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GRAHAM CORP

FORM 10-Q
(Quarterly Report)

Filed 11/05/26 for the Period Ending 09/30/26

Address	20 FLORENCE AVE
	BATAVIA, NY, 14020
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 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 001-08462

GRAHAM CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**16-1194720**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
20 Florence Avenue, Batavia, New York	**14020**
(Address of principal executive offices)	**(Zip Code)**

585-343-2216
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, Par Value $0.10 Per Share	GHM	NYSE

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

As of November 5, 2026, there were outstanding 11,737,969 shares of the registrant’s common stock, par value $0.10 per share.

Graham Corporation and Subsidiaries

Index to Form 10-Q

As of September 30, 2026 and March 31, 2026 and for the three and six months ended September 30, 2026 and 2025

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PART I – FINANCIAL INFORMATION

Item 1. Unaudited Condensed Consolidated Financial Statements

GRAHAM CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Dollar amounts in thousands, except per share data)

(Unaudited)

	Three Months Ended September 30,		Six Months Ended September 30,	
	2026	2025	2026	2025
Net sales	$ 69,760	$ 66,027	$ 141,102	$ 121,514
Cost of products sold	50,087	51,721	103,628	92,487
Gross profit	19,673	14,306	37,474	29,027
Other operating expenses and income:				
Selling, general and administrative	13,146	9,789	25,700	19,186
Selling, general and administrative – amortization	507	437	1,014	873
Other operating expense (income), net	188	(191)	776	(267)
Operating income	5,832	4,271	9,984	9,235
Other expense, net	88	116	177	244
Interest income, net	(226)	(68)	(346)	(245)
Income before provision for income taxes	5,970	4,223	10,153	9,236
Provision for income taxes	1,333	1,133	1,604	1,551
Net income	$ 4,637	$ 3,090	$ 8,549	$ 7,685
Per share data				
Basic:				
Net income	$ 0.40	$ 0.28	$ 0.73	$ 0.70
Diluted:				
Net income	$ 0.39	$ 0.28	$ 0.73	$ 0.69
Weighted average common shares outstanding:				
Basic	11,734	10,985	11,666	10,956
Diluted	11,855	11,135	11,779	11,083

See Notes to Condensed Consolidated Financial Statements.

GRAHAM CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Dollar amounts in thousands)

(Unaudited)

	Three Months Ended September 30,		Six Months Ended September 30,	
	2026	2025	2026	2025
Net income	$ 4,637	$ 3,090	$ 8,549	$ 7,685
Other comprehensive income:				
Foreign currency translation adjustment	37	(56)	98	(6)
Defined benefit pension and other postretirement plans net of income tax expense of $41 and $49 for the three months ended September 30, 2026 and 2025, respectively, and $82 and $97 for the six months ended September 30, 2026 and 2025, respectively	132	161	264	323
Total other comprehensive income	169	105	362	317
Total comprehensive income	$ 4,806	$ 3,195	$ 8,911	$ 8,002

See Notes to Condensed Consolidated Financial Statements.

GRAHAM CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(Dollar amounts in thousands, except per share data)

(Unaudited)

	September 30, 2026	March 31, 2026
Assets		
Current assets:		
Cash and cash equivalents	$ 71,427	$ 6,580
Trade accounts receivable, net of allowances ($244 and $195 at September 30 and March 31, 2026, respectively)	45,778	33,809
Unbilled revenue	44,515	59,868
Inventories	55,369	50,758
Prepaid expenses and other current assets	5,271	4,255
Income taxes receivable	33	1,184
Total current assets	222,393	156,454
Property, plant and equipment, net	61,538	60,330
Prepaid pension asset	6,706	6,633
Operating lease assets	5,983	6,740
Goodwill	37,326	38,078
Customer relationships, net	14,660	15,372
Technology and technical know-how, net	22,083	23,232
Other intangible assets, net	13,408	13,458
Deferred income tax asset	209	131
Other assets	3,326	3,188
Total assets	$ 387,632	$ 323,616
Liabilities and stockholders' equity		
Current liabilities:		
Current portion of finance lease obligations	$ 24	$ 23
Accounts payable	23,999	25,740
Accrued compensation	15,614	21,547
Accrued expenses and other current liabilities	7,676	4,728
Customer deposits	129,655	102,421
Operating lease liabilities	1,807	1,806
Income taxes payable	416	5
Total current liabilities	179,191	156,270
Long-term debt	—	13,000
Finance lease obligations	8	21
Operating lease liabilities	4,587	5,343
Deferred income tax liability	962	897
Accrued pension and postretirement benefit liabilities	1,143	1,145
Other long-term liabilities	3,440	6,625
Total liabilities	189,331	183,301
Commitments and contingencies (Note 10)		
Stockholders' equity:		
Preferred stock, $1.00 par value, 500 shares authorized	—	—
Common stock, $0.10 par value, 25,500 shares authorized, 11,912 and 11,247 shares issued and 11,738 and 11,073 shares outstanding at September 30 and March 31, 2026, respectively	1,191	1,124
Capital in excess of par value	90,707	41,699
Retained earnings	115,278	106,729
Accumulated other comprehensive loss	(5,487)	(5,849)
Treasury stock (174 shares at September 30 and March 31, 2026)	(3,388)	(3,388)
Total stockholders' equity	198,301	140,315
Total liabilities and stockholders' equity	$ 387,632	$ 323,616

See Notes to Condensed Consolidated Financial Statements.

GRAHAM CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollar amounts in thousands)
(Unaudited)

	Six Months Ended September 30,	
	2026	2025
Operating activities:		
Net income	$ 8,549	$ 7,685
Adjustments to reconcile net income to net cash used by operating activities:		
Depreciation	3,455	2,171
Amortization of intangible assets	2,006	997
Adjustments for credit reserves	—	400
Amortization of actuarial losses	346	420
Equity-based compensation expense	1,427	1,085
(Gain) loss on disposal or sale of property, plant and equipment	(22)	1
Change in fair value of contingent consideration	798	(267)
Deferred income taxes	(99)	191
(Increase) decrease in operating assets, net of acquisition:		
Accounts receivable	(12,034)	(7,104)
Unbilled revenue	15,331	(11,639)
Inventories	(4,703)	(2,400)
Prepaid expenses and other current and non-current assets	(1,374)	(377)
Income taxes receivable	1,151	1,243
Operating lease assets	768	664
Prepaid pension asset	(74)	(70)
(Decrease) increase in operating liabilities, net of acquisition:		
Accounts payable	(1,599)	2,699
Accrued compensation, accrued expenses and other current and non-current liabilities	(6,865)	(4,667)
Customer deposits	27,367	20,853
Income taxes payable	410	90
Operating lease liabilities	(766)	(650)
Long-term portion of accrued compensation, accrued pension and postretirement benefit liabilities	(2)	(1)
Net cash provided by operating activities	34,070	11,324
Investing activities:		
Purchase of property, plant and equipment	(4,855)	(11,148)
Acquisitions, net of cash acquired	1,058	—
Net cash used by investing activities	(3,797)	(11,148)
Financing activities:		
Borrowings of debt obligations	—	8,000
Principal repayments on debt	(13,000)	(8,000)
Repayments on financing lease obligations	(175)	(165)
Issuance of common stock	50,517	458
Stock issuance costs	(138)	—
Tax withholdings related to net share settlements of restricted stock units and awards	(2,731)	(1,532)
Net cash provided (used) by financing activities	34,473	(1,239)
Effect of exchange rate changes on cash	101	65
Net increase (decrease) in cash and cash equivalents	64,847	(998)
Cash and cash equivalents at beginning of period	6,580	21,577
Cash and cash equivalents at end of period	$ 71,427	$ 20,579

See Notes to Condensed Consolidated Financial Statements.

GRAHAM CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

(Dollar amounts in thousands)

(Unaudited)

	Common Stock		Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total Stockholders' Equity
	Shares	Par Value					
Balance at April 1, 2026	11,247	$ 1,124	$ 41,699	$ 106,729	$ (5,849)	$ (3,388)	$ 140,315
Comprehensive income				3,912	193		4,105
Issuance of shares	600	60	49,802				49,862
Stock units vested	54	6	(2,737)				(2,731)
Recognition of equity-based compensation expense			645				645
Balance at June 30, 2026	11,901	$ 1,190	$ 89,409	$ 110,641	$ (5,656)	$ (3,388)	$ 192,196
Comprehensive income				4,637	169		4,806
Issuance of shares	11	1	516				517
Recognition of equity-based compensation expense			782				782
Balance at September 30, 2026	11,912	$ 1,191	$ 90,707	$ 115,278	$ (5,487)	$ (3,388)	$ 198,301

	Common Stock		Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total Stockholders' Equity
	Shares	Par Value					
Balance at April 1, 2025	11,077	$ 1,107	$ 34,616	$ 94,229	$ (6,987)	$ (3,388)	$ 119,577
Comprehensive income				4,595	212		4,807
Stock units vested	73	7	(1,539)				(1,532)
Recognition of equity-based compensation expense			532				532
Balance at June 30, 2025	11,150	$ 1,114	$ 33,609	$ 98,824	$ (6,775)	$ (3,388)	$ 123,384
Comprehensive income				3,090	105		3,195
Issuance of shares	12	2	456				458
Recognition of equity-based compensation expense			553				553
Balance at September 30, 2025	11,162	$ 1,116	$ 34,618	$ 101,914	$ (6,670)	$ (3,388)	$ 127,590

See Notes to Condensed Consolidated Financial Statements.

GRAHAM CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands, except per share data)

(Unaudited)

NOTE 1 – BASIS OF PRESENTATION:

Graham Corporation's (the "Company's") Unaudited Condensed Consolidated ("Condensed Consolidated") Financial Statements include its wholly-owned subsidiaries located in Arvada, CO, Greenville, SC, Jupiter, FL, Louisville, CO, Suzhou, China and Pune, India at September 30 and March 31, 2026. The Condensed Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the U.S. ("GAAP") for interim financial information and the instructions to Form 10-Q and Rule 10-01 of Regulation S-X, each as promulgated by the U.S. Securities and Exchange Commission. The Company's Condensed Consolidated Financial Statements do not include all information and notes required by GAAP for complete financial statements. The Condensed Consolidated Balance Sheet as of March 31, 2026 presented herein was derived from the Company's audited Consolidated Balance Sheet as of March 31, 2026. For additional information, please refer to the consolidated financial statements and notes included in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2026 ("fiscal 2026"). In the opinion of management, all adjustments, including normal recurring accruals considered necessary for a fair presentation, have been included in the Company's Condensed Consolidated Financial Statements. The Company reviewed and evaluated subsequent events through the issuance date of the Company's Condensed Consolidated Financial Statements.

The Company's results of operations and cash flows for the three and six months ended September 30, 2026 are not necessarily indicative of the results that may be expected for the current fiscal year, which ends March 31, 2027 ("fiscal 2027").

NOTE 2 - ACQUISITIONS:

FlackTek

On January 23, 2026, the Company acquired FlackTek Manufacturing, LLC and FlackTek Sales, LLC (collectively, "FlackTek"), a provider of advanced mixing and material processing solutions. FlackTek's systems are sold to OEMs, research and development centers, defense laboratories, and industrial manufacturers serving adhesives, sealants, functional coatings, composites, electronics, and other advanced materials markets. FlackTek adds a product portfolio with a shared customer base and an installed footprint that extends across the full value chain. Its mixing systems are process-critical and market-agnostic, serving defense, energetics, oil & gas, food, battery, aerospace and space, medical, and other industrial applications where precision, repeatability, and consistency drive value.

This transaction was accounted for as a business combination which requires that assets acquired and liabilities assumed be recognized at their fair value as of the acquisition date. The purchase price of $36,205 was comprised of 76 shares of the Company's common stock, representing a value of $5,678 at a price of $74.89 per share, and cash consideration at close of $26,456, subject to certain potential adjustments, including a customary working capital adjustment. The cash consideration was funded through borrowings on the Company's line of credit. The purchase agreement included a contingent earn-out to earn up to an additional $25,000 in future performance-based cash earnouts over four years beginning with fiscal 2027, based upon achieving progressively increasing adjusted EBITDA performance targets each year. At the acquisition date, a liability of $5,638 was recorded for the contingent earn-out.

The preliminary purchase price was allocated to the assets acquired and liabilities assumed based upon their estimated fair value at the date of acquisition and the amount exceeding the fair value of $11,092 was recorded as goodwill, which is deductible for tax purposes. During the first quarter of fiscal 2027, the customary working capital adjustments were settled, which resulted in the receipt of $1,567 of cash. The net impact of the settlement of closing working capital, as well as other immaterial measurement period adjustments to the opening balance sheet, resulted in a net reduction of the purchase price of $817 and a reduction of goodwill of $752 during the first quarter of fiscal 2027. Goodwill generated in the acquisition is related to FlackTek's assembled workforce, synergies between the Company's other operations and FlackTek that are expected to occur as a result of the combined engineering knowledge, the ability of each of the operations to leverage each other's technology solutions, and the Company's ability to utilize acquired management's knowledge in providing complementary product offerings to the Company's customers. The following table summarizes the preliminary purchase price allocation of the assets acquired and liabilities assumed:

	January 23, 2026
Assets acquired:	
Cash and cash equivalents	$ 66
Trade accounts receivable, net of allowances	3,852
Inventories	4,154
Prepaid expenses and other current assets	84
Property, plant & equipment, net	2,030
Operating lease assets	1,448
Goodwill	11,092
Customer relationships	3,400
Technology and technical know-how	13,300
Tradename	6,700
Other long term asset	31
Total assets acquired	46,157
Liabilities assumed:	
Accounts payable	2,252
Accrued compensation	646
Accrued expenses and other current liabilities	3,988
Customer deposits	1,618
Operating lease liabilities	1,448
Total liabilities assumed	9,952
Purchase price	$ 36,205

The fair value of acquisition-related intangible assets includes customer relationships, technology and technical know-how, and tradename. The tradename is an indefinite-lived intangible asset and is included in the line item Other intangible assets, net in the Consolidated Balance Sheets. The fair value of tradename was calculated using a Relief from Royalty method, which develops a market based royalty rate used to reflect the after tax royalty savings attributable to owning the intangible asset. The fair value of customer relationships and technology and technical know-how were calculated using an income approach, specifically the Multi Period Excess Earnings method, which incorporates assumptions regarding retention rate, new customer growth, obsolescence factors, and customer related costs.

Customer relationships are amortized in selling, general and administrative expense on a straight line basis over their estimated useful lives of twelve years. Technology and technical know-how is amortized in cost of products sold on a straight line basis over its estimated useful life of nine years.

Pro forma information

The following unaudited pro forma information presents the consolidated results of operations of the Company as if the FlackTek acquisition had occurred at the beginning of the year ended March 31, 2025:

	Six Months Ended September 30,	
	2026	2025
Net sales	$ 141,102	$ 132,427
Net income	8,861	5,812
Income per share		
Basic	$ 0.76	$ 0.53
Diluted	$ 0.75	$ 0.52

Acquisition contingent earn-out liabilities

A rollforward of contingent earn-out liabilities is as follows:

Balance at March 31, 2026	$ 6,482
Change in fair value	798
Payments	—
Balance at September 30, 2026	$ 7,280

The change in the fair value of the contingent earn-out liabilities is included in Other operating expense (income), net in the condensed consolidated statements of operations. Of the balance as of September 30, 2026, $4,093 is included in accrued expenses and other current liabilities and $3,187 is included in other long-term liabilities in the condensed consolidated balance sheet. The balance of $6,482 as of March 31, 2026 is included in other long-term liabilities in the condensed consolidated balance sheet.

NOTE 3 – REVENUE RECOGNITION:

The Company recognizes revenue on contracts when or as it satisfies a performance obligation by transferring control of the product to the customer. For contracts in which revenue is recognized upon shipment, control is generally transferred when products are shipped, title is transferred, significant risks of ownership have transferred, the Company has rights to payment, and rewards of ownership pass to the customer. For contracts in which revenue is recognized over time, control is generally transferred as the Company creates an asset that does not have an alternative use to the Company and the Company has an enforceable right to payment for the performance completed to date.

