

# Snap-on Incorporated

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## 2026 First Quarter Results Conference Call

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### **CORPORATE PARTICIPANTS**

**Nick Pinchuk**--*Chief Executive Officer*

**Aldo Pagliari**--*Chief Financial Officer*

**Sara Verbsky**--*Vice President, Investor Relations*

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## **PRESENTATION**

### **Operator**

Good day, and welcome to the Snap-on Incorporated 2026 First Quarter Results Conference Call. [Operator Instructions] Please note, this event is being recorded.

I would now like to turn the conference over to Sara Verbsky, Vice President, Investor Relations. Please go ahead.

### **Sara Verbsky**

Thank you, Betsy, and good morning, everyone. We appreciate you joining us today as we review Snap-on's first quarter results, which are detailed in our press release issued earlier this morning. We have on the call Nick Pinchuk, Snap-on's Chief Executive Officer; and Aldo Pagliari, Snap-on's Chief Financial Officer. Nick will kick off our call this morning with his perspective on our performance. Aldo will then provide a more detailed review of our financial results. After Nick provides some closing thoughts, we'll take your questions.

As usual, we provided slides to supplement our discussion. These slides can be accessed under the Downloads tab in the webcast viewer as well as on our website, [snaon.com](http://snaon.com), under the Investors section. The slides will be archived on our website along with the transcript of today's call. Any statements made during this call relative to management's expectations, estimates or beliefs or that otherwise discuss management's or the company's outlook, plans or projections are forward-looking and may differ materially from those made in such statements.

Additional information and the factors that could cause our results to differ materially from those in our forward-looking statements are contained in our SEC filings. Finally, this presentation includes non-GAAP measures of financial performance, which are not meant to be considered in isolation or as a substitute for their GAAP counterparts. Additional information regarding these measures is included in our earnings release issued today, which can be found on our website.

With that said, I'd now like to turn the call over to Nick Pinchuk. Nick?

### **Nick Pinchuk**

Thanks, Sara. Good morning, everybody. Well, this was some quarter. There are a number of different storylines threaded through our last three months. But I believe if you step back and you look at the whole, you can see several important facts. First is that this has been a period of considerable uncertainty, but the resilience of our markets and the strength of our operations have restarted our momentum, registering strong sales.

It's also quite clear that our team continued to invest in expanding and preserving our strengths and our line of new products and our continuing brand position and new technologies for more powerfully wielding our proprietary databases. We believe, and many people believe that the combination of technology and proprietary databases are among the great powers in business today.

And through the blizzard, with uncertainty in tariffs, opposing currencies, rising material costs, all the elements of a storm, our gross margins have resisted the impacts and overall profits have remained at a strong level. So today, I'll review with you the highlights of our quarter. I'll give you my perspective on our results, on the markets and on our progress. And after that, as usual, Aldo will give you a more detailed review of the financials.

For us, we look at the quarter and what it means. We proceed with confidence; confidence in our markets, in our products, in our brands and of course, confidence in the knowledge and energy of our experienced and capable team. And as such, we're encouraged by our first quarter results. We believe they reaffirm that this confidence is well placed even in the most difficult of times. And you can see it in the numbers.

Overall sales in the quarter were \$1,207.2 million, up 5.8% from last year as reported, including a 3.4% organic increase, a new first quarter record and the second highest quarterly -- our second highest quarterly sales ever. OpCo operating income or OI for the quarter of \$250.8 million was up compared to the \$243.1 million recorded in 2025. And the OpCo operating margin was 20.8%, 50 basis points below last year, but still strong despite the 40 basis points of unfavorable foreign currency and the impacts of higher investment.

For Financial Services, evidenced, earnings of \$68.0 million in the quarter were lower by \$2.3 million or 3.3%, and that all leads to a consolidated margin, including both OpCo and Financial Services of 24.4% that compared to 25.3% last year. Our overall EPS was \$4.69. This was up \$0.18 from 2025 and the results show broad gains, overcoming the uncertainty and demonstrating our resilience.

Now let's turn to the markets. We believe -- we continue to believe -- we believe that the vehicle repair environment remains robust, extremely favorable, requiring a continued stream of new tools and information systems for confronting the rising complexities of the modern vehicle. It's clearly an unmistakable trend. The repair shops, dealerships and independents, they see it every day. They'll tell you repairs are tougher and more complicated, and we love it.

The ongoing strength of the market -- and the ongoing strength of the market is confirmed by its key metrics. Car parc continues to age. The average age is now up 12.8 years. And naturally, that requires more extensive maintenance and overhauls. And that's seen clearly, if you look at the household spending on vehicle repairs, it's up single -- up high single digits in the quarter. But it's more than vehicle age, it's also seen in the world of the shops and the techs. The hours worked are up and the tech wages are rising. Garages are buzzing and the need for more skilled tech continues to -- and the need for more skills continues to increase. And we believe all these data points say that vehicle repair is stronger than ever and the prospects, they just keep getting better.

That said, uncertainty is still high across the American grassroots. Tech confidence remains tepid, reticence toward long-term purchases, but they are bullish on shorter payback solutions that make work easier, faster, safer and helps them beat the clock and move on to their next vehicle. Now Snap-on speaks with its franchisees and techs all the time. And my recent conversations with individuals in our van network coast-to-coast say that green shoots are popping up. Even with our tool storage units, they were up this quarter. I'll say that again. Tool storage was up. And as we spoke, the franchisees expressed their excitement about -- and as we spoke to them, I had extended conversations, the franchisees were excited about where they're positioned and they're enthusiastic about their future. As I said, they see green shoots.

But it still seems that with each day -- having said that, it still seems that with each day, there's more bad news for breakfast. I mean the hits just keep on coming, risking another rise in uncertainty. Having said that, though, we like where we're standing, rooted in the resilient vehicle repair market, continuously connected with the tech, observing the work, launching great

new products and having the capacity to manufacture them right here in America. And in this environment, we're seeing what we think might be an early thaw.

