

GRAINGER

NYSE: GWW

Q3 2026 Earnings Call

November 4, 2026

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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, acquisitions or business strategies including with respect to Grainger's eCommerce platforms and artificial intelligence; failure to adequately protect our 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 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.

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Opening Remarks

D.G. Macpherson

Chairman & CEO



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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

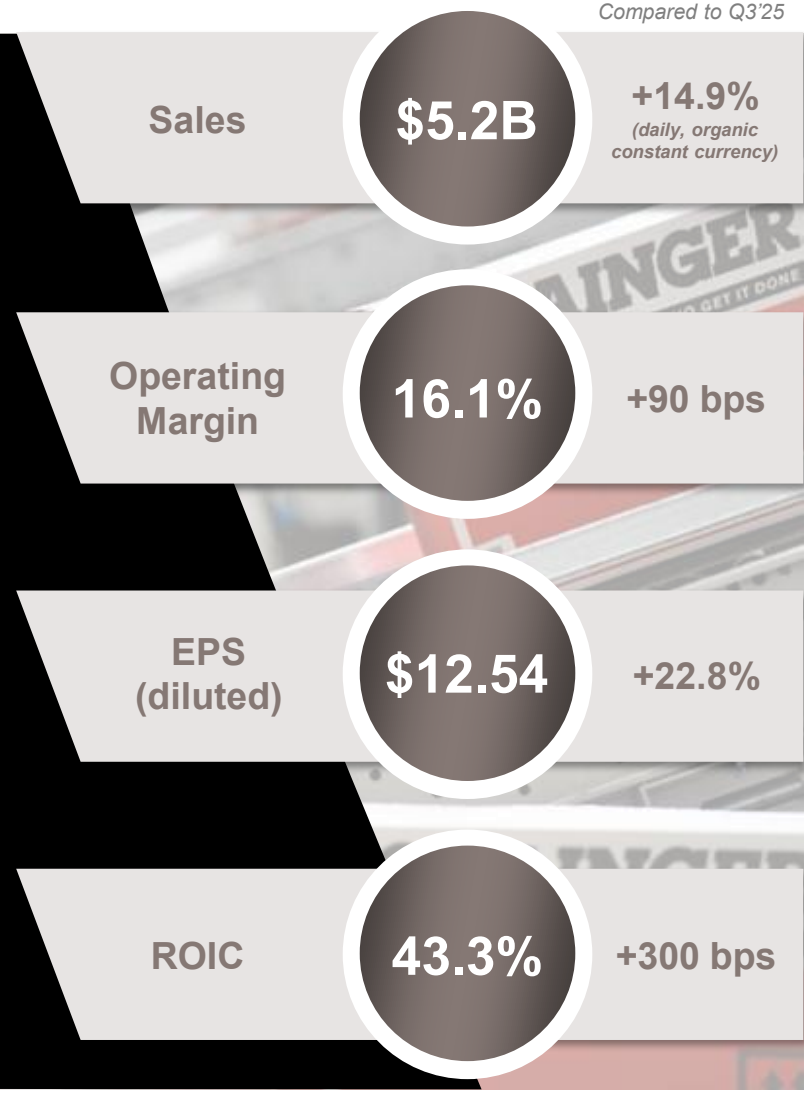
- Start with the customer
- Embrace curiosity
- Act with intent
- Compete with urgency
- Win as one team
- Invest in our success
- Do the right thing

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Q3 2026 Highlights

Continued strong results across the business

- Delivered robust sales growth and profitability
  - Generated reported sales growth of 11.3% (14.9% in daily, organic constant currency)
  - Delivered diluted EPS of $12.54, up $2.33 or 22.8% versus prior year
  - Produced operating cash flow of $661 million
- Returned $396 million to shareholders through dividends and share repurchases(1)
- Completed technology acquisition to enhance inventory management capabilities
- Increasing FY 2026 earnings outlook to reflect continued momentum



Note: Results are shown on an adjusted basis. See appendix for a reconciliation of any non-GAAP financial measures. Numbers may not sum due to rounding.
(1) Includes only share repurchases and dividends related to Grainger common stock.

