



UniFirst Announces Financial Results for the Second Quarter of Fiscal 2025

April 2, 2025

WILMINGTON, Mass., April 02, 2025 (GLOBE NEWSWIRE) -- UniFirst Corporation (NYSE: UNF) (the "Company," "UniFirst" or "we") today reported results for its second quarter ended March 1, 2025 as compared to the corresponding period in the prior fiscal year:

Q2 2025 Financial Highlights

- Consolidated revenues for the second quarter increased 1.9% to \$602.2 million.
- Operating income was \$31.2 million, an increase of 11.7%.
- The quarterly tax rate decreased to 25.0% compared to 26.2% in the prior year.
- Net income increased to \$24.5 million from \$20.5 million in the prior year, or 19.6%.
- Diluted earnings per share increased to \$1.31 from \$1.09 in the prior year, or 20.2%.
- Adjusted EBITDA increased to \$68.9 million compared to \$64.8 million in the prior year, or 6.3%.

The Company's financial results for the second quarter of fiscal 2025 and 2024 included approximately \$1.9 million and \$3.2 million, respectively, of costs directly attributable to its customer relationship management ("CRM") computer system and enterprise resource planning ("ERP") projects. The Company refers to the CRM and ERP projects together as its "Key Initiatives". The effect of these items on the second quarter of fiscal 2025 and 2024 combined to decrease:

- Both operating income and Adjusted EBITDA by \$1.9 million and \$3.2 million, respectively.
- Net income by \$1.6 million and \$2.5 million, respectively.
- Diluted earnings per share by \$0.09 and \$0.13, respectively.

Steven Sintros, UniFirst President and Chief Executive Officer, said, "We are pleased with the results from our second quarter, which were largely in line with our expectations. We are excited that our investments in the business are starting to show returns in several areas, including improved profitability, cash flow and overall operational execution. I want to sincerely thank all of our Team Partners who continue to *Always Deliver* for each other and our customers as we strive towards our vision of being universally recognized as the best service provider in the industry. ...all while living our mission of *Serving the People Who do the Hard Work*."

Segment Reporting Highlights

Core Laundry Operations

- Revenues for the quarter increased 1.5% to \$530.4 million.
- Organic growth, which excludes the effect of acquisitions and fluctuations in the Canadian dollar, was 1.9%.
- Operating margin increased to 4.6% from 3.6%.
- Adjusted Core Laundry Operations' EBITDA margin increased to 11.2% from 10.3%.

The costs we incurred related to the Key Initiatives were recorded to the Core Laundry Operations' segment, and decreased both the Core Laundry Operations' operating and Adjusted EBITDA margins for the second quarters of fiscal 2025 and 2024 by 0.3% and 0.6%, respectively.

The segment's operating and Adjusted EBITDA margin increases were primarily due to lower merchandise and production costs as a percentage of revenues. These were partially offset by higher healthcare claims expense and selling and administrative costs as a percentage of revenues in the second quarter of fiscal 2025.

Specialty Garments

- Revenues for the quarter were \$44.4 million, an increase of 2.2%, which was due primarily to growth in the European nuclear operations.
- Operating margin decreased to 16.7% from 22.8% a year ago, primarily as a result of increased merchandise, other production and selling payroll costs as a percentage of revenues.
- Specialty Garments consists of nuclear decontamination and cleanroom operations, and its results can vary significantly due to seasonality and the timing of reactor outages and projects.

Balance Sheet and Capital Allocation

- Cash, cash equivalents and Short-term investments totaled \$201.0 million as of March 1, 2025.
- The Company had no long-term debt outstanding as of March 1, 2025.
- Cash flow from operating activities was \$128.3 million in the first half of fiscal 2025, an increase of 20.2% over the prior year.
- The Company repurchased 33,000 shares of Common Stock for \$6.2 million in the second quarter of fiscal 2025. As of

March 1, 2025, the Company had \$63.7 million remaining under its existing share repurchase authorization.

- Weighted average shares outstanding – Diluted for the second quarters of fiscal 2025 and fiscal 2024 were 18.6 million and 18.8 million, respectively.

