

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended May 31, 2025  
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: 001-08504



UNIFIRST CORPORATION

(Exact name of registrant as specified in its charter)

Massachusetts  
(State or Other Jurisdiction of  
Incorporation or Organization)  
68 Jonspin Road, Wilmington, MA  
(Address of Principal Executive Offices)

04-2103460  
(I.R.S. Employer  
Identification No.)  
01887  
(Zip Code)

(978) 658-8888

(Registrant's Telephone Number, Including Area Code)

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, \$0.10 par value per share	UNF	New York Stock Exchange

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

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

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

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

The number of outstanding shares of UniFirst Corporation Common Stock and Class B Common Stock as of July 2, 2025 were 14,991,657 and 3,551,265, respectively.

**UniFirst Corporation**  
**Quarterly Report on Form 10-Q**  
**For the Thirteen and Thirty-Nine Weeks Ended May 31, 2025**

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PART I – FINANCIAL INFORMATION  
ITEM 1. FINANCIAL STATEMENTS

Consolidated Statements of Income  
UniFirst Corporation and Subsidiaries  
(Unaudited)

(In thousands, except per share data)	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	May 31, 2025	May 25, 2024	May 31, 2025	May 25, 2024
Revenues	\$ 610,778	\$ 603,328	\$ 1,817,905	\$ 1,787,564
<b>Operating expenses:</b>				
Cost of revenues (1)	385,189	391,244	1,160,388	1,171,231
Selling and administrative expenses (1)	142,690	129,074	418,119	383,350
Depreciation and amortization	34,722	34,560	104,476	103,453
Total operating expenses	562,601	554,878	1,682,983	1,658,034
Operating income	48,177	48,450	134,922	129,530
<b>Other (income) expense:</b>				
Interest income, net	(2,514)	(1,406)	(7,422)	(4,590)
Other (income) expense, net	(2,704)	522	(1,620)	1,813
Total other income, net	(5,218)	(884)	(9,042)	(2,777)
Income before income taxes	53,395	49,334	143,964	132,307
Provision for income taxes	13,715	11,277	36,720	31,468
Net income	\$ 39,680	\$ 38,057	\$ 107,244	\$ 100,839
<b>Income per share – Basic:</b>				
Common Stock	\$ 2.22	\$ 2.12	\$ 6.01	\$ 5.61
Class B Common Stock	\$ 1.78	\$ 1.70	\$ 4.80	\$ 4.49
<b>Income per share – Diluted:</b>				
Common Stock	\$ 2.13	\$ 2.03	\$ 5.76	\$ 5.38
<b>Income allocated to – Basic:</b>				
Common Stock	\$ 33,346	\$ 31,962	\$ 90,126	\$ 84,716
Class B Common Stock	\$ 6,334	\$ 6,095	\$ 17,118	\$ 16,123
<b>Income allocated to – Diluted:</b>				
Common Stock	\$ 39,680	\$ 38,057	\$ 107,244	\$ 100,839
<b>Weighted average shares outstanding – Basic:</b>				
Common Stock	14,990	15,062	15,007	15,094
Class B Common Stock	3,557	3,590	3,563	3,590
<b>Weighted average shares outstanding – Diluted:</b>				
Common Stock	18,607	18,705	18,633	18,738

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

The accompanying notes are an integral part of these Consolidated Financial Statements.

**Consolidated Statements of Comprehensive Income**  
**UniFirst Corporation and Subsidiaries**  
*(Unaudited)*

<b>(In thousands)</b>	Thirteen Weeks Ended				Thirty-Nine Weeks Ended	
	May 31, 2025	39,680	May 25, 2024	38,057	May 31, 2025	May 25, 2024
Net income	\$		\$		\$	
<b>Other comprehensive income (loss):</b>						
Foreign currency translation adjustments		8,619		(598)		(755)
Change in fair value of derivatives, net of income taxes		(84)		6		(18)
Other comprehensive income (loss)		8,535		(592)		(773)
Comprehensive income	\$	48,215	\$	37,465	\$	106,471
					\$	100,839

The accompanying notes are an integral part of these Consolidated Financial Statements.

**Consolidated Balance Sheets**  
**UniFirst Corporation and Subsidiaries**  
*(Unaudited)*

<b>(In thousands, except share and par value data)</b>	<b>May 31, 2025</b>	<b>August 31, 2024</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 211,910	\$ 161,571
Short-term investments	—	13,505
Receivables, less reserves of \$7,956 and \$7,916	281,815	278,851
Inventories	148,847	156,908
Rental merchandise in service	227,580	237,969
Prepaid taxes	12,133	14,893
Prepaid expenses and other current assets	55,589	51,979
Total current assets	937,874	915,676
Property, plant and equipment, net	817,931	801,612
Goodwill	653,300	648,850
Customer contracts, net	76,378	85,990
Other intangible assets, net	30,904	34,009
Deferred income taxes	851	833
Operating lease right-of-use assets, net	72,461	66,682
Other assets	170,328	142,761
Total assets	\$ 2,760,027	\$ 2,696,413
<b>Liabilities and shareholders' equity</b>		
Current liabilities:		
Accounts payable	\$ 76,395	\$ 92,509
Accrued liabilities	172,719	170,240
Accrued taxes	—	447
Operating lease liabilities, current	17,835	18,241
Total current liabilities	266,949	281,437
Accrued liabilities	124,366	123,401
Accrued and deferred income taxes	137,029	132,496
Operating lease liabilities	56,892	50,568
Total liabilities	585,236	587,902
Commitments and contingencies (Note 12)		
Shareholders' equity:		
Preferred Stock, \$1.00 par value; 2,000,000 shares authorized; no shares issued and outstanding	—	—
Common Stock, \$0.10 par value; 30,000,000 shares authorized; 14,935,888 and 15,000,552 shares issued and outstanding as of May 31, 2025 and August 31, 2024, respectively	1,494	1,500
Class B Common Stock, \$0.10 par value; 20,000,000 shares authorized; 3,553,435 and 3,590,295 shares issued and outstanding as of May 31, 2025 and August 31, 2024, respectively	355	359
Capital surplus	108,486	104,791
Retained earnings	2,088,873	2,025,505
Accumulated other comprehensive loss	(24,417)	(23,644)
Total shareholders' equity	2,174,791	2,108,511
Total liabilities and shareholders' equity	\$ 2,760,027	\$ 2,696,413

The accompanying notes are an integral part of these Consolidated Financial Statements.

**Consolidated Statements of Shareholders' Equity**  
**UniFirst Corporation and Subsidiaries**  
*(Unaudited)*

<b>(In thousands)</b>	<b>Common Shares</b>	<b>Class B Common Shares</b>	<b>Common Stock</b>	<b>Class B Common Stock</b>	<b>Capital Surplus</b>	<b>Retained Earnings</b>	<b>Accumulated Other Comprehensive Loss</b>	<b>Total Equity</b>
<b>Balance, as of August 26, 2023</b>	15,104	3,590	\$ 1,510	\$ 359	\$ 99,303	\$ 1,926,549	\$ (23,761)	\$ 2,003,960
Net income	—	—	—	—	—	42,325	—	42,325
Change in fair value of derivatives (1)	—	—	—	—	—	—	(12)	(12)
Foreign currency translation	—	—	—	—	—	—	(151)	(151)
Dividends declared Common Stock (\$0.33 per share)	—	—	—	—	—	(4,993)	—	(4,993)
Dividends declared Class B Common Stock (\$0.264 per share)	—	—	—	—	—	(948)	—	(948)
Repurchase of Common Stock	(2)	—	—	—	(10)	(245)	—	(255)
Share-based compensation, net (2)	—	—	—	—	244	—	—	244
Share-based awards exercised, net (1)	26	—	3	—	—	—	—	3
<b>Balance, as of November 25, 2023</b>	<u>15,128</u>	<u>3,590</u>	<u>\$ 1,513</u>	<u>\$ 359</u>	<u>\$ 99,537</u>	<u>\$ 1,962,688</u>	<u>\$ (23,924)</u>	<u>\$ 2,040,173</u>
Net income	—	—	—	—	—	20,457	—	20,457
Change in fair value of derivatives (1)	—	—	—	—	—	—	(34)	(34)
Foreign currency translation	—	—	—	—	—	—	919	919
Dividends declared Common Stock (\$0.33 per share)	—	—	—	—	—	(4,976)	—	(4,976)
Dividends declared Class B Common Stock (\$0.264 per share)	—	—	—	—	—	(948)	—	(948)
Repurchase of Common Stock	(45)	—	(4)	—	(298)	(7,562)	—	(7,864)
Share-based compensation, net (2)	—	—	—	—	1,958	—	—	1,958
Share-based awards exercised, net (1)	4	—	—	—	—	—	—	4
<b>Balance, as of February 24, 2024</b>	<u>15,087</u>	<u>3,590</u>	<u>\$ 1,509</u>	<u>\$ 359</u>	<u>\$ 101,197</u>	<u>\$ 1,969,659</u>	<u>\$ (23,039)</u>	<u>\$ 2,049,685</u>
Net income	—	—	—	—	—	38,057	—	38,057
Change in fair value of derivatives (1)	—	—	—	—	—	—	6	6
Foreign currency translation	—	—	—	—	—	—	(598)	(598)
Dividends declared Common Stock (\$0.33 per share)	—	—	—	—	—	(4,961)	—	(4,961)
Dividends declared Class B Common Stock (\$0.264 per share)	—	—	—	—	—	(948)	—	(948)
Repurchase of Common Stock	(47)	—	(5)	—	(311)	(7,528)	—	(7,844)
Share-based compensation, net (2)	—	—	—	—	2,211	—	—	2,211
<b>Balance, as of May 25, 2024</b>	<u>15,040</u>	<u>3,590</u>	<u>\$ 1,504</u>	<u>\$ 359</u>	<u>\$ 103,097</u>	<u>\$ 1,994,279</u>	<u>\$ (23,631)</u>	<u>\$ 2,075,608</u>

