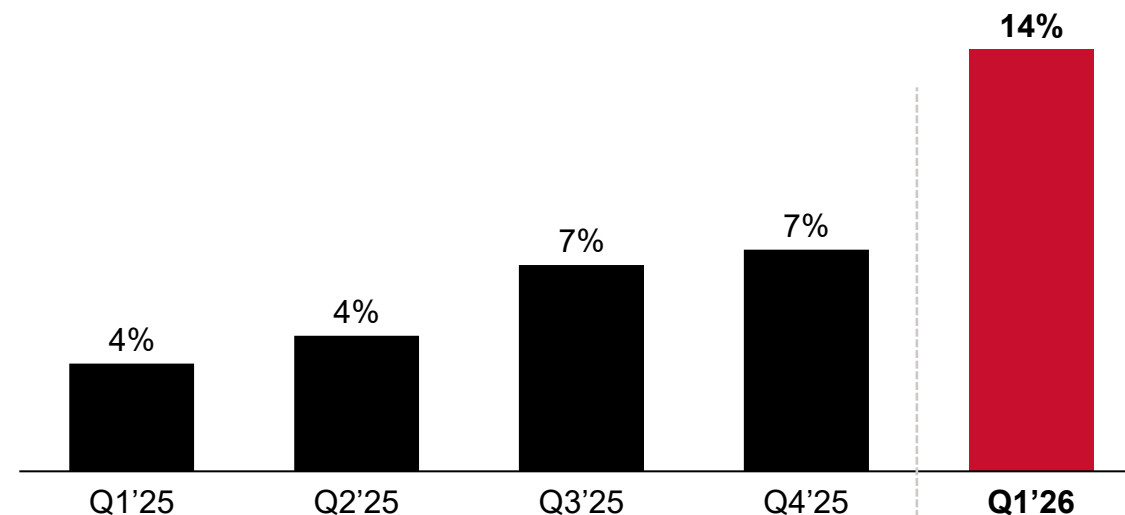
Q1 2026 Sales Performance: *High-Touch Solutions - U.S.*

Large Customers⁽¹⁾



Note: FY'25 Large Customer daily sales growth was +1.9%

Mid-sized Customers⁽¹⁾



Note: FY'25 Mid-size Customer daily sales growth was +5.4%

Note: See appendix for a reconciliation of any non-GAAP financial measures.

(1) Large Customer revenue of \$11.1 billion and Mid-sized Customer revenue of \$1.9 billion for the last twelve-month (LTM) period ending March 31, 2026. These numbers exclude specialty brands and certain revenue recognition adjustments which are included in the HTS - U.S. business. Growth rates are presented on a daily basis and rounded to the nearest whole percentage.

Sales Growth By Customer End Market: **HTS - U.S.**

	Q1'26 ⁽¹⁾	Q1'25 -----> Q1'26 5 Quarter Trend
Commercial Services	UP Mid-Teens	
Contractors	UP High-Teens	
Government	UP High-Single Digits	
Healthcare	UP High-Single Digits	
Manufacturing	UP High-Single Digits	
Retail	UP Mid-Teens	
Transportation	UP High-Single Digits	
Utilities	UP Mid-Teens	
Warehousing	DOWN Mid-Teens	
Wholesale	UP Mid-Single Digits	
Other⁽²⁾	UP Mid-Teens	

Note: See appendix for a reconciliation of any non-GAAP financial measures. Customer end market definitions primarily follow the North American Industry Classification System (NAICS). Numbers exclude specialty brands and certain revenue recognition adjustments which are included in the HTS - U.S. business.