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Q3 2026 Results



Laurie Thomson

VP & Interim CFO



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Q3 2026 Results: *Total Company*

Summary Results

($ in millions)	Q3 2026	Q3 2025	% vs. PY Fav/(Unfav)
Sales	$ 5,181	$ 4,657	11.3%
Daily Sales	*81.0*	*72.8*	*11.3%*
GP	2,011	1,798	11.8%
SG&A	1,175	1,091	(7.7)%
Op Earnings	$ 836	$ 707	18.2%
EPS (diluted)	**$ 12.54**	**$ 10.21**	**22.8%**

(% of sales)	Q3 2026	Q3 2025	bps vs. PY Fav/(Unfav)
GP Margin	38.8 %	38.6 %	20
SG&A	22.7 %	23.4 %	70
Op Margin	16.1 %	15.2 %	90

Commentary vs. Prior Year

Sales increased 11.3% (reported and daily)

- 14.9% sales growth on a daily, organic constant currency basis
- Generated strong growth in HTS - N.A. and Endless Assortment

Gross profit margin increased 20 bps

- Expansion in EA combined with benefit of U.K. market exit more than offset modest headwinds in HTS - N.A

Operating margin increased 90 bps

- Gross margin flow through combined with leverage in both segments and benefit of U.K. market exit

Diluted EPS of $12.54, up 22.8% versus prior year

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

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Q3 2026 Results: *High-Touch Solutions - N.A.*

Summary Results

($ in millions)	Q3 2026	Q3 2025	% vs. PY Fav/(Unfav)
Sales	$ 4,135	$ 3,635	13.8%
Daily Sales	*64.6*	*56.8*	*13.8%*
GP	1,687	1,495	12.8%
SG&A	973	871	(11.7)%
Op Earnings	$ 714	$ 624	14.4%

(% of sales)	Q3 2026	Q3 2025	bps vs. PY Fav/(Unfav)
GP Margin	40.8 %	41.1 %	(30)
SG&A	23.5 %	23.9 %	40
Op Margin	17.3 %	17.2 %	10

Commentary vs. Prior Year

Sales increased 13.8% (reported and daily)

- Increase consistent on a daily, constant currency basis
- Includes healthy price contribution and strong volume growth

Gross profit margin decreased 30 bps

- Continued freight headwinds alongside slightly negative mix
- Price / cost roughly neutral

Operating margin increased 10 bps

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

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

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Q3 2026 Results: *Endless Assortment*

Summary Results

($ in millions)	Q3 2026	Q3 2025	% vs. PY Fav/(Unfav)
Sales	$ 1,046	$ 935	11.9%
Daily Sales	*16.3*	*14.6*	*11.9%*
GP	324	281	15.3%
SG&A	202	189	(6.9)%
Op Earnings	$ 122	$ 92	32.6%

(% of sales)	Q3 2026	Q3 2025	bps vs. PY Fav/(Unfav)
GP Margin	31.0 %	30.1 %	90
SG&A	19.3 %	20.3 %	100
Op Margin	11.7 %	9.8 %	190

Commentary vs. Prior Year

Sales increased 11.9%; up 19.3% on a daily, organic constant currency basis

- Zoro growth of 25.2% on a daily basis
- MonotaRO growth of 13.6% in local days, local constant currency

Gross profit margin increased 90 bps

- Zoro benefited from discount strategy change
- Favorable product mix across the segment

Operating margin increased 190 bps

- Gross margin flow through and sales leverage across the segment

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

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Looking Ahead

Laurie Thomson

VP & Interim CFO



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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

Q3

Completed actions

Passed price in September to address ongoing inflationary pressure

- Increases in input costs due to conflict in Middle East, particularly on safety and PPE products derived from petrochemicals (e.g., nitrile gloves)
- Offsets to ongoing freight headwinds related to the conflict (fuel costs & freight rates)
- Adjustments to reflect latest tariff environment (Section 232 update and new Section 301 tariffs)

Q4

Expected actions

Managing through continued inflationary pressures

- September actions addressed all known product cost inflation and tariffs impacts; working with suppliers to understand 2027 cost environment
- Taking ongoing freight headwinds into consideration for January pricing actions

Expect larger-than-normal sequential GM% step up as supplier rebate favorability more than offsets continued freight pressure

Looking Ahead

Will continue to monitor inflationary landscape and take mitigating actions as needed

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Note: Commentary on timing of pricing actions related to High-Touch Solutions - U.S. business only.

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Full Year Guidance: *Total Company*

Raising 2026 Earnings Outlook

Updated guide includes:

- **Sales**: continued strong execution amidst improving MRO market demand
- **OM%**: Q3'26 outperformance partly offset by incremental freight pressures

Note:

- *Assumes no change to current effective tariff rates as of 11/3/2026*

	2025A	2026 Guidance (as of Nov 4, 2026)	Y/Y change
Sales *($ billions)*	**$17.9**	**$19.8 – $20.0**	**10.1% to 11.6%** *(13.0% to 14.5% daily, organic constant currency sales(1))*
Prior FY'26 Guidance		*$19.4 – $19.7*	*11.5% to 13.0% daily, org cc*
Gross Profit Margin	**39.1%**	**39.4% – 39.6%**	**30 bps to 45 bps**
Prior FY'26 Guidance		*39.3% – 39.6%*	*20 bps to 50 bps*
Adj. Operating Margin	**15.0%**	**16.0% – 16.2%**	**100 bps to 120 bps**
Prior FY'26 Guidance		*15.8% – 16.2%*	*80 bps to 120 bps*
Adj. EPS (diluted)	**$39.48**	**$47.00 – $48.00**	**19.1% to 21.6%**
Prior FY'26 Guidance		*$45.50 – $47.25*	*15.3% to 19.7%*

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 ~24.7% and JPY / USD FX rate of 158. Normalization of effective tax rate to ~24.7% driving ~100bps Y/Y headwind to 2026 EPS growth rate. Prior 2026 guidance as provided on August 4, 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.