(In thousands)	Common Shares	Class B Common Shares	Common Stock	Class B Common Stock	Capital Surplus	Retained Earnings	Accumulated Other Comprehensive Loss	Total Equity
<b>Balance, as of August 31, 2024</b>	15,000	3,590	\$ 1,500	\$ 359	\$ 104,791	\$ 2,025,505	\$ (23,644)	\$ 2,108,511
Net income	—	—	—	—	—	43,105	—	43,105
Change in fair value of derivatives (1)	—	—	—	—	—	—	41	41
Foreign currency translation	—	—	—	—	—	—	(4,936)	(4,936)
Dividends declared Common Stock (\$0.350 per share)	—	—	—	—	—	(5,260)	—	(5,260)
Dividends declared Class B Common Stock (\$0.280 per share)	—	—	—	—	—	(996)	—	(996)
Repurchase of Common Stock	(34)	—	(3)	—	(235)	(6,135)	—	(6,373)
Share-based compensation, net (2)	—	—	3	—	(448)	—	—	(448)
Share-based awards exercised, net (1)	33	—	3	—	—	—	—	3
Shares converted	32	(32)	—	(3)	—	—	—	—
<b>Balance, as of November 30, 2024</b>	<u>15,031</u>	<u>3,558</u>	<u>\$ 1,503</u>	<u>\$ 356</u>	<u>\$ 104,108</u>	<u>\$ 2,056,219</u>	<u>\$ (28,539)</u>	<u>\$ 2,133,647</u>
Net income	—	—	—	—	—	24,459	—	24,459
Change in fair value of derivatives (1)	—	—	—	—	—	—	25	25
Foreign currency translation	—	—	—	—	—	—	(4,438)	(4,438)
Dividends declared Common Stock (\$0.350 per share)	—	—	—	—	—	(5,251)	—	(5,251)
Dividends declared Class B Common Stock (\$0.280 per share)	—	—	—	—	—	(996)	—	(996)
Repurchase of Common Stock	(33)	—	(3)	—	(231)	(5,921)	—	(6,155)
Share-based compensation, net (2)	—	—	—	—	2,264	—	—	2,264
Share-based awards exercised, net (1)	8	—	1	—	—	—	—	1
<b>Balance, as of March 1, 2025</b>	<u>15,006</u>	<u>3,558</u>	<u>\$ 1,501</u>	<u>\$ 356</u>	<u>\$ 106,141</u>	<u>\$ 2,068,510</u>	<u>\$ (32,952)</u>	<u>\$ 2,143,556</u>
Net income	—	—	—	—	—	39,680	—	39,680
Change in fair value of derivatives	—	—	—	—	—	—	(84)	(84)
Foreign currency translation	—	—	—	—	—	—	8,619	8,619
Dividends declared Common Stock (\$0.350 per share)	—	—	—	—	—	(5,227)	—	(5,227)
Dividends declared Class B Common Stock (\$0.280 per share)	—	—	—	—	—	(995)	—	(995)
Repurchase of Common Stock	(76)	—	(8)	—	(531)	(13,095)	—	(13,634)
Share-based compensation, net (2)	—	—	—	—	2,876	—	—	2,876
Share-based awards exercised, net (1)	1	—	—	—	—	—	—	—
Shares converted	5	(5)	1	(1)	—	—	—	—
<b>Balance, as of May 31, 2025</b>	<u>14,936</u>	<u>3,553</u>	<u>\$ 1,494</u>	<u>\$ 355</u>	<u>\$ 108,486</u>	<u>\$ 2,088,873</u>	<u>\$ (24,417)</u>	<u>\$ 2,174,791</u>

(1) These amounts are shown net of the effect of income taxes.

(2) These amounts are shown net of any shares withheld by the Company to satisfy certain tax withholding obligations in connection with the vesting of certain restricted stock units.

The accompanying notes are an integral part of these Consolidated Financial Statements.

**Consolidated Statements of Cash Flows**  
**UniFirst Corporation and Subsidiaries**  
*(Unaudited)*

Thirty-Nine Weeks Ended (in thousands)	May 31, 2025	May 25, 2024
<b>Cash flows from operating activities:</b>		
Net income	\$ 107,244	\$ 100,839
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization (1)	104,476	103,453
Share-based compensation	9,049	7,145
Accretion on environmental contingencies	960	948
Accretion on asset retirement obligations	602	721
Deferred income taxes	3,514	4,048
Gain on sale of property and equipment	(2,690)	—
Other	336	1,061
Changes in assets and liabilities, net of acquisitions:		
Receivables, less reserves	(3,174)	(5,288)
Inventories	8,338	(13,101)
Rental merchandise in service	10,018	5,308
Prepaid expenses and other current assets and Other assets	(16,729)	(11,518)
Accounts payable	(16,668)	(5,118)
Accrued liabilities	(12,190)	(3,212)
Prepaid and accrued income taxes	3,395	7,726
Net cash provided by operating activities	<u>196,481</u>	<u>193,012</u>
<b>Cash flows from investing activities:</b>		
Acquisition of businesses, net of cash acquired	(5,374)	(203)
Capital expenditures, including capitalization of software costs	(109,823)	(121,937)
Purchases of investments	(14,734)	(24,581)
Maturities of investments	28,356	21,679
Proceeds from sale of assets	3,115	749
Net cash used in investing activities	<u>(98,460)</u>	<u>(124,293)</u>
<b>Cash flows from financing activities:</b>		
Proceeds from exercise of share-based awards	4	3
Taxes withheld and paid related to net share settlement of equity awards	(4,357)	(2,731)
Repurchase of Common Stock	(25,593)	(15,962)
Payment of cash dividends	(18,402)	(17,436)
Net cash used in financing activities	<u>(48,348)</u>	<u>(36,126)</u>
<b>Effect of exchange rate changes</b>	666	210
Net increase in cash and cash equivalents	50,339	32,803
Cash and cash equivalents at beginning of period	161,571	79,443
Cash and cash equivalents at end of period	<u>\$ 211,910</u>	<u>\$ 112,246</u>
<b>Supplemental disclosure of cash flow information:</b>		
Non-cash capital expenditures	\$ 11,723	\$ 6,010

(1) Depreciation and amortization for the thirty-nine weeks ended May 31, 2025 and May 25, 2024 included approximately \$12.7 million and \$13.9 million, respectively, of non-cash amortization expense recognized for acquisition-related intangible assets.

The accompanying notes are an integral part of these Consolidated Financial Statements.

**UniFirst Corporation and Subsidiaries**  
**Notes to Consolidated Financial Statements**

**1. Basis of Presentation**

These Consolidated Financial Statements of UniFirst Corporation (the "Company") included herein have been prepared, without audit, in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") and pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"). Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations; however, the Company believes that the information furnished reflects all adjustments (consisting only of normal recurring adjustments) which are, in the opinion of management, necessary for a fair statement of results for the interim period.

It is suggested that these Consolidated Financial Statements be read in conjunction with the consolidated financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended August 31, 2024. There have been no material changes in the accounting policies followed by the Company during the current fiscal year other than with respect to the recent accounting pronouncements discussed in Note 2, "[Recent Accounting Pronouncements](#)". Results for an interim period are not indicative of any future interim periods or for an entire fiscal year.