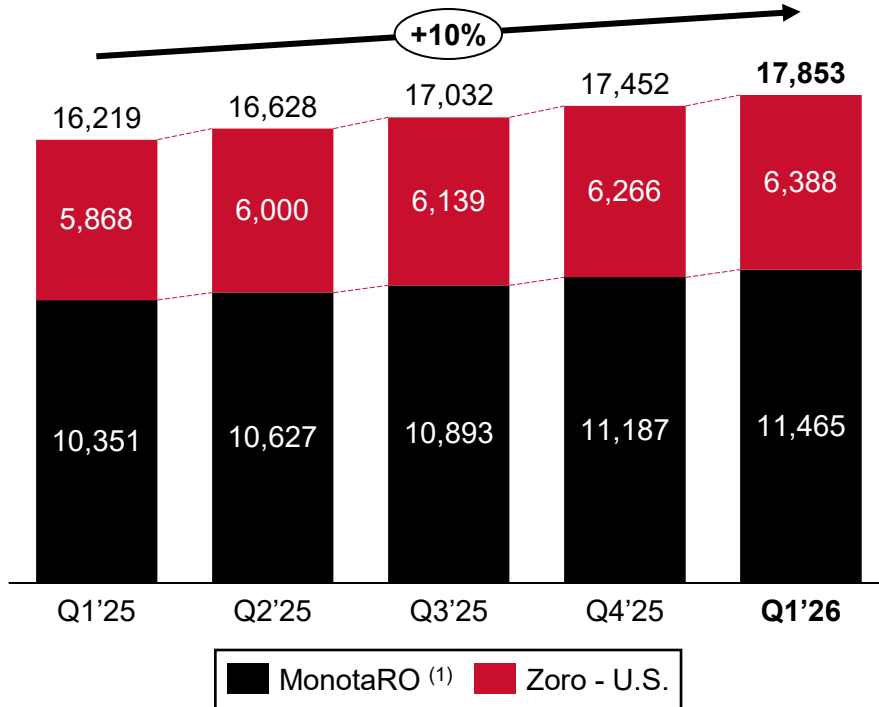
(1) Growth rates are presented on a daily basis in current customer end market alignment.

(2) Includes industries that are not material individually, including hospitality, restaurants, property management and natural resources.

Operating Metrics: *Endless Assortment*

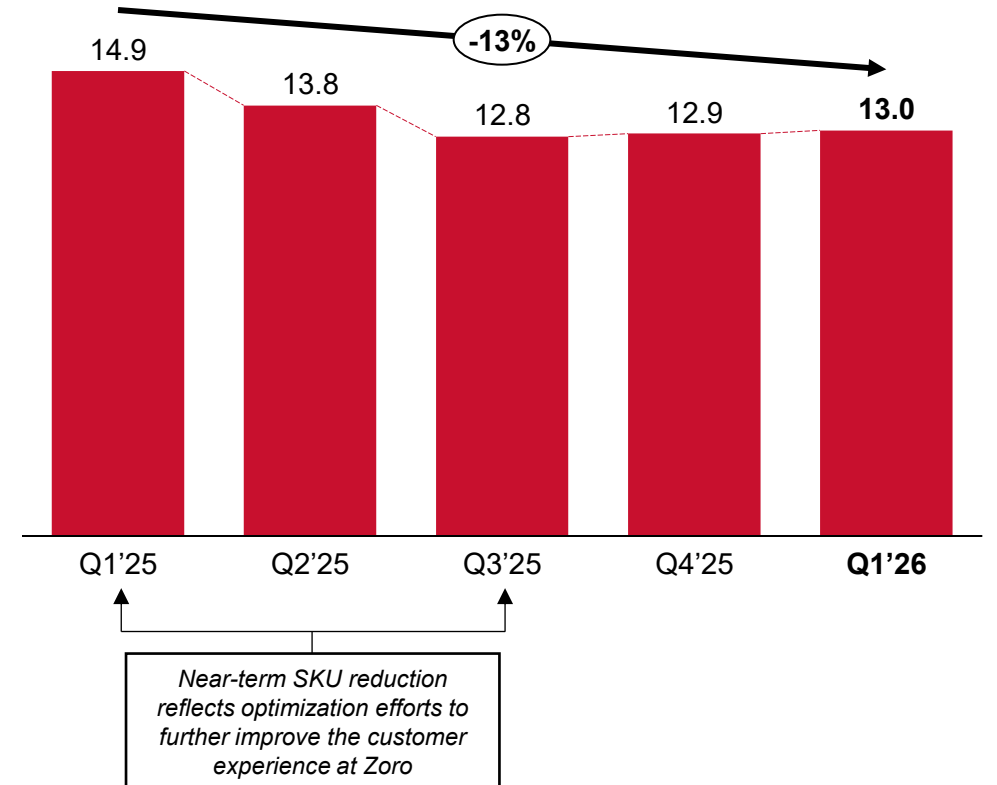
Total Registered Users

(user count in thousands)



Total Active SKUs (Zoro U.S.)