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Closing Remarks



D.G. Macpherson

Chairman & CEO

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Q&A

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Appendix



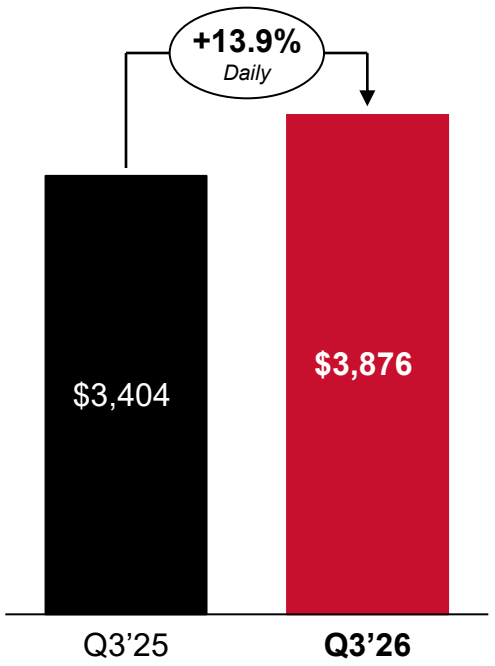
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Q3 2026 Segment Highlights: *High-Touch Solutions - N.A.*

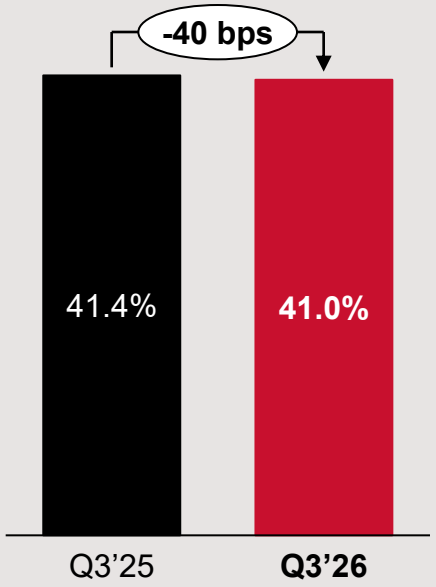
HTS - U.S.

($ millions)

Sales



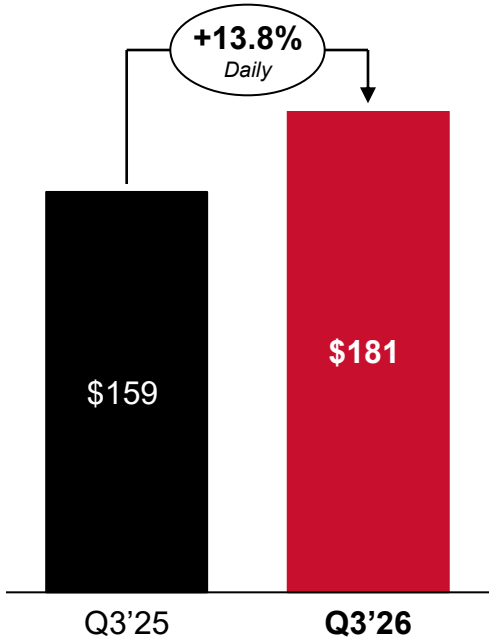
Gross Profit



HTS - Canada

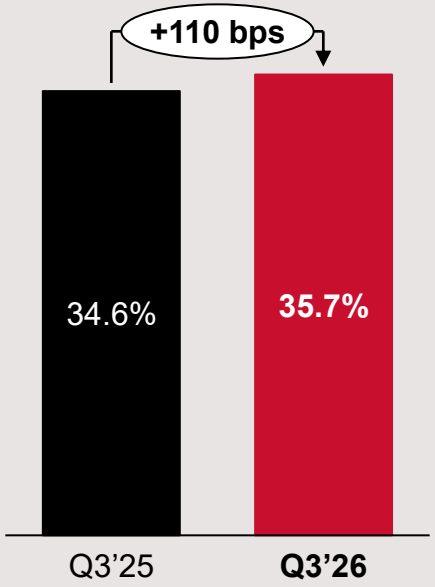
($ millions)

Sales



Daily, constant currency sales in local days: +15.6%

Gross Profit



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.