The following table presents the Company's revenue disaggregated by market and geographic area:

	Three Months Ended September 30,		Six Months Ended September 30,	
Market	2026	2025	2026	2025
Defense	$ 45,827	$ 40,750	$ 87,210	$ 70,285
Space	6,373	3,999	12,660	7,377
Energy & Process	17,560	21,278	41,232	43,852
Net sales	$ 69,760	$ 66,027	$ 141,102	$ 121,514
Geographic Region				
Asia	$ 431	$ 4,452	$ 1,896	$ 7,735
Canada	853	3,617	1,585	7,127
Middle East	2,239	1,770	5,667	3,116
South America	332	58	636	451
U.S.	64,811	55,098	129,274	101,420
All other	1,094	1,032	2,044	1,665
Net sales	$ 69,760	$ 66,027	$ 141,102	$ 121,514

A performance obligation represents a promise in a contract to provide a distinct good or service to a customer. The Company accounts for a contract when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable. Transaction price reflects the amount of consideration to which the Company expects to be entitled in exchange for transferred products. A contract's transaction price is allocated to each distinct performance obligation and revenue is recognized as the performance obligation is satisfied. In certain cases, the Company may separate a contract into more than one performance obligation, while in other cases, several products may be part of a fully integrated solution and are bundled into a single performance obligation. If a contract is separated into more than one performance obligation, the Company allocates the total transaction price to each performance obligation in an amount based on the estimated relative standalone selling prices of the promised goods underlying each performance obligation. The Company has made an accounting policy election to exclude from the measurement of the contract price all taxes assessed by government authorities that are collected by the Company from its customers. The Company does not adjust the contract price for the effects of a financing component if the Company expects, at contract inception, that the period between when a product is transferred to a customer and when the customer pays for the product will be one year or less. Shipping and handling fees billed to the customer are recorded in revenue and the related costs incurred for shipping and handling are included in cost of products sold.

The Company recognizes revenue over time when contract performance results in the creation of a product for which the Company does not have an alternative use and the contract includes an enforceable right to payment in an amount that corresponds directly with the value of the performance completed. To measure progress towards completion on performance obligations for which revenue is recognized over time, the Company utilizes an input method based upon a ratio of direct labor hours incurred to date to management's estimate of the total labor hours to be incurred on each contract, an input method based upon a ratio of total contract costs incurred to date to management's estimate of the total contract costs to be incurred or an output method based upon completion of operational milestones, depending upon the nature of the contract. The Company has established the systems and procedures essential to developing the estimates required to account for performance obligations over time. These procedures include monthly review by management of costs incurred, progress towards completion, identified risks and opportunities, sourcing determinations, changes in estimates of costs yet to be incurred, availability of materials, and execution by subcontractors. Sales and earnings are adjusted on a cumulative catch-up basis in current accounting periods based on revisions in the contract value due to pricing changes and estimated costs at completion.

Losses on contracts are recognized immediately when evident to management. Revenue on the majority of the Company's contracts, as measured by number of contracts, is recognized upon shipment to the customer. Revenue on larger contracts, which are fewer in number but represent the majority of revenue, is recognized over time as these contracts meet specific criteria established in ASC 606. The following table presents the Company's revenue percentages disaggregated by revenue recognized over time or upon shipment:

	Three Months Ended September 30,		Six Months Ended September 30,	
	2026	2025	2026	2025
Revenue recognized over time	74%	83%	76%	82%
Revenue recognized at shipment	26%	17%	24%	18%

The timing of revenue recognition, invoicing and cash collections affect trade accounts receivable, unbilled revenue (contract assets) and customer deposits (contract liabilities) on the Condensed Consolidated Balance Sheets. Unbilled revenue represents revenue on contracts that is recognized over time and exceeds the amount that has been billed to the customer. Unbilled revenue is separately presented in the Condensed Consolidated Balance Sheets. The Company may receive a progress payment from a customer, which is recorded as a customer deposit or have an unconditional right to receive a customer deposit prior to revenue being recognized. Because the performance obligations related to such customer deposits may not have been satisfied, a contract liability is recorded and an offsetting asset of equal amount is recorded as a trade receivable until the deposit is collected. Customer deposits are separately presented in the Condensed Consolidated Balance Sheets. Customer deposits are not considered a significant financing component as they are generally received less than one year before the product is completed or used to procure specific material on a contract, as well as related overhead costs incurred during design and construction.

Net contract assets (liabilities) consisted of the following:

	September 30, 2026	March 31, 2026	Change	Change due to revenue recognized	Change due to invoicing customers/ additional deposits
Unbilled revenue - contract assets	$ 44,515	$ 59,868	$ (15,353)	$ 64,775	$ (80,128)
Customer deposits - contract liabilities	(129,655)	(102,421)	(27,234)	44,197	(71,431)
Net contract (liabilities) assets	$ (85,140)	$ (42,553)	$ (42,587)		

Contract liabilities at September 30, 2026 and March 31, 2026 include $7,025 and $4,560, respectively, of customer deposits for which the Company has an unconditional right to collect payment. Trade accounts receivable, as presented on the Condensed Consolidated Balance Sheets, includes corresponding balances at September 30, and March 31, 2026, respectively.

Receivables billed but not paid under retainage provisions in the Company’s customer contracts were $2,690 and $2,419 at September 30, and March 31, 2026, respectively.

The Company’s remaining unsatisfied performance obligations represent a measure of the total dollar value of work to be performed on contracts awarded and in progress. The Company also refers to this measure as backlog. As of September 30, 2026, the Company had remaining unsatisfied performance obligations of $561,276. The Company expects to recognize revenue on approximately 30% to 35% of the backlog within one year, 20% to 25% in one to two years and the remaining beyond two years.

NOTE 4 – INVENTORIES:

Inventories are stated at the lower of cost or net realizable value, using the average cost method.

Major classifications of inventories are as follows:

	September 30, 2026	March 31, 2026
Raw materials and supplies	$ 11,519	$ 9,342
Work in process	41,096	39,685
Finished products	2,754	1,731
Total	$ 55,369	$ 50,758

NOTE 5 – INTANGIBLE ASSETS:

Intangible assets are comprised of the following:

	Weighted Average Amortization Period	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
At September 30, 2026				
Intangibles subject to amortization:				
Customer relationships	8 - 20 years	$ 19,600	$ 4,940	$ 14,660
Technology and technical know-how	9 - 20 years	26,550	4,467	22,083
Tradename	3 years	300	292	8
		$ 46,450	$ 9,699	$ 36,751
Intangibles not subject to amortization:				
Goodwill	Indefinite	$ 37,326	$ —	$ 37,326
Tradename	Indefinite	13,400	—	13,400
		$ 50,726	$ —	$ 50,726

	Weighted Average Amortization Period	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
At March 31, 2026				
Intangibles subject to amortization:				
Customer relationships	8 - 20 years	$ 19,600	$ 4,228	$ 15,372
Technology and technical know-how	9 - 20 years	26,550	3,318	23,232
Tradename	3 years	300	242	58
		$ 46,450	$ 7,788	$ 38,662
Intangibles not subject to amortization:				
Goodwill	Indefinite	$ 38,078	$ —	$ 38,078
Tradename	Indefinite	13,400	—	13,400
		$ 51,478	$ —	$ 51,478

Intangible amortization was $955 and $498 for the three months ended September 30, 2026 and 2025, respectively, and $2,006 and $997 for the six months ended September 30, 2026 and 2025, respectively. Inventory step up amortization of $95 was expensed in the six months ended September 30, 2026. The estimated annual future amortization expense by fiscal year is as follows:

	Annual Amortization
Remainder of 2027	$ 1,868
2028	3,721
2029	3,721
2030	3,721
2031	3,721
2032 and thereafter	19,999
Total intangible amortization	$ 36,751

The change in the carrying amount of goodwill is as follows:

	Six Months Ended September 30, 2026
Balance at beginning of period	$ 38,078
Impact of measurement period adjustments of acquisitions (Note 2)	(752)
Balance at end of period	$ 37,326

NOTE 6 – STOCKHOLDERS' EQUITY AND STOCK COMPENSATION PLANS:

On April 14, 2026, the Company entered into a Securities Purchase Agreement with certain accounts advised by T. Rowe Price Investment Management, Inc. pursuant to which the Company agreed to sell an aggregate of 600 shares of common stock, par value of $0.10 per share for $83.36 per share, based upon the 20-day average closing price of the Company's common stock on the New York Stock Exchange on April 13, 2026, for aggregate gross proceeds of $50,000. The Company utilized $13,000 of the proceeds for debt repayment and is expected to utilize the remaining proceeds to help fund future investment in organic and inorganic growth opportunities.

The 2020 Graham Corporation Equity Incentive Plan, as amended (the "2020 Plan"), provides for the issuance of 722 shares of common stock in connection with grants of incentive stock options, non-qualified stock options, restricted stock units and stock awards to officers, key employees and outside directors, including 112 shares that became available under the 2020 Plan from the Company's prior plan, the Amended and Restated 2000 Graham Corporation Incentive Plan to Increase Shareholder Value (the "2000 Plan"). As of August 11, 2020, the effective date of the 2020 Plan, no further awards will be granted under the 2000 Plan.

The following grants of time-vesting restricted stock units ("RSUs") and performance-vesting restricted stock units ("PSUs") were awarded during the six months ended September 30, 2026 and 2025:

Three months ended September 30,	Vest 100% on First Anniversary [1] Directors	Vest One-Third Per Year Over Three-Year Term [1] Officers and Key Employees	Vest 100% on Third Anniversary [1] Officers and Key Employees	Total Shares Awarded
2026				
Time Vesting RSUs	5	19	—	24
Performance Vesting PSUs	—	1	25	26
2025				
Time Vesting RSUs	11	17	—	28
Performance Vesting PSUs	—	—	42	42

[1] Subject to the terms of the applicable award.

The Company has an Employee Stock Purchase Plan, as amended (the "ESPP"), which allows eligible employees to purchase shares of the Company's common stock at a discount of up to 15% of its fair market value on the lower of the last or first day of the six-month offering period. As of September 30, 2026, a total of 69 shares of common stock remain available to be purchased under the ESPP.

The Company has recognized equity-based compensation costs, which are primarily included in selling, general and administrative costs, as follows:

	Three Months Ended September 30,		Six Months Ended September 30,	
	2026	2025	2026	2025
Restricted stock units	$ 735	$ 517	1,327	1,006
Employee stock purchase plan	47	36	100	79
	$ 782	$ 553	$ 1,427	$ 1,085
Income tax benefit recognized	$ 187	$ 127	$ 328	$ 248

NOTE 7 – INCOME PER SHARE:

Basic income per share is computed by dividing net income by the weighted average number of common shares outstanding for the period. Diluted income per share is calculated by dividing net income by the weighted average number of common shares outstanding and, when applicable, potential common shares outstanding during the period. A reconciliation of the numerators and denominators of basic and diluted income per share is presented below:

	Three Months Ended September 30,		Six Months Ended September 30,	
	2026	2025	2026	2025
Basic income per share				
Numerator:				
Net income	$ 4,637	$ 3,090	$ 8,549	$ 7,685
Denominator:				
Weighted average common shares outstanding	11,734	10,985	11,666	10,956
Basic income per share	$ 0.40	$ 0.28	$ 0.73	$ 0.70
Diluted income per share				
Numerator:				
Net income	$ 4,637	$ 3,090	$ 8,549	$ 7,685
Denominator:				
Weighted average common shares outstanding	11,734	10,985	11,666	10,956
Restricted stock units outstanding	121	150	113	127
Weighted average common and potential common shares outstanding	11,855	11,135	11,779	11,083
Diluted income per share	$ 0.39	$ 0.28	$ 0.73	$ 0.69

NOTE 8 – PRODUCT WARRANTY LIABILITY:

The reconciliation of the changes in the product warranty liability is as follows:

	Three Months Ended September 30,		Six Months Ended September 30,	
	2026	2025	2026	2025
Balance at beginning of period	$ 935	$ 731	$ 1,017	$ 786
Expense for product warranties	145	20	78	18
Product warranty claims paid	(206)	(14)	(221)	(67)
Balance at end of period	$ 874	$ 737	$ 874	$ 737

The product warranty liability is included in the line item accrued expenses and other current liabilities in the Condensed Consolidated Balance Sheets.

NOTE 9 – CASH FLOW STATEMENT:

Interest and income taxes paid as well as non-cash investing and financing activities are as follows:

	Six Months Ended September 30,	
	2026	2025
Interest paid	$ 123	$ 117
Income taxes paid	145	27
Capital purchases recorded in accounts payable	823	873

NOTE 10 – COMMITMENTS AND CONTINGENCIES:

The Company has been named as a defendant in lawsuits alleging personal injury from exposure to asbestos allegedly contained in, or accompanying, products made by the Company or from exposure to asbestos at the Company's facilities. The Company is a co-defendant with numerous other defendants in these lawsuits and intends to vigorously defend itself against these claims. The claims in the Company's current lawsuits are similar to those made in previous asbestos-related suits that named the Company as a defendant, which either were dismissed when it was shown that the Company had not supplied products to the plaintiffs' places of work or were settled for immaterial amounts. The Company believes that the resolution of these asbestos-related lawsuits will not have a material adverse effect on the Company's financial position or results of operations. However, legal matters are subject to inherent uncertainties and there exists the possibility that the ultimate resolution of these asbestos-related lawsuits could have a material adverse impact on the Company's financial position and the results of operations.

During the third quarter of fiscal 2024, the Audit Committee of the Board of Directors, with the assistance of external counsel and forensic professionals, concluded an investigation into a whistleblower complaint received regarding its wholly-owned subsidiary Graham India Private Limited ("GIPL"). The investigation identified evidence supporting the complaint and other misconduct by employees. The other misconduct was over a period of four years, was not deemed to be material, and was isolated to a few employees. All involved employees have been terminated or are no longer with the Company and the Company has implemented remedial actions, including strengthening its compliance program and internal controls. As a result of the investigation, during the third quarter of fiscal 2024, the statutory auditor and bookkeeper of GIPL tendered their resignations and new firms were appointed. The Company has voluntarily reported the findings of its investigation to the appropriate authorities in India, the U.S. Department of Justice, and the Securities and Exchange Commission and will continue to cooperate with those authorities. Although the resolutions of these matters are inherently uncertain, we do not believe any remaining impact will be material to the Company's overall consolidated results of operations, financial position, or cash flows.

As of September 30, 2026, the Company was subject to the claims noted above, as well as other potential claims that have arisen in the ordinary course of business. Although the outcome of the lawsuits, legal proceedings or potential claims to which the Company is, or may become, a party to cannot be determined and an estimate of the reasonably possible loss or range of loss cannot be made for the majority of the claims, management does not believe that the outcomes, either individually or in the aggregate, will have a material adverse effect on the Company's results of operations, financial position or cash flows.

As of September 30, 2026, the Company has entered into operating leases with future fixed minimum lease payments of $1,567 that have not yet commenced. The Company has entered into operating leases with companies in which one of our Strategic Advisors, who was previously our Executive Chairman and Chief Executive Officer, holds a majority interest, for certain buildings, equipment and storage units in Arvada, Colorado. In connection with such leases, the Company made fixed minimum lease payments to the lessor of $261 and $254 during the three months ended September 30, 2026 and 2025, respectively, and $523 and $506 during the six months ended September 30, 2026 and 2025, respectively. The Company is obligated to make payments of $511 during the remainder of fiscal 2027. Future fixed minimum lease payments under these leases as of September 30, 2026 are $3,269.

NOTE 11 – INCOME TAXES:

The Company files federal and state income tax returns in several domestic and international jurisdictions. In most tax jurisdictions, returns are subject to examination by the relevant tax authorities for a number of years after the returns have been filed. The Company is subject to U.S. federal examination for the tax years 2022 through 2025 and examination in state tax jurisdictions for the tax years 2021 through 2025. The Company is subject to examination in the People's Republic of China for tax years 2022 through 2025 and in India for tax years 2022 through 2025. There was no liability for unrecognized tax benefits at either September 30, 2026 or March 31, 2026.

The income tax provision for interim periods is determined using an estimate of the annual effective tax rate, adjusted for discrete items, if any, that are taken into account in the relevant period. Each quarter, the estimate of the annual effective tax rate is updated, and if the estimated effective tax rate changes, a cumulative adjustment is made. There is a potential for volatility of the effective tax rate due to several factors, including discrete items, changes in the mix and amount of pre-tax income and the jurisdictions to which it relates, changes in tax laws and foreign tax holidays, business reorganizations, settlements with taxing authorities and foreign currency fluctuations. In addition, the Company continues to explore tax planning opportunities that may have a material impact on its effective

tax rate. The Company's effective tax rate for the second quarter of fiscal 2027 was 22%, compared with 27% in the second quarter of fiscal 2026. The effective tax rate for the first six months of fiscal 2027 was 16%, compared with 17% for the first six months of fiscal 2026. The lower effective tax rates in the first six months of fiscal 2027 and fiscal 2026 in comparison to the statutory rate were primarily due to the discrete tax benefit recognized in those periods related to the vesting of restricted stock units and the Company's improved stock price in comparison to when those units were granted. Additionally, the decrease in the effective tax rate in fiscal 2027, compared with fiscal 2026, was primarily due to the enactment of the One Big Beautiful Bill Act ("OBBB") on July 4, 2025, impacting the effective rate in fiscal 2026.