(SKU count in millions)



2026 Full Year Supplemental Guidance

Cash Flow Guidance

(\$ millions)	2025A	2026 Guidance (as of May 7, 2026)
Operating Cash Flow <i>Prior FY'26 Guidance</i>	\$2,015	\$2,200 – \$2,400 <i>\$2,125 - \$2,325</i>
Capital Expenditures⁽¹⁾ <i>Prior FY'26 Guidance</i>	\$684	\$550 – \$650 <i>Unchanged</i>
Share Repurchases⁽²⁾ <i>Prior FY'26 Guidance</i>	\$1,045	\$950 – \$1,050 <i>Unchanged</i>

Operating Margin

	2025A	2026 Guidance (as of May 7, 2026)
HTS - N.A. <i>Prior FY'26 Guidance</i>	16.8%	17.0% – 17.4% <i>16.9% - 17.4%</i>
Endless Assortment <i>Prior FY'26 Guidance</i>	9.8%	10.2% – 10.6% <i>10.0% - 10.5%</i>
Total Company <i>Prior FY'26 Guidance</i>	15.0%	15.6% – 16.0% <i>15.4% - 15.9%</i>

Note: 2025 results and 2026 guidance provided on an adjusted basis. Updated 2026 Guidance assumes corporate effective tax rate of ~25% and JPY / USD FX rate of 158. Prior 2026 guidance as provided on Feb 3, 2026. See appendix for a reconciliation of any non-GAAP financial measures. Numbers may not sum due to rounding.

- (1) Capital expenditures as reflected in the Statement of Cash Flows.
- (2) Includes only share repurchases related to Grainger common stock.
- (3) Based on U.S. selling days: 255 selling days in both 2026 and 2025.
- (4) Excludes the impact of year-over-year foreign currency exchange rate fluctuations.
- (5) Excludes the net sales of Cromwell and Zoro U.K. in the comparable prior year period post the date of divestiture or closure.

Sales Growth Guidance

Total Company

	2026 Guidance (as of May 7, 2026)	
	Low	High
Daily, Organic Constant Currency Sales	9.5%	12.0%
Daily Impact ⁽³⁾	0.0%	0.0%
Foreign Currency Exchange ⁽⁴⁾	-0.8%	-0.8%
Business Divestiture/Closure ⁽⁵⁾	-2.1%	-2.1%
Reported Sales	6.7%	9.1%

Definitions & Calculations

Basis of presentation:

The Company has a controlling ownership interest in MonotaRO, which is part of the Endless Assortment segment. MonotaRO's results are fully consolidated, reflected in U.S. GAAP, and reported one-month in arrears. Results will differ from MonotaRO's externally reported financials which follow Japanese GAAP.

Non-GAAP financial measures:

The Company believes these non-GAAP financial measures provide meaningful information to assist investors in understanding financial results and assessing future performance as they provide a better baseline for analyzing the ongoing performance of its business by excluding items that may not be indicative of core operating results.

"Adjusted gross profit", "adjusted SG&A", "adjusted operating earnings", "adjusted EBITDA", "adjusted net earnings", "adjusted EPS (diluted)"— exclude certain non-recurring items, like restructuring charges, asset impairments, gains and losses associated with business divestitures or closures and other non-recurring, infrequent or unusual gains and losses (together referred to as "non-GAAP adjustments"), from the Company's most directly comparable reported U.S. GAAP figures (reported gross profit, SG&A, operating earnings, net earnings and EPS). The Company believes these non-GAAP adjustments provide meaningful information to assist investors in understanding financial results and assessing future performance as they provide a better baseline for analyzing the ongoing performance of its business by excluding items that may not be indicative of core operating results.

"Adjusted return on invested capital" (ROIC) — is calculated using the Company's annualized adjusted operating earnings (defined above) divided by adjusted average net working assets for the period. Average net working assets is calculated using a two-point average for Q1, a three-point average for Q2, a four-point average for Q3 and a five-point average for Q4. Net working assets are working assets minus working liabilities and defined as follows: working assets equal total assets less cash and cash equivalents, deferred and prepaid income taxes and operating & finance lease right-of-use assets plus any LIFO reserves. Working liabilities are the sum of trade payables, accrued compensation and benefits, accrued contributions to employees' retirement savings plans and accrued expenses less current operating & finance lease liabilities. The Company believes the presentation of adjusted ROIC provides useful information regarding how effectively the Company is using capital to generate financial returns.

"Free cash flow" (FCF) — is calculated using total cash provided by operating activities less capital expenditures. The Company believes the presentation of FCF allows investors to evaluate the capacity of the Company's operations to generate free cash flow.

"Net leverage ratio" — is calculated by dividing the Company's net debt (total debt outstanding less debt issuance costs less cash and cash equivalents) by adjusted EBITDA. Adjusted EBITDA is defined as EBITDA less the Company's non-GAAP adjustments for the last twelve months. The Company believes the presentation of its net debt to adjusted EBITDA ratio provides useful information regarding the Company's liquidity and leverage.