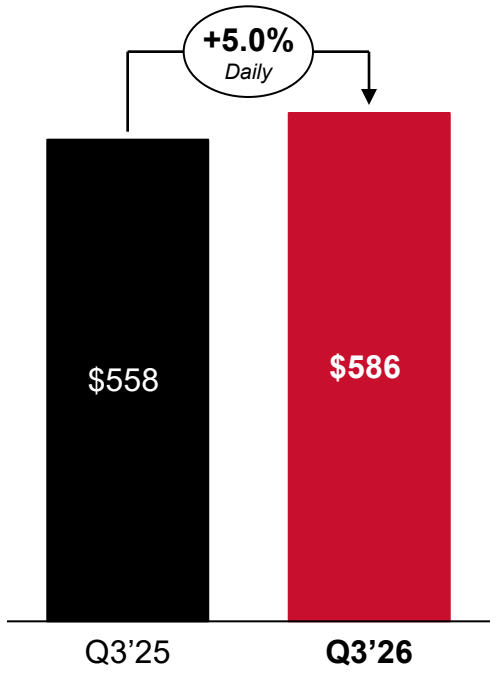
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Q3 2026 Segment Highlights: *Endless Assortment*

MonotaRO[(1)]

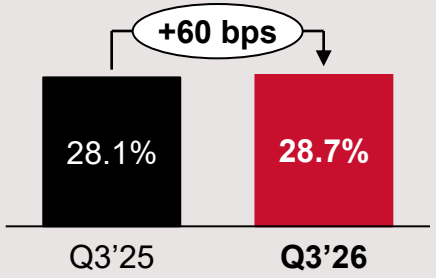
($ millions)

Sales

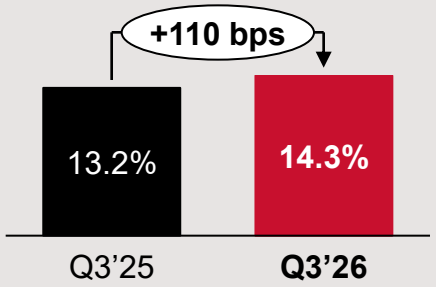


Daily, constant currency sales in local days: +13.6%

Gross Profit



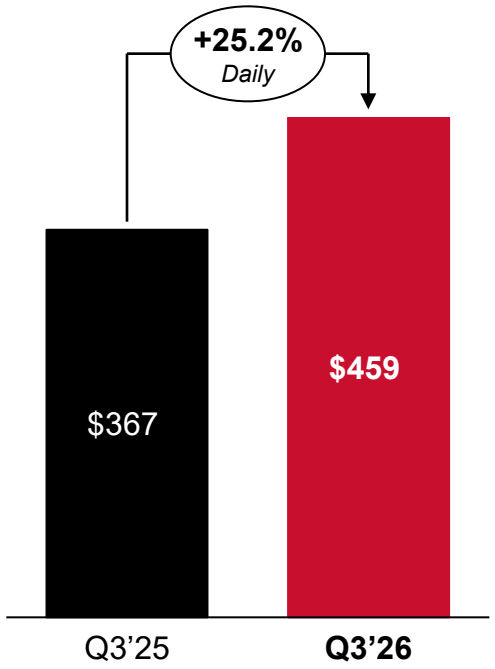
Op. Margin



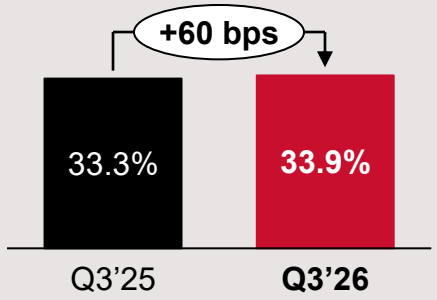
Zoro - U.S.

($ millions)