NOTE 12 – CHANGES IN ACCUMULATED OTHER COMPREHENSIVE LOSS:

The changes in accumulated other comprehensive loss by component for the three and six months ended September 30, 2026 and 2025 are as follows:

	Pension and Other Postretirement Benefit Items	Foreign Currency Items	Total
Balance at April 1, 2026	$ (5,584)	$ (265)	$ (5,849)
Other comprehensive income before reclassifications	—	61	61
Amounts reclassified from accumulated other comprehensive loss	132	—	132
Net current-period other comprehensive income	132	61	193
Balance at June 30, 2026	(5,452)	(204)	(5,656)
Other comprehensive income before reclassifications	—	37	37
Amounts reclassified from accumulated other comprehensive loss	132	—	132
Net current-period other comprehensive income	132	37	169
Balance at September 30, 2026	$ (5,320)	$ (167)	$ (5,487)

	Pension and Other Postretirement Benefit Items	Foreign Currency Items	Total
Balance at April 1, 2025	$ (6,671)	$ (316)	$ (6,987)
Other comprehensive income before reclassifications	—	50	50
Amounts reclassified from accumulated other comprehensive loss	162	—	162
Net current-period other comprehensive income	162	50	212
Balance at June 30, 2025	(6,509)	(266)	(6,775)
Other comprehensive loss before reclassifications	—	(56)	(56)
Amounts reclassified from accumulated other comprehensive loss	161	—	161
Net current-period other comprehensive income (loss)	161	(56)	105
Balance at September 30, 2025	$ (6,348)	$ (322)	$ (6,670)

The reclassifications out of accumulated other comprehensive loss by component for the three and six months ended September 30, 2026 and 2025 are as follows:

Details about Accumulated Other Comprehensive Loss Components	Amount Reclassified from Accumulated Other Comprehensive Loss		Affected Line Item in the Condensed Consolidated Statements of Income
	Three Months Ended September 30,		
	2026	2025	
Pension and other postretirement benefit items:			
Amortization of actuarial loss	$ 173 (1)	$ 210 (1)	Income before provision for income taxes
Tax effect	41	49	Provision for income taxes
	$ 132	$ 161	Net income

Details about Accumulated Other Comprehensive Loss Components	Amount Reclassified from Accumulated Other Comprehensive Loss		Affected Line Item in the Condensed Consolidated Statements of Income
	Six Months Ended September 30,		
	2026	2025	
Pension and other postretirement benefit items:			
Amortization of actuarial loss	$ 346 [1]	$ 420 [1]	Income before provision for income taxes
Tax effect	82	97	Provision for income taxes
	$ 264	$ 323	Net income

[1] These accumulated other comprehensive loss components are included within the computation of pension and other postretirement benefit costs.

NOTE 13 – DEBT:

On October 13, 2023, the Company entered into a new five-year revolving credit facility with Wells Fargo Bank, National Association ("Wells Fargo") that provided a $50,000 line of credit (the "Revolving Credit Facility"). Simultaneous with the close of the acquisition of FlackTek on January 23, 2026, the Company amended the Revolving Credit Facility to increase the limit to $80,000. The Revolving Credit Facility has a $25,000 sub-limit for letters of credit. As of September 30, 2026, there was $0 borrowed and $5,264 letters of credit outstanding on the Revolving Credit Facility.

The Revolving Credit Facility contains customary terms and conditions, including representations and warranties and affirmative and negative covenants, as well as financial covenants for the benefit of Wells Fargo, which require the Company to maintain (i) a consolidated total leverage ratio not to exceed 3.50:1.00 and (ii) a consolidated fixed charge coverage ratio of at least 1.20:1.00, in both cases computed in accordance with the definitions and requirements specified in the Revolving Credit Facility. As of September 30, 2026, the Company was in compliance with the financial covenants of the Revolving Credit Facility.

Borrowings under the Revolving Credit Facility bear interest at a rate equal to, at the Company's option, either (i) a forward-looking term rate based on the secured overnight financing rate ("SOFR") for the applicable interest period, subject to a floor of 0.0% per annum or (ii) a base rate determined by reference to the highest of (a) the rate of interest per annum publicly announced by the Lender as its prime rate, (b) the federal funds rate plus 0.50% per annum and (c) one-month term SOFR plus 1.00% per annum, subject to a floor of 1.00% per annum, plus, in each case, an applicable margin. The applicable margins range between (i) 1.25% per annum and 2.50% per annum in the case of any term SOFR loan and (ii) 0.25% per annum and 1.50% per annum in the case of any base rate loan, in each case based upon the Company's then-current consolidated total leverage ratio; provided, however, for a period of one year following the closing date, the applicable margin is set at 1.25% per annum in the case of any term SOFR loan and 0.25% per annum in the case of any base rate loan. As of September 30, 2026, the SOFR rate was 3.90%.

The Company is required to pay a quarterly commitment fee on the unused portion of the Revolving Credit Facility during the applicable quarter at a per annum rate also determined by reference to the Company's then-current consolidated total leverage ratio, which fee ranges between 0.10% per annum and 0.20% per annum. Any outstanding letters of credit issued under the Revolving Credit Facility will bear a fee equal to the daily amount drawn under such letters of credit multiplied by the applicable margin for the SOFR loans. As of September 30, 2026, the amount available under the Revolving Credit Facility was $74,736, subject to the interest and leverage covenants.

As of September 30, 2026, $306 letters of credit are outstanding with HSBC Bank USA, N.A. and are cash secured. These outstanding letters of credit are subject to a fee of between 0.75% and 0.85% per annum, depending on the term of the letter of credit. As of September 30, 2026, $38 letters of credit are outstanding with HSBC Bank, India and are cash secured. Additionally, we have a 20,000 RMB bank guaranty line of credit with China Citic Bank Co. LTD which had $565 letters of credit outstanding as of September 30, 2026. Outstanding letters of credit under this agreement are subject to a fee of 0.60% per annum. We also have a 445,000 INR bank guaranty line of credit with HSBC Bank, India. Outstanding letters of credit under this agreement are subject to a fee of 0.60% per annum. As of September 30, 2026, $1,872 letters of credit outstanding at HSBC Bank, India.

Total letters of credit outstanding as of September 30, 2026 and March 31, 2026 were $8,045 and $9,170, respectively.

NOTE 14 – SEGMENT INFORMATION:

The Company has one reporting segment as its operating segments meet the requirements for aggregation. The Company and its operating subsidiaries design and manufacture mission critical fluid, power, heat transfer, vacuum and advanced mixing technologies for the Defense, Space, Energy & Process industries. The Company also services and sells spare parts for its equipment. The Company's

chief operating decision maker ("CODM") has been identified as its Chief Executive Officer who evaluates performance on an operating segment basis, as well as a consolidated basis, based on Adjusted EBITDA, which is a non-GAAP measure. This measure is used by our CODM, management, our Board of Directors, investors, lenders and other external users of our financial statements to assess our operating performance and to compare operating performance to other companies in our industry. In addition, our CODM believes Adjusted EBITDA is a useful measure to assess the earnings power of the business without the impact of capital structure and can be used to assess our ability to fund future capital expenditures in the business. For additional information on Adjusted EBITDA, please see "Non-GAAP Measures" included in Part I, Item 2, of this Quarterly Report on Form 10-Q.

The following table provides our results as a reconciliation from consolidated Net income to our consolidated Adjusted EBITDA:

	Three Months Ended September 30,		Six Months Ended September 30,	
	2026	2025	2026	2025
Net income	$ 4,637	$ 3,090	$ 8,549	$ 7,685
Acquisition & integration expense (income), net	991	(87)	2,170	(163)
Equity-based compensation	782	553	1,427	1,085
ERP implementation costs	45	29	188	52
Net interest income	(226)	(68)	(346)	(245)
Income tax expense	1,333	1,133	1,604	1,551
Depreciation & amortization	2,741	1,645	5,461	3,168
Adjusted EBITDA	$ 10,303	$ 6,295	$ 19,053	$ 13,133

NOTE 15 – ACCOUNTING AND REPORTING CHANGES:

In the normal course of business, management evaluates all new Accounting Standards Updates ("ASU") and other accounting pronouncements issued by the Financial Accounting Standards Board ("FASB"), Securities and Exchange Commission, or other authoritative accounting bodies to determine the potential impact they may have on the Company's consolidated financial statements. Other than those discussed below, management does not expect any of the recently issued accounting pronouncements, which have not already been adopted, to have a material impact on the Company's consolidated financial statements.

In November 2024, the FASB issued ASU No. 2024-03 "Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses." This ASU requires public business entities to disclose, for interim and annual reporting periods, additional information about certain income statement expense categories. The requirements are effective for fiscal years beginning after December 15, 2026, and for interim periods beginning after December 15, 2027. Entities are permitted to apply either the prospective or retrospective transition methods. The Company is currently evaluating the impact that the adoption of this ASU will have on its consolidated financial statements.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

(Dollar and share amounts in thousands, except per share data)

Overview

We are a global leader in the design and manufacture of mission critical fluid, power, heat transfer, vacuum, and advanced mixing technologies for the Defense, Space, Energy & Process industries. For the Defense industry, our equipment is used in nuclear and non-nuclear propulsion, power, fluid transfer, thermal management, and advanced mixing systems. For the Space industry, our equipment is used in propulsion, power, thermal management, advanced mixing, and life support systems. For the Energy & Process industries we supply equipment for vacuum, heat transfer, advanced mixing, and fluid transfer applications used in oil refining, downstream chemical facilities, fertilizers, ethylene, methanol, edible oil, food & beverage, pulp & paper, medical, and multiple alternative energy applications such as hydrogen, small modular nuclear ("SMRs"), concentrated solar, lithium extraction, and geothermal processes.

Our brands are built upon engineering expertise and close customer collaboration to design, develop, and produce mission critical equipment and systems that enable our customers to meet their economic and operational objectives. Continual improvement of our processes and systems to ensure qualified and compliant equipment are hallmarks of our brand. Our early engagement with customers and support until the end of service life are values upon which our brands are built.

Our corporate headquarters is co-located with our production facilities in Batavia, NY, and we have wholly-owned subsidiaries in Arvada, CO, Greenville, SC, Jupiter, FL, and Louisville, CO and have sales and engineering offices in Houston, TX, Suzhou, China, and Ahmedabad and Pune, India.

Our fiscal year ends on March 31 of each year. We refer to our fiscal year, which ends March 31, 2027, as fiscal 2027. Likewise, we refer to our fiscal year that ended March 31, 2026 and March 31, 2025 as fiscal 2026 and fiscal 2025, respectively.

Acquisition

On January 23, 2026, we acquired FlackTek Manufacturing, LLC and FlackTek Sales, LLC (collectively, "FlackTek"), a provider of advanced mixing and material processing solutions. FlackTek's patented technology platform delivers highly repeatable, precision mixing with faster cycle times, minimal entrained air, reduced downtime between batches, consistency in production, and ultimately can achieve higher levels of product homogeneity when compared to traditional bladed methods. FlackTek's systems are used by a global customer base that includes leading original equipment manufacturers ("OEMs"), research and development centers, defense laboratories, and industrial manufacturers serving adhesives, sealants, functional coatings, composites, electronics, and other advanced materials markets. FlackTek adds a proven product portfolio with a shared customer base and an installed footprint that extends across the full value chain. Its mixing systems are process-critical and market-agnostic, serving defense, energetics, oil & gas, food, battery, aerospace and space, medical, and other industrial applications where precision, repeatability, and consistency drive value. With approximately $30,000 in annualized revenue, FlackTek has built a growing installed base that generates recurring demand for consumables, accessories, and services, enhancing revenue visibility and durability.

FlackTek operates as a wholly owned subsidiary of Graham Corporation, maintaining its headquarters in Louisville, CO with a satellite location in Greenville, SC, and will be integrated into our financial, compliance, and operational infrastructure. Under the terms of the transaction, we acquired 100% of the equity of FlackTek for a purchase price of $36,205, which was comprised of cash consideration of $24,889 and 76 shares of our common stock, representing a value of $5,678 at a price of $74.89 per share. The purchase agreement includes the potential to earn an additional $25,000 in future performance-based cash earnouts over four years beginning with fiscal 2027, based upon achieving progressively increasing adjusted EBITDA performance targets each year. At the acquisition date, a liability of $5,638 was recorded for the contingent earn-out.

See Note 2 to the Unaudited Condensed Consolidated ("Condensed Consolidated") Financial Statements included in Part I, Item 1, of this Quarterly Report on Form 10-Q (this "Form 10-Q") for additional information.

Summary

Highlights for the three months ended September 30, 2026 include:

- Net sales for the second quarter of fiscal 2027 were $69,760, up $3,733, or 6% compared with the second quarter of fiscal 2026 reflecting the strength of our diversified revenue base, as well as the acquisition of FlackTek, which added $9,517 to net sales during the quarter, partially offset by decreases in our traditional Energy markets, particularly to customers outside of the U.S, and an extraordinarily high level of material receipts in the second quarter of fiscal 2026. The increase in net sales included a $5,077 or 12% increase in sales to the Defense industry, primarily due to the timing of project milestones, new programs, growth in existing programs and capacity, and the addition of FlackTek, partially offset by approximately $10,000 of lower material receipts in the second quarter of fiscal 2027 compared to the second quarter of fiscal 2026. Net sales to the Space industry increased 59%, or $2,374, primarily due to the impacts of commercialization and accelerated launch cadences, the ramp up of existing programs, as well as the FlackTek acquisition. Net sales for the quarter for the Energy & Process markets decreased $3,718 or 17%, driven by decreased

sales in traditional Energy markets due to continued softness in investments in large capital projects caused by geopolitical uncertainties, partially offset by the addition of FlackTek and increased sales in New Energy such as SMRs. Sales to customers outside of the U.S., which predominately are in the Energy & Process markets, of $4,949 were down $5,980 or 55% compared with the second quarter of fiscal 2026 and primarily related to decreases in our Asia markets. Aftermarket sales to the Energy & Process and Defense markets of $8,561 were down 3% compared with the second quarter of fiscal 2026 but remained at high levels.

- Gross profit for the second quarter of fiscal 2027 was $19,673, up $5,367 or 38% compared with the second quarter of fiscal 2026 primarily due to an increase in gross profit margin to 28.2% for the quarter compared with 21.7% in the second quarter of fiscal 2026, as well as the increase in net sales discussed above. The increase in gross profit margin reflects the impacts of operational improvements on new and existing programs, the addition of FlackTek, and mix of sales during the second quarter of fiscal 2027, in particular, the composition of the current mix of programs in the Space and Defense markets, and an extraordinarily high level of material receipts, which carry a lower profit margin, in the second quarter of fiscal 2026.
- Selling, general and administrative expenses ("SG&A"), including intangible amortization, for the second quarter of fiscal 2027 increased $3,427, or 34%, over the prior year second quarter. Acquisition and integration expenses contributed $667 of the increase compared to the second quarter of fiscal 2026. Additionally, incremental SG&A from the acquisition of FlackTek accounted for $2,255 of the increase. The remaining increases primarily reflect investments we are making in our people, our processes, and our technology, which we expect to be approximately $2,500 of incremental costs for fiscal 2027, partially offset by a reduction in costs related to the BN Performance Bonus. In connection with the acquisition of Barber-Nichols, LLC ("BN"), we entered into a Performance Bonus Agreement to provide employees of BN with a supplemental performance-based award based on the achievement of BN performance objectives for fiscal 2024, 2025, and 2026, which could range between $2,000 to $4,000 per year (the "BN Performance Bonus"). The BN Performance Bonus is no longer in effect in fiscal 2027. During the second quarter of fiscal 2026, we recorded $1,076 related to the BN Performance Bonus inclusive of applicable payroll taxes and no expense was recorded in the second quarter of fiscal 2027.
- Net income and income per diluted share for the second quarter of fiscal 2027 were $4,637 and $0.39, respectively, compared with net income and income per diluted share of $3,090 and $0.28, respectively, for the second quarter of fiscal 2026. Adjusted net income and adjusted net income per diluted share for the second quarter of fiscal 2027 were $6,170 and $0.52, respectively, compared with adjusted net income and adjusted net income per diluted share of $3,429 and $0.31, respectively, for the second quarter of fiscal 2026. See "Non-GAAP Measures" below for a reconciliation of adjusted net income and adjusted net income per diluted share to the comparable GAAP amount.
- Orders booked in the second quarter of fiscal 2027 were $73,701, or 1.1x net sales, compared with $83,200 in the second quarter of fiscal 2026, a decrease of $9,499, or 11%. Aftermarket orders for the Energy & Process and Defense markets for the second quarter of fiscal 2027 increased 91% to $18,312, compared with $9,604 in the second quarter of fiscal 2026. Orders in the Space industry, while down $4,160, or 28%, for the second quarter of fiscal 2027 compared to the second quarter of fiscal 2026, are up $9,793, or 64%, for the six months ended September 30, 2026 compared to the six months ended September 30, 2025. The book-to-bill ratio for the Space industry in the six months ended September 30, 2026 is 2.0x. Orders in the Energy & Process markets for the second quarter of fiscal 2027 increased $181, or 1%, compared to the second quarter of fiscal 2026, as orders for large capital projects for the Energy & Process market remained slow during the three months ended September 30, 2026, partially offsetting increases in Aftermarket orders in Energy & Process. Note that our orders tend to be lumpy given the nature of our business (i.e. large capital projects) and in particular, orders to the Defense industry, which span multiple years and can be significantly larger in size. For the second quarter of fiscal 2027 our book-to-bill ratio was 1.1x and for the six months ended September 30, 2026 was 1.2x. Our annual book-to-bill goal is 1.1x. Backlog reached a record $561,276 at September 30, 2026, compared with $532,637 and $500,072 at March 31, 2026 and September 30, 2025, respectively. For more information on these key performance indicators see "Orders, Backlog, and Book-to-Bill Ratio" below.
- Cash and cash equivalents at September 30, 2026 were $71,427, compared with $6,580 at March 31, 2026. Cash provided by operating activities for the first six months of fiscal 2027 of $34,070 was offset by capital expenditures of $4,855 as we continue to invest in process improvement and longer-term growth opportunities. As of September 30, 2026 we had no debt outstanding. For more information see "Liquidity and Capital Resources" below.