Financial Outlook

Mr. Sintros continued, “At this time, we expect our revenues for fiscal 2025 to be between \$2.422 billion and \$2.432 billion which reflects the anticipated negative impact of the Canadian Dollar exchange rate compared to our original expectations. We further expect that our diluted earnings per share will be between \$7.30 and \$7.70, which reflects improved anticipated operating income in our Core Laundry Operations and an assumption that our Key Initiative costs in fiscal 2025 will approximate \$12.0 million, revised down from prior estimates.”

Please note the guidance does not include the impact of any future share buybacks or unexpected events affecting the economy generally.

Conference Call Information

UniFirst Corporation will hold a conference call today at 9:00 a.m. (ET) to discuss its quarterly financial results, business highlights and outlook. A simultaneous live webcast of the call will be available over the Internet and can be accessed at www.unifirst.com.

About UniFirst Corporation

Headquartered in Wilmington, Mass., UniFirst Corporation (NYSE: UNF) is a North American leader in the supply and servicing of uniform and workwear programs, facility service products, as well as first aid and safety supplies and services. Together with its subsidiaries, the Company also manages specialized garment programs for the cleanroom and nuclear industries. In addition to partnering with leading brands, UniFirst manufactures its own branded workwear, protective clothing, and floorcare products at its five company-owned ISO-9001-certified manufacturing facilities. With more than 270 service locations, over 300,000 customer locations, and 16,000-plus employee Team Partners, the Company outfits more than 2 million workers every day. For more information, contact UniFirst at 888.296.2740 or visit UniFirst.com.

Forward-Looking Statements Disclosure

This public announcement contains forward-looking statements within the meaning of the federal securities laws that reflect the Company's current views with respect to future events and financial performance, including projected revenues, operating margin and earnings per share. Forward-looking statements contained in this public announcement are subject to the safe harbor created by the Private Securities Litigation Reform Act of 1995 and may be identified by words such as “guidance,” “outlook,” “estimates,” “anticipates,” “projects,” “plans,” “expects,” “intends,” “believes,” “seeks,” “could,” “should,” “may,” “will,” “strategy,” “objective,” “assume,” “strive,” “design,” “assumption,” “vision,” “approximate,” or the negative versions thereof, and similar expressions and by the context in which they are used. Such forward-looking statements are based upon our current expectations and speak only as of the date made. Such statements are highly dependent upon a variety of risks, uncertainties and other important factors that could cause actual results to differ materially from those reflected in such forward-looking statements. Such factors include, but are not limited to, uncertainties caused by an economic recession or other adverse economic conditions, including, without limitation, as a result of elevated inflation or interest rates or extraordinary events or circumstances such as geopolitical conflicts like the conflict between Russia and Ukraine and, disruption in the Middle East, and their impact on our customers' businesses and workforce levels, disruptions of our business and operations, including limitations on, or closures of, our facilities, or the business and operations of our customers or suppliers in connection with extraordinary events or circumstances uncertainties regarding our ability to consummate acquisitions and successfully integrate acquired businesses, and the performance of such businesses, uncertainties regarding any existing or newly-discovered expenses and liabilities related to environmental compliance and remediation, any adverse outcome of pending or future contingencies or claims, our ability to compete successfully without any significant degradation in our margin rates, seasonal and quarterly fluctuations in business levels, our ability to preserve positive labor relationships and avoid becoming the target of corporate labor unionization campaigns that could disrupt our business, the effect of currency fluctuations on our results of operations and financial condition, our dependence on third parties to supply us with raw materials, which such supply could be severely disrupted as a result of extraordinary events or circumstances such as the conflict between Russia and Ukraine, any loss of key management or other personnel, increased costs as a result of any changes in federal, state, international or other laws, rules and regulations or governmental interpretation of such laws, rules and regulations, uncertainties regarding, or adverse impacts from continued high price levels of natural gas, electricity, fuel and labor or increases in such costs, the negative effect on our business from sharply depressed oil and natural gas prices, the continuing increase in domestic healthcare costs, increased workers' compensation claim costs, increased healthcare claim costs, our ability to retain and grow our customer base, demand and prices for our products and services, fluctuations in our Specialty Garments business, political or other instability, supply chain disruption or infection among our employees in Mexico and Nicaragua where our principal garment manufacturing plants are located, our ability to properly and efficiently design, construct, implement and operate a new enterprise resource planning computer system, interruptions or failures of our information technology systems, including as a result of cyber-attacks, additional professional and internal costs necessary for compliance with any changes in or additional Securities and Exchange Commission (the “SEC”), New York Stock Exchange and accounting or other rules, including, without limitation, recent rules adopted by the SEC regarding climate-related and cybersecurity-related disclosures, strikes and unemployment levels, our efforts to evaluate and potentially reduce internal costs, the impact of foreign trade policies and tariffs or other impositions on imported goods on our business, results of operations and financial condition, our ability to successfully implement our business strategies and processes, including our capital allocation strategies, our ability to successfully remediate the material weaknesses in internal control over financial reporting disclosed in our Annual Report on Form 10-K for the year ended August 31, 2024 and the other factors described under Part I, Item 1A. “Risk Factors” and elsewhere in our Annual Report on Form 10-K for the year ended August 31, 2024, Part II, Item 1A. “Risk Factors” and elsewhere in our subsequent Quarterly Reports on Form 10-Q and in our other filings with the SEC. We undertake no obligation to update any forward-looking statements to reflect events or circumstances arising after the date on which they are made.