**2. Recent Accounting Pronouncements**

In November 2023, the FASB issued Accounting Standards Update ("ASU") 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*, which updates reportable segment disclosure requirements primarily through enhanced disclosures about significant segment expenses. The amendments are effective for fiscal years beginning after December 15, 2023, and for interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The amendments should be applied retrospectively to all prior periods presented in the financial statements. The Company is currently evaluating this ASU to determine its impact on the Company's disclosures.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which enhances effective tax rate reconciliation disclosure requirements and provides clarity to the disclosures of income taxes paid, income before taxes and provision for income taxes. The amendments are effective for fiscal years beginning after December 15, 2024. Early adoption is permitted for annual financial statements that have not yet been issued or made available for issuance. The amendments in this update should be applied on a prospective basis. Retrospective application is permitted. The Company is currently evaluating this ASU to determine its impact on the Company's disclosures.

In November 2024, the Financial Accounting Standards Board ("FASB") issued ASU 2024-03, *Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures*. The ASU requires a public business entity to provide disaggregated disclosures of certain categories of expenses on an annual and interim basis including purchases of inventory, employee compensation, depreciation, and intangible asset amortization for each income statement line item that contains those expenses. This ASU is effective for annual reporting periods beginning after December 15, 2026, and interim periods within annual reporting periods beginning after December 15, 2027, with early adoption permitted. The Company is currently evaluating this ASU to determine its impact on the Company's disclosures.

Other recent accounting pronouncements issued by the FASB, including its Emerging Issues Task Force, the American Institute of Certified Public Accountants, and the SEC have not had, or are not believed by management to have, a material impact on the Company's present or future financial statements.

### 3. Revenue Recognition

The following table presents the Company's revenues for the thirteen and thirty-nine weeks ended May 31, 2025 and May 25, 2024, respectively, disaggregated by service type:

(In thousands, except percentages)	Thirteen Weeks Ended				Thirty-Nine Weeks Ended			
	May 31, 2025		May 25, 2024		May 31, 2025		May 25, 2024	
	Revenues	% of Revenues	Revenues	% of Revenues	Revenues	% of Revenues	Revenues	% of Revenues
Core Laundry Operations	\$ 533,188	87.3%	\$ 528,454	87.6%	\$ 1,596,282	87.8%	\$ 1,574,863	88.1%
Specialty Garments	47,803	7.8%	47,582	7.9%	138,160	7.6%	135,713	7.6%
First Aid	29,787	4.9%	27,292	4.5%	83,463	4.6%	76,988	4.3%
Total revenues	<u>\$ 610,778</u>	<u>100.0%</u>	<u>\$ 603,328</u>	<u>100.0%</u>	<u>\$ 1,817,905</u>	<u>100.0%</u>	<u>\$ 1,787,564</u>	<u>100.0%</u>

See Note 16, "[Segment Reporting](#)" for additional details of segment definitions.

#### Revenue Recognition Policy

During the thirteen weeks ended May 31, 2025 and May 25, 2024, approximately 83.9% and 83.8%, respectively, of the Company's revenues were derived from fees for route servicing of the Core Laundry Operations, Specialty Garments, and First Aid segments performed by the Company's employees at each customer's location of business. During the thirty-nine weeks ended May 31, 2025 and May 25, 2024, approximately 83.8% and 84.1%, respectively, of the Company's revenues were derived from fees for route servicing of the Core Laundry Operations, Specialty Garments, and First Aid segments performed by the Company's employees at each customer's location of business. Revenues from the Company's route servicing customer contracts represent a single performance obligation. The Company recognizes these revenues over time as services are performed based on the nature of services provided and contractual rates (input method). Certain of the Company's customer contracts, primarily within the Company's Core Laundry Operations, include pricing terms and conditions that include components of variable consideration. The variable consideration is typically in the form of consideration due to customer-based performance metrics specified within the contract. Specifically, some contracts contain discounts or rebates that the customer can earn through the achievement of specified volume levels. Each component of variable consideration is earned based on the Company's actual performance during the measurement period specified within the contract. To determine the transaction price, the Company estimates the variable consideration using the most likely amount method, based on the specific contract provisions and known performance results during the relevant measurement period.

When determining if variable consideration should be constrained, the Company considers whether factors outside its control could result in a significant reversal of revenue. In making these assessments, the Company considers the likelihood and magnitude of a potential reversal. The Company's performance period generally corresponds with the monthly invoice period. No significant constraints on the Company's revenue recognition were applied during the thirteen and thirty-nine weeks ended May 31, 2025 and May 25, 2024. The Company reassesses these estimates during each reporting period.

The Company maintains a liability for these discounts and rebates within accrued liabilities on the Consolidated Balance Sheets. Variable consideration also includes consideration paid to a customer at the beginning of a contract. The Company capitalizes this consideration and amortizes it over the life of the contract as a reduction to revenue in accordance with the updated accounting guidance for revenue recognition. These assets are included in other assets on the Consolidated Balance Sheets.

The Company is exposed to credit losses primarily through its accounts receivables. Accounts receivable represents amounts due from customers and is presented net of reserves for expected credit losses. The Company utilizes its judgment and estimates are used in determining the collectability of accounts receivable and evaluating the adequacy of the reserve for expected credit losses. The Company considers specific accounts receivable and historical credit loss experience, customer credit worthiness, current economic trends and the age of outstanding balances as part of its evaluation. When an account is considered uncollectible, it is written off against the reserve for expected credit losses.

The following table presents the change in the allowance for credit losses, which is included in Receivables, net of reserves on the Consolidated Balance Sheets for the thirty-nine weeks ended May 31, 2025 (in thousands):

Balance as of August 31, 2024	\$	7,916
Current period provision		6,403
Write-offs and other		(6,363)
Balance as of May 31, 2025	\$	<u>7,956</u>

#### Costs to Obtain a Contract

The Company defers commission expenses paid to its employee-partners when the commissions are deemed to be incremental for obtaining the route servicing customer contract. The deferred commissions are amortized on a straight-line basis over the expected period of benefit. The Company reviews the deferred commission balances for impairment on an ongoing basis. Deferred commissions are classified as current or non-current based on the timing of when the Company expects to recognize the expense. The current portion is included in prepaid expenses and other current assets and the non-current portion is included in other assets on the Company's Consolidated Balance Sheets.

The following table presents deferred commissions on the Company's Consolidated Balance Sheets as of May 31, 2025 and August 31, 2024:

(in thousands)	May 31, 2025		August 31, 2024	
Prepaid expenses and other current assets	\$	19,303	\$	18,079
Other assets		83,739		78,856

The following table presents the Company's amortization expense related to deferred commissions on the Consolidated Statements of Income for the thirteen and thirty-nine weeks ended May 31, 2025 and May 25, 2024, respectively:

(in thousands)	Thirteen Weeks Ended				Thirty-Nine Weeks Ended	
	May 31, 2025		May 25, 2024		May 31, 2025	May 25, 2024
Selling and administrative expenses	\$	4,961	\$	4,578	\$	14,589
					\$	13,366

#### 4. Acquisitions

Whenever the Company acquires a business, consistent with current accounting guidance, the results of operations of the acquisition are included in the Company's consolidated financial results from the date of the acquisition. The amount assigned to intangible assets acquired is based on their respective fair values determined as of the acquisition date. The excess of the purchase price over the tangible and intangible assets is recorded as goodwill. Goodwill is allocated to the segment to which the acquisition relates and is deductible for tax purposes.

During the thirty-nine weeks ended May 31, 2025, the Company completed four business acquisitions with an aggregate purchase price of approximately \$6.5 million, which was primarily assigned to goodwill and intangible assets. Tangible assets acquired primarily relate to inventory and property, plant and equipment. The results of operations of these acquisitions have been included in the Company's consolidated financial results under the First Aid segment subsequent to their respective acquisition dates. These acquisitions were not significant in relation to the Company's consolidated financial results and, therefore, pro forma financial information has not been presented.

#### 5. Fair Value Measurements

U.S. GAAP establishes a framework for measuring fair value and establishes disclosure requirements about fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Company considered non-performance risk when determining fair value of our derivative financial instruments.

The fair value hierarchy prescribed under U.S. GAAP contains three levels as follows:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

All financial assets or liabilities that are measured at fair value on a recurring basis (at least annually) have been segregated into the most appropriate level within the fair value hierarchy based on the inputs used to determine the fair value at the measurement date.