Cautionary Note Regarding Forward-Looking Statements

This Form 10-Q and other documents we file with the Securities and Exchange Commission ("SEC") include forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical fact are forward-looking statements for purposes of this Form 10-Q. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from any future results implied by the forward-looking statements. Forward-looking statements are indicated by words such as "anticipate," "believe," "continue," "could," "estimate," "can," "may," "intend," "expect," "likely," "plan," "goal," "predict," "project," "outlook," "potential," "will," "future," and similar words and expressions.

Forward-looking statements are not a guarantee of future performance and involve risks and uncertainties, and there are certain important factors that could cause our actual results to differ, possibly materially, from expectations or estimates reflected in such forward-looking statements including, but not limited to, those described in the "Risk Factors" section in Item 1A of our Annual Report on Form 10-K for fiscal 2026 and elsewhere in the reports we file with the SEC. Undue reliance should not be placed on our forward-looking statements. New risks and uncertainties arise from time to time, and we cannot predict these events or how they may affect us and cause actual results to differ materially from those expressed or implied by our forward-looking statements. Therefore, you should not rely on our forward-looking statements as predictions of future events. When considering these risks, uncertainties and assumptions, you should keep in mind the cautionary statements contained in this report and any documents incorporated herein by reference. You should read this document and the documents that we reference in this Form 10-Q completely and with the understanding that our actual future results may be materially different from what we expect. All forward-looking statements attributable to us are expressly qualified by these cautionary statements.

All forward-looking statements included in this Form 10-Q are made only as of the date indicated or as of the date of this Form 10-Q. Except as required by law, we undertake no obligation to update or announce any revisions to forward-looking statements contained in this report, whether as a result of new information, future events or otherwise.

Current Market Conditions

Defense - Demand for our equipment and systems for the Defense industry is expected to remain strong and continue to expand, based on Defense budget plans, accelerated ship build schedules due to geopolitical tensions, and the projected build schedule of submarines, aircraft carriers and undersea propulsion and power systems that we provide solutions for. In addition to U.S. Navy applications, we also provide specialty pumps, turbines, compressors, and controllers for various fluid and thermal management systems, radar, laser, electronics, and power systems, as well as advanced mixing systems for energetics. We have built a leading position, and in most instances a sole source position, for certain systems and equipment for the Defense industry, which helps protect us from outside competition. We believe that we have become a strategic supplier to the Defense industry through our ability to provide quality products and meet our customers accelerated delivery schedules, which in turn may lead to awards for components on new programs, as well as additional content on the programs we already supply.

Space - Our turbomachinery, pumps, and cryogenic products and market access provide revenue and growth potential in the commercial Space/Aerospace markets. The commercial Space market has grown and evolved rapidly, and we provide full life-cycle support for rocket engine turbopump systems and components, as well as advanced mixing systems, to many of the industry leading launch providers for satellites. We expect that in the long-term, extended space exploration will become more prevalent, and we anticipate that our thermal/fluid management and environmental control and life support system turbomachinery and advanced mixing systems will play important roles. We are also participating in future aerospace power and propulsion system development through supply of fluid and thermal management systems components. Small, power-dense systems are imperative for these applications, and we believe our technology and expertise will enable us to achieve sales growth in this market. Sales and orders to the Space industry are variable in nature and many of our customers, who are key players in the industry, have yet to achieve profitability and may be unable to continue operations without additional funding. As a result, future revenue and growth in this market can be uncertain due to high dependency on launch provider commercialization, timing, and success.

Energy & Process - Our traditional Energy markets are undergoing significant transition. While we expect that fossil fuels will continue to be an important component in the global Energy industry for many years to come, there are significant changes in the priorities for capital investments by our customers and the regions in which those investments are being made. We expect that the systemic changes in the Energy markets, which are influenced by the increasing use by consumers of alternative fuels and government policies to stimulate their usage, will likely lead to demand growth for fossil-based fuels that is less than the global growth rate. Accordingly, as of late we are seeing the timing of large capital project orders in our traditional Energy & Process markets being pushed out due to volatility in gas prices, tariffs, and geopolitical uncertainty, which has caused customers to delay capital investment. Accordingly, we believe that in the near term the quantity of projects available for us to compete for will remain low and that new project pricing will remain challenging. Additionally, we believe that the majority of new capital investment orders in our traditional Energy markets will be outside the U.S., such as India and the Middle East. Finally, over the last few years we have experienced an increase in our Energy & Process Aftermarket orders primarily from the domestic market as our customers continue to maintain and invest in the facilities they currently operate and we expect that trend to continue for the foreseeable future.

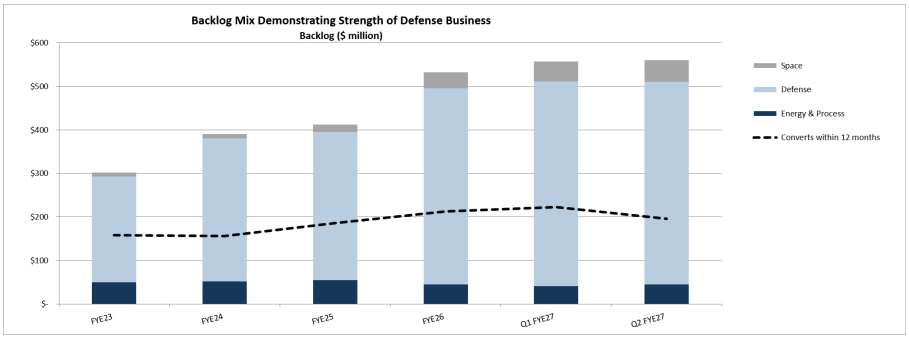
Over the long-term, we expect that population growth, an expanding global middle class, and an increasing desire for improved quality of life and access to consumer products will drive increased demand for industrial goods within the plastics and resins value chain along with fertilizers and related Process markets. As such, we expect investment in new global process capacity will improve and drive growth in demand for our products and services.

The alternative and clean energy opportunities for our heat transfer, power production, and fluid transfer systems are expected to continue to grow. We assist in designing, developing, and producing equipment for hydrogen production, distribution and fueling systems, concentrated solar power and storage, SMRs, bio-energy products, and geothermal power generation. As a result of increased

energy demands driven by population growth, crypto-currency mining, and artificial intelligence ("AI") data centers, we have seen an increase in activity and orders related to SMRs which we expect to continue for the foreseeable future. We believe we are positioned to be a significant contributor as these markets continue to develop.

We intend to stay competitive in our traditional Energy & Process markets by investing in technology. One example of this is our NextGen™ steam ejector nozzle, which has been engineered to reduce steam consumption, lower operating costs, and increase system capacity, allowing refineries and process plants to enhance throughput while minimizing their carbon footprint. We estimate that the total market opportunity for our NextGen™ nozzle exceeds $50,000 over the next 5 to 10 years.

As illustrated below, we have succeeded over the last several years with our strategy to increase our participation in the Defense market, which comprised 83% of our total backlog at September 30, 2026.



*Note: "FYE" refers to fiscal year ended March 31. For more information on this key performance indicator see "Orders, Backlog, and Book-to-Bill Ratio" below.

Results of Operations

To better understand the significant factors that influenced our performance during the periods presented, the following discussion should be read in conjunction with our Condensed Consolidated Financial Statements and the notes to our Condensed Consolidated Financial Statements included in Part I, Item 1, of this Form 10-Q.

The following table summarizes our results of operations for the periods indicated:

	Three Months Ended September 30,		Six Months Ended September 30,	
	2026	2025	2026	2025
Net sales	$ 69,760	$ 66,027	$ 141,102	$ 121,514
Gross profit	$ 19,673	$ 14,306	$ 37,474	$ 29,027
Gross profit margin	28.2%	21.7%	26.6%	23.9%
SG&A expenses	$ 13,653	$ 10,226	$ 26,714	$ 20,059
SG&A as a percent of sales	19.6%	15.5%	18.9%	16.5%
Net income	$ 4,637	$ 3,090	$ 8,549	$ 7,685
Income per diluted share	$ 0.39	$ 0.28	$ 0.73	$ 0.69

The following tables provide our net sales by product line and geographic region including the percentage of total and change in comparison to the prior year for each category and period presented. Percentages may not sum to the total due to rounding:

	Three Months Ended September 30,				Change		Six Months Ended September 30,				Change	
Market	2026	%	2025	%	$	%	2026	%	2025	%	$	%
Defense	$ 45,827	66%	$ 40,750	62%	$ 5,077	12%	$ 87,210	62%	$ 70,285	58%	$ 16,925	24%
Space	6,373	9%	3,999	6%	2,374	59%	12,660	9%	7,377	6%	5,283	72%
Energy & Process	17,560	25%	21,278	32%	(3,718)	-17%	41,232	29%	43,852	36%	(2,620)	-6%
Net sales	$ 69,760	100%	$ 66,027	100%	$ 3,733	6%	$ 141,102	100%	$ 121,514	100%	$ 19,588	16%
Geographic Region												
United States	$ 64,811	93%	$ 55,098	83%	$ 9,713	18%	$ 129,274	92%	$ 101,420	83%	$ 27,854	27%
International	4,949	7%	10,929	17%	(5,980)	-55%	11,828	8%	20,094	17%	(8,266)	-41%
Net sales	$ 69,760	100%	$ 66,027	100%	$ 3,733	6%	$ 141,102	100%	$ 121,514	100%	$ 19,588	16%

Second Quarter and First Six Months of Fiscal 2027 Compared with Second Quarter and First Six Months of Fiscal 2026

Net sales for the second quarter of fiscal 2027 were $69,760, up $3,733, or 6% compared with the second quarter of fiscal 2026 reflecting the strength of our diversified revenue base, as well as the acquisition of FlackTek, which added $9,517 to net sales during the quarter, partially offset by decreases in our traditional Energy markets, particularly to customers outside of the U.S, and an extraordinarily high level of material receipts in the second quarter of fiscal 2026. The increase in net sales included a $5,077 or 12% increase in sales to the Defense industry, primarily due to the timing of project milestones, new programs, growth in existing programs and capacity, and the addition of FlackTek, partially offset by approximately $10,000 of lower material receipts in the second quarter of 2027 compared to the second quarter of 2026. Net sales to the Space industry increased 59%, or $2,374, primarily due to the impacts of commercialization and accelerated launch cadences, the ramp up of existing programs, as well as the FlackTek acquisition. Net sales for the quarter for the Energy & Process markets decreased $3,718 or 17%, driven by decreased sales in traditional Energy markets due to continued softness in investments in large capital projects caused by geopolitical uncertainties, partially offset by the addition of FlackTek and increased sales in New Energy such as SMRs. Aftermarket sales to the Energy & Process and Defense markets of $8,561 were down 3% compared with the second quarter of fiscal 2026 but remained at high levels.

Domestic sales as a percentage of aggregate sales were 93% in the second quarter of fiscal 2027 compared with 83% in the second quarter of fiscal 2026. These sales were primarily to the U.S. Defense market, which represented 66% of net sales for the second quarter of fiscal 2027 compared to 62% in the prior year period. Sales to customers outside of the U.S., which predominately are in the Energy & Process markets, of $4,949 were down $5,980 or 55% compared with the second quarter of fiscal 2026 and primarily related to decreases in our Asia markets.

Net sales for the first six months of fiscal 2027 increased $19,588, or 16%, from the first six months of fiscal 2026. The increase was across multiple markets, including a $16,925, or 24%, increase in sales in the Defense market, primarily due to timing of project milestones, as well as new programs, growth in existing programs, and the FlackTek acquisition. Sales to the Space market increased $5,283, or 72%, over the prior year period, due to new programs and the ramp up of existing programs, as well as the FlackTek acquisition. Sales to the Energy & Process markets decreased $2,620, or 6%, primarily due to push outs on large capital project activity, partially offset by growth in New Energy markets, which increased $2,232, or 150%, from the prior year period, as well as the FlackTek acquisition. Aftermarket sales to the Energy & Process and Defense markets of $18,232 increased 8% from the prior year period.

Domestic sales as a percentage of aggregate sales were 92% for the first six months of fiscal 2027 compared with 83% in the prior year period. These sales were primarily to the U.S. Defense market, which represented 62% of net sales for the first six months of fiscal 2027 compared to 58% in the prior year period. Sales to customers outside of the U.S., which predominately are in the Energy & Process markets, of $11,828 were down $8,266 or 41% compared with the first six months of fiscal 2026 and primarily related to decreases in our Asia markets. Fluctuation in sales among markets, products and geographic locations varies, sometimes significantly, from quarter-to-quarter based on timing and magnitude of projects. See also "Current Market Conditions," above. For additional information on anticipated future sales and our markets, see "Orders, Backlog, and Book-to-Bill Ratio" below.

Gross profit for the second quarter of fiscal 2027 was $19,673, up $5,367 or 38% compared with the second quarter of fiscal 2026 primarily due to an increase in gross profit margin to 28.2% for the quarter compared with 21.7% in the second quarter of fiscal 2026, as well as the increase in net sales discussed above. The increase in gross profit margin reflects the impacts of operational improvements on new and existing programs, the addition of FlackTek, and mix of sales during the second quarter of fiscal 2027, in particular, the composition of the current mix of programs in the Space and Defense markets, and an extraordinarily high level of material receipts, which carry a lower profit margin, in the second quarter of fiscal 2026. Gross profit and margin for the first six months of fiscal 2027 was $37,474 and 26.6%, respectively, compared with gross profit and margin for the first six months of fiscal 2026 of $29,027 and 23.9%, respectively. The increases to gross profit and margin in the first six months of fiscal 2027 compared to the first six months of fiscal 2026 are consistent with the increases in the second quarter of fiscal 2027 to the second quarter of fiscal 2026.

Changes in SG&A expense, including amortization expense, for the three and six months ending September 30, 2026 versus the comparable prior year periods are as follows:

	Change Q2 FY27 vs. Q2 FY26	Change YTD Q2 FY27 vs. YTD Q2 FY26
Personnel costs	$ 675	$ 1,340
Acquisition & integration expense	667	1,269
FlackTek	2,255	4,075
Performance-based compensation	(92)	(106)
Professional fees	815	533
Equity-based compensation	223	337
ERP implementation costs	16	136
IT-related costs	587	1,297
Bad debt expense	(485)	(418)
BN Performance Bonus	(1,076)	(2,153)
All other	(158)	345
Total SG&A change	$ 3,427	$ 6,655

The increase in SG&A expense, including intangible amortization, is primarily driven by the incremental SG&A from the acquisition of FlackTek, which accounted for $2,255 of the increase in the second quarter and $4,075 of the increase in the first six months of fiscal 2027 compared to the prior year periods. The remaining increases in SG&A expenses primarily reflect increases in acquisition and integration expenses, as well as investments we are making in our people, our processes, and our technology, which we expect to be approximately $2,500 of incremental costs for fiscal 2027, partially offset by a reduction to the BN Performance Bonus. In connection with the acquisition of BN, we entered into a Performance Bonus Agreement to provide employees of BN with a supplemental performance-based award on the achievement of BN performance objectives for fiscal 2024, 2025, and 2026, which could range between $2,000 to $4,000 per year. The BN Performance Bonus is no longer in effect in fiscal 2027. During the three and six months ended September 30, 2025, we recorded $1,076 and $2,153, respectively, related to the BN Performance Bonus inclusive of applicable payroll taxes and no expense was recorded in the three and six months ended September 30, 2026.

Other operating expense (income) primarily represents the change in fair value of contingent earn-out liabilities and was an expense of $188 and $776 for the three and six month periods ended September 30, 2026, respectively, compared with income of $191 and $267 for comparable prior year periods of fiscal 2026. The change in fair value in the current year periods is predominately due to operating results and probabilities of achieving targets for recent acquisitions.

Net interest income for the second quarter and first six months of fiscal 2027 was $226 and $346, respectively, compared to net interest income of $68 and $245 for the comparable periods of fiscal 2026, respectively. This increase in net interest income was primarily due to higher average cash balances and interest rates compared to the prior year periods.