"Daily sales" — refers to net sales for the period divided by the number of U.S. selling days for the period.

"Daily, constant currency sales" — refers to the daily sales adjusted for changes in foreign currency exchange rates.

"Daily, constant currency sales in local days" — refers to daily sales adjusted for changes in foreign currency exchange rates and local selling days for the business unit.

"Daily, organic sales" — refers to daily sales excluding the net sales of certain divested or closed businesses in the comparable prior year period post date of divestiture or closure.

"Daily, organic constant currency sales" — refers to daily sales excluding the sales of certain divested or closed businesses in the comparable prior year period post date of divestiture or closure and changes in foreign currency exchange rates.

"Daily, organic constant currency sales in local days" — refers to daily sales excluding the net sales of certain divested or closed businesses in the comparable prior year period post date of divestiture or closure, changes in foreign currency exchange rates and local selling days for the business unit.

"Foreign currency exchange" — impact is calculated by dividing current period local currency daily sales by current period average exchange rate and subtracting the current period local currency daily sales divided by the prior period average exchange rate.

"Volume outgrowth" — measured as High-Touch Solutions - U.S. daily, organic sales growth excluding price/customer mix contribution, less the estimated U.S. MRO market volume which uses IP - NAICS Manufacturing sub-index as its primary input.

U.S. selling days:

2025: Q1-63, Q2-64, Q3-64, Q4-64, FY-255

2026: Q1-63, Q2-64, Q3-64, Q4-64, FY-255

2027: Q1-63, Q2-64, Q3-64, Q4-63, FY-254

GAAP to Non-GAAP Reconciliations

Sales growth for the three months ended March 31, 2026

(percent change compared to the prior year period)
(unaudited)

Total Company - Monthly Detail

	January	February	March	Q1'26
Reported sales	3.9%	11.7%	14.9%	10.1%
Daily impact	4.9%	—%	(5.2)%	—%
Daily sales ⁽¹⁾	8.8%	11.7%	9.7%	10.1%
Foreign currency exchange ⁽²⁾	(0.2)%	(0.4)%	(0.1)%	(0.2)%
Business divestiture ⁽³⁾	2.2%	2.5%	2.4%	2.3%
Daily, organic constant currency sales	10.8%	13.8%	12.0%	12.2%

Endless Assortment (EA) - Daily Sales

	EA	Zoro - U.S.	MonotaRO
	Q1'26	Q1'26	Q1'26
Reported sales	19.6%	18.7%	22.7%
Daily impact	—%	—%	—%
Daily sales ⁽¹⁾	19.6%	18.7%	22.7%
Foreign currency exchange ⁽²⁾	0.9%	—%	1.6%
Business divestiture ⁽³⁾	1.4%	—%	—%
Daily, constant currency sales	21.9%	18.7%	24.3%
Impact of local days			—%
Daily, organic constant currency in local days			24.3%

High-Touch Solutions - N.A. - Daily Sales

	HTS - N.A.	HTS - U.S.	HTS - Canada
	Q1'26	Q1'26	Q1'26
Reported sales	10.5%	9.9%	21.3%
Daily impact	—%	—%	—%
Daily sales ⁽¹⁾	10.5%	9.9%	21.3%
Foreign currency exchange ⁽²⁾	(0.5)%	—%	(5.3)%
Daily, constant currency sales	10.0%	9.9%	16.0%
Impact of local days			—%
Daily, constant currency in local days			16.0%

High-Touch Solutions - N.A. - Daily Sales Drivers

	HTS - N.A.	HTS - U.S.	HTS - Canada
	Q1'26	Q1'26	Q1'26
Volume/product mix	5.0%	4.6%	13.9%
Price/customer mix	5.0%	5.3%	2.1%
Foreign currency exchange ⁽²⁾	0.5%	—%	5.3%
Daily sales ⁽¹⁾	10.5%	9.9%	21.3%

Note: For more information on the Company's use of non-GAAP measures in this presentation, please see the appendix *Definitions and Calculations*.

(1) Based on U.S. selling days, there were 63 selling days in Q1 2026 and Q1 2025.

(2) Excludes the impact on total sales due to year-over-year foreign currency exchange rate fluctuations.

(3) Excludes the net sales results of the divested Cromwell business and closed Zoro U.K. business, announced in the third quarter of 2025 and completed in the fourth quarter of 2025, in the prior year period on a daily basis.

