

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 June 30, 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 1-6747

The Gorman-Rupp Company

(Exact name of registrant as specified in its charter)

Ohio

(State or other jurisdiction of
incorporation or organization)

34-0253990

(I.R.S. Employer
Identification No.)

600 South Airport Road, Mansfield, Ohio

(Address of principal executive offices)

44903

(Zip Code)

Registrant's telephone number, including area code (419) 755-1011

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 Shares, without par value	GRC	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. (Check one):

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

On July 27, 2026 there were 26,410,243 common shares, without par value, of The Gorman-Rupp Company outstanding.

The Gorman-Rupp Company
Three and Six Months Ended June 30, 2026 and 2025

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)

THE GORMAN-RUPP COMPANY
CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
<i>(Dollars in thousands, except per share amounts)</i>				
Net sales	\$ 186,065	\$ 179,045	\$ 362,658	\$ 342,994
Cost of products sold	125,458	122,992	244,691	236,609
Gross profit	60,607	56,053	117,967	106,385
Selling, general and administrative expenses	27,117	26,039	53,920	51,146
Amortization expense	3,080	3,102	6,159	6,202
Operating income	30,410	26,912	57,888	49,037
Interest expense	(4,659)	(5,990)	(9,626)	(12,192)
Other income (expense), net	(367)	(538)	(626)	(926)
Income before income taxes	25,384	20,384	47,636	35,919
Provision for income taxes	5,952	4,587	10,364	7,994
Net income	<u>\$ 19,432</u>	<u>\$ 15,797</u>	<u>\$ 37,272</u>	<u>\$ 27,925</u>
Earnings per share	\$ 0.74	\$ 0.60	\$ 1.41	\$ 1.06
Average number of shares outstanding	26,407,865	26,307,998	26,373,742	26,277,592

See notes to consolidated financial statements (unaudited).

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
<i>(Dollars in thousands)</i>				
Net income	\$ 19,432	\$ 15,797	\$ 37,272	\$ 27,925
Other comprehensive income (loss), net of tax:				
Cumulative translation adjustments	(451)	3,785	(1,633)	5,333
Cash flow hedging activity	337	(247)	858	(924)
Pension and postretirement medical liability adjustments	172	225	345	442
Other comprehensive income	58	3,763	(430)	4,851
Comprehensive income	<u>\$ 19,490</u>	<u>\$ 19,560</u>	<u>\$ 36,842</u>	<u>\$ 32,776</u>

See notes to consolidated financial statements (unaudited).

THE GORMAN-RUPP COMPANY
CONSOLIDATED BALANCE SHEETS

<i>(Dollars in thousands)</i>	(unaudited) June 30, 2026	December 31, 2025
Assets		
Current assets:		
Cash and cash equivalents	\$ 43,595	\$ 35,083
Accounts receivable, net	107,775	88,378
Inventories, net	87,130	96,457
Prepaid and other	9,637	13,776
Total current assets	248,137	233,694
Property, plant and equipment, net	133,293	134,131
Other assets	21,202	22,192
Other intangible assets, net	205,907	212,066
Goodwill	257,912	257,972
Total assets	\$ 866,451	\$ 860,055
Liabilities and equity		
Current liabilities:		
Accounts payable	\$ 29,927	\$ 25,885
Payroll and employee related liabilities	29,334	22,612
Commissions payable	6,538	7,048
Deferred revenue and customer deposits	10,161	7,658
Current portion of long-term debt	—	23,125
Accrued expenses	12,446	12,284
Total current liabilities	88,406	98,612
Pension benefits	4,529	5,149
Postretirement benefits	25,403	24,803
Long-term debt, net of current portion	274,998	284,406
Other long-term liabilities	31,681	32,362
Total liabilities	425,017	445,332
Equity:		
Common shares, without par value:		
Authorized - 35,000,000 shares;		
Outstanding - 26,410,243 shares at June 30, 2026 and 26,312,842 shares at December 31, 2025 (after deducting treasury shares of 638,553 and 735,954, respectively), at stated capital amounts	5,165	5,144
Additional paid-in capital	10,964	11,456
Retained earnings	446,111	418,499
Accumulated other comprehensive income (loss)	(20,806)	(20,376)
Total equity	441,434	414,723
Total liabilities and equity	\$ 866,451	\$ 860,055

See notes to consolidated financial statements (unaudited).

THE GORMAN-RUPP COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Six Months Ended June 30,	
	2026	2025
<i>(Dollars in thousands)</i>		
Cash flows from operating activities:		
Net income	\$ 37,272	\$ 27,925
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	14,073	13,937
LIFO expense	2,394	2,923
Pension expense	1,045	1,392
Stock based compensation	2,535	2,064
Contributions to pension plans	(1,239)	(1,224)
Amortization of debt issuance fees	591	591
Other	206	161
Changes in operating assets and liabilities:		
Accounts receivable, net	(19,855)	(9,496)
Inventories, net	6,097	1,572
Accounts payable	4,265	2,559
Commissions payable	(431)	1,066
Deferred revenue and customer deposits	2,531	(485)
Income taxes	8,879	664
Accrued expenses and other	(3,207)	2,504
Benefit obligations	7,306	2,735
Net cash provided by operating activities	62,462	48,888
Cash flows from investing activities:		
Capital additions	(7,862)	(5,977)
Other	177	59
Net cash used for investing activities	(7,685)	(5,918)
Cash flows from financing activities:		
Cash dividends	(10,017)	(9,720)
Treasury share repurchases	(2,649)	(1,152)
Payments to banks for borrowings	(33,000)	(30,000)
Other	(61)	(59)
Net cash used for financing activities	(45,727)	(40,931)
Effect of exchange rate changes on cash	(538)	733
Net increase in cash and cash equivalents	8,512	2,772
Cash and cash equivalents:		
Beginning of period	35,083	24,213
End of period	\$ 43,595	\$ 26,985

See notes to consolidated financial statements (unaudited).

THE GORMAN-RUPP COMPANY
CONSOLIDATED STATEMENTS OF EQUITY (UNAUDITED)

Six Months Ended June 30, 2026

<i>(Dollars in thousands, except share and per share amounts)</i>	Common Shares		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Total
	Shares	Dollars				
Balances December 31, 2025	26,312,842	\$ 5,144	\$ 11,456	\$ 418,499	\$ (20,376)	\$ 414,723
Net income				17,840		17,840
Other comprehensive loss					(488)	(488)
Stock based compensation, net	128,551	28	677	472		1,177
Treasury share repurchases	(40,558)	(9)	(2,491)	(149)		(2,649)
Cash dividends - \$0.19 per share				(4,999)		(4,999)
Balances March 31, 2026	<u>26,400,835</u>	<u>\$ 5,163</u>	<u>\$ 9,642</u>	<u>\$ 431,663</u>	<u>\$ (20,864)</u>	<u>\$ 425,604</u>
Net income				19,432		19,432
Other comprehensive income					58	58
Stock based compensation, net	9,408	2	1,322	34		1,358
Treasury share repurchases						-
Cash dividends - \$0.19 per share				(5,018)		(5,018)
Balances June 30, 2026	<u>26,410,243</u>	<u>\$ 5,165</u>	<u>\$ 10,964</u>	<u>\$ 446,111</u>	<u>\$ (20,806)</u>	<u>\$ 441,434</u>