Now let's shift to the other half of the automotive segment. This is where Repair Systems & Information or RS&I resides, servicing shop owners and managers. The activity in the sector remains consistent, although it does at times reflect variations based on new product timing or OEM campaigns. Shop owners and manufacturers see the trends. They know vehicle complexity is rising and that it drives the need for more sophisticated systems, equipment and tech assist to manage those changes.

As I just said, the drumbeat can be influenced by the lumpy nature of the OEM project sector, but the owners and managers keep saying they need more techs. The garages are busy. The repair difficulty is increasing and they need more help in keeping pace. I can tell you, Snap-on is up to that task. That's why RS&I continues investing in modern equipment and diagnostic platforms that navigate procedures on vehicles new and old with precision and with speed. Now we do have a strong lineup in undercar and collision equipment in RS&I, but particularly powerful are our diagnostics and information systems and proprietary databases. And we continue investing in that advantage to fortifying our positions by applying new technologies like large language models and natural language translators. Those capabilities that enable us to expand our data sets more quickly and wield the resulting systems more powerfully. The progress authors systems that search billions of data points, matching the unique vehicle profile and current systems to just the right fix and it all happens in seconds.

A great example is our newly launched feature that streamlines the process for confronting job estimates. Kind of a Mitchell 1. It's a Mitchell 1 brand. And it's -- estimates are a particularly thorny and time-consuming challenge for any shop, but our new system for Mitchell 1 makes it much easier. We're going to hear a lot about that later as we go forward.

So that's vehicle repair, robust for both individual techs and for garage owners and managers. And we believe we have a decisive advantage in both arenas. We expedite repairs. We improve productivity. We keep vehicles moving. We help techs and the shop make much more money. We believe it's a great place to be.

Now let's go to the critical industries. This is where our Commercial & Industrial Group or C&I operates, rolling the Snap-on brand out of the garage in harsh environments where the penalty for failure is high, the work is demanding, and the need for precision and repeatability and reliability are high, all conditions that warrant a Snap-on level product. C&I covers a wide range of applications from the latest space missions to expanding the power grid to extracting natural resources to helping build data centers. This is where we excel with customer connection -- excel with customer connection and innovation, observing the work and turning those insights into individual products or custom kits, matching the tools to the specific task. It's a business rooted in the essential, both domestic and internationally. And with that, critical industries offer an ongoing and robust opportunity. And as such, we continue to invest in those possibilities, expanding capacity and building our understanding of the work and it's paying off. The industrial business, our critical industries operation showed considerable strength in the quarter, growing high single digits with particularly great and broad strides in aviation, heavy-duty and natural resources.

And that's our markets, vehicle repair business is booming, not just in this interlude, but driven by continuing secular trends of aging and complexity. And despite the uncertain environment, those secular trends keep it moving. The metrics say being a tech is a great place to be. And

Snap-on is keeping up, pivoting to match the current tech preferences with great products. The shop owners and managers recognize that upgrading is table stakes to cash and -- to cash in on the robust vehicle repair demand that they're seeing. And Snap-on has the equipment, the data and the systems to put them right on target.

And we're reaching beyond the garage. Taking full advantage, and Industrial's quarter says it's so. The critical industries are bellwether. The essential is expanding, bringing with it more demand for precision and customization. It's all music to our ears.

And one fast overall perspective on our results -- one fast overall perspective is that our results demonstrated once again the power of the Snap-on value creation processes, safety, quality, customer connection, innovation and rapid continuous improvement, developing innovative solutions borne out of insights and observations from standing right in the workplace. And those insights in this quarter, combined with our dedication to RCI enabled us to resist the turbulence of the day. You can see it in the numbers. It's an important and ongoing strength. Well, that's a macro overview.

Now let's turn to the segments. In the C&I group, sales were \$381.6 million representing an increase of \$37.1 million or 10.8% and that includes \$11.9 million in favorable foreign currency and an organic gain of 7.1%, gains across all the business groups, but led by the Industrial division with custom toolkits for critical industries and the constant demand for precision torque products. As I said, Industrial had a great quarter, high single-digit growth that was without a significant rise in the military, gains in almost every other sector with aviation up strong double digits. Boomshakalaka! It was a great quarter.

From an earnings perspective, C&I operating income of \$54.9 million was up 3.2% and the operating margin was 14.4%, down 110 basis points. But the quarter included 50 basis points of headwinds from currency and the impacts from tariffs and rising material costs, which are particularly focused in C&I.

Again, the quarter for the power tools division improved year-over-year, driven by new products and first-to-market innovations. Our Murphy North -- a few of these, our Murphy, North Carolina plant released two new 14.4-volt 3/8-inch cordless ratchets that extends, what I think everybody says, our already powerful ratchet lineup. The additions focus on making tasks faster, break it loose, press the trigger and zip the fastener off, spinning at 550 RPMs, which doubles the output of our standard unit. Our new ratchets make quick work of applications with numerous bolts, great for dealing with timing covers, oil pans, engine rebuilds and many more applications. The garages use them all the time now.

We launched two new versions. First, the CTR887 long neck for reaching deep into the engine compartment. And then the compact CTR881 designed specifically for navigating tight spaces, enabling access to the workpiece without removing adjacent components, expediting the repair and saving a lot of time. Remember, the techs feel the need, the need for speed and our two new ratchets bring just that.

We also expanded on the sensational launch last quarter of our own NanoAcess portfolio. Again, we wielded customer connection, observing that trouble -- the trouble -- there was trouble navigating crowded engine bays and penetrating the vast webs of sensors and wires hidden behind the dash on modern cars, so we designed the 1/4-inch drive CTNN2040 straight over -- straight power driver with a narrow 90-degree head. I mean this baby is small and it goes everywhere and makes the difficult easy and it's loaded with features unique to the Nano, a

variable speed trigger, easy forward and reverse selectors and 600 fasteners on a single charge, all while operating at a lightning for small power tools of 300 RPMs. The techs love the fast payback solution and it was another record-setting release.