The assets or liabilities measured at fair value on a recurring basis are summarized in the tables below (in thousands):

	May 31, 2025				August 31, 2024			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Assets:</b>								
Short-term investments	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 13,505	\$ —	\$ 13,505
Pension plan assets	—	2,523	—	2,523	—	3,108	—	3,108
Non-qualified deferred compensation plan assets	—	4,422	—	4,422	—	3,295	—	3,295
Foreign currency forward contracts	—	93	—	93	—	117	—	117
Total assets at fair value	\$ —	\$ 7,038	\$ —	\$ 7,038	\$ —	\$ 20,025	\$ —	\$ 20,025
<b>Liabilities:</b>								
Non-qualified deferred compensation plan liability	\$ —	\$ 2,583	\$ —	\$ 2,583	\$ —	\$ 1,605	\$ —	\$ 1,605
Total liabilities at fair value	\$ —	\$ 2,583	\$ —	\$ 2,583	\$ —	\$ 1,605	\$ —	\$ 1,605

The Company's short-term investments listed above represent certificates of deposit, which maturities range up to six months at purchase. Such securities are classified as held-to-maturity and are carried at amortized cost, which approximates market value. As such, the Company's short-term investments are included within Level 2 of the fair value hierarchy.

The Company's pension plan assets listed above represent guaranteed deposit accounts that are maintained and operated by a third-party investment manager. At the beginning of each calendar year, the third-party investment manager notifies the Company of the annual rates of interest which will be applied to the amounts held in the guaranteed deposit account during the next calendar year. In determining the interest rate to be applied, the third-party investment manager considers the investment performance of the underlying assets of the prior year; however, regardless of the investment performance the annual interest rate applied per the contract must be 3.25% or higher. As such, the Company's pension plan assets are included within Level 2 of the fair value hierarchy. Refer to Note 7, "Employee Benefit Plans", of these Consolidated Financial Statements for further discussion regarding the Company's pension plan and Supplemental Executive Retirement Plan.

The Company's non-qualified deferred compensation plan liability listed above is carried at fair value and is composed primarily of mutual funds, municipal bonds and other fixed income securities. As such, the Company's non-qualified deferred compensation plan assets and liabilities are included within Level 2 of the fair value hierarchy. Refer to Note 7, "Employee Benefit Plans", of these Consolidated Financial Statements for further discussion regarding the Company's non-qualified deferred compensation plan.

The Company's foreign currency forward contracts represent contracts the Company has entered into to exchange Canadian dollars for U.S. dollars at fixed exchange rates in order to manage its exposure related to certain forecasted Canadian dollar denominated sales of one of its subsidiaries. These contracts are included in prepaid expenses and other current assets and other long-term assets as of May 31, 2025 and August 31, 2024. The fair value of the forward contracts is based on similar exchange-traded derivatives and is, therefore, included within Level 2 of the fair value hierarchy.

## 6. Derivative Instruments and Hedging Activities

The Company uses derivative financial instruments to mitigate its exposure to fluctuations in foreign currencies on certain forecasted transactions denominated in foreign currencies. U.S. GAAP requires that all of the Company's derivative instruments be recorded on the balance sheet at fair value. All subsequent changes in a derivative's fair value are recognized in income, unless specific hedge accounting criteria are met.

Derivative instruments that qualify for hedge accounting are classified as a hedge of the variability of cash flows to be received or paid related to a recognized asset, liability or forecasted transaction. Changes in the fair value of a derivative that is highly effective and designated as a cash flow hedge are recognized in accumulated other comprehensive (loss) income until the hedged item or forecasted transaction is recognized in earnings. The Company performs an assessment at the inception of the hedge and on a quarterly basis thereafter to determine whether its derivatives are highly effective in offsetting changes in the value of the hedged items. Any changes in the fair value resulting from hedge ineffectiveness are immediately recognized as income or expense.

In August 2021, the Company entered into twenty forward contracts to exchange CAD for U.S. dollars at fixed exchange rates in order to manage its exposure related to certain forecasted CAD denominated sales of one of its subsidiaries. The hedged transactions are specified as the first amount of CAD denominated revenues invoiced by one of the Company's domestic subsidiaries each fiscal quarter, beginning in the first fiscal quarter of 2022 and continuing through the fourth fiscal quarter of 2026. In total, the Company will sell approximately 14.1 million CAD at an average Canadian-dollar exchange rate of 0.7861 over these quarterly periods. The Company concluded that the forward contracts met the criteria to qualify as a cash flow hedge under U.S. GAAP.

As of May 31, 2025, the Company had forward contracts with a notional value of approximately 2.3 million CAD outstanding and recorded the fair value of the contracts of \$0.1 million, in prepaid expenses and other current assets with a corresponding gain of \$0.1 million in accumulated other comprehensive loss, which was recorded net of tax. During the thirteen and thirty-nine weeks ended May 31, 2025, the Company reclassified a nominal amount and \$0.1 million, respectively, from accumulated other comprehensive loss to revenue related to the derivative financial instruments. The gain on these forward contracts that resulted in a decrease to accumulated other comprehensive loss as of May 31, 2025 is expected to be reclassified to revenues prior to their maturity on August 29, 2026.

## 7. Employee Benefit Plans

### *Defined Contribution Retirement Savings Plan*

The Company has a defined contribution retirement savings plan with a 401(k) feature for all eligible U.S. and Canadian employees not under collective bargaining agreements. The Company matches a portion of the employee's contribution and may make an additional contribution at its discretion. Contributions charged to expense under the plan for the thirteen weeks ended May 31, 2025 and May 25, 2024 were \$3.9 million and \$5.1 million, respectively. Contributions charged to expense under the plan for the thirty-nine weeks ended May 31, 2025 and May 25, 2024 were \$11.7 million and \$15.2 million, respectively.

### *Pension Plan and Supplemental Executive Retirement Plan*

The Company accounts for its pension plan and Supplemental Executive Retirement Plan on an accrual basis over certain employees' estimated service periods.

The Company maintains an unfunded Supplemental Executive Retirement Plan for certain eligible employees of the Company and one frozen non-contributory defined benefit pension plan. The amounts charged to expense related to these plans for the thirteen weeks ended May 31, 2025 and May 25, 2024 were \$0.4 million for both periods. The amounts charged to expense related to these plans for the thirty-nine weeks ended May 31, 2025 and May 25, 2024 were \$1.3 million for both periods.

### *Non-qualified Deferred Compensation Plan*

The Company adopted the UniFirst Corporation Deferred Compensation Plan (the "NQDC Plan") effective on February 1, 2022. The NQDC Plan is an unfunded, non-qualified deferred compensation plan that allows eligible participants to voluntarily defer receipt of their salary and annual cash bonuses up to approved limits. In its discretion, the Company may credit one or more additional contributions to participant accounts. NQDC Plan participants who are not accruing benefits under the Supplemental Executive Retirement Plan are eligible to have discretionary annual employer contributions credited to their NQDC Plan accounts. All participants are also eligible to have employer supplemental contributions and employer discretionary contributions credited to their NQDC Plan accounts. The amounts of such contributions, if any, may differ from year to year and from participant to participant.

The amounts for employee or employer contributions charged to expense related to the NQDC Plan for the thirteen and thirty-nine weeks ended May 31, 2025 were \$0.3 million and \$0.7 million, respectively. The amounts for employee or employer contributions

charged to expense related to the NQDC Plan for the thirteen and thirty-nine weeks ended May 25, 2024 were \$0.2 million and \$0.6 million, respectively.

The Company, at its discretion, may also elect to transfer funds to a trust account with the intention to fund the future liability. Total NQDC Plan assets were \$4.4 million and \$3.3 million as of May 31, 2025 and August 31, 2024, respectively, and are included within other long-term assets in the accompanying Consolidated Balance Sheets. Total NQDC Plan liabilities were \$2.6 million and \$1.6 million as of May 31, 2025 and August 31, 2024, respectively, and are included within current accrued liabilities in the accompanying Consolidated Balance Sheets.

Earnings and losses on contributions, based on investment elections, are recorded as a component of compensation expense in the period earned and are included within other (income) expense, net. For the thirteen and thirty-nine weeks ended May 31, 2025, other income was \$0.1 million and \$0.2 million, respectively. No amount was recorded for the thirteen and thirty-nine weeks ended May 25, 2024.

## 8. Income Per Share

The Company calculates income per share by allocating income to its unvested participating securities as part of its income per share calculations. The following table sets forth the computation of basic income per share using the two-class method for amounts attributable to the Company's shares of Common Stock and Class B Common Stock (in thousands, except per share data):

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	May 31, 2025	May 25, 2024	May 31, 2025	May 25, 2024
Net income available to shareholders	\$ 39,680	\$ 38,057	\$ 107,244	\$ 100,839
<b>Allocation of net income for Basic:</b>				
Common Stock	\$ 33,346	\$ 31,962	\$ 90,126	\$ 84,716
Class B Common Stock	6,334	6,095	17,118	16,123
	\$ 39,680	\$ 38,057	\$ 107,244	\$ 100,839
<b>Weighted average number of shares for Basic:</b>				
Common Stock	14,990	15,062	15,007	15,094
Class B Common Stock	3,557	3,590	3,563	3,590
	18,547	18,652	18,570	18,684
<b>Income per share for Basic:</b>				
Common Stock	\$ 2.22	\$ 2.12	\$ 6.01	\$ 5.61
Class B Common Stock	\$ 1.78	\$ 1.70	\$ 4.80	\$ 4.49

The Company is required to calculate diluted income per share for Common Stock using the more dilutive of the following two methods:

- The treasury stock method; or
- The two-class method assuming a participating security is not exercised or converted.