Six Months Ended June 30, 2025

<i>(Dollars in thousands, except share and per share amounts)</i>	Common Shares		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Total
	Shares	Dollars				
Balances December 31, 2024	26,227,540	\$ 5,126	\$ 9,360	\$ 384,757	\$ (25,443)	\$ 373,800
Net income				12,128		12,128
Other comprehensive income					1,088	1,088
Stock based compensation, net	96,900	21	671	356		1,048
Treasury share repurchases	(30,063)	(7)	(1,024)	(110)		(1,141)
Cash dividends - \$0.185 per share				(4,852)		(4,852)
Balances March 31, 2025	<u>26,294,377</u>	<u>\$ 5,140</u>	<u>\$ 9,007</u>	<u>\$ 392,279</u>	<u>\$ (24,355)</u>	<u>\$ 382,071</u>
Net income				15,797		15,797
Other comprehensive income					3,763	3,763
Stock based compensation, net	18,773	4	943	69		1,016
Treasury share repurchases	(308)		(9)	(2)		(11)
Cash dividends - \$0.185 per share				(4,868)		(4,868)
Balances June 30, 2025	<u>26,312,842</u>	<u>\$ 5,144</u>	<u>\$ 9,941</u>	<u>\$ 403,275</u>	<u>\$ (20,592)</u>	<u>\$ 397,768</u>

See notes to consolidated financial statements (unaudited).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

(Amounts in tables in thousands of dollars, except for per share amounts)

NOTE 1 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

The accompanying unaudited Consolidated Financial Statements have been prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”) for interim financial information and in accordance with the instructions to Form 10-Q and do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. The Consolidated Financial Statements include the accounts of The Gorman-Rupp Company (the “Company” or “Gorman-Rupp”) and its wholly owned subsidiaries. All significant intercompany accounts and transactions have been eliminated. Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results. In the opinion of management of the Company, all adjustments considered necessary for a fair presentation have been included. Operating results for the three and six months ended June 30, 2026 are not necessarily indicative of results that may be expected for the year ending December 31, 2026. For further information, refer to the Consolidated Financial Statements and accompanying notes included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2025, from which related information herein has been derived.

Accounting Standards Issued But Not Yet Adopted

The FASB issued ASU 2024-03, Income Statement - Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40). The standard is intended to enhance the transparency of business expenses in commonly presented expense captions. This amendment requires the reporting entity to disclose the following amounts in each relevant income statement expense caption (1) purchases of inventory, (2) employee compensation, (3) depreciation, and (4) intangible asset amortization. The reporting entity also is required to disclose the total amount of selling expense and its definition of selling expenses. The standard is effective for annual periods beginning after December 15, 2026. The standard is required to be applied on a prospective basis, while retrospective application is permitted but not required. The Company is evaluating the impact of the standard on the Company's financial disclosures.

NOTE 2 – REVENUE

The following tables disaggregate total net sales by end market and geographic location:

	End market			
	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2026	2025	2026	2025
Industrial	\$ 32,965	\$ 31,332	\$ 65,148	\$ 59,934
Fire	29,638	31,864	57,130	64,730
Agriculture	27,594	23,415	54,448	45,876
Construction	28,859	24,129	56,051	44,863
Municipal	28,782	29,836	53,735	51,845
Petroleum	5,084	5,549	10,221	11,019
OEM	13,206	12,299	25,924	23,343
Repair parts	19,937	20,621	40,001	41,384
Total net sales	<u>\$ 186,065</u>	<u>\$ 179,045</u>	<u>\$ 362,658</u>	<u>\$ 342,994</u>

	Geographic Location			
	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2026	2025	2026	2025
United States	\$ 140,353	\$ 136,104	\$ 274,684	\$ 257,542
Foreign countries	45,712	42,941	87,974	85,452
Total net sales	<u>\$ 186,065</u>	<u>\$ 179,045</u>	<u>\$ 362,658</u>	<u>\$ 342,994</u>

The Company attributes revenues to individual countries based on the customer location to which finished products are shipped. International sales represented approximately 25% and 24% of total net sales for the second quarter of 2026 and 2025, respectively.

On June 30, 2026, the Company had \$239.7 million of remaining performance obligations, also referred to as backlog. The Company expects to recognize as revenue substantially all of its remaining performance obligations within one year.

The Company's contract assets and liabilities as of June 30, 2026 and December 31, 2025 were as follows:

	June 30, 2026	December 31, 2025
Contract assets	\$ —	\$ 634
Contract liabilities	10,161	7,658

Revenue recognized for the six months ended June 30, 2026 and 2025 that was included in the contract liabilities balance at the beginning of the period was \$5.0 million and \$5.8 million, respectively.

NOTE 3 - INVENTORIES

LIFO inventories are stated at the lower of cost or market and all other inventories are stated at the lower of cost or net realizable value. Replacement cost approximates current cost and the excess over LIFO cost was approximately \$107.0 million and \$104.6 million at June 30, 2026 and December 31, 2025, respectively. Allowances for excess and obsolete inventory totaled \$8.6 million and \$7.3 million at June 30, 2026 and December 31, 2025, respectively. An actual valuation of inventory under the LIFO method is made at the end of each year based on the inventory levels and costs at that time. Interim LIFO calculations are based on management's estimate of expected year-end inventory levels and costs, and are subject to the final year-end LIFO inventory valuation.

Pre-tax LIFO expense was \$1.1 million and \$1.9 million for the three months ended June 30, 2026 and 2025, respectively, and \$2.4 million and \$2.9 million for the six months ended June 30, 2026 and 2025, respectively.

Inventories are comprised of the following:

	June 30, 2026	December 31, 2025
Inventories, net:		
Raw materials and in-process	\$ 26,879	\$ 26,312
Finished parts	45,021	51,719
Finished products	15,230	18,426
Total net inventories	<u>\$ 87,130</u>	<u>\$ 96,457</u>

NOTE 4 – PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, net consist of the following:

	June 30, 2026	December 31, 2025
Land	\$ 6,110	\$ 6,040
Buildings	127,378	125,397
Machinery and equipment	241,449	240,293
	<u>\$ 374,937</u>	<u>\$ 371,730</u>
Less accumulated depreciation	(241,644)	(237,599)
Property, plant and equipment, net	<u>\$ 133,293</u>	<u>\$ 134,131</u>

NOTE 5 - PRODUCT WARRANTIES

A liability is established for estimated future warranty and service claims based on historical claims experience and specific product failures. The Company expenses warranty costs directly to Cost of products sold. Changes in the Company's product warranties liability are:

	June 30,	
	2026	2025
Balance at beginning of year	\$ 2,551	\$ 2,210
Provision	747	1,852
Claims	(1,265)	(1,749)
Balance at end of period	<u>\$ 2,033</u>	<u>\$ 2,313</u>

NOTE 6 - PENSION AND OTHER POSTRETIREMENT BENEFITS

The Company sponsors a defined benefit pension plan ("GR Plan") covering certain domestic employees. Benefits are based on each covered employee's years of service and compensation. The GR Plan is funded in conformity with the funding requirements of applicable U.S. regulations. The GR Plan was closed to new participants effective January 1, 2008. Employees hired after this date, in eligible locations, participate in an enhanced 401(k) plan instead of the defined benefit pension plan. Employees hired prior to this date continue to accrue benefits.