Consolidated Statements of Income (Unaudited)

Thirteen Weeks Ended

Twenty-Six Weeks Ended

(In thousands, except per share data)	March 1, 2025	February 24, 2024	March 1, 2025	February 24, 2024
Revenues	\$ 602,219	\$ 590,711	\$ 1,207,127	\$ 1,184,236
Operating expenses:				
Cost of revenues (1)	394,145	396,191	775,199	779,987
Selling and administrative expenses (1)	141,914	131,417	275,429	254,276
Depreciation and amortization	34,946	35,160	69,754	68,893
Total operating expenses	<u>571,005</u>	<u>562,768</u>	<u>1,120,382</u>	<u>1,103,156</u>
Operating income	<u>31,214</u>	<u>27,943</u>	<u>86,745</u>	<u>81,080</u>
Other (income) expense:				
Interest income, net	(2,213)	(350)	(4,908)	(3,184)
Other expense, net	794	575	1,084	1,291
Total other (income) expense, net	<u>(1,419)</u>	<u>225</u>	<u>(3,824)</u>	<u>(1,893)</u>
Income before income taxes	32,633	27,718	90,569	82,973
Provision for income taxes	<u>8,174</u>	<u>7,261</u>	<u>23,005</u>	<u>20,191</u>
Net income	<u>\$ 24,459</u>	<u>\$ 20,457</u>	<u>\$ 67,564</u>	<u>\$ 62,782</u>
Income per share – Basic:				
Common Stock	\$ 1.37	\$ 1.14	\$ 3.78	\$ 3.49
Class B Common Stock	\$ 1.10	\$ 0.91	\$ 3.02	\$ 2.79
Income per share – Diluted:				
Common Stock	\$ 1.31	\$ 1.09	\$ 3.62	\$ 3.35
Income allocated to – Basic:				
Common Stock	\$ 20,559	\$ 17,188	\$ 56,778	\$ 52,754
Class B Common Stock	\$ 3,900	\$ 3,269	\$ 10,786	\$ 10,028
Income allocated to – Diluted:				
Common Stock	\$ 24,459	\$ 20,457	\$ 67,564	\$ 62,782
Weighted average shares outstanding – Basic:				
Common Stock	15,009	15,106	15,011	15,110
Class B Common Stock	3,558	3,590	3,566	3,590
Weighted average shares outstanding – Diluted:				
Common Stock	18,649	18,754	18,653	18,758

(1) Exclusive of depreciation on the Company's property, plant and equipment and amortization on its intangible assets.