C&I, a quarter with strong momentum in domestic markets. Sales up 10.8%, 7.1% organically, led by critical industries, extending the Snap-on brand out of the garage, propelled with strength in cordless power tools and precision torque.

Now let's go on to the Tools Group. First quarter sales were \$486.0 million, up organically 3.4%, higher sales in both the U.S. and international networks. The operating income of \$105.0 million was up 13.6% and the operating margin in the quarter was 21.6%, up 160 basis points.

Notably, the gross margin in the period also rose 140 basis points, reaching 47.7%, overcoming the impact of tariffs and rising material costs, prospering in a day in which cost is the question. And during the quarter, we maintained our pivot, wielding our customer connection, observing the work and using the insights to develop new products that align with the customers' preference for short payback items and we made -- you want to bring out short payback items that also make the tedious and the complex easy. We think we've done that. That was demonstrated by two new products, forged in our Milwaukee plant.

First, the glow plug socket. Diesel glow plugs are essential for pre-heating cylinders to the optimal temperature that supports ignition, but replacing these common components isn't so simple. For example, on the 2006 to 2016 models of the popular GM Duramax engines, accessing these components is really cumbersome. And quite frequently, the plugs are seized from exposure to harsh environments. It takes considerable power to break them loose, especially in tight quarters. Standard tools won't reach without removing blocking parts. And both of those conditions, the seizing and the tightness of the compartments make a routine job complicated. So our team went to work developing the new IPSTML12, 1/4-inch drive 12-millimeter swivel socket. It's 52% longer than our regular offering and its swivel joint pivots 30 degrees, features that combine to reach the overall -- reach the workpiece with general ease. And the new unit is also designed with our Flank Drive geometry. That feature directs the force to the flats of the fastener and away from the corners, maximizing the torque, bringing the needed power while preventing rounding, efficiently completing the repair without damaging the components because of the power you had to apply.

Another example of customer connection released in the back half of the year is a new socket configuration that matches up with our great NanoAcess cordless products. Developing a power tool small enough to fit in your pocket was a great idea, but we took it a little further. We designed an entirely new set of sockets to make the overall combination even smaller. It's called the 119NTMLE. It's a 19-piece quarter-inch tool set, and it consists of 10 metric and seven imperial-size sockets that are 22% shorter and 8% narrower than the standard offering. And each item is secured in the foam pallet for good storage of these products. The techs valued the accessibility and loved the new sets, really amplified the success of our Nano products.

Now, tool storage in the quarter generated some momentum backed by the ongoing development of fast payback storage alternatives, new items like our KRSC46. That's a roll cart that was unveiled last summer, built in our Algona, Iowa plant. It's a one-piece fully welded body setup, which includes six drawers, each with 120-pound load capacity, pretty high and an 11-inch deep flip-top compartment ideal for storing power tools. And the thing that's important for a cart because people want -- the technicians want to match them up with the boxes they've already purchased. It's available in multiple paint and trim colors. And it's capable of matching

any full-size box. So the unit provides -- and that is always the case with roll carts. The unit provides ample space for the techs looking to expand, but it's been designed to enable functionality without taking the leap into long-term payments, and that combination worked.

And in the quarter, also hot were accessories such as lockers and side cabinets and work centers, options that increase storage space for existing boxes, all at a lower entry point than a new roll cab. Speaking of roll cabs, full-size roll cabs, we did release in the quarter, a commemorative box celebrating our nation's 250th anniversary titled a Tribute to America. The 84-inch EPIQ is a beauty. It's a gloss back case with white drawers and red trim and the 12-inch power drawer at the top left corner had a blue panel overlay with 50 laser cut stars. The red, white, and blue setup kind of conjures the view of the American flag when you step back from it. And the work center door displays on its own symbolic images of synonymous with the U.S. history, the Statue of Liberty, Mount Rushmore. The iconic image of the Marines raising a flag at Iwo Jima and the first moon landing, and each model has a serialized medallion numbered 1 to 1776. It overcame the big ticket reticence in the quarter, becoming a highly coveted box, epitomizing both the Snap-on's U.S. presence and the birth of our great nations. Some products are too exciting to pass up even in the turbulence.

Well that's the Tools Group, pivoting to match the technicians' current needs and preferences, wielding manufacturing solutions right here in the U.S. that improve efficiency by making the tasks easier.

Now on to RS&I. Sales in the quarter were \$485.3 million, up 2%, including \$9.1 million in favorable currency effects. Organic sales were up only slightly from last year, but it was still enough to be the highest ever quarter, the highest ever sales quarter for the group. The volume reflects increases in our diagnostic and repair information products to independent repair shop owners and managers, offset by lower sales to OEM dealerships. In short, the EQS product business hit a flat spot.

Operating earnings for the quarter were \$119.5 million, representing a decrease of \$2.6 million or 2.1% versus 2025 levels. The operating income margin of 24.6% included 60 basis points of unfavorable currency and compared to the 25.7% recorded last year. The gross margins were 46%, up 30 basis points despite the unfavorable currency effects and the impact of tariffs and higher material costs. So the lower OI margin reflected primarily the unfavorable currency and our investments fortifying our proprietary database by enhancing them with large language activities, investments that we strongly believe will strengthen our advantages going forward. We know the complexity of today will only grow, and we'll continue investing in software and equipment, empowering shop owners and managers with the resources required to confront that trend and to make more money.

Case in point, air conditioning systems have evolved. Now they're not just for climate control, but they're for supporting overall vehicle performance and EV battery maintenance. An example is our PolarTek A/C recyclers rolling out of our facilities in Conway, Arkansas. During the quarter, RS&I released the new Pro Series PolarTek that was, as I said, produced in our facility in Conway, Arkansas. One machine, new Pro Series Polartek, one machine for both popular refrigerant types, R134A and R1234YF. The Pro models are also loaded with features for managing a wide variety of vehicles, a large filter allowing for extended runtime, nitrogen leak testing for faster diagnostics, a two-stage vacuum necessary for supporting systems on small Civics to large Suburbans. And a 12-inch touchscreen for easy navigation even with gloves. And the units have -- this is one of the best features, I think. The units have automatic functionality. Techs can tackle another job while the recycling goes on. And a bright status light or an audible

signal notifies the user when their intervention is required. It makes recycling particularly more efficient.