Additionally, the Company sponsors defined contribution pension plans made available to all domestic and Canadian employees. The Company funds the cost of these benefits as incurred.

The Company also sponsors a non-contributory defined benefit postretirement health care plan that provides health benefits to certain domestic and Canadian retirees and eligible spouses and dependent children. The Company funds the cost of these benefits as incurred.

The following tables present the components of net periodic benefit costs:

	Pension Benefits		Postretirement Benefits	
	Three Months Ended June 30,		Three Months Ended June 30,	
	2026	2025	2026	2025
Service cost	\$ 474	\$ 493	\$ 220	\$ 202
Interest cost	714	750	327	310
Expected return on plan assets	(879)	(832)	—	—
Amortization of prior service cost	—	—	(19)	(19)
Recognized actuarial loss (gain)	213	285	13	(8)
Net periodic benefit cost (a)	<u>\$ 522</u>	<u>\$ 696</u>	<u>\$ 541</u>	<u>\$ 485</u>

	Pension Benefits		Postretirement Benefits	
	Six Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Service cost	\$ 948	\$ 986	\$ 440	\$ 403
Interest cost	1,429	1,500	654	621
Expected return on plan assets	(1,758)	(1,665)	—	—
Amortization of prior service cost	—	—	(38)	(37)
Recognized actuarial loss (gain)	426	571	26	(17)
Net periodic benefit cost (a)	<u>\$ 1,045</u>	<u>\$ 1,392</u>	<u>\$ 1,082</u>	<u>\$ 970</u>

- (a) The components of net periodic cost other than the service cost component are included in Other income (expense), net in the Consolidated Statements of Income.

NOTE 7 – ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The components of Accumulated other comprehensive income (loss) as reported in the Consolidated Balance Sheets are:

	Currency Translation Adjustments	Deferred Gain (Loss) on Cash Flow Hedging	Pension and OPEB Adjustments	Accumulated Other Comprehensive (Loss) Income
Balance at December 31, 2025	\$ (6,948)	\$ (970)	\$ (12,458)	\$ (20,376)
Reclassification adjustments	—	260	226	486
Current period benefit (charge)	(1,633)	870	230	(533)
Income tax benefit (charge)	—	(272)	(111)	(383)
Balance at June 30, 2026	<u>\$ (8,581)</u>	<u>\$ (112)</u>	<u>\$ (12,113)</u>	<u>\$ (20,806)</u>

	Currency Translation Adjustments	Deferred Gain (Loss) on Cash Flow Hedging	Pension and OPEB Adjustments	Accumulated Other Comprehensive (Loss) Income
Balance at December 31, 2024	\$ (12,712)	\$ (103)	\$ (12,628)	\$ (25,443)
Reclassification adjustments	—	(204)	277	73
Current period benefit (charge)	5,333	(1,008)	294	4,619
Income tax benefit (charge)	—	288	(129)	159
Balance at June 30, 2025	<u>\$ (7,379)</u>	<u>\$ (1,027)</u>	<u>\$ (12,186)</u>	<u>\$ (20,592)</u>

NOTE 8 – COMMON SHARE REPURCHASES

The Company has a share repurchase program with the authorization to purchase up to \$50.0 million of the Company's common shares. As of June 30, 2026, the Company had \$48.1 million available for repurchase under the share repurchase program. During the six-month period ending June 30, 2026, the Company repurchased 40,558 common shares at an average cost per share of \$65.32 for a total of \$2.6 million in the surrender of common shares to cover taxes in connection with the vesting of stock awards, which were not part of the share repurchase program. During the six-month period ending June 30, 2025, the Company repurchased 30,371 common shares at an average cost per share of \$37.92 for a total of \$1.2 million in the surrender of common shares to cover taxes in connection with the vesting of stock awards, which were not part of the share repurchase program.

NOTE 9 – FINANCING ARRANGEMENTS

Debt consisted of:

	June 30, 2026	December 31, 2025
Senior Secured Credit Agreement	\$ 247,750	\$ 280,750
Credit Facility	—	—
6.40% Note Agreement	30,000	30,000
Total debt	277,750	310,750
Unamortized discount and debt issuance fees	(2,752)	(3,219)
Total debt, net	274,998	307,531
Less: current portion of long-term debt	—	(23,125)
Total long-term debt, net	<u>\$ 274,998</u>	<u>\$ 284,406</u>

The carrying value of long term debt, including the current portion, approximates fair value as the variable interest rates approximate rates available to other market participants with comparable credit risk, and interest rates as of June 30, 2026 were approximately the same as interest rates at the time the fixed rate agreement was executed.

Amended and Restated Senior Secured Credit Agreement

On May 31, 2024, the Company entered into an Amended and Restated Senior Secured Credit Agreement (the "Amended and Restated Senior Credit Agreement") with several lenders, which amended, extended, and restated the Company's previous Senior Secured Credit Agreement, dated as of May 31, 2022. The Amended and Restated Senior Credit Agreement provides for a term loan facility in an aggregate principal amount of \$370 million (the "Senior Term Loan Facility"), a revolving credit facility in an aggregate

principal amount of up to \$100 million (the “Credit Facility”), a letter of credit sub-facility in the aggregate available amount of up to \$30 million, as a sublimit of the Credit Facility, and a swing line sub-facility in the aggregate available amount of up to \$20 million, as a sublimit of the Credit Facility. The obligations of the Company under the Amended and Restated Senior Credit Agreement are secured by a first priority lien on substantially all of its personal property, and guaranteed by certain of the Company’s direct, wholly-owned subsidiaries (the “Guarantors”), which guarantees are secured by a first priority lien in substantially all of the Guarantors’ personal property.

The Amended and Restated Senior Credit Agreement has a maturity date of May 31, 2029, with the Senior Term Loan Facility requiring quarterly installment payments commencing on September 30, 2024 and continuing on the last day of each consecutive December, March, June and September thereafter. The Company has made payments in excess of the required minimum installment payments, which have been applied to future required minimum quarterly installment payments. As a result, the Company does not have any required quarterly installment payments due under the Senior Term Loan Facility within the next 12 months.

At the option of the Company, borrowings under the Senior Term Loan Facility and under the Credit Facility bear interest at either a base rate or at an Adjusted Term SOFR Rate (as defined in the Amended and Restated Senior Credit Agreement), plus the applicable margin, which ranges from 0.5% to 1.25% for base rate loans and 1.50% to 2.25% for Adjusted Term SOFR Rate loans. The applicable margin is based on the Company’s total leverage ratio. At June 30, 2026, the applicable interest rate under the Amended and Restated Senior Secured Credit Agreement was Adjusted Term SOFR plus 1.75%, or 5.5%.