GAAP to Non-GAAP Reconciliations

Key metrics for the period ended March 31, 2026

(in millions, except for percentage data)
(unaudited)

Net Leverage Ratio	As of March 31, 2026	
Total debt	\$	2,411
Debt issuance costs — net of amortization		20
Cash and cash equivalents		(695)
Net debt	\$	1,736
	LTM ⁽¹⁾ ended March 31, 2026	
Net earnings	\$	1,889
Other expense — net		68
Income tax provision		659
Depreciation and amortization		255
EBITDA	\$	2,871
Net leverage ratio		0.6x

Free Cash Flow (FCF)	Three months ended March 31, 2026	
Net cash flows provided by operating activities	\$	739
Capital expenditures		(170)
Free cash flow	\$	569

Adjusted Return on Invested Capital (ROIC)

	Three months ended March 31, 2026	
	Q1'26	Q4'25
Reported operating earnings	\$	793
Adjustment		—
Adjusted operating earnings	\$	793
Annualized adjusted operating earnings ⁽²⁾	\$	3,211
Total assets	9,473	8,962
Cash and cash equivalents	(695)	(585)
LIFO reserve	976	939
Other asset adjustments ⁽³⁾	(423)	(445)
Working liabilities	(1,920)	(1,684)
Net working assets	\$ 7,411	\$ 7,187
Average net working assets	\$ 7,299	
Adjusted ROIC ⁽²⁾	44.0 %	

Note: For more information on the Company's use of non-GAAP measures in this presentation, please see the appendix *Definitions and Calculations*.

(1) Last twelve months.

(2) Adjusted ROIC is calculated using the Company's annualized adjusted operating earnings. Annualized adjusted operating earnings are calculated by multiplying the YTD average daily operating earnings based off U.S. selling days by the total U.S. selling days in the full year period. There were no adjustments in the current year period.

(3) Includes deferred and prepaid income taxes and operating & finance lease right-of-use assets.

GAAP to Non-GAAP Reconciliations

Income statement adjustments for the twelve months ended December 31, 2025

(in millions, except for percentage data)

(unaudited)

Total Company results included adjusting items which impacted U.S. GAAP as follows:

	FY 2025			Reported % of Net Sales	Adjusted ⁽²⁾
	Reported	Adjustment ⁽¹⁾	Adjusted		
<i>Selling, general and administrative expenses</i>					
High-Touch Solutions N.A.	\$ 3,478	\$ —	\$ 3,478	24.9 %	24.9 %
Endless Assortment	740	(10)	730	20.4 %	20.1 %
Other ⁽³⁾	296	(186)	110	91.4 %	34.0 %
Selling, general and administrative expenses	\$ 4,514	\$ (196)	\$ 4,318	25.2 %	24.1 %
<i>Earnings</i>					
High-Touch Solutions N.A.	\$ 2,354	\$ —	\$ 2,354	16.8 %	16.8 %
Endless Assortment	345	10	355	9.5 %	9.8 %
Other ⁽³⁾	(204)	186	(18)	(63.0) %	(5.6) %
Operating earnings	2,495	196	2,691	13.9 %	15.0 %
Total other expense — net	(65)	—	(65)	(0.3) %	(0.3) %
Earnings before income taxes	2,430	196	2,626	13.6 %	14.7 %
Income tax provision ⁽⁴⁾	(622)	—	(622)	(3.5) %	(3.5) %
Net earnings	1,808	196	2,004	10.1 %	11.2 %
Noncontrolling interest ⁽⁵⁾	(102)	—	(102)	(0.6) %	(0.6) %
Net earnings attributable to W.W. Grainger, Inc.	\$ 1,706	\$ 196	\$ 1,902	9.5 %	10.6 %
Diluted earnings per share:	\$ 35.40	\$ 4.08	\$ 39.48		

Note: For more information on the Company's use of non-GAAP measures in this presentation, please see the appendix *Definitions and Calculations*.

(1) Reflects the loss from the Company's exit of the U.K. market - including the sale of the Cromwell business and closure of Zoro U.K. announced in the third quarter of 2025 and completed in the fourth quarter of 2025.

(2) Calculated on the basis of reported net sales for the full year of 2025.

(3) Grainger's businesses reported in Other do not meet the criteria of a reportable segment.

(4) The reported effective tax rate for 2025 was 25.6%. The adjusted effective tax rate for 2025 was 23.7%.

(5) The Company has a controlling ownership interest in MonotaRO, with the residual representing noncontrolling interest.



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