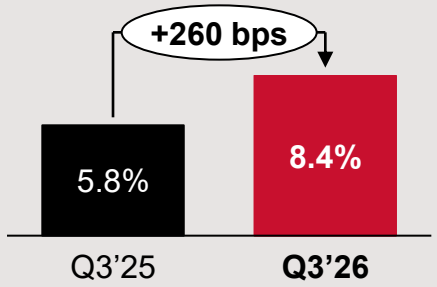
Sales



Gross Profit



Op. Margin



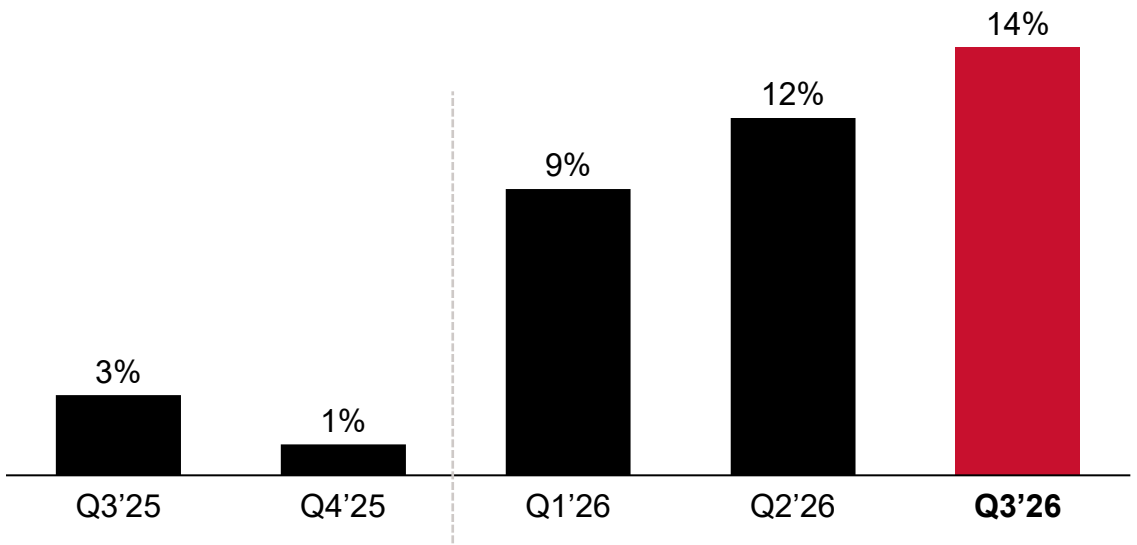
Note: Results are consistent on a reported and adjusted basis. See appendix for a reconciliation of any non-GAAP financial measures. Numbers may not sum due to rounding.

(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.

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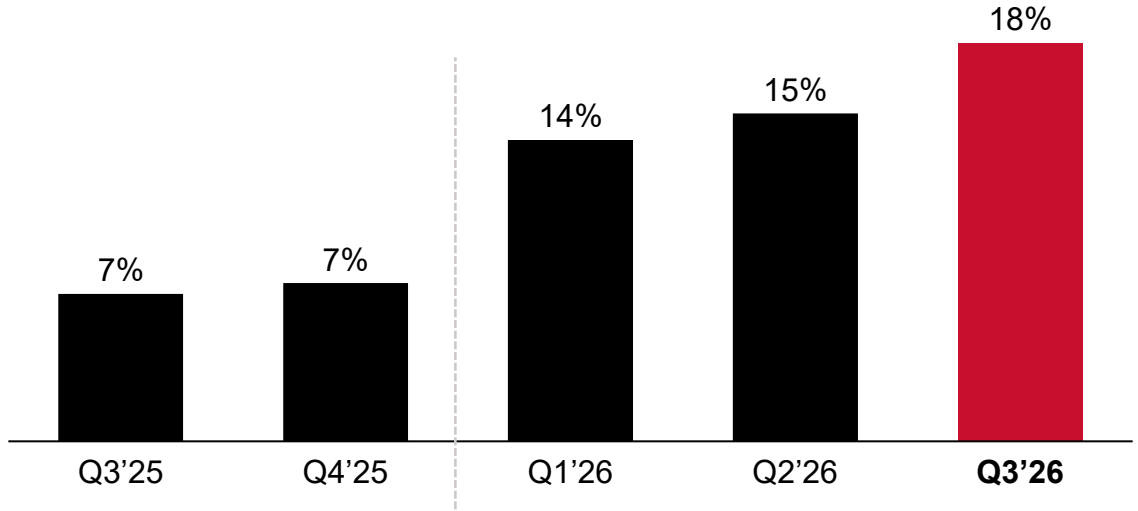
Q3 2026 Sales Performance: *High-Touch Solutions - U.S.*

Large Customers[(1)]



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

Mid-sized Customers[(1)]



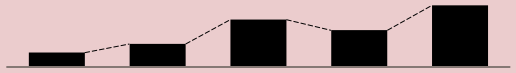
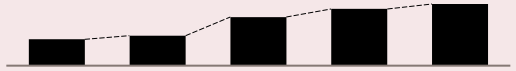
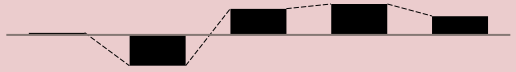
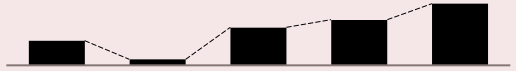
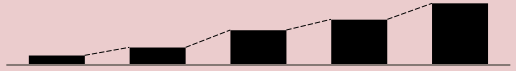
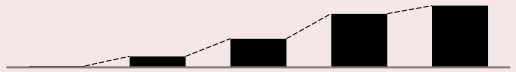
Note: FY'25 Mid-size Customer daily sales growth was +5.4%

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

(1) Large Customer revenue of $11.8 billion and Mid-sized Customer revenue of $2.0 billion for the last twelve-month (LTM) period ending September 30, 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.