The Amended and Restated Senior Credit Agreement requires the Company to maintain a consolidated total net leverage ratio not to exceed 3.50 to 1.00 for the four consecutive fiscal quarter periods ending December 31, 2025 and each of the four consecutive fiscal quarter periods ending thereafter.

The Amended and Restated Senior Credit Agreement requires the Company to maintain an interest coverage ratio of not less than 3.00 to 1.00 for any four consecutive fiscal quarter period.

The Amended and Restated Senior Credit Agreement contains customary affirmative and negative covenants, including among others, limitations on the Company and its subsidiaries with respect to the incurrence of liens and indebtedness, dispositions of assets, mergers, transaction with affiliates, and the ability to make or pay dividends in excess of certain thresholds.

The Amended and Restated Senior Credit Agreement also contains customary provisions requiring certain mandatory prepayments, including, among others, prepayments of the net cash proceeds from any non-ordinary course sale of assets, and net cash proceeds of any non-permitted indebtedness.

6.40% Note Agreement

On May 31, 2024, the Company entered into a Note Agreement (the “6.40% Note Agreement”) whereby the Company issued \$30.0 million aggregate principal amount of 6.40% senior secured notes (the “6.40% Notes”). The Company’s obligations under the 6.40% Notes are secured by a first priority lien on substantially all of its personal property, and guaranteed by each of the Guarantors, which guarantees are secured by a first priority lien in substantially all of the Guarantors’ personal property. The liens granted under the 6.40% Notes are equal in priority to those granted pursuant to the Amended and Restated Senior Credit Agreement.

The 6.40% Note Agreement has a maturity date of May 31, 2031 and interest is payable semiannually on the last day of May and November in each year.

The 6.40% Note Agreement includes representations, warranties, covenants and events of default, substantially consistent with those contained in the Amended and Restated Senior Credit Agreement.

Other

The Company was in compliance with all debt covenants as of June 30, 2026.

Interest Rate Derivatives

During the fourth quarter of 2022, the Company entered into interest rate swaps that hedge interest payments on its SOFR borrowing. All swaps have been designated as cash flow hedges. The following table summarizes the notional amounts, related rates and remaining terms of interest swap agreements as of June 30, 2026 and December 31, 2025:

	Notional Amount		Average Fixed Rate		Term
	June 30, 2026	December 31, 2025	June 30, 2026	December 31, 2025	
Interest rate swaps	\$ 126,875	\$ 135,625	4.1%	4.1%	Extending to May 2027

The fair value of the Company's interest rate swaps was a payable of \$0.1 million as of June 30, 2026 and a payable of \$1.3 million as of December 31, 2025. The fair value was based on inputs other than quoted prices in active markets for identical assets that are observable either directly or indirectly and therefore considered level 2. The mark-to-market effect of interest rate swap agreements that are considered effective as hedges has been included in Accumulated Other Comprehensive Loss. The interest rate swap agreements held by the Company on June 30, 2026 are expected to continue to be effective hedges through the end of their respective terms.

The following table summarizes the fair value of derivative instruments as recorded in the Consolidated Balance Sheets:

	June 30, 2026	December 31, 2025
Liabilities:		
Accrued expenses	(146)	(847)
Other long-term liabilities	-	(430)
Total derivatives	<u>\$ (146)</u>	<u>\$ (1,277)</u>

The following table summarizes total gains (losses) recognized on derivatives:

Derivatives in Cash Flow Hedging Relationships	Amount of (Loss) Gain Recognized in AOCI on Derivatives			
	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2026	2025	2026	2025
Interest rate swaps	\$ 308	\$ (223)	\$ 870	\$ (1,008)

The effects of derivative instruments on the Company's Consolidated Statements of Income are as follows:

Location of (Loss) Gain Reclassed from AOCI into Income (Effective Portion)	Amount of (Loss) Gain Reclassed from AOCI into Income (Effective Portion)			
	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2026	2025	2026	2025
Interest expense	\$ (135)	\$ 100	\$ (260)	\$ 204

Note 10 – BUSINESS SEGMENT INFORMATION

The Company operates in one business segment comprising the design, manufacture and sale of pumps and pump systems. The Company's products are used in water, wastewater, construction, industrial, petroleum, original equipment, agriculture, fire suppression, heating, ventilation and air conditioning (HVAC), military and other liquid-handling applications.

The pumps and pump systems are marketed in the United States and worldwide through a broad network of distributors, through manufacturers' representatives (for sales to many original equipment manufacturers), through third-party distributor catalogs, and by direct sales. International sales are made primarily through foreign distributors and representatives.

The Company's chief operating decision maker ("CODM") is its chief executive officer, who reviews financial information presented on a consolidated basis. The CODM uses consolidated operating income and net income to assess financial performance and allocate resources. These financial metrics are used by the CODM to make key operating decisions, such as the allocation of capital between reinvestment in the business, the payment of dividends, paying down debt, and/or acquisitions. The measure of segment assets is reported on the balance sheet as total consolidated assets.

The following table presents selected financial information with respect to the Company's single operating segment:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Net sales	\$ 186,065	\$ 179,045	\$ 362,658	\$ 342,994
Less:				
Cost of Material	88,096	87,169	170,032	164,597
Labor	22,502	20,906	44,877	42,049
Overhead	14,860	14,917	29,782	29,963
Selling	12,994	12,534	25,768	24,122
General and administrative	14,123	13,505	28,152	27,024
Amortization expense	3,080	3,102	6,159	6,202
Operating Income	30,410	26,912	57,888	49,037
Other income (expense):				
Interest expense	(4,659)	(5,990)	(9,626)	(12,192)
Other income (expense)	(367)	(538)	(626)	(926)
Income before income taxes	25,384	20,384	47,636	35,919
Provision from income taxes	5,952	4,587	10,364	7,994
Net income	<u>\$ 19,432</u>	<u>\$ 15,797</u>	<u>\$ 37,272</u>	<u>\$ 27,925</u>

The Company sells to approximately 140 countries around the world. The Company attributes revenues to individual countries based on the customer location to which finished products are shipped. The following tables disaggregate total net sales by geographic location:

	Geographic Location			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
United States	\$ 140,353	\$ 136,104	\$ 274,684	\$ 257,542
Foreign countries	45,712	42,941	87,974	85,452
Total net sales	<u>\$ 186,065</u>	<u>\$ 179,045</u>	<u>\$ 362,658</u>	<u>\$ 342,994</u>

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(Dollars in thousands, except for per share amounts)

The following discussion and analysis of the Company's financial condition and Results of Operations should be read in conjunction with the Consolidated Financial Statements, and notes thereto, and the other financial data included elsewhere in this Quarterly Report on Form 10-Q. The following discussion should also be read in conjunction with the Company's audited Consolidated Financial Statements and accompanying notes, and Management's Discussion and Analysis of Financial Condition and Results of Operations included in its Annual Report on Form 10-K for the year ended December 31, 2025.