For the thirteen and thirty-nine weeks ended May 31, 2025 and May 25, 2024, the Company's diluted income per share assumes the conversion of all vested Class B Common Stock into Common Stock and uses the two-class method for its unvested participating shares. The following tables set forth the computation of diluted income per share of Common Stock for the thirteen and thirty-nine weeks ended May 31, 2025 and May 25, 2024 (in thousands, except per share data):

	Thirteen Weeks Ended May 31, 2025			Thirty-Nine Weeks Ended May 31, 2025		
	Earnings to Common Shareholders	Common Shares	Income Per Share	Earnings to Common Shareholders	Common Shares	Income Per Share
As reported - Basic	\$ 33,346	14,990	\$ 2.22	\$ 90,126	15,007	\$ 6.01
Add: effect of dilutive potential common shares						
Share-Based Awards	—	60		—	63	
Class B Common Stock	6,334	3,557		17,118	3,563	
As reported - Diluted	\$ 39,680	18,607	\$ 2.13	\$ 107,244	18,633	\$ 5.76

	Thirteen Weeks Ended May 25, 2024			Thirty-Nine Weeks Ended May 25, 2024		
	Earnings to Common Shareholders	Common Shares	Income Per Share	Earnings to Common Shareholders	Common Shares	Income Per Share
As reported - Basic	\$ 31,962	15,062	\$ 2.12	\$ 84,716	15,094	\$ 5.61
Add: effect of dilutive potential common shares						
Share-Based Awards	—	53		—	54	
Class B Common Stock	6,095	3,590		16,123	3,590	
As reported - Diluted	\$ 38,057	18,705	\$ 2.03	\$ 100,839	18,738	\$ 5.38

Anti-dilutive stock-based awards excluded from the calculations of diluted income per share were immaterial during the periods presented.

#### 9. Inventories

Inventories are stated at the lower of cost or net realizable value, net of any reserve for excess and obsolete inventory. Work-in-process and finished goods inventories consist of materials, labor and manufacturing overhead. Judgments and estimates are used in determining the likelihood that new goods on hand can be sold to customers or used in rental operations. Historical inventory usage and current revenue trends are considered in estimating both excess and obsolete inventories. If actual product demand and market conditions are less favorable than those projected by management, additional inventory write-downs may be required. The Company uses the first-in, first-out ("FIFO") method to value its inventories.

The components of inventory as of May 31, 2025 and August 31, 2024 were as follows (in thousands):

	May 31, 2025		August 31, 2024	
Raw materials	\$ 19,708	\$ 22,164		
Work in process	3,094	2,832		
Finished goods	126,045	131,912		
Total inventories	\$ 148,847	\$ 156,908		

#### 10. Goodwill and Other Intangible Assets

When the Company acquires a business, the amount assigned to the tangible assets and liabilities and intangible assets acquired is based on their respective fair values determined as of the acquisition date. The excess of the purchase price over the tangible assets and liabilities and intangible assets is recorded as goodwill.

The changes in the carrying amount of goodwill for the thirty-nine weeks ended May 31, 2025 were as follows (in thousands):

Balance as of August 31, 2024	\$ 648,850
Goodwill recorded during the period	4,508
Other	(58)
Balance as of May 31, 2025	\$ 653,300

Intangible assets, net in the Company's Consolidated Balance Sheets were as follows (in thousands):

	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
<b>May 31, 2025</b>			
Customer contracts	\$ 315,962	\$ 239,584	\$ 76,378
Software	82,455	53,688	28,767
Other intangible assets	39,892	37,755	2,137
	<u>\$ 438,309</u>	<u>\$ 331,027</u>	<u>\$ 107,282</u>
<b>August 31, 2024</b>			
Customer contracts	\$ 314,446	\$ 228,456	\$ 85,990
Software	81,482	51,023	30,459
Other intangible assets	39,826	36,276	3,550
	<u>\$ 435,754</u>	<u>\$ 315,755</u>	<u>\$ 119,999</u>

#### 11. Asset Retirement Obligations

Asset retirement obligations generally result from legal obligations associated with the retirement of long-lived assets that result from the acquisition, construction, development and/or the normal operation of a long-lived asset. Accordingly, the Company recognizes asset retirement obligations in the period in which they are incurred if a reasonable estimate of fair value can be made. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset. The Company continues to depreciate, on a straight-line basis, the amount added to property, plant and equipment and recognizes accretion expense in connection with the discounted liability over the various remaining lives which range from approximately one to nineteen years.

The Company recognized as a liability the present value of the estimated future costs to decommission its nuclear laundry facilities. The estimated liability is based on historical experience in decommissioning nuclear laundry facilities, estimated useful lives of the underlying assets, external vendor estimates as to the cost to decommission these assets in the future, and federal and state regulatory requirements. The estimated current costs have been adjusted for the estimated impact of inflation at 3% per year, and the liability has been discounted to present value using a credit-adjusted risk-free rate.

Revisions to the liability could occur due to changes in the Company's estimated useful lives of the underlying assets, estimated dates of decommissioning, changes in decommissioning costs, changes in federal or state regulatory guidance on the decommissioning of such facilities, or other changes in estimates. Changes due to revised estimates are recognized by adjusting the carrying amount of the liability and the related long-lived asset if the assets are still in service, or charged to expense in the period if the assets are no longer in service.

A reconciliation of the Company's asset retirement liability for the thirty-nine weeks ended May 31, 2025 is as follows (in thousands):

Balance as of August 31, 2024	\$ 17,929
Accretion expense	602
Effect of exchange rate changes	136
Change in estimate	(551)
Balance as of May 31, 2025	<u>\$ 18,116</u>

The Company's asset retirement obligations are included in long-term accrued liabilities in the accompanying Consolidated Balance Sheets.

#### 12. Commitments and Contingencies

The Company and its operations are subject to various federal, state and local laws and regulations governing, among other things, air emissions, wastewater discharges, and the generation, handling, storage, transportation, treatment and disposal of hazardous wastes and other substances. In particular, industrial laundries currently use and must properly dispose of detergent wastewater and other residues, and, in the past, used perchloroethylene and other dry-cleaning solvents. The Company is attentive to the environmental concerns surrounding the disposal of these materials and has, through the years, taken measures to avoid their improper disposal. The Company has settled, or contributed to the settlement of, past actions or claims brought against the Company relating to the disposal

of hazardous materials at several sites and there can be no assurance that the Company will not have to expend material amounts to remediate the consequences of any such disposal in the future.

U.S. GAAP requires that a liability for contingencies be recorded when it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated. Significant judgment is required to determine the existence of a liability, as well as the amount to be recorded. The Company regularly consults with attorneys and outside consultants in its consideration of the relevant facts and circumstances before recording a contingent liability. Changes in enacted laws, regulatory orders or decrees, management's estimates of costs, risk-free interest rates, insurance proceeds, participation by other parties, the timing of payments, the input of the Company's attorneys and outside consultants or other factual circumstances could have a material impact on the amounts recorded for environmental and other contingent liabilities.

Under environmental laws, an owner or lessee of real estate may be liable for the costs of removal or remediation of certain hazardous or toxic substances located on, or in, or emanating from, such property, as well as related costs of investigation and property damage. Such laws often impose liability without regard to whether the owner or lessee knew of, or was responsible for, the presence of such hazardous or toxic substances. There can be no assurances that acquired or leased locations have been operated in compliance with environmental laws and regulations or that future uses or conditions will not result in the imposition of liability upon the Company under such laws or expose the Company to third-party actions such as tort suits. The Company continues to address environmental conditions under terms of consent orders negotiated with the applicable environmental authorities or otherwise with respect to certain sites.

The Company has accrued certain costs related to ongoing and potential future environmental investigation, monitoring and remediation activities at certain sites, as it has been determined that the costs are probable and can be reasonably estimated.

The Company routinely reviews and evaluates sites that may require remediation and monitoring and determines its estimated costs based on various estimates and assumptions. These estimates are developed using its internal sources or by third party environmental engineers or other service providers. Internally developed estimates are based on:

- Management's judgment and experience in remediating and monitoring the Company's sites;
- Information available from regulatory agencies as to costs of remediation and monitoring;
- The number, financial resources and relative degree of responsibility of other potentially responsible parties ("PRPs") who may be liable for remediation and monitoring of a specific site; and
- The typical allocation of costs among PRPs.