On July 4, 2025, President Trump signed the One Big Beautiful Bill Act ("OBBB"), enacting a broad range of tax reform provisions, including extending and modifying certain domestic and international Tax Cut & Jobs Act provisions and expanding certain Inflation Reduction Act incentives while accelerating the phase-out of others. Only certain provisions had financial reporting implications at the time of enactment due to varying effective dates and discretionary elections. The enactment of the OBBB in the second quarter of fiscal 2026 resulted in an increase to our expected effective tax rate for fiscal 2026 of approximately 200 basis points but is expected to result in approximately $8,000 in cash tax savings over the next two years due to the bonus depreciation provisions of the OBBB and changes to the research and development Section 174 rules. These cash tax savings are expected to more than offset the impact of the effective tax rate increase.

Our effective tax rate for the second quarter of fiscal 2027 was 22%, compared with 27% in the second quarter of fiscal 2026. Our effective tax rate for the first six months of fiscal 2027 was 16%, compared with 17% for the first six months of fiscal 2026. Our effective tax rate can vary significantly from quarter to quarter depending on the level of projected pre-tax income, the amount of projected income derived from our higher tax rate foreign subsidiaries, changes in tax laws, as well as the timing of discrete tax items, primarily related to the vesting of restricted stock awards. The lower effective tax rates in the first six months of fiscal 2027 and fiscal 2026 in comparison to the statutory rate were primarily due to the discrete tax benefit recognized in those periods related to the vesting of restricted stock units and the Company's improved stock price in comparison to when those units were granted. The decrease in our effective tax rate for current year periods compared to the prior year periods is primarily due to the enactment of the OBBB discussed above.

The net result of the above is that net income and income per diluted share for the second quarter of fiscal 2027 were $4,637 and $0.39, respectively, compared with $3,090 and $0.28, respectively, for the second quarter of fiscal 2026. Adjusted net income and

adjusted net income per diluted share for the second quarter of fiscal 2027 were $6,170 and $0.52, respectively, compared with adjusted net income and adjusted net income per diluted share of $3,429 and $0.31, respectively, for the second quarter of fiscal 2026.

Net income and income per diluted share for the first six months of fiscal 2027 were $8,549 and $0.73, respectively, compared with net income of $7,685 and $0.69, respectively, for the first six months of fiscal 2026. Adjusted net income and adjusted net income per diluted share for the first six months of fiscal 2027 were $11,908 and $1.01, respectively, compared with adjusted net income of $8,367 and $0.75, respectively, for the first six months of fiscal 2026. See "Non-GAAP Measures" below for a reconciliation of adjusted net income and adjusted net income per diluted share to the comparable GAAP (defined below) measure.

Non-GAAP Measures

Adjusted net income before interest (income) expense, income taxes, depreciation and amortization ("EBITDA"), adjusted net income, and adjusted net income per diluted share are provided for informational purposes only and are not measures of financial performance under accounting principles generally accepted in the U.S. ("GAAP").

Management believes the presentation of these financial measures reflecting non-GAAP adjustments provides important supplemental information to investors and other users of our financial statements in evaluating the operating results of the Company. In particular, we exclude those charges and credits that are not directly related to our operating performance, and are not reflective of our underlying business particularly in light of their unpredictable nature. These non-GAAP disclosures have limitations as analytical tools, should not be viewed as a substitute for net income or net income per diluted share determined in accordance with GAAP, and should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP, nor are they necessarily comparable to non-GAAP performance measures that may be presented by other companies. In addition, supplemental presentation should not be construed as an inference that our future results will be unaffected by similar adjustments to net income or net income per diluted share determined in accordance with GAAP. Adjusted EBITDA, adjusted net income and adjusted net income per diluted share are key metrics used by management and our board of directors to assess the Company's financial and operating performance and adjusted EBITDA is a basis for a significant portion of management's performance-based compensation.

Adjusted EBITDA excludes charges for depreciation, amortization, interest (income) expense, income taxes, acquisition and integration expense (income), equity-based compensation, ERP implementation costs, and other unusual/nonrecurring items. Adjusted net income and adjusted net income per diluted share exclude intangible amortization, acquisition and integration expense (income), ERP implementation costs, other unusual/nonrecurring items, and the related tax impacts of those adjustments.

A reconciliation of adjusted EBITDA, adjusted net income and adjusted net income per diluted share to net income in accordance with GAAP is as follows:

	Three Months Ended September 30,		Six Months Ended September 30,	
	2026	2025	2026	2025
Net income	**$ 4,637**	**$ 3,090**	**$ 8,549**	**$ 7,685**
Acquisition & integration expense (income), net	991	(87)	2,170	(163)
Equity-based compensation	782	553	1,427	1,085
ERP implementation costs	45	29	188	52
Net interest income	(226)	(68)	(346)	(245)
Income tax expense	1,333	1,133	1,604	1,551
Depreciation & amortization	2,741	1,645	5,461	3,168
Adjusted EBITDA	**$ 10,303**	**$ 6,295**	**$ 19,053**	**$ 13,133**
Net Sales	**69,760**	**66,027**	**141,102**	**121,514**
Net income as a % of revenue	6.6%	4.7%	6.1%	6.3%
Adjusted EBITDA as a % of revenue	14.8%	9.5%	13.5%	10.8%

	Three Months Ended September 30,		Six Months Ended September 30,	
	2026	2025	2026	2025
Net income	**$ 4,637**	**$ 3,090**	**$ 8,549**	**$ 7,685**
Acquisition & integration expense (income), net	991	(87)	2,170	(163)
Amortization of intangible assets	955	498	2,005	997
ERP implementation costs	45	29	188	52
Tax impact of adjustments[(1)]	(458)	(101)	(1,004)	(204)
Adjusted net income	**$ 6,170**	**$ 3,429**	**$ 11,908**	**$ 8,367**
GAAP net income per diluted share	**$ 0.39**	**$ 0.28**	**$ 0.73**	**$ 0.69**
Adjusted net income per diluted share	**$ 0.52**	**$ 0.31**	**$ 1.01**	**$ 0.75**
Diluted weighted average common shares outstanding	11,855	11,135	11,779	11,083

(1) Applies a normalized tax rate to non-GAAP adjustments, which are pre-tax, based upon the statutory tax rate of 23%.

Acquisition and integration expense (income), net are incremental costs that are directly related to, and as a result of acquisition related activity and the subsequent accounting for contingent earn-out liabilities. These costs (income) may include, among other things, professional, consulting, travel expenses, and other fees, system integration costs, and contingent consideration fair value adjustments. ERP implementation costs primarily relate to consulting costs (training, data conversion, and project management) incurred in connection with the ERP system being implemented throughout our Batavia, New York facility in order to enhance efficiency and productivity and are not expected to recur once the project is completed.

Liquidity and Capital Resources

The following discussion should be read in conjunction with our Condensed Consolidated Balance Sheets and Condensed Consolidated Statements of Cash Flows:

	September 30, 2026	March 31, 2026
Cash and cash equivalents	$ 71,427	$ 6,580
Working capital [(1)]	43,202	184
Working capital ratio[(1)]	1.2	1.0

(1) Working capital equals current assets minus current liabilities. Working capital ratio equals current assets divided by current liabilities.

Net cash provided by operating activities for the first six months of fiscal 2027 was $34,070 compared with $11,324 for the first six months of fiscal 2026. This increase was primarily due to the timing of collection of accounts receivable and customer deposits, as well as increases in cash net income.

Capital expenditures for the first six months of fiscal 2027 was $4,855 compared to $11,148 for the comparable period in fiscal 2026. Capital expenditures for fiscal 2027 relate to machinery and equipment, as well as for buildings and leasehold improvements to support our growth and productivity improvement initiatives.

Capital expenditures for fiscal 2027 are expected to be between $15,000 and $20,000 and relate to the continued investing in automation, advanced manufacturing capacity and capabilities, our technology, and strategic growth initiatives intended to support long-term scalable growth and margin expansion, and are expected to generate returns on invested capital above 20%. During the second quarter of fiscal 2027 we began construction of a new 30,000 square foot manufacturing facility adjacent to our BN campus on land that was purchased several years ago and is expected to be completed in the second quarter of fiscal 2028. We estimate that our maintenance capital spend is approximately $2,500 per year. For the next several years we expect capital expenditures to be approximately 7% to 10% of sales each year as we continue to invest in our business in order to support our long-term organic growth goals.

On April 14, 2026, we entered into a Securities Purchase Agreement with certain accounts advised by T. Rowe Price Investment Management, Inc. pursuant to which we agreed to sell an aggregate of 600 shares of common stock, par value $0.10 per share for $83.36 per share, based upon the 20-day average closing price of the Company's common stock on the New York Stock Exchange on April 13,

2026, for aggregate proceeds of $50,000. We utilized $13,000 of the proceeds for debt repayment and are expected to utilize the remaining proceeds to help fund future investment in organic and inorganic growth opportunities.

Cash and cash equivalents were $71,427 at September 30, 2026 compared with $6,580 at March 31, 2026, an increase of $64,847 primarily due to cash provided by financing activities of $34,473 and cash provided by operations of $34,070. At September 30, 2026, approximately $343 of our cash and cash equivalents is used to secure our letters of credit and $4,804 of our cash is held by our China and India subsidiaries.

On October 13, 2023, we entered into a five-year revolving credit facility with Wells Fargo that provides a $50,000 line of credit (the "Revolving Credit Facility"). Simultaneous with the close of the acquisition of FlackTek on January 23, 2026, the Company amended the Revolving Credit Facility to increase the line of credit to $80,000. As of September 30, 2026, there were no borrowings and $5,264 letters of credit outstanding on the Revolving Credit Facility and the amount available to borrow was $74,736, subject to interest and leverage covenants.

The Revolving Credit Facility contains customary terms and conditions, including representations and warranties and affirmative and negative covenants, as well as financial covenants for the benefit of Wells Fargo, which requires us to maintain (i) a consolidated total leverage ratio not to exceed 3.50:1.00 and (ii) a consolidated fixed charge coverage ratio of at least 1.20:1.00, in both cases computed in accordance with the definitions and requirements specified in the Revolving Credit Facility. As of September 30, 2026, we were in compliance with the financial covenants of the Revolving Credit Facility and our leverage ratio as calculated in accordance with the terms of the Revolving Credit Facility was 0.3x.

The Revolving Credit Facility contains terms that may, under certain circumstances as defined in the agreement, restrict our ability to declare or pay dividends. Any determination by our Board of Directors regarding dividends in the future will depend on a variety of factors, including our future financial performance, organic and inorganic growth opportunities, general economic conditions, and financial, competitive, regulatory, and other factors, many of which are beyond our control. We did not pay any dividends during the six months ended September 30, 2026, or during fiscal 2026 and currently have no intention to pay dividends for the foreseeable future. There can be no guarantee that we will pay dividends in the future.

We did not have any off-balance sheet arrangements as of September 30, 2026 and March 31, 2026, other than letters of credit incurred in the ordinary course of business.

We believe that cash generated from operations combined with the liquidity provided by available financing capacity under the Revolving Credit Facility, will be adequate to meet our cash needs for the immediate future.

Our capital allocation strategy includes disciplined and selective acquisitions to supplement organic growth, expand our capabilities and extend our participation across our product lifecycle. We intend to allocate capital to acquisition opportunities that complement our existing businesses, strengthen our positions in targeted markets and support long-term profitable growth and shareholder value creation. Depending on the size and terms of a transaction, acquisition consideration may include a combination of cash, stock and contingent earnout payments. We evaluate these opportunities in the context of our liquidity, capital commitments, and borrowing capacity, with a focus on maintaining a strong balance sheet and financial flexibility.

Orders, Backlog, and Book-to-Bill Ratio

In addition to the non-GAAP measures discussed above, management uses the following key performance metrics to analyze and measure the Company's financial performance and results of operations: orders, backlog, and book-to-bill ratio. Management uses orders and backlog as measures of current and future business and financial performance and these may not be comparable with measures provided by other companies. Orders represent definitive agreements with customers to provide products and/or services. Backlog is defined as the total dollar value of orders received for which revenue has not yet been recognized. Total backlog can include both funded and unfunded orders under government contracts. Approximately 85% of our Defense backlog is funded. Management believes tracking orders and backlog are useful as it often times is a leading indicator of future performance. In accordance with industry practice, contracts may include provisions for cancellation, termination, or suspension at the discretion of the customer.

The book-to-bill ratio is an operational measure that management uses to track the growth prospects of the Company. The Company calculates the book-to-bill ratio for a given period as net orders divided by net sales. Over the long-term our goal is to have a book-to-bill ratio of 1.1x, which can vary significantly from quarter to quarter given the nature of our business. Since fiscal 2020, our annual book-to-bill ratio has ranged from 0.9x to 1.5x.

Given that each of orders, backlog, and book-to-bill ratio is an operational measure and that the Company's methodology for calculating orders, backlog and book-to-bill ratio does not meet the definition of a non-GAAP measure, as that term is defined by the SEC, a quantitative reconciliation for each is not required or provided.

The following table provides our orders by market and geographic region including the percentage of total orders and change in comparison to the prior year for each category and period presented. Percentages may not sum to the total due to rounding:

	Three Months Ended September 30,				Change		Six Months Ended September 30,				Change	
Market	2026	%	2025	%	$	%	2026	%	2025	%	$	%
Defense	$ 41,785	57%	$ 47,305	57%	$ (5,520)	-12%	$ 103,613	61%	$ 153,995	74%	$ (50,382)	-33%
Space	10,619	14%	14,779	18%	(4,160)	-28%	24,985	15%	15,192	7%	9,793	64%
Energy & Process	21,297	29%	21,116	25%	181	1%	40,953	24%	39,911	19%	1,042	3%
Total orders	$ 73,701	100%	$ 83,200	100%	$ (9,499)	-11%	$ 169,551	100%	$ 209,098	100%	$ (39,547)	-19%
Book-to-Bill Ratio	1.1		1.3				1.2		1.7			
Geographic Region												
United States	$ 61,394	83%	$ 80,178	96%	$ (18,784)	-23%	$ 153,063	90%	$ 202,671	97%	$ (49,608)	-24%
International	12,307	17%	3,022	4%	9,285	307%	16,488	10%	6,427	3%	10,061	157%
Total orders	$ 73,701	100%	$ 83,200	100%	$ (9,499)	-11%	$ 169,551	100%	$ 209,098	100%	$ (39,547)	-19%

Orders booked in the second quarter of fiscal 2027 were $73,701 or 1.1x net sales for the quarter. Orders booked for the first six months of fiscal 2027 were $169,551 or 1.2x net sales for the period. As a result, backlog increased $4,059, or 1% during the quarter and $28,639, or 5%, for the first six months of fiscal 2027 to $561,276 at September 30, 2026. Orders in the second quarter of fiscal 2027 decreased $9,499, or 11%, compared to the second quarter of fiscal 2026.

Orders for the first six months of fiscal 2027 decreased $39,547, or 19%, compared to the first six months of fiscal 2026. Aftermarket orders for the Energy & Process and Defense markets remained strong in the second quarter of fiscal 2027, and were $18,312, increasing 91%, or $8,708, compared to the second quarter of fiscal 2026. Space orders for the first six months of fiscal 2027 totaled $24,985, or 2.0x net Space sales for the period. Aftermarket orders for the Energy & Process and Defense markets for the first six months of fiscal 2027 were $29,211, increasing 46%, or $9,267, compared to the prior year period. Orders in the Energy & Process markets for the second quarter of fiscal 2027 increased $181, or 1%, compared to the second quarter of fiscal 2026, as orders for large capital projects for the Energy & Process market remained slow during the three and six month periods ended September 30, 2026, partially offsetting increases in Aftermarket orders in Energy & Process. Note that our orders tend to be lumpy given the nature of our business (i.e., large capital projects) and in particular, orders to the Defense industry, which span multiple years and can be significantly larger in size.

Orders to the U.S. represented 90% of total orders for the first six months of fiscal 2027 compared to 97% for the prior year. These orders were primarily to the Defense market which represented 61% of orders for the first six months of fiscal 2027 and are U.S. based. The increase in International orders during the second quarter of fiscal 2027 was primarily due to a large vacuum system order for an oil refinery in Venezuela.

The following table provides our backlog by market, including the percentage of total backlog, for each category and period presented. Percentages may not sum to the total due to rounding:

Market	September 30, 2026	%	September 30, 2025	%	Change $	Change %
Defense	$ 466,380	83%	$ 424,323	85%	$ 42,057	10%
Space	49,630	9%	23,897	5%	25,733	108%
Energy & Process	45,266	8%	51,852	10%	(6,586)	-13%
Total backlog	$ 561,276	100%	$ 500,072	100%	$ 61,204	12%

Backlog was at $561,276 at September 30, 2026, a 12% increase over the prior year period. We expect to recognize revenue on approximately 30% to 35% of the backlog within one year, 20% to 25% in one to two years and the remaining beyond two years. The majority of the orders that are expected to convert beyond twenty-four months are for the Defense industry, specifically the U.S. Navy that have a long conversion cycle (up to six years).