Executive Overview

The Gorman-Rupp Company ("we", "our", "Gorman-Rupp" or the "Company") is a leading designer, manufacturer and international marketer of pumps and pump systems for use in diverse water, wastewater, construction, dewatering, industrial, petroleum, original equipment, agriculture, fire suppression, heating, ventilating and air conditioning (HVAC), military and other liquid-handling applications. The Company attributes its success to long-term product quality, applications and performance combined with timely delivery and service, and continually seeks to develop initiatives to improve performance in these key areas.

We regularly invest in training for our employees, in new product development and in modern manufacturing equipment, technology and facilities all designed to increase production efficiency and capacity and drive growth by delivering innovative solutions to our customers. We believe that the diversity of our markets is a major contributor to the generally stable financial growth we have produced historically.

For the first six months of 2026, net sales were \$362.7 million, an increase of 5.7%, or \$19.7 million compared to the first six months of 2025. Net income was \$37.3 million, or \$1.41 per share, compared to net income of \$27.9 million, or \$1.06 per share, for the same period last year. Total debt decreased \$33.0 million during the first six months of 2026.

Incoming orders for the first six months of 2026 were \$370.8 million, or an increase of 1.4%, compared to the same period in 2025. The Company's backlog of orders was \$239.7 million at June 30, 2026 compared to \$244.0 million at December 31, 2025, and \$224.4 million at June 30, 2025.

On July 23, 2026, the Board of Directors authorized the payment of a quarterly dividend of \$0.19 per share on the common stock of the Company, payable September 10, 2026, to shareholders of record as of August 14, 2026. This will mark the 306th consecutive quarterly dividend paid by The Gorman-Rupp Company.

The Company currently expects to continue its exceptional history of paying regular quarterly dividends and increased annual dividends. However, any future dividends will be reviewed individually and declared by our Board of Directors at its discretion, dependent on our assessment of the Company's financial condition and business outlook at the applicable time.

Outlook

Our strong start to the year continued into the second quarter. Our record second quarter results included record net sales and earnings per share. Sales growth was broad-based across many of our markets, led by increased demand in construction and agriculture, as well as increased demand related to data centers across multiple end markets. Our margins remained strong in the second quarter and our earnings performance through the first half of 2026 helped generate solid operating cash flows. The strong cash flows allowed the Company to reduce total debt by \$33.0 million during the first six months of 2026 while continuing to invest in the business. Incoming orders and backlog remained healthy, positioning the Company well for the second half of the year.

Three Months Ended June 30, 2026 vs. Three Months Ended June 30, 2025

Net Sales

The following table presents the Company's disaggregated net sales by its end markets:

	Three Months Ended June 30,		\$ Change	% Change
	2026	2025		
Industrial	\$ 32,965	\$ 31,332	\$ 1,633	5.2%
Fire	29,638	31,864	(2,226)	(7.0%)
Agriculture	27,594	23,415	4,179	17.8%
Construction	28,859	24,129	4,730	19.6%
Municipal	28,782	29,836	(1,054)	(3.5%)
Petroleum	5,084	5,549	(465)	(8.4%)
OEM	13,206	12,299	907	7.4%
Repair parts	19,937	20,621	(684)	(3.3%)
Total net sales	<u>\$ 186,065</u>	<u>\$ 179,045</u>	<u>\$ 7,020</u>	<u>3.9%</u>

Net sales for the second quarter of 2026 were \$186.1 million compared to net sales of \$179.0 million for the second quarter of 2025, an increase of 3.9%, or \$7.1 million. The increase was driven by volume growth as well as price increases taken in the first quarter of 2026. Sales increased \$4.7 million in the construction market due to increased demand in mining and sales of rental equipment and \$4.2 million in the agriculture market due to broad-based improvement across Fill-Rite's sales channels. In addition, sales increased \$1.6 million in the industrial market and \$0.9 million in the OEM market due to increased demand related to data centers. These increases were partially offset by sales decreases of \$2.2 million in the fire suppression market primarily due to reduced international shipments, \$1.1 million in the municipal market, \$0.6 million in the repair market, and \$0.4 million in the petroleum market.

Cost of Products Sold and Gross Profit

	Three Months Ended June 30,		\$ Change	% Change
	2026	2025		
Cost of products sold	\$ 125,458	\$ 122,992	\$ 2,466	2.0%
<i>% of Net sales</i>	<i>67.4%</i>	<i>68.7%</i>		
<i>Gross Margin</i>	<i>32.6%</i>	<i>31.3%</i>		

Gross profit was \$60.6 million for the second quarter of 2026, resulting in gross margin of 32.6%, compared to gross profit of \$56.1 million and gross margin of 31.3% for the same period in 2025. The 130 basis point increase in gross margin was driven by improved margin on material including an 80 basis point improvement due to the realization of price increases and favorable product mix, as well as a 50 basis point reduction in LIFO costs.

Selling, General and Administrative (SG&A) Expenses

	Three Months Ended June 30,		\$ Change	% Change
	2026	2025		
Selling, general and administrative expenses	\$ 27,117	\$ 26,039	\$ 1,078	4.1%
<i>% of Net sales</i>	<i>14.6%</i>	<i>14.5%</i>		

Selling, general and administrative ("SG&A") expenses were \$27.1 million and 14.6% of net sales for the second quarter of 2026 compared to \$26.0 million and 14.5% of net sales for the same period in 2025. SG&A expenses increased due to higher advertising expenses as well as increased freight out costs driven by increased sales.

Operating Income

	Three Months Ended June 30,		\$ Change	% Change
	2026	2025		
Operating Income	\$ 30,410	\$ 26,912	\$ 3,498	13.0%
<i>% of Net sales</i>	16.3%	15.0%		

Operating income was \$30.4 million for the second quarter of 2026, resulting in an operating margin of 16.3%, compared to operating income of \$26.9 million and an operating margin of 15.0% for the same period in 2025. The 130 basis point increase in operating margin was driven by price increase realization, favorable product mix, and a reduction in LIFO costs.

Interest Expense

	Three Months Ended June 30,		\$ Change	% Change
	2026	2025		
Interest Expense	\$ 4,659	\$ 5,990	\$ (1,331)	(22.2%)
<i>% of Net sales</i>	2.5%	3.3%		

Interest expense was \$4.7 million for the second quarter of 2026 compared to \$6.0 million for the same period in 2025. The decrease in interest expense was due primarily to a decrease in outstanding debt.

Net Income

	Three Months Ended June 30,		\$ Change	% Change
	2026	2025		
Income before income taxes	\$ 25,384	\$ 20,384	\$ 5,000	24.5%
<i>% of Net sales</i>	13.6%	11.4%		
Income taxes	\$ 5,952	\$ 4,587	\$ 1,365	29.8%
<i>Effective tax rate</i>	23.4%	22.5%		
Net income	\$ 19,432	\$ 15,797	\$ 3,635	23.0%
<i>% of Net sales</i>	10.4%	8.8%		
Earnings per share	\$ 0.74	\$ 0.60	\$ 0.14	23.3%

The Company's effective tax rate was 23.4% for the second quarter of 2026 compared to 22.5% for the second quarter of 2025.