Condensed Consolidated Balance Sheets (Unaudited)

(In thousands)	March 1, 2025	August 31, 2024
Assets		
Current assets:		
Cash and cash equivalents	\$ 192,174	\$ 161,571
Short-term investments	8,805	13,505
Receivables, net	282,207	278,851
Inventories	159,067	156,908
Rental merchandise in service	226,259	237,969
Prepaid taxes	11,026	14,893
Prepaid expenses and other current assets	57,309	51,979
Total current assets	<u>936,847</u>	<u>915,676</u>
Property, plant and equipment, net	802,529	801,612

Goodwill	653,042	648,850
Customer contracts and other intangible assets, net	110,940	119,999
Deferred income taxes	794	833
Operating lease right-of-use assets, net	68,564	66,682
Other assets	160,646	142,761
Total assets	<u>\$ 2,733,362</u>	<u>\$ 2,696,413</u>
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable	\$ 89,551	\$ 92,509
Accrued liabilities	170,776	170,240
Accrued taxes	—	447
Operating lease liabilities, current	17,233	18,241
Total current liabilities	<u>277,560</u>	<u>281,437</u>
Long-term liabilities:		
Accrued liabilities	123,216	123,401
Accrued and deferred income taxes	135,380	132,496
Operating lease liabilities	53,650	50,568
Total liabilities	<u>589,806</u>	<u>587,902</u>
Shareholders' equity:		
Common Stock	1,501	1,500
Class B Common Stock	356	359
Capital surplus	106,141	104,791
Retained earnings	2,068,510	2,025,505
Accumulated other comprehensive loss	(32,952)	(23,644)
Total shareholders' equity	<u>2,143,556</u>	<u>2,108,511</u>
Total liabilities and shareholders' equity	<u>\$ 2,733,362</u>	<u>\$ 2,696,413</u>

Detail of Operating Results
(Unaudited)

(In thousands, except percentages)	Thirteen Weeks Ended March 1, 2025				Thirteen Weeks Ended February 24, 2024			
	Core Laundry		Specialty	First	Core Laundry		Specialty	First
	Operations	Garments	Aid	Total	Operations	Garments	Aid	Total
Revenues	\$ 530,351	\$ 44,414	\$ 27,454	\$ 602,219	\$ 522,420	\$ 43,462	\$ 24,829	\$ 590,711
Revenue Growth %	1.5 %	2.2 %	10.6 %	1.9 %				
Operating Income (Loss) (1), (2)	\$ 24,267	\$ 7,433	\$ (486)	\$ 31,214	\$ 19,046	\$ 9,901	\$ (1,004)	\$ 27,943
Operating Margin	4.6 %	16.7 %	-1.8 %	5.2 %	3.6 %	22.8 %	-4.0 %	4.7 %
Adjusted EBITDA (1), (2)	\$ 59,357	\$ 9,071	\$ 490	\$ 68,918	\$ 53,744	\$ 11,107	\$ (15)	\$ 64,836
Adjusted EBITDA Margin	11.2 %	20.4 %	1.8 %	11.4 %	10.3 %	25.6 %	-0.1 %	11.0 %

(1) The Company's financial results for the second quarter of fiscal 2025 and 2024 included approximately \$1.9 million and \$3.2 million, respectively, of costs directly attributable to its Key Initiatives.

(2) The Key Initiatives' costs decreased both Core Laundry Operations' operating margin and Adjusted EBITDA margin for the second quarter of fiscal 2025 and 2024 by 0.3% and 0.6%, respectively.

(In thousands, except percentages)	Twenty-Six Weeks Ended March 1, 2025				Twenty-Six Weeks Ended February 24, 2024			
	Core Laundry		Specialty	First	Core Laundry		Specialty	First
	Operations	Garments	Aid	Total	Operations	Garments	Aid	Total
Revenues	\$ 1,063,094	\$ 90,357	\$ 53,676	\$ 1,207,127	\$ 1,046,409	\$ 88,131	\$ 49,696	\$ 1,184,236
Revenue Growth %	1.6 %	2.5 %	8.0 %	1.9 %				

Operating Income																
(Loss) (3), (4)	\$	67,290	\$	19,600	\$	(145)	\$	86,745	\$	61,137	\$	22,018	\$	(2,075)	\$	81,080
Operating Margin		6.3 %		21.7 %		-0.3 %		7.2 %		5.8 %		25.0 %		-4.2 %		6.8 %
Adjusted EBITDA (3),																
(4)	\$	138,418	\$	22,717	\$	1,743	\$	162,878	\$	129,400	\$	24,431	\$	(307)	\$	153,524
Adjusted EBITDA																
Margin		13.0 %		25.1 %		3.2 %		13.5 %		12.4 %		27.7 %		-0.6 %		13.0 %

(3) The Company's financial results for the first half of fiscal 2025 and 2024 included approximately \$4.4 million and \$6.1 million, respectively, of costs directly attributable to its Key Initiatives.