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

	Q3'26[1]	5 Quarter Trend (Q3'25 → Q3'26)
Commercial Services	UP Mid-Teens	
Contractors	UP Mid-Twenties	
Government	UP Mid-Single Digits	
Healthcare	UP Low-Double Digits	
Manufacturing	UP Mid-Teens	
Retail	UP Low-Thirties	
Transportation	UP High-Teens	
Utilities	UP Low-Double Digits	
Warehousing	UP Mid-Single Digits	
Wholesale	UP High-Single Digits	
Other[2]	UP Low-Twenties	

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.

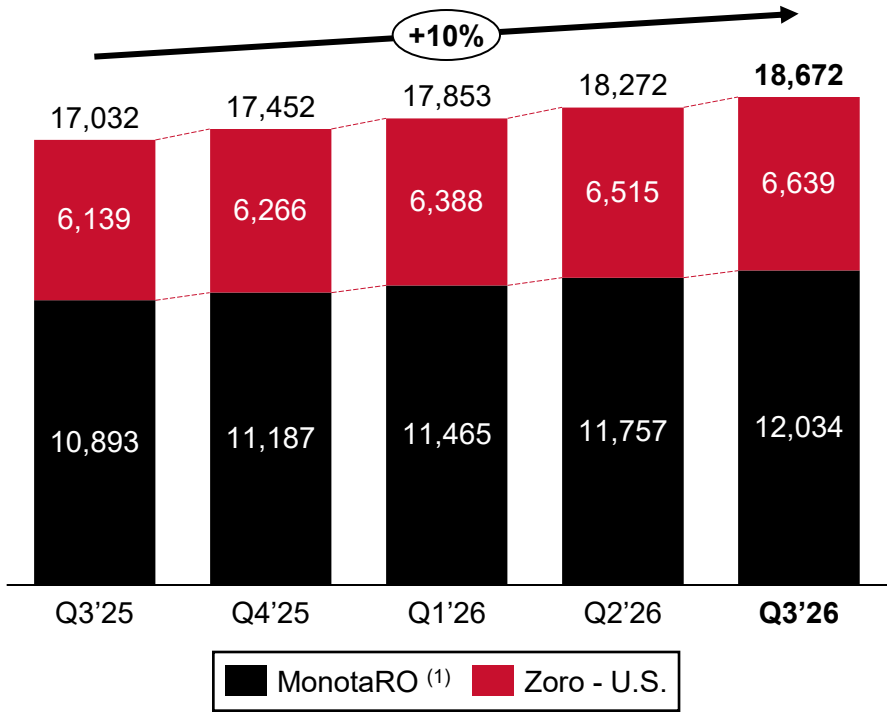
(2) Includes industries that are not material individually, including hospitality, restaurants, property management and natural resources.

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Operating Metrics: *Endless Assortment*

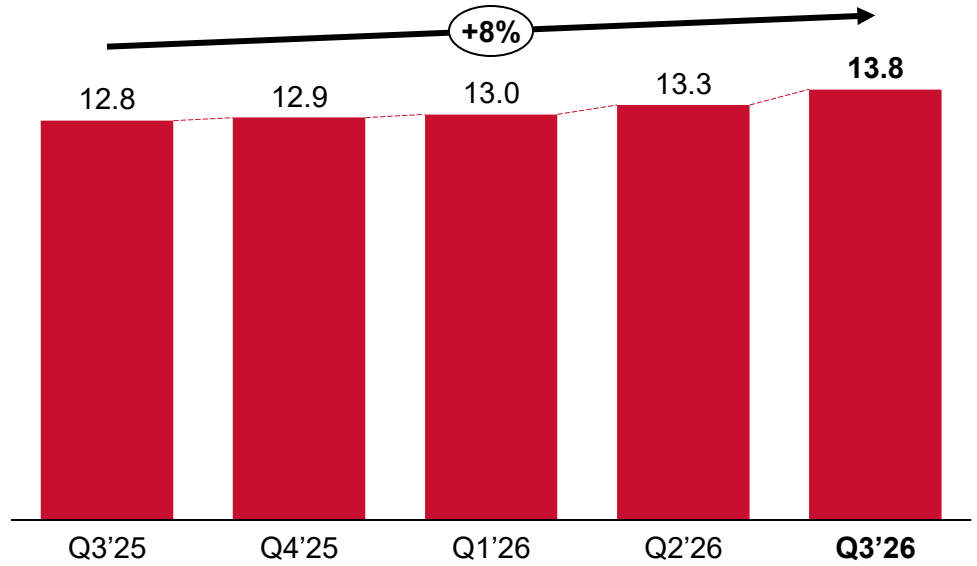
Total Registered Users

(user count in thousands)



Total Active SKUs (Zoro U.S.)