Net income was \$19.4 million, or \$0.74 per share, for the second quarter of 2026 compared to net income of \$15.8 million, or \$0.60 per share, in the second quarter of 2025.

Adjusted EBITDA was \$38.2 million and 20.5% of sales for the second quarter of 2026 compared to \$35.3 million and 19.7% of sales for the second quarter of 2025. Adjusted EBITDA is a non-GAAP financial measure, see "Non-GAAP Financial Information" below.

Six Months Ended June 30, 2026 vs. Six Months Ended June 30, 2025

Net Sales

The following table presents the Company's disaggregated net sales by its end markets:

	Six Months Ended June 30,		\$ Change	% Change
	2026	2025		
Industrial	\$ 65,148	\$ 59,934	\$ 5,214	8.7%
Fire	57,130	64,730	(7,600)	(11.7%)
Agriculture	54,448	45,876	8,572	18.7%
Construction	56,051	44,863	11,188	24.9%
Municipal	53,735	51,845	1,890	3.6%
Petroleum	10,221	11,019	(798)	(7.2%)
OEM	25,924	23,343	2,581	11.1%
Repair parts	40,001	41,384	(1,383)	(3.3%)
Total net sales	<u>\$ 362,658</u>	<u>\$ 342,994</u>	<u>\$ 19,664</u>	<u>5.7%</u>

Net sales for the first six months of 2026 were \$362.7 million compared to net sales of \$343.0 million for the first six months of 2025, an increase of 5.7%, or \$19.7 million. Sales increased in the majority of our markets including a sales increase of \$11.2 million in the construction market due to increased demand in mining and sales of rental equipment, \$8.6 million in the agriculture market due to broad-based improvement across Fill-Rite's sales channels, \$5.2 million in the industrial market due to increased domestic investment, \$2.6 million in the OEM market, and \$1.9 million in the municipal market. Offsetting these increases was a decrease of \$7.6 million in the fire suppression market primarily due to reduced international shipments. Sales also decreased \$1.4 million in the repair market and \$0.8 million in the petroleum market.

Cost of Products Sold and Gross Profit

	Six Months Ended June 30,		\$ Change	% Change
	2026	2025		
Cost of products sold	\$ 244,691	\$ 236,609	\$ 8,082	3.4%
% of Net sales	67.5%	69.0%		
Gross Margin	32.5%	31.0%		

Gross profit was \$118.0 million for the first six months of 2026, resulting in gross margin of 32.5%, compared to gross profit of \$106.4 million and gross margin of 31.0% for the same period in 2025. The 150 basis point increase in gross margin included a 110 basis point improvement in margin on material driven by a 90 basis point improvement due to price increase realization and favorable product mix and a 20 basis point decrease in LIFO expense, as well as a 40 basis point improvement in leverage on labor and overhead expense resulting from increased sales.

Selling, General and Administrative (SG&A) Expenses

	Six Months Ended June 30,		\$ Change	% Change
	2026	2025		
Selling, general and administrative expenses	\$ 53,920	\$ 51,146	\$ 2,774	5.4%
% of Net sales	14.9%	14.9%		

SG&A expenses were \$53.9 million and 14.9% of net sales for the first six months of 2026 compared to \$51.1 million and 14.9% of net sales for the same period in 2025. SG&A expenses increased due to higher advertising expenses related to trade show activity as well as increased freight out costs driven by increased sales.

Operating Income

	Six Months Ended June 30,		\$ Change	% Change
	2026	2025		
Operating Income	\$ 57,888	\$ 49,037	\$ 8,851	18.0%
% of Net sales	16.0%	14.3%		

Operating income was \$57.9 million for the first six months of 2026, resulting in an operating margin of 16.0%, compared to operating income of \$49.0 million and an operating margin of 14.3% for the same period in 2025. Operating margin in the first six months of 2026 increased 170 basis points compared to the same period in 2025 primarily driven by price increase realization, favorable product mix, and a reduction in LIFO costs, as well as improved leverage on labor and overhead expense resulting from increased sales.

Interest Expense

	Six Months Ended June 30,		\$ Change	% Change
	2026	2025		
Interest Expense	\$ 9,626	\$ 12,192	\$ (2,566)	(21.0%)
% of Net sales	2.7%	3.6%		

Interest expense was \$9.6 million for the first six months of 2026 compared to \$12.2 million for the same period in 2025. The decrease in interest expense was primarily due to a decrease in outstanding debt.

Net Income

	Six Months Ended June 30,		\$ Change	% Change
	2026	2025		
Income before income taxes	\$ 47,636	\$ 35,919	\$ 11,717	32.6%
% of Net sales	13.1%	10.5%		
Income taxes	\$ 10,364	\$ 7,994	\$ 2,370	29.6%
Effective tax rate	21.8%	22.3%		
Net income	\$ 37,272	\$ 27,925	\$ 9,347	33.5%
% of Net sales	10.3%	8.1%		
Earnings per share	\$ 1.41	\$ 1.06	\$ 0.35	33.0%

The Company's effective tax rate was 21.8% for the first six months of 2026 compared to 22.3% for the first six months of 2025.

Net income was \$37.3 million, or \$1.41 per share, for the first six months of 2026 compared to net income of \$27.9 million, or \$1.06 per share, for the first six months of 2025.

Adjusted EBITDA was \$73.7 million and 20.3% of net sales for the first six months of 2026 compared to \$65.0 million and 18.9% of net sales for the first six months of 2025. Adjusted EBITDA is a non-GAAP financial measure, see "Non-GAAP Financial Information" below.

Non-GAAP Financial Information

The discussion of Results of Operations above includes certain non-GAAP financial data and measures such as adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA"). Adjusted EBITDA is net income (loss) excluding interest, taxes, depreciation and amortization, adjusted to exclude non-cash LIFO expense. Management utilizes these adjusted financial data and measures to assess comparative operations against those of prior periods without the distortion of non-comparable factors. The inclusion of these adjusted measures should not be construed as an indication that the Company's future results will be unaffected by unusual or infrequent items or that the items for which the Company has made adjustments are unusual or infrequent or will not recur.