Outlook

Based upon the results for the second quarter of fiscal 2027, as well as our expectations for the remainder of the fiscal year, we are updating our full year fiscal 2027 guidance provided earlier this year as follows ($ in thousands):

	New Guidance	Previous Guidance
Net Sales	$285,000 to $295,000	$285,000 to $295,000
Gross Profit	25.0% - 26.0% of sales	24.5% - 25.5% of sales
SG&A Expenses (Including Amortization)[1][2]	17.5% - 18.5% of sales	16.5% - 17.5% of sales
Tax Rate	18% to 20%	18% to 20%
Adjusted EBITDA[2][3]	$35,000 to $40,000	$35,000 to $40,000
Capital Expenditures	$15,000 to $20,000	$18,000 to $22,000

[1] Includes approximately $4,500 to $5,500 of equity-based compensation, net acquisition & integration costs, and ERP conversion costs included in SG&A expense.
[2] Includes approximately $2,500 of incremental costs to invest in people, processes, and technology to enable future growth and accelerate the commercialization of Graham products and technologies.
[3] Excludes net interest (income) expense, income taxes, depreciation and amortization from net income, as well as approximately $6,000 to $7,000 of equity-based compensation, net acquisition & integration costs, and ERP conversion costs.

See "Cautionary Note Regarding Forward-Looking Statements" and "Non-GAAP Measures" above for additional information about forward-looking statements and non-GAAP measures. We have not reconciled non-GAAP forward-looking adjusted EBITDA to its most directly comparable GAAP measure, as permitted by Item 10(e)(1)(i)(B) of Regulation S-K. Such reconciliation would require unreasonable efforts to estimate and quantify various necessary GAAP components largely because forecasting or predicting our future operating results is subject to many factors out of our control or not readily predictable.

Note that historically the third quarter of our fiscal year is our lowest revenue quarter due to the holidays and a higher level of vacation being taken by our direct labor force.

We have made significant progress with the advancements in our business, which we believe puts us on schedule in achieving our fiscal 2029 goals of 8% to 10% average annualized organic revenue growth and adjusted EBITDA margins of 14% to 16%.

Our expectations for sales and profitability assume that we will be able to operate our production facilities at planned capacity, have access to our global supply chain including our subcontractors, do not experience any global disruptions, and experience no further impact from any other unforeseen events.

Contingencies and Commitments

We have been named as a defendant in lawsuits alleging personal injury from exposure to asbestos allegedly contained in or accompanying our products. We are a co-defendant with numerous other defendants in these lawsuits and intend to vigorously defend ourselves against these claims. The claims in our current lawsuits are similar to those made in previous asbestos lawsuits that named us as a defendant. Such previous lawsuits either were dismissed when it was shown that we had not supplied products to the plaintiffs' places of work, or were settled by us for immaterial amounts. We believe that the resolution of these asbestos-related lawsuits will not have a material adverse effect on our financial position or results of operations. However, legal matters are subject to inherent uncertainties and there exists the possibility that the ultimate resolution of these asbestos-related lawsuits could have a material adverse impact on our financial position and results of operations.

During the third quarter of fiscal 2024, the Audit Committee of the Board of Directors, with the assistance of external counsel and forensic professionals, concluded an investigation into a whistleblower complaint received regarding GIPL. The investigation identified evidence supporting the complaint and other misconduct by employees. The other misconduct was over a period of four years, was not deemed to be material, and was isolated to a few employees. All involved employees have been terminated or are no longer with the Company and we have implemented remedial actions, including strengthening our compliance program and internal controls. As a result of the investigation, during the third quarter of fiscal 2024, the statutory auditor and bookkeeper of GIPL tendered their resignations and new firms were appointed. We have voluntarily reported the findings of our investigation to the appropriate authorities in India, the U.S. Department of Justice, and the SEC and will continue to cooperate with those authorities. Although the resolutions of these matters are inherently uncertain, we do not believe any remaining impact will be material to our overall consolidated results of operations, financial position, or cash flows.

As of September 30, 2026, we are subject to the claims noted above, as well as other legal proceedings and potential claims that have arisen in the ordinary course of business. Although the outcome of the lawsuits, legal proceedings or potential claims to which we are or may become a party cannot be determined and an estimate of the reasonably possible loss or range of loss cannot be made for the majority of the claims, we do not believe that the outcomes, either individually or in the aggregate, will have a material adverse effect on our results of operations, financial position or cash flows. See Note 10 to the Condensed Consolidated Financial Statements included in Part I, Item 1 of this Form 10-Q for additional information.

Critical Accounting Policies, Estimates, and Judgments

Our Condensed Consolidated Financial Statements are based on the selection of accounting policies and the application of significant accounting estimates, some of which require management to make significant assumptions. We believe that the most critical accounting estimates used in the preparation of our Condensed Consolidated Financial Statements relate to labor hour estimates, total cost, and establishment of operational milestones, which are used to recognize revenue over time, accounting for contingencies, under which we accrue a loss when it is probable that a liability has been incurred and the amount can be reasonably estimated, and accounting for business combinations and intangible assets. For further information, refer to Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Item 8 "Financial Statements and Supplementary Data" included in our Annual Report on Form 10-K for the year ended March 31, 2026.

New Accounting Pronouncements

In the normal course of business, management evaluates all new Accounting Standards Updates and other accounting pronouncements issued by the Financial Accounting Standards Board, SEC, or other authoritative accounting bodies to determine the potential impact they may have on the Company's Condensed Consolidated Financial Statements. Other than those discussed in the Condensed Consolidated Financial Statements, management does not expect any of the recently issued accounting pronouncements, which have not already been adopted, to have a material impact on the Company's Condensed Consolidated Financial Statements. For discussion of the newly issued accounting pronouncements see Note 15 to the Condensed Consolidated Financial Statements included in Part I, Item 1 of this Form 10-Q for additional information.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The principal market risks (i.e., the risk of loss arising from market changes) to which we are exposed are foreign currency exchange rates, price risk, and interest rate risk.

The assumptions applied in preparing the following qualitative and quantitative disclosures regarding foreign currency exchange rate, price risk and interest rate risk are based upon volatility ranges experienced by us in relevant historical periods, our current knowledge of the marketplace, and our judgment of the probability of future volatility based upon the historical trends and economic conditions of the markets in which we operate.

Foreign Currency

International consolidated sales for the first six months of fiscal 2027 were 8% of total sales. Operating in markets throughout the world exposes us to movements in currency exchange rates. Currency movements can affect sales in several ways, the foremost being our ability to compete for orders against foreign competitors that base their prices on relatively weaker currencies. Business lost due to competition for orders against competitors using a relatively weaker currency cannot be quantified. In addition, cash can be adversely impacted by the conversion of sales made by us in a foreign currency to U.S. dollars. In the first six months of fiscal 2027 and fiscal 2026, substantially all sales by us and our wholly-owned subsidiaries, for which we were paid, were denominated in the local currency of the respective subsidiary (U.S. dollars, Chinese RMB or India INR). For the first six months of fiscal 2027, foreign currency exchange rate fluctuations increased our cash balances by $101 primarily due to the weakening of the U.S. dollar relative to the Chinese RMB offset by strengthening of the U.S. dollar relative to the India INR.

We have limited exposure to foreign currency purchases. In the first six months of fiscal 2027, our purchases in foreign currencies represented less than 1% of the cost of products sold. At certain times, we may enter into forward foreign currency exchange rate agreements to hedge our exposure against potential unfavorable changes in foreign currency values on significant sales and purchase contracts negotiated in foreign currencies. Forward foreign currency exchange rate contracts were not used in the periods being reported in this Form 10-Q and as of September 30, 2026 and March 31, 2026, we held no forward foreign currency contracts.

Price Risk

Operating in a global marketplace requires us to compete with other global manufacturers which, in some instances, benefit from lower production costs and more favorable economic conditions, such as lower tariffs. Although we believe that our customers differentiate our products on the basis of our manufacturing quality, engineering experience, and customer service, among other things, such lower production costs and more favorable economic conditions mean that our competitors are able to offer products similar to ours at lower prices. In extreme market downturns, we typically see depressed price levels. Additionally, we have faced, and may continue to face, significant cost inflation, specifically in labor costs, raw materials, tariffs, and other supply chain costs due to increased demand for raw materials and resources caused by the broad disruption of the global supply chain. International conflicts or other geopolitical events, including the on-going Russia and Ukraine war, the Israel-Hamas and Iran conflicts, the changes in Venezuela, and recent trade-related actions, may further contribute to increased supply chain costs due to shortages in raw materials, increased costs for transportation and energy, disruptions in supply chains, increased tariffs, and heightened inflation. Further escalation of tariffs or geopolitical tensions may also lead to changes to foreign exchange rates and financial markets, any of which may adversely affect our business and supply chain, and consequently our results of operations.

Interest Rate Risk

In order to fund our strategic growth objectives, including acquisitions, from time to time we may borrow funds under our Revolving Credit Facility through Wells Fargo that bears interest at a variable rate. As part of our risk management activities, we evaluate the use of interest rate derivatives to add stability to interest expense and to manage our exposure to interest rate movements. As of September 30, 2026, we had no variable rate debt outstanding on our Revolving Credit Facility and no interest rate derivatives outstanding. See "Debt" in Note 13 to the Condensed Consolidated Financial Statements included in Part I, Item 1 of this Form 10-Q for additional information about our outstanding debt.

Item 4. Controls and Procedures

Conclusion regarding the effectiveness of disclosure controls and procedures

Our President and Chief Executive Officer (our principal executive officer) and Vice President - Finance and Chief Financial Officer (our principal financial officer) each have evaluated the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of the end of the period covered by this Form 10-Q. Based on such evaluation, and as of such date, our President and Chief Executive Officer and Vice President - Finance and Chief Financial Officer concluded that our disclosure controls and procedures were effective in all material respects.

Changes in internal control over financial reporting

There has been no change to our internal control over financial reporting during the quarter covered by this Form 10-Q that has materially affected, or that is reasonably likely to materially affect our internal control over financial reporting.

FlackTek Acquisition

On January 23, 2026, we acquired FlackTek Manufacturing, LLC and FlackTek Sales, LLC (collectively, "FlackTek"), a provider of advanced mixing and material processing solutions. For additional information regarding the acquisition, refer to Note 2 to the Condensed Consolidated Financial Statements included in Part I, Item 1 in this Form 10-Q and Management's Discussion and Analysis of Financial Condition and Results of Operations included in Part I, Item 2 in this Form 10-Q. Based on the recent completion of the acquisition and, pursuant to the Securities and Exchange Commission's guidance that an assessment of a recently acquired business may be omitted from the scope of an assessment for a period not to exceed one year from the acquisition date, the scope of our assessment of the effectiveness of internal control over financial reporting as of the end of the period covered by this report does not include FlackTek.

We are in the process of implementing our internal control structure over FlackTek and we expect that this effort will be completed during the year ending March 31, 2027.

PART II - OTHER INFORMATION

Item 1A. Risk Factors

Except as set forth below, there have been no other material changes from the risk factors previously disclosed in Part 1 - Item 1A of the Company's Form 10-K for the fiscal year ended March 31, 2026.

Our enterprise resource planning system utilized at our facilities in Batavia, NY is aging, and we may experience issues from implementation of a new enterprise resource planning system.

We have an enterprise resource planning system ("ERP") to assist with the collection, storage, management and interpretation of data from our business activities to support future growth and to integrate significant processes. Our ERP at our Batavia, NY operations is aging and we began implementing a new ERP during fiscal 2024, which is expected to go live in the third quarter of fiscal 2027. ERP implementations are complex, distracting to the business and management, and time-consuming. In addition, ERP implementations involve substantial expenditures on system software and implementation activities, as well as changes in business processes. Our ERP is critical to our ability to accurately maintain books and records, record transactions, provide important information to our management and prepare our consolidated financial statements. ERP implementations also require the transformation of business and financial processes in order to reap the benefits of the new ERP; any such transformation involves risks inherent in the conversion to a new computer system, including loss of information and potential disruption to our normal operations. Any disruptions, delays or deficiencies in the design and implementation of our new ERP could adversely affect our ability to process orders, provide services and customer support, send invoices and track payments, fulfill contractual obligations, or otherwise operate our business. Additionally, if the ERP does not operate as intended, the effectiveness of our internal control over financial reporting could be adversely affected, or our ability to assess it adequately could be delayed. Further, we may not realize the benefits we anticipate should all or part of the ERP upgrade implementation process prove to be ineffective. Accordingly, such events may disrupt or reduce the efficiency of our entire operations and have a material adverse effect on our business, financial condition and results of operations.

Item 2. Unregistered Sales of Equity Securities, Use of Proceeds, and Issuer Purchases of Equity Securities

Purchase of Equity Securities by the Issuer

None

Dividend Policy

Our revolving credit facility with Wells Fargo contains terms that may, under certain circumstances as defined in the agreement, restrict our ability to declare or pay dividends. Any determination by our Board of Directors regarding dividends in the future will depend on a variety of factors, including our future financial performance, organic and inorganic growth opportunities, general economic conditions and financial, competitive, regulatory, and other factors, many of which are beyond our control. We did not pay any dividends during the six months ended September 30, 2026 or during fiscal 2026 and we currently have no intention to pay dividends for the foreseeable future. There can be no guarantee that we will pay dividends in the future.

Item 6. Exhibits

INDEX OF EXHIBITS

(10) +#	10.1	Employment Agreement, by and between Graham Corporation and Richard Scholes, dated August 10, 2026
(31)	Rule 13a-14(a)/15d-14(a) Certifications	
+	31.1	Certification of Principal Executive Officer
+	31.2	Certification of Principal Financial Officer
(32)	Section 1350 Certification	
++	32.1	Section 1350 Certifications
(101)	Interactive Data File	
+	101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
+	101.SCH	Inline XBRL Taxonomy Extension Schema Document
+	101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
+	101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
+	101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
+	101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
(104)		Cover Page Interactive Data File embedded within the Inline XBRL document

\+ Exhibit filed with this report
++ Exhibit furnished with this report
\# Management contract or compensatory plan

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.

GRAHAM CORPORATION

By: /s/ CHRISTOPHER J. THOME
Christopher J. Thome
Vice President-Finance, Chief Financial Officer,
Chief Accounting Officer, and Treasurer
(On behalf of the Registrant and as Principal Financial Officer)

Date: November 5, 2026

Exhibit 10.1

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "Agreement"), is made and entered into as of August 10, 2026 by and among Graham Corporation, a Delaware corporation with its principal place of business at 20 Florence Avenue, Batavia, New York 14020 (the "Company"), and Richard Scholes, with a home address of _____ (the "Executive").

WHEREAS, the Company and the Executive desire to enter into this Agreement to describe the employment relationship and obligations of the parties.

NOW, THEREFORE, the parties hereto, intending to be legally bound and in consideration of the mutual covenants herein contained, agree as follows:

1. **Employment**. The Company hereby agrees to employ the Executive and the Executive hereby accepts employment, upon the terms and conditions hereinafter set forth.

2. **Duties**.

(a) The Executive shall be employed as the Chief Growth & Enablement Officer of the Company, effective August 10, 2026. The Executive shall report directly to the Company's Chief Executive Officer. The Executive shall perform such duties as are generally consistent with Executive's title and as may from time to time be required of the Executive by the Company's Chief Executive Officer. The Executive shall perform his duties at such location(s) as directed by the Company's Chief Executive Officer. The Executive agrees to travel to the extent reasonably necessary for the performance of Executive's duties. The Executive shall devote Executive's full time to the business and affairs of the Company and shall use Executive's best efforts, skill and ability in performing Executive's duties on behalf of the Company. Notwithstanding the foregoing, the Company acknowledges and agrees that the Executive may retain a preexisting ownership interest in Pisteyo LLC, provided that such ownership interest in Pisteyo LLC must not create any perceived or actual conflict of interest with the Executive's obligations to the Company. To the extent the Company and Pisteyo LLC undertake any prospective or actual business relationship or partnership, the Executive understands and agrees that he is strictly prohibited from contributing to or participating in any negotiations or decisions relating to same on behalf of Pisteyo LLC or on behalf of the Company.

(b) The Executive agrees that the Company, in its discretion, may apply for and procure in its own name and for its own benefit, life insurance on the life of the Executive in any amount or amounts considered advisable, and that Executive shall have no right, title or interest therein. The Executive further agrees to submit to any medical or other examination and to execute and deliver any application or other instrument in writing, reasonably necessary to effectuate such insurance, provided such actions do not materially harm the Executive's ability to otherwise obtain or retain personal life insurance.

3. **Term**.

(a) Except as otherwise provided in this Agreement to the contrary, this Agreement shall be and remain in effect during the period of employment (the "Term") established under this Section 3.

(b) Except as provided in Section 3(c), beginning on the effective date of this Agreement (*i.e.*, August 10, 2026), the Term shall be for one year and shall be automatically extended for one additional day for each day (such that while this Agreement is in effect the remaining Term shall never be less or greater than one year) that this Agreement is in effect, unless either the Company, or the Executive, respectively, elects not to extend the Term further by giving written notice to the other party, in which case the Term shall end on the first anniversary of the date on which such written notice is given; provided, however, that in any event, the Term shall end on the last day of the month in which the Executive attains the age of 65.