The onboard database is terrific. It identifies the VIN and presets the unit with OEM vehicle specifications, preventing the time often wasted manually looking up the stats. Our new Pro Series is a great example for helping shop owners and managers navigate the complexity of new cars. Hook it up, enter the VIN and the machine takes over, improving both productivity and error proofing the process.

We're confident in the strength of RS&I. We keep investing to expand its position by making work easier with great products and with proprietary information.

That's the Snap-on first quarter. The Corporation's overall sales, \$1,207.2 million, the highest first quarter ever. Organic sales up 3.4%. OpCo operating income up and gross margins holding firm. The C&I Group's organic sales up 7.1%. The critical industries recording a boffo quarter. Tools Group organic sales up 3.4%. Gross margins up 140 basis points and operating margins up 160 basis points. RS&I organic sales up slightly, but still the highest ever.

Gross margins up 30 basis points, investments across the group to fortify our advantages in product and brand and in people. And the Corporation's EPS \$4.69, up again over 2025. We had strong results that overcame the headwinds. C&I extending the brand out of the garage. Tools Group successfully pivoting to customer preferences and RS&I leveraging our proprietary offering to solve the complex. It was an encouraging quarter.

Now I'll turn the call over to Aldo. Aldo?

### **Aldo Pagliari**

Thanks, Nick. Our consolidated operating results for the first quarter are summarized on Slide 6. Net sales of \$1,207.2 million in the quarter represented an increase of 5.8% from 2025 levels, reflecting a 3.4% organic sales gain and \$26.9 million of favorable foreign currency translation. Sales in our commercial and industrial sector or C&I group increased year-over-year, led by strong performances with critical industry customers and robust sales by our specialty torque operation. In our automotive repair markets, sales gains were achieved through our franchise van channel, while activity with repair shop owners and managers was essentially flat.

From a geographic perspective, consolidated sales were up across all regions. Consolidated gross margin of 50.4% compared to 50.7% in the first quarter last year. The decline of 30 basis points primarily reflected 40 basis points of unfavorable foreign currency effects. In addition, the benefit of increased volume and savings from the company's RCI initiatives were largely offset by higher tariffs and other material costs. As you may recall, many of the incremental tariffs did not go into effect until the second quarter of 2025. And as such, the first quarter last year did not include those additional costs. That being said, Snap-on is relatively advantaged in the current tariff environment by principally manufacturing in the markets where it sells. However, our costs can be somewhat impacted by trade policies.

Operating expenses as a percentage of net sales of 29.6% compared to 29.4% in 2025, primarily due to increased personnel costs and expanded technology investments, partially offset by the favorable effects of sales volume. Our technology investments include further strengthening of our core infrastructure as well as broadening the use of large language models across key business functions to improve productivity. Operating earnings before financial services of \$250.8 million in the quarter compared to \$243.1 million last year. As a percentage

of net sales, operating margin before financial services of 20.8%, including 40 basis points of unfavorable foreign currency effects compared to 21.3% reported in 2025. Financial Services revenue of \$101.1 million in the first quarter compared to \$102.1 million last year, while operating earnings of \$68 million compared to \$70.3 million in 2025.

Consolidated operating earnings of \$318.8 million compared to \$313.4 million last year. As a percentage of revenues, the operating earnings margin of 24.4% included 40 basis points of unfavorable foreign currency effects compared to 25.2% in 2025. Our first quarter effective income tax rate was 22% in 2026 and 22.2% last year. Net earnings of \$247 million or \$4.69 per diluted share compared to \$240.5 million or \$4.51 per diluted share in 2025.

Now let's turn to our segment results for the quarter. Starting with the C&I Group on Slide 7. Sales of \$381 million rose \$37.1 million compared to 2025 levels, reflecting a 7.1% organic sales gain and \$11.9 million of favorable foreign currency translation. The organic increase includes gains in each of the segment's operations, including a high single-digit improvement with customers in critical industries and a rise in the specialty torque business. The strong demand in critical industries includes higher sales in the quarter to customers in the United States and international aviation, heavy-duty and natural resources. Shipments serving military applications, however, were essentially flat year-over-year, but reflected an improving trend from activity in 2025. Additionally, our European-based hand tools business also contributed to sales growth in the period.

Gross margin of 40.3% compared to 42.6% in 2025. This decline is primarily due to higher tariffs and material costs and 50 basis points of unfavorable foreign currency effects, partially offset by benefits from the increased sales volume. Operating expenses as a percentage of sales of 25.9% in the quarter improved 120 basis points from last year, primarily reflecting the higher sales volumes. Operating earnings for the C&I Group of \$54.9 million compared to \$53.2 million in 2025 and the operating margin of 14.4%, including 50 basis points of unfavorable currency compared to 15.5% last year.

Turning now to Slide 8. Sales in the Snap-on Tools Group of \$486 million compared to \$462.9 million last year, reflecting a 3.4% organic sales gain and \$7.2 million of favorable foreign currency translation. The organic rise is due to low single-digit gains both in the U.S. and in the segment's international operations. During the quarter, while we had some success with featured tool storage products, we believe our ongoing pivot to shorter payback items continue to temper the persistent uncertainty of technician customers in the current environment. Having said that, we were pleased to see the positive uptake of tool storage products during the period.

Gross margin improved 140 basis points to 47.7% in the quarter from 46.3% last year, mostly due to increased sales and savings from the segment's RCI initiatives, partially offset by higher material and other costs.