Further, the impact of the LIFO inventory costing method can cause results to vary substantially from company to company depending upon whether they elect to utilize LIFO and depending upon which LIFO method they may elect. The Gorman-Rupp Company believes that these non-GAAP financial data and measures also will be useful to investors in assessing the strength of the Company's underlying operations and liquidity from period to period. These non-GAAP financial measures are not intended to replace GAAP financial measures, and they are not necessarily standardized or comparable to similarly titled measures used by other companies. Provided below is a reconciliation of Adjusted EBITDA to its corresponding GAAP financial measure, which includes a description of actual adjustments made in the current period and the corresponding prior period.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Adjusted EBITDA:				
Net income –GAAP basis	\$ 19,432	\$ 15,797	\$ 37,272	\$ 27,925
Interest expense	4,659	5,990	9,626	12,192
Provision for income taxes	5,952	4,587	10,364	7,994
Depreciation and amortization expense	7,080	6,974	14,073	13,937
Non-GAAP earnings before interest, taxes, depreciation and amortization	37,123	33,348	71,335	62,048
Non-cash LIFO expense	1,078	1,928	2,394	2,923
Non-GAAP adjusted EBITDA:	<u>\$ 38,201</u>	<u>\$ 35,276</u>	<u>\$ 73,729</u>	<u>\$ 64,971</u>

Liquidity and Capital Resources

Our primary sources of liquidity are cash generated from operations and borrowings under our Credit Facility. Cash and cash equivalents totaled \$43.6 million at June 30, 2026. The Company had an additional \$99.6 million available under the revolving credit facility after deducting \$0.4 million in outstanding letters of credit primarily related to customer orders. We believe we have adequate liquidity from funds on hand and borrowing capacity to execute our financial and operating strategy, as well as comply with debt obligations and financial covenants, for at least the next 12 months. The Company has made payments on the Senior Term Loan Facility in excess of the required minimum installment payments and, as a result, has no required quarterly installment payments due on the Senior Term Loan Facility within the next 12 months.

As of June 30, 2026, the Company had \$277.8 million in total debt outstanding with \$247.8 million due in 2029 and \$30.0 million due in 2031. The Company was in compliance with its debt covenants, including limits on additional borrowings and maintenance of certain operating and financial ratios, at June 30, 2026 and December 31, 2025. See "Note 9 – Financing Arrangements" in the Notes to Consolidated Financial Statements included in this Form 10-Q for a further description of our outstanding debt.

Capital expenditures for the first six months of 2026 were \$7.9 million and consisted primarily of machinery and equipment. Capital expenditures for the full-year 2026 are presently planned to be approximately \$22.0 - \$24.0 million primarily for machinery and equipment, and are expected to be financed through cash from operations.

On July 23, 2026, the Board of Directors authorized the payment of a quarterly dividend of \$0.19 per share on the common stock of the Company, payable September 10, 2026, to shareholders of record as of August 14, 2026. This will mark the 306th consecutive quarterly dividend paid by The Gorman-Rupp Company. The Company currently expects to continue its exceptional history of paying regular quarterly dividends and increased annual dividends. However, any future dividends will be reviewed individually and declared by our Board of Directors at its discretion, dependent on our assessment of the Company's financial condition and business outlook at the applicable time.

The Board of Directors has authorized a share repurchase program of up to \$50.0 million of the Company's common shares. The actual number of shares repurchased will depend on prevailing market conditions, alternative uses of capital and other factors, and will be determined at management's discretion. The Company is not obligated to make any purchases under the program, and the program may be suspended or discontinued at any time. As of June 30, 2026, the Company had \$48.1 million available for repurchase under the share repurchase program.

Financial Cash Flow

	Six Months Ended June 30,	
	2026	2025
Beginning of period cash and cash equivalents	\$ 35,083	\$ 24,213
Net cash provided by operating activities	62,462	48,888
Net cash used for investing activities	(7,685)	(5,918)
Net cash used for financing activities	(45,727)	(40,931)
Effect of exchange rate changes on cash	(538)	733
Net increase (decrease) in cash and cash equivalents	\$ 8,512	\$ 2,772
End of period cash and cash equivalents	\$ 43,595	\$ 26,985

The increase in cash provided by operating activities in the first six months of 2026 compared to the same period last year was primarily due to increased net income as well as an increase in taxes payable, an increase in customer deposits, and a decrease in inventory, partially offset by an increase in accounts receivable during the six months ended June 30, 2026 compared to the same period last year.

During the first six months of 2026, investing activities of \$7.7 million consisted of capital expenditures for machinery and equipment. During the first six months of 2025, investing activities of \$5.9 million consisted of capital expenditures for machinery and equipment.

Net cash used for financing activities of \$45.7 million for the first six months of 2026 primarily consisted of payments on bank borrowings of \$33.0 million, dividend payments of \$10.0 million, and \$2.6 million of payments in the surrender of common shares to cover taxes upon the vesting of stock awards. Net cash used for financing activities of \$40.9 million for the first six months of 2025 primarily consisted of net payments on bank borrowings of \$30.0 million and dividend payments of \$9.7 million, and \$1.2 million of payments in the surrender of common shares to cover taxes upon the vesting of stock awards.

Critical Accounting Policies

Our critical accounting policies are described in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, and in the notes to our Consolidated Financial Statements for the year ended December 31, 2025 contained in our Annual Report on Form 10-K for the year ended December 31, 2025. Any new accounting policies or updates to existing accounting policies as a result of new accounting pronouncements have been discussed in the notes to our Consolidated Financial Statements in this Quarterly Report on Form 10-Q. The application of our critical accounting policies may require management to make judgments and estimates about the amounts reflected in the Consolidated Financial Statements. Management uses historical experience and all available information to make these estimates and judgments, and different amounts could be reported using different assumptions and estimates.

Cautionary Note Regarding Forward-Looking Statements

In connection with the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, The Gorman-Rupp Company provides the following cautionary statement: This Form 10-Q contains various forward-looking statements based on assumptions concerning The Gorman-Rupp Company's operations, future results and prospects. These forward-looking statements are based on current expectations about important economic, political, and technological factors, among others, and are subject to risks and uncertainties, which could cause the actual results or events to differ materially from those set forth in or implied by the forward-looking statements and related assumptions.

Such uncertainties include, but are not limited to, our estimates of future earnings and cash flows, general economic conditions and supply chain conditions and any related impact on costs and availability of materials, retention of supplier and customer relationships and key employees, and the ability to service and repay indebtedness. Other factors include, but are not limited to: company specific risk factors including (1) loss of key personnel; (2) intellectual property security; (3) growth through acquisitions; (4) the Company's indebtedness and how it may impact the Company's financial condition and the way it operates its business; (5) impairment in the value of intangible assets, including goodwill; (6) defined benefit pension plan settlement expense; (7) LIFO inventory method; and (8) family ownership of common equity; and general risk factors including (9) continuation of the current and projected future business environment; (10) highly competitive markets; (11) availability and costs of raw materials and labor; (12) cybersecurity threats; (13) artificial intelligence risk and challenges that can impact our business; (14) compliance with, and costs related to, a variety of import and export laws and regulations; (15) the impact of U.S. trade policy, including resulting tariffs; (16) environmental compliance costs and liabilities; (17) exposure to fluctuations in foreign currency exchange rates; (18) conditions in foreign countries

in which The Gorman-Rupp Company conducts business; (19) changes in our tax rates and exposure to additional income tax liabilities; and (20) risks described from time to time in our reports filed with the Securities and Exchange Commission. Except to the extent required by law, we do not undertake and specifically decline any obligation to review or update any forward-looking statements or to publicly announce the results of any revisions to any of such statements to reflect future events or developments or otherwise.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to various market risks, including changes in foreign currency exchange rates and interest rates. Exposure to foreign exchange rate risk is due to certain costs and revenue being denominated in currencies other than one of the Company's subsidiaries functional currency. The Company is also exposed to market risk as the result of changes in interest rates which may affect the cost of financing. We continually monitor these risks and regularly develop appropriate strategies to manage them. Accordingly, from time to time, we may enter into certain derivative or other financial instruments. These financial instruments are used to mitigate market exposure and are not used for trading or speculative purposes.