(SKU count in millions)



Note: Numbers may not tie due to rounding. Registered user count excludes non-strategic accounts and channels.
(1) MonotaRO's results are reported one-month in arrears.

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2026 Full Year Supplemental Guidance

Cash Flow Guidance

($ millions)	2025A	2026 Guidance *(as of Nov 4, 2026)*
Operating Cash Flow	**$2,015**	**$2,350 – $2,450**
Prior FY'26 Guidance		*$2,250 - $2,400*
Capital Expenditures[1]	**$684**	**$575 – $625**
Prior FY'26 Guidance		*$575 - $650*
Share Repurchases[2]	**$1,045**	**$975 – $1,025**
Prior FY'26 Guidance		*$975 - $1,050*

Operating Margin

	2025A	2026 Guidance *(as of Nov 4, 2026)*
HTS - N.A.	**16.8%**	**17.3% – 17.5%**
Prior FY'26 Guidance		*17.2% - 17.6%*
Endless Assortment	**9.8%**	**10.9% – 11.1%**
Prior FY'26 Guidance		*10.4% - 10.8%*
Total Company	**15.0%**	**16.0% – 16.2%**
Prior FY'26 Guidance		*15.8% - 16.2%*

Sales Growth Guidance

Total Company	2026 Guidance *(as of Nov 4, 2026)*	
	Low	High
Daily, Organic Constant Currency Sales	**13.0%**	**14.5%**
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	**10.1%**	**11.6%**

Note: 2025 results and 2026 guidance provided on an adjusted basis. Updated 2026 Guidance assumes corporate effective tax rate of ~24.7% and JPY / USD FX rate of 158. Prior 2026 guidance as provided on Aug 4, 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.

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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

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GAAP to Non-GAAP Reconciliations

Sales growth for the three months ended September 30, 2026

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

Total Company - Monthly Detail

	July	August	September	Q3'26
Reported sales	10.0%	11.8%	11.9%	11.3%
Daily impact	—%	—%	—%	—%
Daily sales[1]	10.0%	11.8%	11.9%	11.3%
Foreign currency exchange[2]	1.4%	1.3%	0.8%	1.2%
Business divestiture[3]	2.4%	2.1%	2.5%	2.4%
Daily, organic constant currency sales	13.8%	15.2%	15.2%	14.9%

Endless Assortment (EA) - Daily Sales

	EA	Zoro - U.S.	MonotaRO
	Q3'26	Q3'26	Q3'26
Reported sales	11.9%	25.2%	5.0%
Daily impact	—%	—%	—%
Daily sales[1]	11.9%	25.2%	5.0%
Foreign currency exchange[2]	6.2%	—%	10.4%
Business divestiture[3]	1.2%	—%	—%
Daily, organic constant currency sales	19.3%	25.2%	15.4%
Impact of local days			(1.8)%
Daily, organic constant currency in local days			13.6%

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

	HTS - N.A.	HTS - U.S.	HTS - Canada
	Q3'26	Q3'26	Q3'26
Reported sales	13.8%	13.9%	13.8%
Daily impact	—%	—%	—%
Daily sales[1]	13.8%	13.9%	13.8%
Foreign currency exchange[2]	—%	—%	1.8%
Daily, organic constant currency sales	13.8%	13.9%	15.6%
Impact of local days			—%
Daily, organic constant currency in local days			15.6%

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

	HTS - N.A.	HTS - U.S.	HTS - Canada
	Q3'26	Q3'26	Q3'26
Volume/product mix	10.5%	10.4%	14.4%
Price/customer mix	3.3%	3.5%	1.2%
Foreign currency exchange[2]	—%	—%	(1.8)%
Daily sales[1]	13.8%	13.9%	13.8%

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 64 selling days in Q3 2026 and Q3 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.