Operating expenses as a percentage of sales of 26.1% compared to 26.3% in 2025. Operating earnings for the Snap-on Tools Group of \$105 million compared to \$92.4 million in 2025. The operating margin of 21.6% improved 160 basis points from last year.

Turning to the RS&I Group shown on Slide 9. Sales of \$485.3 million compared to \$475.9 million a year ago, primarily reflecting a \$9.1 million of favorable foreign currency translation. On an organic basis, a low single-digit increase in sales of diagnostic and repair information products to independent repair shop owners was offset by decreased activity with OEM dealerships and managers. This decline primarily reflected lower sales associated with OEM

programs in North America, which more than offset higher revenues with OEMs in Europe. In addition, sales of undercar equipment in the quarter were essentially the same as last year.

Gross margin for the RS&I Group of 46% compared to 45.7% last year, primarily due to the favorable business mix and savings from RCI, partially offset by higher tariffs and material costs.

Operating expenses as a percentage of sales of 21.4% compared to 20% in 2025. This increase is largely due to 20 basis points of unfavorable foreign currency effects, higher personnel costs and expanded technology investments, including those in support of the segment's growing software-based businesses. Operating earnings of \$119.5 million compared to \$122.1 million last year. The operating margin of 24.6%, including 60 basis points of unfavorable currency effects compared to 25.7% reported in 2025.

Now turning to Slide 10. Revenue from Financial Services of \$101.1 million decreased \$1.0 million from last year, primarily due to lower interest income resulting from a year-over-year decrease in the size of the average portfolio in the period. Financial service expenses of \$33.1 million increased from \$31.8 million in 2025. However, provisions for bad debts improved by \$300,000 from those recorded in the first quarter of last year. As a result, Financial Services operating earnings of \$68 million decreased \$2.3 million from last year's levels.

In the first quarter, the average yield on finance receivables was 17.6% in both 2026 and in 2025, while the average yield on contract receivables was 9.1% in each year. Loan originations of \$264.6 million in the first quarter represented a decrease of \$4.1 million or 1.5% from 2025 levels.

Moving to Slide 11. Our quarter end balance sheet includes approximately \$2.5 billion of gross financing receivables with \$2.1 billion from our U.S. operation. For extended credit or finance receivables, the U.S. 60-day plus delinquency rate of 1.9% is down 10 basis points from the first quarter of 2025.

Additionally, the rate is down 20 basis points from last quarter, reflecting the typical seasonal decrease between the fourth and first quarters. Trailing 12-month net losses for the overall extended credit portfolio of \$72.9 million represented 3.75% of outstandings at quarter end. We believe that these portfolio performance metrics remain relatively balanced considering the current environment.

Now turning to Slide 12. Cash provided by operating activities of \$368.7 million in the quarter represented 145% of net earnings and compared to \$298.5 million last year. The improvement of \$70.2 million, or 23.5%, from comparable 2025 levels largely reflects decreases in working investment versus increases last year and higher year-over-year net earnings.

Net cash used by investing activities of \$28.6 million mostly reflected capital expenditures of \$21.2 million and \$5.1 million for acquisition of a former independent Car-O-Liner collision distributor in Australia. Net cash used by financing activities of \$211.1 million included cash dividends of \$126.8 million and the repurchase of 267,000 shares of common stock for \$99.9 million under our existing share repurchase programs. As of quarter end, we had remaining availability to repurchase up to an additional \$234.1 million of common stock under our existing authorizations.

Turning to Slide 13. Trade and other accounts receivable of \$890.7 million represented an increase of \$9.3 million from 2025 year-end levels due to the higher sales volumes. Days sales outstanding were 67 days in both periods. Inventories decreased by \$4.7 million from 2025 year-end, primarily due to \$5.6 million of foreign currency translation. On a trailing 12-month basis, inventory turns of 2.4 were the same in both periods.

Our quarter end cash position of \$1,753.3 billion compared to \$1,624.5 billion at the end of 2025. In addition to our existing cash and expected cash flow from operations, we have more than \$900 million available under our credit facilities. There were no amounts borrowed or outstanding under the credit facilities during the quarter nor was any commercial paper issued or outstanding in the period.

With respect to our outstanding debt, notes payable and current maturities of long-term debt increased by \$300 million, reflecting the reclassification of our March 2027 unsecured 3.25% notes to current status. That concludes my remarks on our first quarter performance. I'll now review a few outlook items for the remainder of 2026.

With respect to corporate costs, we currently believe that expenses will approximate \$28 million each quarter. As a reminder, in the third quarter of 2025, earnings per share included a \$0.31 nonrecurring one-time benefit from the RS&I Group legal settlement. We expect that capital expenditures for the year will approximate \$100 million, and we currently anticipate that our full year 2026 effective income tax rate will be in a range of 22% to 23%.

I'll now turn the call back to Nick for his closing thoughts. Nick?

**Nick Pinchuk**

Well, thanks, Aldo. Our markets are resilient and strong. And it's a strength not dependent on the ups and downs of the economic cycle. They are rather driven by the solid secular trends of aging, rising complexity and expanding criticality.

These are, of course, turbulent times. The hits do just keep on coming. Continuing tech uncertainty, unfavorable currency diluting our margins, the impacts of inflation and the fluctuation in government policies. They all serve to cloud the horizon, weigh on consumers, but we see some green shoots in our general volume, in our overall sales gain, and in our nascent increases in tool storage.

We do see encouraging signs, and we believe our future is quite positive. And as such, we continue to expand our investments in what we believe are for Snap-on corridors of decisive advantage. You can see it in the numbers. Written across the face of the quarter is progress along our runways for growth and for improvement. We are enhancing our franchise network, and we are extending further into critical industries, growing substantially even while the military is flat.

And we are wielding our Snap-on value creation processes with effect, launching great new products and customer -- with customer connection and innovation, and we are effectively bringing RCI to bear on the major challenges of the day, keeping gross margins strong against the winds. The results say it all.