There is usually a range of reasonable estimates of the costs associated with each site. In accordance with U.S. GAAP, the Company's accruals reflect the amount within the range that it believes is the best estimate or the low end of a range of estimates if no point within the range is a better estimate. Where it believes that both the amount of a particular liability and the timing of the payments are reliably determinable, the Company adjusts the cost in current dollars using a rate of 3% for inflation until the time of expected payment and discounts the cost to present value using current risk-free interest rates. As of May 31, 2025, the risk-free interest rates utilized by the Company ranged from 4.92% to 4.93%.

For environmental liabilities that have been discounted, the Company includes interest accretion, based on the effective interest method, in selling and administrative expenses on the accompanying Consolidated Statements of Income.

The changes to the Company's environmental liabilities for the thirty-nine weeks ended May 31, 2025 were as follows (in thousands):

Balance as of August 31, 2024	\$	31,255
Costs incurred for which reserves have been provided		(1,899)
Insurance proceeds		190
Interest accretion		960
Changes in discount rates		(1,409)
Revisions in estimates		1,711
Balance as of May 31, 2025	\$	<u>30,808</u>

Anticipated payments and insurance proceeds of currently identified environmental remediation liabilities as of May 31, 2025, for the next five fiscal years and thereafter, as measured in current dollars, are reflected below (in thousands):

	2025	2026	2027	2028	2029	Thereafter	Total
Estimated costs – current dollars	\$ 12,706	\$ 2,836	\$ 1,527	\$ 1,280	\$ 997	\$ 15,047	\$ 34,393
Estimated insurance proceeds	(180)	(195)	(159)	(173)	(9)	(230)	(946)
Net anticipated costs	\$ 12,526	\$ 2,641	\$ 1,368	\$ 1,107	\$ 988	\$ 14,817	\$ 33,447
Effect of inflation							10,461
Effect of discounting							(13,100)
Balance as of May 31, 2025							\$ 30,808

Estimated insurance proceeds are primarily obtained from an annuity received as part of a legal settlement with an insurance company. Annual proceeds of approximately \$0.3 million are deposited into an escrow account which funds remediation and monitoring costs for two sites related to former operations. Annual proceeds received but not expended in the current year accumulate in this account and may be used in future years for costs related to this site through the year 2027. As of May 31, 2025, the balance in this escrow account, which is held in a trust and is not recorded in the Company's accompanying Consolidated Balance Sheets, was approximately \$5.9 million. Also included in estimated insurance proceeds are amounts the Company is entitled to receive pursuant to legal settlements as reimbursements from three insurance companies for estimated costs at one of its sites.

The Company's nuclear garment decontamination facilities are licensed by respective state agencies, as delegated authority by the Nuclear Regulatory Commission (the "NRC") pursuant to the NRC's Agreement State program and are subject to applicable federal and state radioactive material regulations. In addition, the Company's international locations (Canada, the United Kingdom and the European Union) are regulated by equivalent respective jurisdictional authorities. There can be no assurance that such regulation will not lead to material disruptions in the Company's garment decontamination business.

From time to time, the Company is also subject to legal and regulatory proceedings and claims arising from the conduct of its business operations, including but not limited to, personal injury claims, customer contract matters, employment claims and environmental matters as described above.

In addition, in the fourth quarter of fiscal 2022, the Mexican federal tax authority issued a tax assessment on the Company's subsidiary in Mexico for fiscal 2016 import taxes, value added taxes and custom processing fees of over \$17.0 million, plus surcharges, fines and penalties of over \$67.7 million for a total assessment of over \$84.7 million. The Company challenged the validity of the tax assessment through an appeal process. In the first quarter of fiscal 2025, the Federal Tax Court in Mexico made a determination partially in the Company's favor. Following the Federal Tax Court's determination, the Company filed a constitutional action before the Federal Administrative Court. In addition, the federal tax authority appealed the determination of the Federal Tax Court. While the Company is unable to ascertain the ultimate outcome of this matter, based on the information currently available, the Company believes that a loss with respect to this matter is neither probable nor remote. Given the uncertainty associated with the ultimate resolution of this matter, the Company is unable to reasonably assess an estimate or range of estimates of any potential losses.

While it is impossible for the Company to ascertain the ultimate legal and financial liability with respect to contingent liabilities, including lawsuits and environmental contingencies, the Company believes that the aggregate amount of such liabilities, if any, in excess of amounts covered by insurance have been properly accrued in accordance with U.S. GAAP. It is possible, however, that the future financial position and/or results of operations for any particular future period could be materially affected by changes in the Company's assumptions or strategies related to these contingencies or changes out of the Company's control.

### 13. Income Taxes

In accordance with ASC 740, Income Taxes ("ASC 740"), each interim period is considered integral to the annual period and tax expense is measured using an estimated annual effective tax rate. An entity is required to record income tax expense each quarter based on its annual effective tax rate estimated for the full fiscal year and use that rate to provide for income taxes on a current year-to-date basis, adjusted for discrete taxable events that occur during the interim period.

#### Effective tax rate

The Company's effective tax rate for the thirteen weeks ended May 31, 2025 was 25.7% as compared to 22.9% for the corresponding period in the prior year. The Company's effective tax rate for the thirty-nine weeks ended May 31, 2025 was 25.5% as compared to

23.8% for the corresponding period in the prior year. The increase in the effective tax rate for the thirteen and thirty-nine weeks ended May 31, 2025 was due primarily to the Company's favorable adjustments to tax reserves during the corresponding prior periods.

#### *Uncertain tax positions*

The Company recognizes interest and penalties related to uncertain tax positions as a component of income tax expense, which is consistent with the recognition of these items in prior reporting periods. During the thirty-nine weeks ended May 31, 2025, there was a net increase in unrecognized tax position of \$1.0 million related to existing reserves.

The Company has a significant portion of its operations in the U.S. and Canada. It is required to file federal income tax returns as well as state income tax returns in a majority of the U.S. states and also in a number of Canadian provinces. At times, the Company is subject to audits in these jurisdictions, which typically are complex and can require several years to resolve. The final resolution of any such tax audits could result in either a reduction in the Company's accruals or an increase in its income tax provision, both of which could have a material impact on the consolidated results of operations in any given period.

All U.S. and Canadian federal income tax statutes have lapsed for filings up to and including fiscal years 2019 and 2017, respectively. With a few exceptions, the Company is no longer subject to state and local income tax examinations for periods prior to fiscal 2020. The Company is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will change significantly in the next 12 months.

#### **14. Long-Term Debt**

On March 26, 2021, the Company entered into an amended and restated \$175.0 million unsecured revolving credit agreement (as subsequently amended, the "Credit Agreement") with a syndicate of banks, which matures on March 26, 2026. Under the Credit Agreement, the Company was able to borrow funds at variable interest rates based on, at the Company's election, the Eurodollar rate or a base rate, plus in each case a spread based on the Company's consolidated funded debt ratio. Prior to its amendment as described below, the Credit Agreement had an accordion feature that allowed for increases of the aggregate commitments under the Credit Agreement of up to an additional \$100.0 million, for a total aggregate commitment of up to \$275.0 million.

On March 9, 2023, the Company exercised the accordion feature of the Credit Agreement pursuant to an amendment to the Credit Agreement. The exercise of the accordion feature increased the aggregate commitments under the Credit Agreement by \$100.0 million, for a total aggregate commitment of up to \$275.0 million. In addition, the amendment provided for the replacement of LIBOR with Secured Overnight Financing Rate ("SOFR") such that borrowings are based on, at the Company's election, the SOFR rate or a base rate, plus in each case a spread based on the Company's consolidated funded debt ratio. The amendment also refreshed the accordion feature, so that, provided there is no default or event of default under the Credit Agreement and the Company is in compliance with its financial covenants on a pro forma basis, the Company may request an increase in the aggregate commitments under the Credit Agreement (in the form of revolving or term tranches) of up to an additional \$100.0 million, for a total aggregate commitment of up to \$375.0 million. Availability of credit requires compliance with certain financial and other covenants, including a maximum consolidated funded debt ratio and minimum consolidated interest coverage ratio as defined in the Credit Agreement. The Company evaluates its compliance with these financial covenants on a fiscal quarterly basis. As of May 31, 2025, the interest rates applicable to the Company's borrowings under the Credit Agreement would be calculated as SOFR plus 1.00% at the time of the respective borrowing.

As of May 31, 2025, the Company had no outstanding borrowings and had outstanding letters of credit amounting to \$106.7 million, leaving \$168.3 million available for borrowing under the Credit Agreement.

As of May 31, 2025, the Company was in compliance with all covenants under the Credit Agreement.