(c) Notwithstanding anything herein contained to the contrary, (i) this Agreement may be terminated during the Term as provided for herein and (ii) nothing in this Agreement shall mandate or prohibit a continuation of the Executive's employment following the expiration of the Term upon such terms and conditions as the Company and the Executive may mutually agree upon.

4. **Base Compensation**. As base compensation for all services to be rendered by the Executive to the Company, the Company agrees to pay to the Executive a salary at a rate of $425,000 per annum, payable on a regular basis, subject to the Company's regular payroll policies and schedule and any applicable deductions and withholdings. Periodically, the Chief Executive Officer and the Compensation Committee (the "Committee") of the Company's Board of Directors (the "Board") will review the salary of the Executive, taking into consideration such factors as the Executive's performance and such other matters as it deems relevant and, in the Committee's discretion alone, the Committee may adjust the salary of the Executive to such rate as the Board deems proper; provided that the Company shall in no event be required to grant any such adjustment.

5. **Incentive Compensation**.

(a) **Sign-On Equity**. As soon as practicable after the effective date of this Agreement, subject to approval by the Company's Compensation Committee, the Executive will receive an award of time-vesting restricted stock units under the 2020 Graham Corporation Equity Incentive Plan, as amended (the "Sign-On RSUs") which will vest in three substantially equal installments on the first, second and third anniversary of the date of grant, respectively, contingent upon the Executive's continued employment through the applicable vesting date. The number of Sign-On RSUs will be determined by dividing $400,000 by the closing price of a share of Company stock on the date of grant, rounded down to the nearest whole number.

(b) **Bonus**. The Executive will participate in bonuses and awards under the Company's bonus plans or arrangements as may be in effect from time to time starting with the Company's 2027 fiscal year, including the Company's Annual Executive Cash Bonus Plan, as may be from time to time determined by the Committee. The Executive's target bonus under the

Company's Executive Cash Bonus Plan for the Company's 2027 fiscal year will initially be sixty percent (60%) of the Executive's Base Salary, but such percentage may be changed by the Committee thereof at any time after March 31, 2027, and the applicable performance metrics for the Company's 2027 fiscal year will be aligned with those applicable to the Company's Chief Executive Officer and Chief Financial Officer for such fiscal year (i.e., profitability, bookings, safety and SMART goals). The Executive's target bonus under the Company's Executive Cash Bonus Plan for the Company's 2027 fiscal year will be pro-rated based on the number of days in the fiscal year on and after the effective date of this Agreement.

(c) **Long-Term Incentive Compensation**. Starting with the Company's 2027 fiscal year, the Executive will participate in the long-term incentive compensation plan generally made available to senior executive officers of the Company in accordance with and subject to the terms of such plans, including the Company's Annual Stock-Based Long-Term Incentive Award Plan for Senior Executives, as may from time to time be determined by the Committee thereof, initially with a Long-Term Incentive Percentage of eighty percent (80%), but such percentage may be changed by the Committee thereof at any time after March 31, 2027. The Executive's awards under the Company's Annual Stock-Based Long-Term Incentive Award Plan for Senior Executives for the Company's 2027 fiscal year to be granted as soon as practicable after the effective date of this Agreement, subject to approval by the Committee, and:

(i) fifty percent (50%) of the Long-Term Incentive Percentage for the Company's 2027 fiscal year will be granted as time-vesting restricted stock units under the 2020 Graham Corporation Equity Incentive Plan, as amended (the "2027 Fiscal Year RSUs"), which will vest in equal installments on each of the first three anniversaries of the date of grant, subject to the Executive's continued employment through the applicable vesting date; and

(ii) the remaining fifty percent (50%) of the Long-Term Incentive Percentage for the Company's 2027 fiscal year will be pro-rated based on the number of days in the fiscal year on and after the effective date of this Agreement and pro-rated Long-Term Incentive Percentage granted as performance-vesting restricted stock units under the 2020 Graham Corporation Equity Incentive Plan, as amended (the "2027 Fiscal Year PSUs"), with fifty percent (50%) of the 2027 Fiscal Year PSUs having a performance metric based on return on invested capital (ROIC) and the remaining fifty percent (50%) of the 2027 Fiscal Year PSUs having a performance metric based on revenue growth, and the 2027 Fiscal Year PSUs will vest on June 1, 2029 subject to the satisfaction of the performance metrices for the applicable three-year performance period and the Executive's continued employment through the vesting date.

The number of 2027 Fiscal Year RSUs and 2027 Fiscal Year PSUs will be determined by dividing the applicable amount by the closing price of a share of Company stock on the date of grant, rounded down to the nearest whole number.

(d) **Other Compensation**. The Company may, upon recommendation of the Board or a committee thereof, award to the Executive such other bonuses and compensation as it deems appropriate and reasonable.

6. **Benefits**. During the term of this Agreement, the Company shall provide the following benefits to the Executive:

(a) **Medical**. The Company will provide the Executive health coverage for Executive and Executive's family in accordance with the Company's health and medical insurance plans, as the same may be in effect from time to time. The Executive shall be responsible for paying the employee portion of the premiums for such health and medical insurance plans.

(b) **Paid Time Off**. The Executive shall be entitled to six (6) weeks of paid time off (inclusive of all paid vacation and sick days) on an annual basis, subject to and in accordance with the Company's general paid time off policies and practices as may be in effect from time to time.

(c) **General Benefits**. The Executive shall be entitled to participate in all employee benefit plans and arrangements of the Company that may be in effect from time to time and as may from time to time be made available to the other similarly situated executive officers of the Company, subject to and on a basis consistent with the terms, conditions and overall administration of such plans and arrangements.

(d) **No Limitation of Company's Rights**. Nothing in this Section 6 shall be construed to limit or restrict the complete discretion of the Company to amend, modify or terminate any employee benefit plan or plans of the Company where such action generally affects plan participants or employees, including the Executive.

(e) **Insurance**. The Company shall provide Executive with $2,500 per annum for the purpose of Executive procuring a term insurance policy that names such person(s) of Executive's choosing as beneficiary(ies).

7. **Travel Expenses**. The Company shall pay or reimburse the Executive for all reasonable and necessary traveling and other expenses incurred or paid by the Executive in connection with the performance of Executive's duties under this Agreement upon presentation of expense statements or vouchers and such other supporting information as the Company may from time to time reasonably request. However, the amount available for such traveling and other expenses may be fixed in advance by the Company.

8. **Termination**. This Agreement shall terminate prior to the Term expiration date, hereinabove set forth, in the event that the Executive shall die or the Board shall reasonably determine that the Executive has become disabled, or if the Executive's employment shall be terminated for cause or without cause, as hereinafter provided.

(a) **Disability**. The Company may determine that the Executive has become disabled, for purposes of this Agreement, in the event that the Executive shall fail, because of illness or incapacity, to render for three successive months, or for shorter periods aggregating three months or more in any period of 12 months, services of the character contemplated by this Agreement; and thereupon this Agreement and all rights of the Executive hereunder shall be deemed to have been terminated as of the end of the calendar month in which such determination is made.

(b) **For Cause**. The Company may dismiss the Executive for cause in the event that it determines that there has been willful misconduct by the Executive in connection with the performance of Executive's duties hereunder, or any other conduct on the part of the Executive which has been materially injurious to the Company; and thereupon this Agreement shall terminate effective upon the delivery to the Executive of 30-day written notice specifying in reasonable detail the basis for such determination by the Board, in which event the Company's obligation to compensate the Executive ceases on the effective date of Executive's termination except as to amounts due to him under Section 8(c)(i). For purposes of this Agreement, "cause" shall be determined only by a good faith finding thereof by the Board, which shall afford the Executive the opportunity to appear before it and, to the extent the Board determines the grounds for cause is reasonably curable, 30 days to cure prior to finalizing any such determination.

(c) **Without Cause**. The Executive may resign without cause at any time upon 30 days' written notice to the Company, in which event the Company's obligation to compensate him ceases on the effective date of Executive's termination except as to amounts due to him under Section 8(c)(i). The Company may dismiss the Executive without cause at any time upon 30-days' written notice to the Executive. In the event that the Company dismisses the Executive other than for cause, or if the Executive resigns because of a material breach of this Agreement by the Company (which Executive may do only if such breach remains materially uncured after the Executive has provided 30 days prior written notice to the Board), and the Executive's dismissal or resignation qualifies as a "separation from service" for purposes of Section 409A of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations and other official guidance issued thereunder (collectively, "Section 409A"), then the Company shall provide to the Executive:

(i) payment of the compensation due to him through the effective date of the termination of the Executive's employment, within ten business days following such effective date of the termination of the Executive's employment; and

(ii) continuation of the Executive's base salary for 12 months following the effective date of the termination of the Executive's employment at the higher of the rate specified in Section 4 or the Executive's then-current annual base salary, which salary continuation shall be paid in accordance with the Company's regular payroll practices and schedule; and

(iii) payment of the Executive's bonus under the Company's Annual Executive Cash Bonus Plan for the fiscal year preceding the fiscal year in which the termination without cause occurs, based on actual performance and the terms of the Company's Annual Executive Cash Bonus Plan for such fiscal year, if such bonus was earned and not previously paid prior to the date of the termination of the Executive's employment, payable at the same time as the bonus under the Company's Annual Executive Cash Bonus Plan for such fiscal year is paid to the other executives of the Company participating in the Company's Annual Executive Cash Bonus Plan for such fiscal year.

Notwithstanding anything to the contrary, to the extent that any payments under Section 8(c) are subject to a six-month waiting period under Section 409A, any such payments that would

be payable before the expiration of six months following the Executive's separation from service but for the operation of this sentence shall be made during the seventh month following the Executive's separation from service.

(d) In the event that the provisions of Section 8(c) are triggered, the Executive shall resign from all offices and directorships of the Company and of all subsidiaries and affiliates of the Company, upon payment to the Executive of the amount referred to in Section 8(c)(i).

(e) **Release of Claims**. The Company's obligation to provide the payments under Section 8(c)(ii) and Section 8(c)(iii) is conditioned upon the Executive's execution of an enforceable release of all claims (and upon the expiration of all applicable rescission periods contained in such release) and Executive's compliance with all provisions of this Agreement. If the Executive chooses not to execute such a release (or rescinds such release) or fails to comply with these provisions, then the Company's obligation to compensate him ceases on the effective date of Executive's termination except as to amount due to him under Section 8(c)(i).

(f) **Return of Confidential Documentation**. Upon termination of Executive's employment for any reason whatsoever, the Executive shall return to the Company all working papers, computer equipment, notebooks, strategic plans and other confidential documents and information, in any form whatsoever.

9. **Change in Control**.

(a) **Continuation by Executive of Employment Pending Change in Control**. In the event a person begins a tender or exchange offer, circulates a proxy to stockholders, or takes other steps seeking to effect a Change in Control (as defined below), the Executive agrees that he will not voluntarily leave the employ of the Company, and will render the services contemplated in this Agreement, until such person has either abandoned or terminated his or its efforts to effect a Change in Control or until three months after a Change in Control has occurred.

(b) **Post-Change in Control Termination Benefits**. In addition to the benefits otherwise payable to the Executive (other than Sections 8(c)(ii) and 8(c)(iii)) pursuant to this Agreement, upon the event of a Termination (as defined below) of the Executive's employment with the Company within two years after a Change in Control:

(i) The Company will pay to the Executive as compensation for services rendered to the Company a lump sum (subject to any applicable payroll or other taxes required to be withheld) in an amount equal to 2.0 multiplied by the sum of (A) the Executive's salary at the rate in effect at the time of the Executive's termination of employment, and (B) the target amount of the Executive's bonus under the Annual Executive Cash Bonus Plan (or successor plan in effect at the time of the Executive's termination of employment) for the fiscal year that includes the date of the Executive's termination of employment. The payment will be made as soon as administratively practicable after the six-month anniversary of the effective date of the termination of the Executive's employment (or, in the event of his death, to his estate as soon as administratively practicable after the date of the Executive's death. The payment under this

Section 9(b)(i) will be made in lieu of the payments provided for by Sections 8(c)(ii) and 8(c)(iii).

(ii) The Company will accelerate and make immediately exercisable in full any unvested stock options, shares of restricted stock or restricted stock units that the Executive then holds. Accelerated stock options will be exercisable by the Executive in accordance with their terms.

(iii) The Company will pay and provide to the Executive (or, in the event of his death, to his estate) as soon as administratively practicable after the six-month anniversary of the effective date of the termination of the Executive's employment (or, in the event of his death, as soon as administratively practicable after the date of his death), a lump sum payment in an amount equal to the excess, if any, of:

(1) the value of the aggregate benefits to which he would be entitled under any and all qualified and non-qualified defined contribution pension plans maintained by, or covering employees of, the Company if he were 100% vested thereunder, such benefits to be determined as of the date of termination of employment; over

(2) the value of the benefits to which he is actually entitled under such defined contribution pension plans as of the date of his termination.

(iv) The Executive will not be obligated to seek other employment in mitigation of the amounts payable or arrangements made under any provision of this Agreement, nor will any payments under this Agreement be reduced on account of any compensation, benefits or service credits for benefits from any employment that the Executive may obtain following his Termination.

(v) The Company's obligation to provide the payments under this Section 9(b) is conditioned upon the Executive's execution of an enforceable release of all claims (and upon the expiration of all applicable rescission periods contained in such release) and his compliance with all provisions of this Agreement. If the Executive chooses not to execute such a release (or rescinds such release) or fails to comply with these provisions, then the Company's obligation to compensate him ceases on the effective date of his termination except as to amount due to him under Section 8(c)(i).

(vi) The Company will provide the Executive and the Executive's covered family members with continuation of the health and medical coverage described in Section 6(a) for the period of time as required by COBRA following the effective date of the termination of the Executive's employment, provided that the Executive and the Executive's covered family members timely elect COBRA. While COBRA coverage is in effect (but for no more than 18 months following the effective date of the termination of the Executive's employment), the Company will subsize COBRA coverage by requiring the Executive to pay the rate that similarly situated active employees would pay for the applicable tier of coverage. The value of the Company's subsidy (i.e., the difference

between the COBRA premium and the amount paid by the Executive) will be imputed as income to the Executive.

(vii) The Company will provide continuation of the health and medical coverage described in Section 6(a) for a period of 18 months following the effective date of the termination of the Executive's employment.

(c) **Definitions**.

(i) For the purposes of this Agreement, the term "Change in Control" means:

(1) the reorganization, merger or consolidation of the Company with one or more individuals, corporations, partnerships, associations, joint-stock companies, trusts, estates, unincorporated organizations or any other business organizations ("Persons"), other than a transaction following which at least 51% of the ownership interests of the institution resulting from such transaction are owned by Persons who, immediately prior to such transaction, owned at least 51% of the outstanding voting share of the Company;

(2) the acquisition of more than 25% of the voting shares of the Company by any Person or Persons acting in concert;

(3) the acquisition of substantially all of the assets of the Company by any Person or Persons acting in concert; or

(4) the occurrence of any event if, immediately following such event, at least 50% of the members of the Board do not belong to any of the following groups:

(A) individuals who were members of the Board on August 10, 2026; or

(B) individuals who first became members of the Board after August 10, 2026 either:

(1) upon election to serve as a member of the Board by the affirmative vote of a majority of the members of the Board, or a nominating committee thereof, in office at the time of such first election; or

(2) upon election by the stockholders of the Company to serve as a member of the Board, but only if nominated for election by affirmative vote of a majority of the members of the Board, or a nominating committee thereof, in office at the time of such first nomination.

(ii) For the purposes of this Section 9, the term "Termination" means termination by the Company of the employment of the Executive with the Company (including its subsidiaries) for any reason other than death, disability or cause (as defined above), or resignation of the Executive, that qualifies as a "separation from service" for purposes of Section 409A, upon the occurrence of any of the following, without the Executive's prior written consent:

(1) a reasonable determination by the Executive that, as a result of a Change in Control and a change in circumstances thereafter significantly affecting his position, he is unable to exercise the authority, powers, function or duties attached to his position due to (A) the assignment to him of any duties inconsistent with his positions, duties, responsibilities and status with the Company immediately prior to a Change in Control, (B) a change in the Executive's reporting responsibilities, titles, or offices as in effect immediately prior to a Change in Control, or (C) any removal of the Executive from or any failure to re-elect him to any of such positions, except in each case in connection with the termination of his employment for cause, disability or retirement or as a result of his death or by the Executive other than in a reasonable determination;

(2) subsequent to a Change in Control, a reduction by the Company in the Executive's base salary as in effect on the date hereof or as the same may be increased from time to time, or failure of the Company to make an increase in compensation to which the Executive may be entitled under any employment agreement;

(3) subsequent to a Change in Control, a failure by the Company to continue any bonus plans in which the Executive is presently entitled to participate (the "Bonus Plans") as the same may be modified from time to time but substantially in the forms currently in effect, or a failure by the Company to continue the Executive as a participant in the Bonus Plans on at least the same basis as he presently participates in accordance with the Bonus Plans;

(4) subsequent to a Change in Control, the failure by the Company to continue in effect (subject to such changes as may be required by law from time to time) any benefit or compensation plan, stock ownership plan, stock purchase plan, stock option plan, life insurance plan, health-and-accident plan or disability plan in which the Executive is participating at the time of Change in Control (or plans providing him with substantially similar benefits), the taking of any action by the Company which would adversely affect the Executive's participation in or materially reduce his benefits under any of such plans or deprive him of any material fringe benefit enjoyed by him at the time of the Change in Control, or the failure by the Company to provide him with the number of paid vacation days to which he is then entitled in accordance with the Company's normal vacation policy in effect on the date hereof;

(5) a change requiring the Executive to perform services other than in Arvada, Colorado or in any location more than 30 miles away from Arvada,

Colorado by road, except for required travel on the Company's business to an extent substantially consistent with the Executive's position; or

(6) prior to a Change in Control, the failure by the Company to obtain the assumption of the agreement to perform this Agreement by any successor as contemplated in Section 17.