C&I sales up 10.8% as reported and 7.1% organically with the critical industries leading the way with high single digits. The Tools Group back to positivity with increases of 5% as reported 3.4% organically. Gross margin is strong at 47.7%, up 140 basis points. OI margins, 21.6%, up 160

basis points and RS&I volume up slightly in the quarter, but still enough to record the highest sales ever in the period -- in a quarter.

And RS&I gross margins of 46% are up 30 basis points against 40 basis points of unfavorable currency effects. OI margins are still robust at 24.6%, but 110 down from last year, and that reflects the currency and the continuing of what we believe are powerful investments in the overall corporation.

Sales up 5.8% as reported, 3.4% organically, making it the highest first quarter ever and the second highest of all our quarters. Gross margins, 50.4%, strong against the wind. OI margins, 20.8%, also strong, but down 50 basis points due to 40 basis points on favorable currency effects and reflecting the decisive investments. And the EPS, \$4.60, up again and this period -- up again. This period was a demonstration of the resilience of our markets, the power of our model and the skills of our team, making progress in the blizzard and still investing in our future.

Looking forward, like I started this, we proceed with confidence, and we are confident and convinced regarding positive future. And we are confident because we know the special nature of our markets driven by powerful secular trends. We know the strength of our advantages in product. Snap-on really does make the critical work easier. And we know our advantages in brand. Snap-on stands alone.

The Snap-on name really is the singular sign of the pride and dignity working men and women take in their professions. And we are confident because we know the advantages in our people. Our team is committed, capable, battle tested. Our team just doesn't aim to succeed. Snap-on expects to succeed. As such, we believe that propelled by these advantages, Snap-on will continue to move forward positively throughout 2026 and well beyond.

Now before I turn the call over to the operator, I'll speak directly to our franchisees and associates. I know many of you are listening or will be hearing this later. Our progress in the period, strong sales and holding firm against the challenges of the day has been a result of your efforts, for your performance in the quarter, you have my congratulations. For the energy and capability you bring to the enterprise every day, you have my admiration. And for enlisting your future, your dedication and your confidence in our team, you have my thanks.

Now I'll turn the call over to the operator. Operator?

## **QUESTION AND ANSWER**

### **Operator**

We will now begin the question-and-answer session. [Operator Instructions]. The first question today comes from Bret Jordan with Jefferies. Please go ahead.

### **Bret Jordan**

Hi, good morning, guys.

### **Nick Pinchuk**

Good morning.

### **Bret Jordan**

In the prepared remarks on C&I, you talked about heavy-duty sort of specifically within that sort of the stronger categories. Do you think you're seeing a cyclical trend there that after a long

softness in the heavy-duty market, there's some improvement? Or is this sort of a product or short-term?

**Nick Pinchuk**

I think it has to do with the -- we didn't see so much softness in heavy duty, Bret. But -- so I don't think it's so cyclical -- I can't say that it isn't part of that some sort of macro trend. But we believe it's because we are understanding the work around heavy duty more every day, and this leads to more effective, complex and customized solutions, which people are signing up for. So we think when we do this, yes, we're following the markets, but we're also capturing some share in our business.

**Bret Jordan**

And I guess also in the prepared remarks, you talked about, restarted momentum and then you talked about green shoots a couple of times. Could you talk about maybe the cadence of the quarter? I mean, obviously, the last month had some pretty significant geopolitical events going on. But the underlying trend, are you seeing that the volumes in the garages are picking up that's driving this green shoot or...

**Nick Pinchuk**

Well, the volumes in the garages -- I think a couple of things. I mean it's hard for us, a month isn't a really significant progress. And so when we looked at it, I think when we look at the quarter, we can make no conclusions about the effect of the war on where the world is going. But I'll tell you this, is that the green shoots were associated with the -- principally like we saw that tool storage and the sales of the growth -- sales of the item.

And I just talked to -- these conversations with the franchisees aren't -- they aren't long ago. They are recent. And I talk to people trying to find out how they felt and they sounded pretty optimistic to me. So you could see -- and all of them, I talked about that big box, that wasn't cheap. The EPIQ box with the red, white and blue flag on the front, they were all talking proudly about the idea. Well, I saw -- I was able to get two of them or one of them. So they seem pretty positive.

And I can tell you, franchisees do not hold back when they talk to me. I get a lot of complaints. And these conversations were pretty positive. So I think I put that together with the sort of nascent tool storage increase and say, that's a kind of green shoot plus our total sales. But Bret, it's one quarter. You never know really. We don't give guidance, but you never really know, but it's better than a poke in the eye with a sharp stick what we got.

**Bret Jordan**

All right. Thanks.

**Operator**

The next question comes from Scott Stember with ROTH. Please go ahead.

**Scott Stember**

Good morning and thanks for taking my questions.

**Nick Pinchuk**

Sure, Scott.

**Scott Stember**

Nick, can you talk about how some of the other subcategories in tools did, whether it's hand tools, power tools, diagnostics?

**Nick Pinchuk**

Sure. Look, I think tools, hand tools was up. Power tools was up. Diagnostics was tepid. In fact, it was challenged in this period but had some difficult comparisons last year. So that's the way it went. Pretty much -- most things were up, except for diagnostics was a little weak in this period.

**Scott Stember**

Okay. And as far as sell-in to the van channel versus sell-off of the channel, any meaningful differences?

**Nick Pinchuk**

Yes. Look, I don't think -- tell you the truth, I don't think one quarter is meaningful in this kind of thing, but it's in the same ZIP code as the growth of the 3.4%. For example, the 3.4% totally was also what happened in the United States. And so, the sales off the van were in that same ballpark. It's never exactly the same. But over -- as you know, because you study it so well, you know it so well, it kind of rolls off over the years. So, we felt pretty good about the sell off the van this quarter.

**Scott Stember**

All right. Just last question on tariffs. I know that you guys have done a great job of being relatively insulated. But some of the recent changes that we saw is there going to be any changes to that narrative? And to the extent that you've had some -- the payments that you've made, are you guys looking for -- to pursue some rebates with the IEEPA's going away?