## 15. Accumulated Other Comprehensive Loss

The changes in each component of accumulated other comprehensive loss, net of tax, for the thirteen and thirty-nine weeks ended May 31, 2025 and May 25, 2024 were as follows (in thousands):

	Thirteen Weeks Ended May 31, 2025			
	Foreign Currency Translation	Pension- related (1)	Derivative Financial Instruments (1)	Total Accumulated Other Comprehensive Loss
Balance as of March 1, 2025	\$ (35,340)	\$ 2,234	\$ 154	\$ (32,952)
Other comprehensive income (loss) before reclassification	8,619	—	(60)	8,559
Amounts reclassified from accumulated other comprehensive loss	—	—	(24)	(24)
Net current period other comprehensive income (loss)	8,619	—	(84)	8,535
Balance as of May 31, 2025	\$ (26,721)	\$ 2,234	\$ 70	\$ (24,417)

  

	Thirty-Nine Weeks Ended May 31, 2025			
	Foreign Currency Translation	Pension- related (1)	Derivative Financial Instruments (1)	Total Accumulated Other Comprehensive Loss
Balance as of August 31, 2024	\$ (25,966)	\$ 2,234	\$ 88	\$ (23,644)
Other comprehensive (loss) income before reclassification	(755)	—	78	(677)
Amounts reclassified from accumulated other comprehensive loss	—	—	(96)	(96)
Net current period other comprehensive loss	(755)	—	(18)	(773)
Balance as of May 31, 2025	\$ (26,721)	\$ 2,234	\$ 70	\$ (24,417)

  

	Thirteen Weeks Ended May 25, 2024			
	Foreign Currency Translation	Pension- related (1)	Derivative Financial Instruments (1)	Total Accumulated Other Comprehensive Loss
Balance as of February 24, 2024	\$ (25,736)	\$ 2,582	\$ 115	\$ (23,039)
Other comprehensive (loss) income before reclassification	(598)	—	30	(568)
Amounts reclassified from accumulated other comprehensive loss	—	—	(24)	(24)
Net current period other comprehensive (loss) income	(598)	—	6	(592)
Balance as of May 25, 2024	\$ (26,334)	\$ 2,582	\$ 121	\$ (23,631)

  

	Thirty-Nine Weeks Ended May 25, 2024			
	Foreign Currency Translation	Pension- related (1)	Derivative Financial Instruments (1)	Total Accumulated Other Comprehensive Loss
Balance as of August 26, 2023	\$ (26,504)	\$ 2,582	\$ 161	\$ (23,761)
Other comprehensive income before reclassification	170	—	28	198
Amounts reclassified from accumulated other comprehensive loss	—	—	(68)	(68)
Net current period other comprehensive income (loss)	170	—	(40)	130
Balance as of May 25, 2024	\$ (26,334)	\$ 2,582	\$ 121	\$ (23,631)

(1) Amounts are shown net of tax

Amounts reclassified from accumulated other comprehensive loss, net of tax, for the thirteen and thirty-nine weeks ended May 31, 2025 and May 25, 2024 were as follows (in thousands):

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	May 31, 2025	May 25, 2024	May 31, 2025	May 25, 2024
Derivative financial instruments, net:				
Forward contracts (a)	\$ (24)	\$ (24)	\$ (96)	\$ (68)
Total, net of tax	(24)	(24)	(96)	(68)
<b>Total amounts reclassified, net of tax</b>	<b>\$ (24)</b>	<b>\$ (24)</b>	<b>\$ (96)</b>	<b>\$ (68)</b>

(a) Amounts included in revenues in the accompanying Consolidated Statements of Income.

## 16. Segment Reporting

Operating segments are identified as components of an enterprise for which separate discrete financial information is available for evaluation by the chief operating decision-maker, or decision-making group, in making decisions on how to allocate resources and assess performance. The Company's chief operating decision maker is the Company's Chief Executive Officer. The Company has six operating segments based on the information reviewed by its Chief Executive Officer: U.S. Rental and Cleaning, Canadian Rental and Cleaning, Manufacturing ("MFG"), Specialty Garments, First Aid and Corporate. The U.S. Rental and Cleaning and Canadian Rental and Cleaning operating segments have been combined to form the U.S. and Canadian Rental and Cleaning reporting segment, and as a result, the Company has five reporting segments.

The U.S. and Canadian Rental and Cleaning reporting segment purchases, rents, cleans, delivers and sells uniforms and protective clothing and other non-garment items utilized at the customer locations in the U.S. and Canada. The laundry locations of the U.S. and Canadian Rental and Cleaning reporting segment are referred to by the Company as "industrial laundries" or "industrial laundry locations."

The MFG operating segment designs and manufactures uniforms and some of the other non-garment items primarily for the purpose of providing these goods to the U.S. and Canadian Rental and Cleaning reporting segment. MFG revenues are primarily generated when goods are shipped from the Company's manufacturing facilities, or its subcontract manufacturers, to other Company locations. These intercompany revenues are recorded at a transfer price which is typically in excess of the actual manufacturing cost. Manufactured products are carried in inventory until placed in service at which time they are amortized at this transfer price. On a consolidated basis, intercompany revenues and income are eliminated and the carrying value of inventories and rental merchandise in service is reduced to the manufacturing cost. Income before income taxes from MFG net of the intercompany MFG elimination offsets the merchandise amortization costs incurred by the U.S. and Canadian Rental and Cleaning reporting segment as the merchandise costs of this reporting segment are amortized and recognized based on inventories purchased from MFG at the transfer price which is above the Company's manufacturing cost.

The Corporate operating segment consists of costs associated with the Company's distribution center, sales and marketing, information systems, engineering, procurement, supply chain, accounting and finance, human resources, other general and administrative costs and interest expense. The revenues generated from the Corporate operating segment represent certain direct sales made by the Company directly from its distribution center. The products sold by this operating segment are the same products rented and sold by the U.S. and Canadian Rental and Cleaning reporting segment. No assets or capital expenditures are allocated to this operating segment in the information reviewed by the Chief Executive Officer. However, depreciation and amortization expense related to certain assets are reflected in income from operations and income before income taxes for the Corporate operating segment. The assets that give rise to this depreciation and amortization are included in the total assets of the U.S. and Canadian Rental and Cleaning reporting segment as this is how they are tracked and reviewed by the Company. The majority of expenses accounted for within the Corporate segment relate to costs of the U.S. and Canadian Rental and Cleaning segment, with the remainder of the costs relating to the Specialty Garment and First Aid segments.

The Specialty Garments operating segment purchases, rents, cleans, delivers and sells, specialty garments and non-garment items primarily for nuclear and cleanroom applications and provides cleanroom cleaning services at certain customer locations. The First Aid operating segment sells first aid cabinet services and other safety supplies, provides certain safety training and maintains wholesale distribution and pill packaging operations for non-prescription medicines.

The Company refers to the U.S. and Canadian Rental and Cleaning, MFG, and Corporate reporting segments combined as its “Core Laundry Operations,” which is included as a subtotal in the following table (in thousands):

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	May 31, 2025	May 25, 2024	May 31, 2025	May 25, 2024
<b>Revenues:</b>				
U.S. and Canadian Rental and Cleaning	\$ 521,220	\$ 512,572	\$ 1,555,694	\$ 1,531,116
MFG	69,805	77,862	214,033	233,939
Net intercompany MFG elimination	(69,805)	(77,862)	(214,033)	(233,939)
Corporate	11,968	15,882	40,588	43,747
Subtotal: Core Laundry Operations	533,188	528,454	1,596,282	1,574,863
Specialty Garments	47,803	47,582	138,160	135,713
First Aid	29,787	27,292	83,463	76,988
Total consolidated revenues	\$ 610,778	\$ 603,328	\$ 1,817,905	\$ 1,787,564
<b>Operating income (loss):</b>				
U.S. and Canadian Rental and Cleaning	\$ 87,548	\$ 81,867	\$ 252,310	\$ 234,903
MFG	23,133	24,958	69,884	69,446
Net intercompany MFG elimination	(662)	(3,063)	(2,864)	(7,453)
Corporate	(73,282)	(66,833)	(215,303)	(198,830)
Subtotal: Core Laundry Operations	36,737	36,929	104,027	98,066
Specialty Garments	10,915	11,373	30,515	33,391
First Aid	525	148	380	(1,927)
Total consolidated operating income	\$ 48,177	\$ 48,450	\$ 134,922	\$ 129,530
<b>Other (income) expense:</b>				
Interest income, net	\$ (2,514)	\$ (1,406)	\$ (7,422)	\$ (4,590)
Other expense, net	(2,704)	522	(1,620)	1,813
Total consolidated other income, net	\$ (5,218)	\$ (884)	\$ (9,042)	\$ (2,777)
<b>Total consolidated income before income taxes</b>	<b>\$ 53,395</b>	<b>\$ 49,334</b>	<b>\$ 143,964</b>	<b>\$ 132,307</b>

#### 17. Shares Repurchased and Dividends

The Company has two classes of common stock: Common Stock and Class B Common Stock. Each share of Common Stock is entitled to one vote, is freely transferable, and is entitled to a cash dividend equal to 125% of any cash dividend paid on each share of Class B Common Stock. Each share of Class B Common Stock is entitled to ten votes and can be converted to Common Stock on a share-for-share basis. However, until converted to Common Stock, shares of Class B Common Stock are not freely transferable. During the thirteen and thirty-nine weeks ended May 31, 2025, 5,000 shares and 36,860 shares, respectively, of Class B Common Stock were converted to Common Stock. No such conversions occurred during fiscal 2024.