Interest Rate Risk

The results of operations are exposed to changes in interest rates primarily with respect to borrowings under the Company's Senior Term Loan Facility and Credit Facility. Borrowings under the Senior Term Loan Facility and Credit Facility may be made either at (i) a base rate plus the applicable margin, which ranges from 0.50% to 1.25%, or at (ii) an Adjusted Term SOFR Rate, plus the applicable margin, which ranges from 1.5% to 2.25%. At June 30, 2026, the Company had \$247.8 million in borrowings under the Senior Term Loan Facility and no borrowings under the Credit Facility. As of June 30, 2026, the applicable interest rates under the Senior Secured Credit Agreement were Adjusted Term SOFR plus 1.75% or 5.5%. See Note 9 "Financing Arrangements" in the notes to our Consolidated Financial Statements.

To reduce the exposure to changes in the market rate of interest, effective October 31, 2022, the Company entered into interest rate swap agreements for a portion of the Senior Term Loan Facility. Terms of the interest rate swap agreements require the Company to receive a fixed interest rate and pay a variable interest rate. The interest rate swap agreements are designated as a cash flow hedge, and as a result, the mark-to-market gains or losses will be deferred and included as a component of accumulated other comprehensive income (loss) and reclassified to interest expense in the period during which the hedged transactions affect earnings. See "Derivative Financial Instruments" and "Interest Rate Derivatives" in the Notes to our Consolidated Financial Statements.

The Company estimates that a hypothetical increase of 100 basis points in interest rates would increase interest expense by approximately \$1.2 million on an annual basis.

Foreign Currency Risk

The Company's foreign currency exchange rate risk is limited primarily to the Euro, Canadian Dollar, South African Rand and British Pound. The Company manages its foreign exchange risk principally through invoicing customers in the same currency as is used in the market of the source of products. The foreign currency transaction gains (losses) for the six months ended June 30, 2026 and 2025 were (\$0.2) million and (\$0.3) million respectively, and are reported within Other (expense) income, net on the Consolidated Statements of Income.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company maintains a set of disclosure controls and procedures designed to ensure that information required to be disclosed by the Company in reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms. The Company's disclosure controls and procedures are also designed to ensure that information required to be disclosed in Company reports filed under the Securities Exchange Act of 1934 is accumulated and communicated to the Company's management, including the principal executive officer and the principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

An evaluation was carried out under the supervision and with the participation of the Company's management, including the principal executive officer and the principal financial officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of the end of the period covered by this report on Form 10-Q. Based on that evaluation, the principal executive officer and the principal financial officer have concluded that the Company's disclosure controls and procedures were effective as of June 30, 2026.

Changes in Internal Control Over Financial Reporting

There were no changes in the Company's internal control over financial reporting that occurred during the last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

There are no material changes from the legal proceedings previously reported in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2025.

ITEM 1A. RISK FACTORS

In addition to the information set forth in this report, you should carefully consider the risk factors disclosed in Item 1A of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2025.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES, USE OF PROCEEDS, AND ISSUER PURCHASES OF EQUITY SECURITIES

On October 29, 2021, the Company announced a share repurchase program of up to \$50.0 million of the Company's common shares. Shares may be repurchased from time to time by the Company through a variety of methods, which may include open-market transactions, pre-set trading plans designed in accordance with Rule 10b5-1, privately negotiated transactions, accelerated share repurchase transactions, or any combination of such methods. The actual number of shares repurchased will depend on prevailing market conditions, alternative uses of capital and other factors, and will be determined at management's discretion. The Company is not obligated to make any purchases under the program, and the program may be suspended or discontinued at any time. The program does not have an expiration date. As reflected in the table below, the Company made no repurchases of its common shares during the second quarter of 2026.

Period	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced program	Approximate dollar value of shares that may yet be purchased under the program
April 1 to April 30, 2026	—	—	—	\$ 48,067
May 1 to May 31, 2026	—	—	—	48,067
June 1 to June 30, 2026	—	—	—	48,067
Total	—	—	—	\$ 48,067

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

ITEM 5. OTHER INFORMATION.

During the quarter ended June 30, 2026, no director or officer of the Company adopted or terminated any Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement, each as defined in Item 408 of Regulation S-K.

ITEM 6. EXHIBITS

- Exhibit 31.1 [Certification of Scott A. King, President and Chief Executive Officer, Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- Exhibit 31.2 [Certification of James C. Kerr, Executive Vice President and Chief Financial Officer, Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- Exhibit 32 [Certification pursuant to 18 U.S.C Section 1350, as adopted Pursuant to Section 906 of The Sarbanes-Oxley Act of 2002](#)
- Exhibit 101 Financial statements from the Quarterly Report on Form 10-Q of The Gorman-Rupp Company for the quarter ended June 30, 2026, formatted in Inline eXtensible Business Reporting Language (XBRL): (i) the Consolidated Statements of Income, (ii) the Consolidated Statements of Comprehensive Income, (iii) the Consolidated Balance Sheets, (iv) the Consolidated Statements of Cash Flows, (v) the Consolidated Statements of Equity, and (vi) the Notes to Consolidated Financial Statements.
- Exhibit 104 Cover Page Interactive Data File (formatted as Inline XBRL 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.

Date: July 27, 2026

The Gorman-Rupp Company
(Registrant)

By: /s/James C. Kerr
James C. Kerr
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

CERTIFICATIONS

I, Scott A. King, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Gorman-Rupp Company;
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 (or persons performing the equivalent functions):
 - 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: July 27, 2026

/s/Scott A. King

Scott A. King
President and Chief Executive Officer
The Gorman-Rupp Company
(Principal Executive Officer)

CERTIFICATIONS

I, James C. Kerr, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Gorman-Rupp Company;
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 (or persons performing the equivalent functions):
 - 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: July 27, 2026

/s/James C. Kerr

James C. Kerr

Executive Vice President and Chief Financial Officer

The Gorman-Rupp Company

(Principal Financial Officer)

Certification Pursuant to 18 U. S. C. Section 1350,
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of The Gorman-Rupp Company on Form 10-Q for the quarter ended June 30, 2026, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company certifies, pursuant to 18 U. S. C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to such officer's knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

Date: July 27, 2026

/s/Scott A. King

Scott A. King
President and Chief Executive Officer
(Principal Executive Officer)

/s/James C. Kerr

James C. Kerr
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

The foregoing certification is being furnished solely pursuant to 18 U. S. C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.