**Nick Pinchuk**

Okay. Look, I tell you what, tariffs these days are blizzards. They got rid of the IEEPA and they changed the 232 rules and they added 122. It's like miracle salad. We don't think tariffs are going to change very much actually going forward. We're not planning or expecting some changes. Now in terms of refund, I got to tell you, Aldo has been rehearsing his answer for like three weeks here. So, I'm going to ask him to answer this question. Aldo, go ahead.

**Aldo Pagliari**

We are actually have only been rehearsing since April 20, Scott. They opened the portal for people to apply for refunds. Our view is, first, I want to emphasize, tariffs are not as significant to Snap-on as they might be to many other companies out there in the universe where we play. That's one thing to keep in mind.

But our strategy is to protect the fact that we don't want anything to expire and if you don't file for a rebate through the portal, you run the risk that things go past what they call the liquidation date and then you can never challenge it even if one wanted to. So that's our strategy right now. So while not significant, we're protecting our rights so they don't expire unchallenged.

**Nick Pinchuk**

I think I'd just add a little, we're not depending on anything out of this. I'm not sure what's going to happen. So, I think it's unsure what will happen with tariff refunds and when they will be paid, how that will all work. So, for us, we're just trying to make sure we keep ourselves in the game and not depend on anything.

**Scott Stember**

Got it. That's all I have. Thank you.

**Nick Pinchuk**

Okay.

**Operator**

The next question comes from Luke Junk with Baird. Please go ahead.

**Luke Junk**

Good morning, Nick, maybe to kick it off here. Curious, there's been a lot of chatter about an increased level of tax rebates this year in the U.S. Just curious if you saw any impact from that in the Tools Group or maybe the finance company? And if so, any looks to that?

**Nick Pinchuk**

Well, it's hard to say. I have a lot of things to say about that. First of all, the finance company -- you did point out, the finance company, yes, originations were kind of flattish. The losses did creep up a little bit, but the 60-day delinquencies are better both sequentially and year-over-year. So that's a pretty good thing. What the result of that is, is not clear, but I will tell you that our guys were talking about improvement in that area before we thought about the tax returns were at play.

Now -- so I never know. But I'll tell you, when I go through the garages, unlike the standard story about people who have the grassroots, most of these people don't let this money burn a hole in their pocket. They tend to say it happened during the pandemic with the -- what we call stimulus numbers. They were saying, I'm putting it in a bank or I'm going to pay off some debt.

So maybe that could have worked at paying off the debt, I'm not so sure. I will say that none of the franchisees I talked to mentioned that. Now I didn't prompt them or asked the question directly. And maybe if I had, they would have said, yes, it's great for us. But I don't think so. Normally, they'd be bringing this kind of thing up. So, I don't think we're seeing it as a big factor, but that's hard to say. It's kind of an uncertain thing.

**Luke Junk**

Got it. Switching gears to C&I. Could you just remind us on the military exposure within critical industries specifically? I know you mentioned not seeing a lot of growth right there -- right now. But just in terms of past experience, what you've seen in terms of an impact that tends to be, I think, a little lagged when military activity picks up?

**Nick Pinchuk**

Yes. Well, military -- the C&I business is a pretty good business. I mean it's well over \$100 million in a quarter. But the thing is that military is one of -- it's broken into maybe six different segments and military is toward the top of that list. So, you can figure that out in terms of the amounts. Lately, the military has been down. Last year, military was down double digits. And it sort of -- we kind of got a little bit back in the fourth quarter. And this year, it stayed flat.

So, it's improved some. We expect the military to improve going forward. We truly do. I think that's one of the things that you would expect when you look at the situation. I mean, could there be any more situation where you need the military? If nothing else, history says that when conflicts like this are over, refurbishment becomes important. They restock and refurbish. So we usually get good business out of that. On top of which, we kind of -- I don't know your view, but I

think the nation is kind of saying, well, given the environment, we got to stock up a little bit more on military. So, we kind of expect that to expand.

What I loved about the quarter was, though, the military didn't help us. And boy, some of those other areas like aviation, gangbusters. And so -- and it's pretty profitable. So, I meant it when I said that industrial had a terrific quarter. We always -- the industrial business seems pretty good to us. We think it keeps expanding, and it's mostly because we keep understanding the work better in each one of those places.

That's our principal value-creating mechanism to understand the work, create products that are irresistible to customers in that way, whether they're customized or not. And as you get -- as you understand the work better, you get a bigger product line, that's what we're doing and it seems to be working.

### **Luke Junk**

Got it. I'll leave it there. Thank you.

### **Operator**

The next question comes from Christopher Glynn with Oppenheimer. Please go ahead.

### **Christopher Glynn**

Yes, thanks. Hello, everyone. Just wanted to keep going on the C&I themes you just talked about, Nick, because the comments you just made kind of reinforce some of the stuff in your prepared remarks. C&I growth historically has been pretty intermittent rather than hitting a growth cycle and a consolidation cycle. So, I'm wondering if you're suggesting something just culturally and in the bones has gotten better about identifying the work, kind of like SOT really hit stride with social media and bandwidth-enhancing tools out of the pandemic...

### **Nick Pinchuk**

I think that's -- yes, I think you're right about that. I think it happened. We've seen it happen a couple of times. Back -- by the way, how do you know my remarks were prepared. Maybe I didn't prepare at all. Anyway, the -- we saw this happen before. We're going along, trending along in critical industries, and then we expanded capacity here in Snap-on. We added a whole building that allowed us to build more customized kits and expand on that. And it shot up.

And then it hit a little bit of a pause when the military started spitting up blood and then it's coming back. And I think behind all this is the idea that I really do believe we're gaining share because our products are getting better. It's hard to talk about any one product because most of them are kits.

But in those kits, we're configuring them such that they meet the problems for -- if you have a particular jet aircraft you want to deal with in terms of maintenance or manufacturing, we'll put you right on target. And we have some of those. So, I think that's what's happening now. I'm not saying we're immune to cycles because it certainly proven not to be...