(4) The Key Initiatives' costs decreased both Core Laundry Operations' operating margin and Adjusted EBITDA margin for the second quarter of fiscal 2025 and 2024 by 0.4% and 0.6%, respectively.

Consolidated Statements of Cash Flows (Unaudited)

(In thousands)	March 1, 2025	February 24, 2024
Cash flows from operating activities:		
Net income	\$ 67,564	\$ 62,782
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization (1)	69,754	68,893
Share-based compensation	6,034	4,842
Accretion on environmental contingencies	640	632
Accretion on asset retirement obligations	314	467
Deferred income taxes	2,159	897
Other	279	963
Changes in assets and liabilities, net of acquisitions:		
Receivables, less reserves	(4,878)	(12,574)
Inventories	(2,242)	(9,935)
Rental merchandise in service	10,233	7,127
Prepaid expenses and other current assets and Other assets	(13,429)	(14,036)
Accounts payable	(3,729)	(8,035)
Accrued liabilities	(8,867)	(6,205)
Prepaid and accrued income taxes	4,472	10,907
Net cash provided by operating activities	<u>128,304</u>	<u>106,725</u>
Cash flows from investing activities:		
Acquisition of businesses, net of cash acquired	(5,374)	—
Capital expenditures, including capitalization of software costs	(66,086)	(72,902)
Purchases of investments	(14,734)	(11,394)
Maturities of investments	18,747	10,217
Proceeds from sale of assets	222	632
Net cash used in investing activities	<u>(67,225)</u>	<u>(73,447)</u>
Cash flows from financing activities:		
Proceeds from exercise of share-based awards	4	3
Taxes withheld and paid related to net share settlement of equity awards	(4,218)	(2,638)
Repurchase of Common Stock	(12,528)	(8,119)
Payment of cash dividends	(12,153)	(11,512)
Net cash used in financing activities	<u>(28,895)</u>	<u>(22,266)</u>
Effect of exchange rate changes	<u>(1,581)</u>	<u>83</u>
Net increase in cash and cash equivalents	30,603	11,095
Cash and cash equivalents at beginning of period	<u>161,571</u>	<u>79,443</u>
Cash and cash equivalents at end of period	<u>\$ 192,174</u>	<u>\$ 90,538</u>

(1) Depreciation and amortization for the first half of fiscal 2025 and 2024 included approximately \$8.4 million and \$9.2 million, respectively, of non-cash

amortization expense recognized on acquisition-related intangible assets.

Reconciliation of GAAP to Non-GAAP Financial Measures

The Company reports its consolidated financial results in accordance with generally accepted accounting principles ("GAAP"). To supplement the Company's consolidated financial results in this press release, the Company also presents Adjusted EBITDA and Adjusted EBITDA margin, which are non-GAAP financial measures. The Company defines Adjusted EBITDA as net income before interest, income taxes, depreciation and amortization, further adjusted for share-based compensation expense, acquisition costs, executive transition costs and other items impacting the comparability of the Company's underlying operating performance between periods. Adjusted EBITDA margin is defined as Adjusted EBITDA for a period divided by revenue for the same period.

The Company believes these non-GAAP financial measures provide useful supplemental information regarding the performance of the Company and its segments to both management and investors. In addition, by excluding certain items, these non-GAAP financial measures enable management and investors to further evaluate the underlying operating performance of the Company.

Supplemental reconciliations of the Company's consolidated net income on a GAAP basis to Adjusted EBITDA and Adjusted EBITDA margin, are presented in the following table. Investors are encouraged to review the reconciliations of the non-GAAP financial measures to their most directly comparable GAAP financial measures, which are provided below. Adjusted EBITDA and Adjusted EBITDA margin should be considered in addition to, and not as substitutes for, or in isolation from, measures prepared in accordance with GAAP.