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GAAP to Non-GAAP Reconciliations

Key metrics for the period ended September 30, 2026

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

Net Leverage Ratio	As of September 30, 2026
Total debt	$ 2,685
Debt issuance costs — net of amortization	20
Cash and cash equivalents	(768)
Net debt	$ 1,937

	LTM[1] ended September 30, 2026
Net earnings	$ 2,276
Other expense — net	55
Income tax provision	731
Depreciation and amortization	259
EBITDA	$ 3,321
Adjustments[2,5]	204
Adjusted EBITDA	$ 3,525
Net leverage ratio	0.5x

Free Cash Flow (FCF)	Three months ended September 30, 2026
Net cash flows provided by operating activities	$ 661
Capital expenditures	(115)
Free cash flow	$ 546

Adjusted Return on Invested Capital (ROIC)	Nine months ended September 30, 2026
Reported operating earnings	$ 2,428
Adjustment[2]	8
Adjusted operating earnings	$ 2,436
Annualized adjusted operating earnings[3]	$ 3,252

	Q3'26	Q2'26	Q1'26	Q4'25
Total assets	10,128	9,618	9,473	8,962
Cash and cash equivalents	(768)	(589)	(695)	(585)
LIFO reserve	1,024	1,000	976	939
Other asset adjustments[4]	(466)	(468)	(423)	(445)
Working liabilities	(2,039)	(2,012)	(1,920)	(1,684)
Net working assets	$ 7,879	$ 7,549	$ 7,411	$ 7,187
Average net working assets	$ 7,507			
Adjusted ROIC[3]	43.3 %			

Note: For more information on the Company's use of non-GAAP measures in this presentation, please see the appendix *Definitions and Calculations.*
(1) Last twelve months.
(2) Reflects transaction costs associated with the acquisition of technology assets from Adroit Worldwide Media, Inc. in the third quarter of 2026.
(3) 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.
(4) Includes deferred and prepaid income taxes and operating & finance lease right-of-use assets.
(5) 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.

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GAAP to Non-GAAP Reconciliations

Income statement adjustments for the three months ended September 30, 2026 and September 30, 2025

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

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

	Q3 2026			Reported	Adjusted[3]	Q3 2025			Reported	Adjusted[3]
	Reported	Adjustment[1]	Adjusted	% of Net Sales		Reported	Adjustment[2]	Adjusted	% of Net Sales	
Selling, general and administrative expenses										
High-Touch Solutions N.A.	$ 981	$ (8)	$ 973	23.7 %	23.5 %	$ 871	$ —	$ 871	23.9 %	23.9 %
Endless Assortment	202	—	202	19.3 %	19.3 %	199	(10)	189	21.3 %	20.3 %
Other[4]	—	—	—	— %	— %	217	(186)	31	249.4 %	35.6 %
Selling, general and administrative expenses	$ 1,183	$ (8)	$ 1,175	22.8 %	22.7 %	$ 1,287	$ (196)	$ 1,091	27.6 %	23.4 %
Earnings										
High-Touch Solutions N.A.	$ 706	$ 8	$ 714	17.1 %	17.3 %	$ 624	$ —	$ 624	17.2 %	17.2 %
Endless Assortment	122	—	122	11.7 %	11.7 %	82	10	92	8.8 %	9.8 %
Other[4]	—	—	—	— %	— %	(195)	186	(9)	(224.1)%	(10.3)%
Operating earnings	828	8	836	16.0 %	16.1 %	511	196	707	11.0 %	15.2 %
Total other expense - net	(14)	—	(14)	0.3 %	0.2 %	(19)	—	(19)	0.4 %	0.4 %
Earnings before income taxes	814	8	822	15.7 %	15.9 %	492	196	688	10.6 %	14.8 %
Income tax provision[5]	(198)	(2)	(200)	3.8 %	3.9 %	(171)	—	(171)	3.7 %	3.7 %
Net earnings	616	6	622	11.9 %	12.0 %	321	196	517	6.9 %	11.1 %
Noncontrolling interest[6]	(29)	—	(29)	0.6 %	0.6 %	(27)	—	(27)	0.6 %	0.6 %
Net earnings attributable to W.W. Grainger, Inc.	$ 587	$ 6	$ 593	11.3 %	11.4 %	$ 294	$ 196	$ 490	6.3 %	10.5 %
Diluted earnings per share	$ 12.42	$ 0.12	$ 12.54			$ 6.12	$ 4.09	$ 10.21		

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 transaction costs associated with the acquisition of technology assets from Adroit Worldwide Media, Inc. in the third quarter of 2026.
(2) 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.
(3) Calculated on the basis of reported net sales for the third quarter of 2026 and 2025.
(4) Grainger's businesses reported in Other do not meet the criteria of a reportable segment.
(5) The reported effective tax rates for Q3 2026 and Q3 2025 were 24.3% and 34.7%, respectively. The adjusted tax rate was 24.3% and 24.8% for the three months ended September 30, 2026 and 2025, respectively.
(6) The Company has a controlling ownership interest in MonotaRO, with the residual representing noncontrolling interest.

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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	Adjusted[2]
	Reported	Adjustment[1]	Adjusted	% of Net Sales	
Selling, general and administrative expenses					
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 %
Earnings					
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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IR Contacts

Kyle Bland
Vice President, Investor Relations

Kevin Byrne
Director, Investor Relations

Emily Boelter
Manager, Investor Relations

InvestorRelations@grainger.com

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