### **Christopher Glynn**

What has elevated the game? Have you instituted new organizational layers or structures or talent realignment?

**Nick Pinchuk**

No, capacity. You know what I mean, in other words, we're learning how to wheel the capacity better. Like I said, we have added people in the field. We have learned more about the work, like you say, but also, we've created a capacity situation where we can deliver quicker and more effectively. And so those kinds of things have combined to give us some acceleration.

And as you -- what happens in these kinds of things, you add something and you learn how to do better and better with it. When you start up something, it kind of helps you and then you realize what you got and you kind of work on it, sort of the essence of RCI. So, what you're seeing there is in the bones of Snap-on value creation, figuring out how to have more improvement. And secondly, around just having better product, I believe that's the situation.

**Christopher Glynn**

Appreciate that. And then my other one, just on SOC originations. It sounds like storage might be turning a corner and a pretty good comparison backdrop for a while there. And diagnostics was off in the quarter a little bit, but not at the RS&I level. And even SOT had a couple of really nice diagnostic quarters in the middle of last year.

So, it seems like maybe the ingredients are in place for originations to start to grow and the commemorative unit, in particular, sounds really cool and hitting some stride at a high price point. So, do you feel like this was the originations?

**Nick Pinchuk**

Well, the originations were flat in the quarter, I think, roughly for government work. But I use the word green shoots, particularly -- I chose that particularly because I'm not sure what the increase in tool storage means. I do think, though, it shows some thaw. We couldn't get arrested before with big boxes and stuff like that.

And now you saw the tribute to America. And I just had the feeling that it sold well, not only because it's a compelling offering, but also because maybe the hurdles were a little bit lower. So, we'll see how that plays out. I think -- look, I think under the circumstances it's a favorable thing. It shows that tool storage isn't completely dead. In fact, it's pretty strong. It was a nice strong quarter for tool storage.

**Christopher Glynn**

Cool. Thanks for the call.

**Nick Pinchuk**

Sure.

**Operator**

The next question comes from Gary Prestopino with Barrington Research. Please go ahead.

**Gary Prestopino**

Good morning, all. Maybe I missed this, but nobody asked this. Could you maybe just talk about how much tool storage was up year-over-year?

**Nick Pinchuk**

Well, I don't like to get involved in getting big -- I think that's a cross I don't want to nail myself to, you know what I mean, but tool storage was up more than the average. And you know what I mean, it was up -- it was one of the leading items. That's all. But I don't -- Gary, a quarter, who

knows what a quarter means? I mean it's not definitive, but I still feel pretty good about it. I'm not here to declare victory, and we're on the big wide highway to victory now, but I feel good about it.

**Gary Prestopino**

So, I guess if I ask this another way, I mean, was a lot of that due to this new lower point product that you put out for the techs?

**Nick Pinchuk**

Yes, sure. Some of it was due to that. It's hard to say, but I talked about the new roll cart that came out, and we made it -- one of the things we did was smart enough, we have made it available in all these colors. You might think that's trivial, but it isn't because people want to buy something like a roll cart and they want it to match their box. And if they got a candy apple red box with carbon trim, they'll want the roll cab to look like that. And if you make that available, then it tends to sell more. So that was one of the big breakthroughs. It sounds so simple. But in fact, it worked for us and the roll cab is pretty sturdy. So that was another contributor. Yes, the Tribute to America was a good contributor, too, but it didn't account for everything.

**Gary Prestopino**

Okay. And then just a couple more questions here. You said the franchisees are a little more optimistic than they had been. Do you attribute that to some of what you've done strategically with shorter payback products? Or are they really starting to see a turn in the appetite for technician purchases of tools? I mean you cited all sorts of issues with uncertainty for the last couple of quarters. Has that changed a little bit here, you think?

**Nick Pinchuk**

Well, look, I think it's this way. I think it's probably some of both. But franchisees usually talk to me about two things: products they don't like or something like that or something in the system or how easy it is to sell or hard to sell. It's not exclusively. And so, when I say they were positive, they weren't saying it was hard to sell, and they have said that before.

Now I didn't talk to every franchisee. It was a windshield survey. But the guys I talked to seem pretty positive. And -- but I do think it makes it easier to sell if we have tools, if we have offerings that are matching the preference, so hard to make a difference. I guess the answer is I think both things are in play.

**Gary Prestopino**

Okay. Then two more quick questions here. In the C&I segment, are you seeing increased demand from the data center market for specific toolkits?

**Nick Pinchuk**

Yes. We're seeing increased demand for specific products for the data center market in terms of the construction of the data center. So yes, we're seeing that. I don't know where that's going, but we are being asked to quote and we find business in those areas.

**Gary Prestopino**

Okay. And then last question. What was the FX impact to EPS, Aldo?

**Aldo Pagliari**

\$0.02 of good news when it came to operating income. When you look at the unfavorable currency remarks throughout the deck, that has to do with transaction negative variances, and

that largely is associated with our factories emanating out of Sweden and actually the United Kingdom to some extent.

**Nick Pinchuk**

And basically, it's just the ratio.

**Aldo Pagliari**

\$0.02 of good news, Gary, I think is what you're asking for operating income.

**Nick Pinchuk**

\$0.02 positive. The reason why we talked about the negative is -- yes, he says that's one of the conundrums of this period. It was positive on the EPS but negative on the margins because it added sales and it did not add profits in any kind of proportion to that. It added a lot of sales and almost no profit.

**Gary Prestopino**

Okay. Thank you.

**Conclusion**

**Operator**

This concludes our question-and-answer session. I would like to turn the conference back over to Sara Verbsky for any closing remarks.

**Sara Verbsky**

Thank you all for joining us today. A replay of this call will be available shortly on [snaon.com](http://snaon.com). As always, we appreciate your interest in Snap-on. Good day.

**Operator**

The conference has now concluded. Thank you for attending today's presentation. You may now disconnect.