The Company does not allocate its provision for income taxes to its business segments and as a result, presents it in a separate column in the following tables.

Thirteen Weeks Ended March 1, 2025					
(In thousands, except percentages)	Core Laundry Operations	Specialty Garments	First Aid	Other	Total
Revenue	\$ 530,351	\$ 44,414	\$ 27,454	\$ —	\$ 602,219
Net income	\$ 25,686	\$ 7,433	\$ (486)	\$ (8,174)	\$ 24,459
Provision for income taxes	—	—	—	8,174	8,174
Interest income, net	(2,213)	—	—	—	(2,213)
Depreciation and amortization	32,563	1,436	947	—	34,946
Share-based compensation expense	2,967	202	29	—	3,198
Executive transition costs	354	—	—	—	354
Adjusted EBITDA	<u>\$ 59,357</u>	<u>\$ 9,071</u>	<u>\$ 490</u>	<u>\$ —</u>	<u>\$ 68,918</u>
<i>Adjusted EBITDA Margin</i>	<i>11.2 %</i>	<i>20.4 %</i>	<i>1.8 %</i>		<i>11.4 %</i>

Thirteen Weeks Ended February 24, 2024					
(In thousands, except percentages)	Core Laundry Operations	Specialty Garments	First Aid	Other	Total
Revenue	\$ 522,420	\$ 43,462	\$ 24,829	\$ —	\$ 590,711
Net income	\$ 18,821	\$ 9,901	\$ (1,004)	\$ (7,261)	\$ 20,457
Provision for income taxes	—	—	—	7,261	7,261
Interest income, net	(350)	—	—	—	(350)
Depreciation and amortization	33,175	1,021	964	—	35,160
Share-based compensation expense	2,098	185	25	—	2,308
Adjusted EBITDA	<u>\$ 53,744</u>	<u>\$ 11,107</u>	<u>\$ (15)</u>	<u>\$ —</u>	<u>\$ 64,836</u>
<i>Adjusted EBITDA Margin</i>	<i>10.3 %</i>	<i>25.6 %</i>	<i>-0.1 %</i>		<i>11.0 %</i>

Twenty-Six Weeks Ended March 1, 2025					
(In thousands, except percentages)	Core Laundry Operations	Specialty Garments	First Aid	Other	Total
Revenue	\$ 1,063,094	\$ 90,357	\$ 53,676	\$ —	\$ 1,207,127
Net income	\$ 71,114	\$ 19,600	\$ (145)	\$ (23,005)	\$ 67,564
Provision for income taxes	—	—	—	23,005	23,005

Interest income, net	(4,908)	—	—	—	(4,908)
Depreciation and amortization	65,180	2,742	1,832	—	69,754
Share-based compensation expense	5,603	375	56	—	6,034
Executive transition costs	1,429	—	—	—	1,429
Adjusted EBITDA	<u>\$ 138,418</u>	<u>\$ 22,717</u>	<u>\$ 1,743</u>	<u>\$ —</u>	<u>\$ 162,878</u>
<i>Adjusted EBITDA Margin</i>	13.0%	25.1%	3.2%		13.5%

Twenty-Six Weeks Ended February 24, 2024

(In thousands, except percentages)	Core Laundry Operations	Specialty Garments	First Aid	Other	Total
Revenue	\$ 1,046,409	\$ 88,131	\$ 49,696	\$ —	\$ 1,184,236
Net income	\$ 63,030	\$ 22,018	\$ (2,075)	\$ (20,191)	\$ 62,782
Provision for income taxes	—	—	—	20,191	20,191
Interest income, net	(3,184)	—	—	—	(3,184)
Depreciation and amortization	65,120	2,052	1,721	—	68,893
Share-based compensation expense	4,434	361	47	—	4,842
Adjusted EBITDA	<u>\$ 129,400</u>	<u>\$ 24,431</u>	<u>\$ (307)</u>	<u>\$ —</u>	<u>\$ 153,524</u>
<i>Adjusted EBITDA Margin</i>	12.4%	27.7%	-0.6%		13.0%

Investor Relations Contact

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Source: UniFirst Corporation