(d) **Golden Parachute Limitation.**

(i) In the event that the independent auditors most recently selected by the Board (the "Auditors") determine that any payment by the Company under this Section 9(d) to or for the benefit of the Executive would be nondeductible by the Company for federal income tax purposes because of Section 280G of the Code, then the total amount of all payments under this Section 9(d) shall be reduced (but not below zero) to the Reduced Amount. For purposes of this Section 9(d), the "Reduced Amount" will be the maximum payment amount that does not cause any payment to be nondeductible by the Company because of Section 280G of the Code.

(ii) If the Auditors determine that any payment under this Section 9(d) would be nondeductible by the Company because of Section 280G of the Code, then the Company will promptly give the Executive notice to that effect and a copy of the detailed calculation thereof and the Reduced Amount, and the Executive may then elect, in his sole discretion, which and how much of the payments will be eliminated or reduced (as long as after such election the aggregate present value of the payments equals the Reduced Amount) and shall advise the Company in writing of his election within ten days of receipt of notice. If no such election is made by the Executive within such ten-day period, then the Company may elect which and how much of the payments under this Section 9(d) will be eliminated or reduced (as long as after such election the aggregate present value of the payments equals the Reduced Amount) and will notify the Executive promptly of such election. All determinations made by the Auditors under this Section 9(d) will be binding upon the Company and the Executive and shall be made within 60 days of the date when a payment becomes payable.

As a result of uncertainty in the application of Section 280G of the Code at the time of an initial determination by the Auditors, it is possible that payments will have been made by the Company that should not have been made (an "Overpayment") or that additional payments that will not have been made by the Company could have been made (an "Underpayment"), consistent in each case with the calculation of the Reduced Amount. In the event that the Auditors determine that an Overpayment has been made, based upon the assertion of a deficiency by the Internal Revenue Service against the Company or the Executive that the Auditors believe has a high probability of success, such Overpayment will be treated for all purposes as a loan to the Executive which he or she will repay to the Company, together with interest at the applicable federal rate provided in Section 7872(f)(2) of the Code; provided, however, that no amount will be payable by the Executive to the Company if and to the extent that such payment would not reduce the amount subject to taxation under Section 4999 of the Code. In the event that the Auditors determine that an Underpayment has occurred, such Underpayment will promptly be paid

or transferred by the Company to or for the benefit of the Executive, together with interest at the applicable federal rate provided in Section 7872(f)(2) of the Code.

(e) Notwithstanding anything to the contrary, to the extent that any payments under Section 9 are subject to a six-month waiting period under Section 409A, any such payments that would be payable before the expiration of six months following the Executive's separation from service but for the operation of this sentence will be made during the seventh month following the Executive's separation from service.

10. **Covenants of Executive**. The Executive acknowledges that: (i) the business of the Company and its affiliates, as currently conducted and as conducted from time to time throughout the term of this Agreement (collectively, the "Business"), is conducted by and is proposed to be conducted by the Company on a world-wide basis (the "Company's Market"); (ii) the Business involves the design and manufacture of mission critical fluid, power, heat transfer, vacuum, and advanced mixing technologies for the Defense, Energy & Process, and Space industries; (iii) the Company has developed trade secrets and confidential information concerning the Business; and (iv) the agreements and covenants contained in this Section 10 are essential to protect the Business and the Company's trade secrets. In order to induce the Company to enter into this Employment Agreement, the Executive covenants and agrees that:

(a) **Agreement Not To Compete**. For a period of 12 months after the termination of Executive's employment with the Company for any reason (such period of time hereinafter referred to as the "Restricted Period"), neither the Executive nor any entity of which 20 percent or more of the beneficial ownership is held by the Executive or a person related to the Executive by blood or marriage ("Controlled Entity") will, anywhere in the Company's Market, directly or indirectly own, manage, operate, control, invest or acquire an interest in, or otherwise engage or participate in, whether as a proprietor, partner, stockholder, director, officer, member manager, employee or otherwise any business which competes in the Company's Market with the Business, without the prior written consent of the Company. Notwithstanding any other provisions of this Agreement, the Executive may make a passive investment in any publicly-traded company or entity in an amount not to exceed five percent of the voting stock of any such company or entity.

(b) **Agreement Not To Interfere in Business Relationships**.

(i) During the Restricted Period, neither the Executive nor any Controlled Entity will directly or indirectly solicit, induce or influence any customer, or any other person which has a business relationship with the Company or any affiliate, or which had on the date of this Agreement such a relationship with the Company or any affiliate, to discontinue or reduce the extent of such relationship with the Company or any affiliate in the Company's Market.

(ii) During the Restricted Period, neither the Executive nor any Controlled Entity will (1) directly or indirectly recruit, solicit or otherwise induce or influence any stockholder or employee of the Company or any of its affiliates to discontinue such employment or other relationship with the Company or any affiliate, or (2) employ or seek to employ, or cause any business which competes in the Company's Markets to employ or seek to employ for any reason, any person who is then (or was at any

time within six months prior to the date the Executive or such business employs or seeks to employ such person) employed by the Company or any affiliate without the prior written consent of the Company.

(c) **Non-Disparagement**. During and after the Term, the Executive and any Controlled Entity shall not publicly disparage: the Company; the Company's predecessors, successors, subsidiaries, related entities, and all of their members, shareholders, officers, directors, agents, attorneys, employees, or board members; or the Company's customers. Nothing in this Section 10(c) precludes the Executive from making truthful statements in connection with (i) a disclosure required by law, regulation, or order of a court or governmental agency, (ii) the filing of a good faith report or participation in a proceeding related to an alleged violation of any applicable law, regulation, or order of a court or governmental agency, or (iii) any governmental, quasi-governmental or administrative or judicial inquiry or court proceeding. During and after the Term, the Company shall not and it shall cause its directors and officers not to publicly disparage the Executive.

(d) **Confidentiality**. During and after the Term, neither the Executive nor any Controlled Entity will directly or indirectly disclose to anyone, or use or otherwise exploit for the Executive's or any Controlled Entity's own benefit or for the benefit of anyone other than the Company, any confidential information, including, without limitation, any confidential "know-how", trade secrets, customer lists, details of customer contracts, pricing policies, operational methods, marketing plans or strategies, product development techniques or plans, business acquisition plans and new personnel acquisition plans of the Company or any affiliate related to the Business or any portion or phase of any scientific, engineering or technical information, design, process, procedure, formula, improvement, discovery, invention, machinery or device of the Company or any affiliate, whether or not in written or tangible form (all of the preceding is hereinafter referred to as "Confidential Information"). The term "Confidential Information" does not include, and there shall be no obligation hereunder with respect to, information that arises from the Executive's general training, knowledge, skill, or experience, whether gained on the job or otherwise, information that is readily ascertainable to the public (other than as a result of a disclosure by the Executive or a Controlled Entity or any agent or other representative thereof), or information that the Executive otherwise has a right to disclose as legally protected conduct. Neither the Executive nor any Controlled Entity shall have any obligation hereunder to keep confidential any Confidential Information to the extent disclosure is required by law, or determined in good faith by the Executive to be necessary or appropriate to comply with any legal or regulatory order, regulation or requirement; provided, however, that in the event disclosure is required by law, the Executive or the Controlled Entity concerned shall provide the Company with prompt advance written notice of such requirement so that the Company may seek an appropriate protective order. It is understood that in any new employment, the Executive may use Executive's ordinary skill and non-confidential knowledge, even though said skill and non-confidential knowledge may have been gained at the Company. The Executive's obligations under this Section 10(d) shall be in addition to, not in substitution for, any common law fiduciary duties the Executive has to the Company regarding information acquired during the course of Executive's employment.

(e) **Intellectual Property**. The Executive shall communicate to the Company full information concerning all inventions, improvements, discoveries, developments, ideas, formulas, processes, methods, systems of organization, management procedures, works of

authorship, documentation, reports, know-how, reports, software or computer applications (hereinafter, collectively, "Intellectual Property") made or conceived by him either solely or jointly with others while in the employ of the Company, whether or not perfected during Executive's period of employment and which shall be within the existing or contemplated scope of the Company's business during Executive's employment. The Executive hereby irrevocably transfers and assigns to the Company all right, title and interest worldwide in and to such Intellectual Property, including all patent, copyright, trade secret, and other proprietary rights therein, and all applications, registrations, renewals, extensions, causes of action, and rights to recover for past, present, and future infringements thereof; and the Executive waives any moral rights or other special rights that it may have or that may accrue therein. The Executive will assist the Company and its nominees in every way at the Company's expense in obtaining patents for such Intellectual Property as may be patentable in any and all countries and the Executive will execute all papers the Company may desire and assignments thereof to the Company or its nominees and said Intellectual Property shall be and remain the property of the Company and its nominees, if any, whether patented or not or assigned or not. Notwithstanding anything to the contrary, the Executive is not required to assign to the Company any invention that the Executive developed entirely on the Executive's own time without using the Company's equipment, supplies, facilities, or trade secret information, unless such invention (a) relates at the time of conception or reduction to practice to the Company's business or actual or demonstrably anticipated research or development, or (b) results from any work performed by the Executive for the Company. The Executive agrees, however, that the Company shall have a nonexclusive, fully paid license to use for all purposes any Intellectual Property within the scope of the Company's actual or anticipated business but not assigned to the Company hereunder, unless such a license is prohibited by statute or by a court of last resort and competent jurisdiction.

(f) **Survival of Covenants**. In the event of a termination of this Agreement, the covenants and agreements contained in this Section 10 shall survive, shall continue thereafter, and shall not expire unless and except as expressly set forth in this Section.

(g) **Remedies**. The parties to this Agreement agree that (i) if either the Executive or any Controlled Entity breaches any provision of this Section 10, the damage to the Company and its affiliates will be substantial, although difficult to ascertain, and money damages will not afford an adequate remedy, and (ii) if either the Executive or any Controlled Entity is in breach of this Agreement, or threatens a breach of this Agreement, the Company shall be entitled in its own right and/or on behalf of one or more of its affiliates, in addition to all other rights and remedies as may be available at law or in equity, to (1) injunctive and other equitable relief to prevent or restrain a breach of this Agreement and (2) may require the breaching party to pay damages as the result of any transactions constituting a breach hereof.

(h) **Notice of Immunity**. The Executive understands that under the Defend Trade Secrets Act of 2016 (the "Act'), an individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that (A) is made (i) in confidence to a Federal, State or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. The Executive further understands that under the Act, an individual who files a lawsuit for retaliation by a company for reporting a suspected violation of law may disclose

the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual (A) files any document containing the trade secret under seal; and (B) does not disclose the trade secret, except pursuant to court order.

11. **Indemnification of Executive**. The Company agrees to indemnify the Executive as provided by the Company's Indemnification Agreement with the Executive executed simultaneously with this Agreement, and which is incorporated herein as if set forth in its entirety.

12. **Effect of Waiver**. The waiver by either party of a breach of any provision of this Agreement shall not operate as or be construed as a waiver of any subsequent breach thereof.

13. **Notice**. Any and all notices provided for herein shall be in writing and shall be physically delivered or mailed by registered or certified mail, return receipt requested to the parties at their respective addresses set forth hereinabove. Either party may from time to time designate a different address for notices to be sent to such party by giving the other party due notice of such different address.

14. **Modification and Assignment**. This Agreement shall not be modified or amended except by an instrument in writing signed by the parties hereto. This Agreement and all of its terms and conditions shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assigns, including but not limited to any corporation or other entity with or into which the Company is merged or consolidated or any other successor of the Company. The Executive agrees that Executive will not and may not assign, transfer or convey, pledge or encumber this Agreement or Executive's right, title or interest therein, or Executive's power to execute the same or any monies due or to become due hereunder, this Agreement being intended to secure the personal services of the Executive, and the Company shall not recognize any such assignment, transfer, conveyance, pledge or encumbrance.

15. **Applicable Law**. This Agreement and the rights and obligations of the parties hereunder shall be construed and interpreted in accordance with the laws of the State of New York, without giving effect to the conflict of laws provisions thereof. Any action or proceeding brought by either party against the other arising out of or related to the Agreement shall be brought only in a state or federal court of competent jurisdiction.

16. **Prior Agreements**. This Agreement shall supersede any prior employment agreement, arrangement or understanding between the Company and the Executive, without limitation, and shall be effective from the date specified hereinabove.

17. **Business Combinations**. In the event of any sale, merger or any form of business combination affecting the Company, including without limitation the purchase of assets or any other form of business combination, the Company will obtain the express written assumption of this Agreement by the acquiring or surviving entity from such combination, and failure of the Company to obtain such an assumption will constitute a breach of this Agreement, entitling the Executive to all payments and other benefits to be provided in the event of termination without cause provided in Section 8.

18. **Section 409A**. This Agreement is intended to comply with Section 409A of the Code to the extent its provisions are subject to that law. The parties agree that they will negotiate

in good faith regarding amendments necessary to bring this Agreement into compliance with the terms of that Section or an exemption therefrom as interpreted by guidance issued by the Internal Revenue Service, taking into account any limitations on amendments imposed by Section 409A or Internal Revenue Service guidance. The parties further agree that to the extent the terms of this Agreement fail to qualify for exemption from or satisfy the requirements of Section 409A, this Agreement may be operated in compliance with Section 409A pending amendment to the extent authorized by the Internal Revenue Service. In such circumstances the Company and the Executive will administer the Agreement in a manner which adheres as closely as possible to the existing terms and intent of the Agreement while complying with Section 409A.

19. **Headings**. The section headings of this Agreement are for convenience of reference only and are not to be considered in the interpretation of the terms and conditions of this Agreement.

20. **Invalidity or Unenforceability**. If any term or provision of this Agreement is held to be invalid or unenforceable, for any reason, such invalidity or unenforceability shall not affect any other term or provision hereof and this Agreement shall continue in full force and effect as if such invalid or unenforceable term or provision (to the extent of the invalidity or unenforceability) had not been contained herein. If any court determines that any provision of Section 10 hereof is unenforceable because of the duration or geographic scope of such provision, such court shall have the power to reduce the scope or duration of such provision, as the case may be, and, in its reduced form, such provision shall then be enforceable.

21. **Counterparts**. This Agreement may be executed in any number of counterparts, each of which for all purposes shall be deemed to be an original.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

GRAHAM CORPORATION

By: /s/ Matthew Malone
Name: Matthew Malone
Title: Chief Executive Officer

By: /s/ Richard Scholes
Name: Richard Scholes

[Signature Page to the Employment Agreement of Rich Scholes]

EXHIBIT 31.1

CERTIFICATION OF
PRINCIPAL EXECUTIVE OFFICER

I, Matthew J. Malone, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Graham Corporation;

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(s) 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(s) 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: November 5, 2026

/s/ MATTHEW J. MALONE
Matthew J. Malone
President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION OF
PRINCIPAL FINANCIAL OFFICER

I, Christopher J. Thome, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Graham Corporation;

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(s) 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(s) 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: November 5, 2026

/s/ CHRISTOPHER J. THOME
Christopher J. Thome
Vice President-Finance, Chief Financial Officer,
Chief Accounting Officer, and Treasurer

EXHIBIT 32.1

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 Graham Corporation (the "Company") on Form 10-Q for the period ended September 30, 2026 as filed with the Securities and Exchange Commission (the "Report"), each of the undersigned certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that:

1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ MATTHEW J. MALONE
Matthew J. Malone
President and Chief Executive Officer
(Principal Executive Officer)

Date: November 5, 2026

/s/ CHRISTOPHER J. THOME
Christopher J. Thome
Vice President-Finance, Chief Financial Officer,
Chief Accounting Officer, and Treasurer
(Principal Financial Officer)
Date: November 5, 2026

A signed original of this written statement required by Section 906 has been provided to Graham Corporation and will be retained by Graham Corporation and furnished to the Securities and Exchange Commission or its staff upon request.