On October 29, 2024, the Company’s Board of Directors declared increased quarterly cash dividends of \$0.350 per share of Common Stock and \$0.280 per share of Class B Common Stock, up from \$0.33 and \$0.264 per share, respectively. The amount and timing of any future dividend payment is subject to the approval of the Company’s Board of Directors each quarter.

On October 24, 2023, the Company’s Board of Directors authorized a new share repurchase program to repurchase up to \$100.0 million of the Company’s outstanding shares of Common Stock, inclusive of the amount which remained available under the existing share repurchase program approved in 2021. Repurchases from time to time under the new program, if any, will be made in either the open market or in privately negotiated transactions. The timing, manner, price and amount of any repurchases will depend on a variety of factors, including economic and market conditions, the Company stock price, corporate liquidity requirements and priorities, applicable legal requirements and other factors. The share repurchase program has been funded to date with the Company’s available

cash and will be funded in the future using the Company's available cash or capacity under its Credit Agreement and may be suspended or discontinued at any time. On April 8, 2025, the Company's Board of Directors authorized a new share repurchase program to repurchase up to \$100.0 million of its outstanding shares of Common Stock, inclusive of the amount which remained available under the existing share repurchase program approved in 2023.

During the thirteen and thirty-nine weeks ended May 31, 2025, the Company repurchased 75,973 and 142,578 shares, respectively, for an average price per share of \$179.45 and \$183.48, respectively, under the share repurchase program. During the thirteen and thirty-nine weeks ended May 25, 2024, the Company repurchased 47,250 and 94,000 shares, respectively, for an average price of \$165.99 and \$169.81, respectively, under the share repurchase program. As of May 31, 2025, the Company had \$86.4 million remaining to repurchase shares under the share repurchase program.

**18. Related Party**

During the thirteen and thirty-nine weeks ended May 31, 2025, the Company recognized \$0.4 million and \$1.2 million of revenue, respectively, with a company for which a member of the Company's Board of Directors served as senior officer throughout such periods.

During the thirteen and thirty-nine weeks ended May 31, 2025, the Company did not record any material expenses with a related party. During the thirteen and thirty-nine weeks ended May 25, 2024, the Company recorded \$2.1 million of expense with a company for which one member of the Company's Board of Directors was an executive officer for a portion of such periods. Such member of the Board of Directors is no longer an executive officer of the company, and as a result, no such expenses were recorded during the thirteen and thirty-nine weeks ended May 31, 2025.

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

### SAFE HARBOR FOR FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q and any documents incorporated by reference may contain forward-looking statements within the meaning of the federal securities laws. Forward-looking statements contained in this Quarterly Report on Form 10-Q and any documents incorporated by reference are subject to the safe harbor created by the Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by words such as "estimates," "anticipates," "projects," "plans," "expects," "intends," "believes," "seeks," "could," "should," "may," "will," "strategy," "objective," "assume," "strive," "design," "assumption," "vision" 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 ("ERP") 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 ("SEC"), New York Stock Exchange and accounting or other rules, strikes and unemployment levels, our efforts to evaluate and potentially reduce internal costs, the impact of U.S. and 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 and in our other filings with the SEC, including, without limitation, under Part II, Item 1A. "Risk Factors" and elsewhere in this Quarterly Report on Form 10-Q. We undertake no obligation to update any forward-looking statements to reflect events or circumstances arising after the date on which they are made.

### Business Overview

UniFirst Corporation, together with its subsidiaries, hereunder referred to as "we", "our", the "Company", or "UniFirst", is one of the leading providers of workplace uniforms and protective work wear clothing in North America. We design, manufacture, personalize, rent, clean, deliver, and sell a wide range of uniforms and protective clothing, including shirts, pants, jackets, coveralls, lab coats, smocks, aprons and specialized protective wear, such as flame resistant and high visibility garments. We also rent and sell industrial wiping products, floor mats, facility service products and other non-garment items, and provide restroom and cleaning supplies and first aid cabinet services and other safety supplies as well as provide certain safety training to a variety of manufacturers, retailers and service companies.

We serve businesses of all sizes across multiple industry sectors. Typical customers include automobile service centers and dealers, delivery services, food and general merchandise retailers, food processors and service operations, light manufacturers, maintenance facilities, restaurants, service companies, soft and durable goods wholesalers, transportation companies, healthcare providers and

others who require employee clothing for image, identification, protection or utility purposes. We also provide our customers with restroom and cleaning supplies, including air fresheners, paper products and hand soaps.

At certain specialized facilities, we also decontaminate and clean work clothes and other items that may have been exposed to radioactive materials and service special cleanroom protective wear and facilities. Typical customers for these specialized services include government agencies, research and development laboratories, high technology companies and utilities operating nuclear reactors.

Headquartered in Wilmington, Massachusetts, we are a North American leader in the supply and servicing of uniform and workwear programs, as well as the delivery of facility service programs. Together with our subsidiaries, we also provide first aid and safety products, and manage specialized garment programs for the cleanroom and nuclear industries. We manufacture our own branded workwear, protective clothing, and floorcare products, as well as offer products from industry leading suppliers; and with 270 service locations, over 300,000 customer locations, and approximately 16,000 employee Team Partners, we outfit more than 2 million workers each business day.

As mentioned and described in Note 16, "[Segment Reporting](#)," to our Consolidated Financial Statements, we have five reporting segments: U.S. and Canadian Rental and Cleaning, Manufacturing ("MFG"), Specialty Garments, First Aid and Corporate. We refer to the laundry locations of the U.S. and Canadian Rental and Cleaning reporting segment as "industrial laundries" or "industrial laundry locations", and to the U.S. and Canadian Rental and Cleaning, MFG, and Corporate reporting segments combined as our "Core Laundry Operations."

#### **Factors Affecting our Business**

In general, we believe that our results of operations are not dependent on moderate changes in the inflation rate. Historically, we have been able to manage the impacts of more significant changes in inflation rates through our customer relationships, customer agreements that generally provide for price increases and continued focus on improvements in operational productivity. However, the inflationary environment in recent years had a negative impact on our margins, including increased energy costs for our vehicles and our plants, and increased wages in the labor markets in which we compete. While inflation has moderated recently, a period of sustained inflation could pressure our margins in future periods. Adverse economic conditions resulting from inflationary pressures, U.S. Federal Reserve actions, including elevated interest rates and/or increases in interest rates, geopolitical issues, U.S. and foreign tariffs or other causes are difficult to predict and may have a material adverse impact on our business, results of operations and financial condition.

We are also monitoring and evaluating the potential impact of recently announced new or increased tariffs on imported goods. If any such tariffs were to increase our cost of obtaining raw materials or products from suppliers and we were unable to mitigate the impacts of any such increased costs, it could have a material adverse impact on our business and our results of operations.

Please see Part I, Item 1A. "Risk Factors" in our Annual Report on Form 10-K for the year ended August 31, 2024 and Part II, Item 1A. "Risk Factors" in this Quarterly Report on Form 10-Q for an additional discussion of risks and potential risks of adverse economic

conditions on our business, financial condition and results of operations, including, without limitation, as a result of inflation, interest rates, geopolitical issues and tariffs.

## Results of Operations

The following table presents certain selected financial data, including the percentage of revenues represented by each item, for the thirteen and thirty-nine weeks ended May 31, 2025 and May 25, 2024.

(In thousands, except percentages)	Thirteen Weeks Ended					Thirty-Nine Weeks Ended				
	May 31, 2025	% of Revenues	May 25, 2024	% of Revenues	% Change	May 31, 2025	% of Revenues	May 25, 2024	% of Revenues	% Change
Revenues	\$ 610,778	100.0%	\$ 603,328	100.0%	1.2%	\$ 1,817,905	100.0%	\$ 1,787,564	100.0%	1.7%
<b>Operating expenses:</b>										
Cost of revenues (1)	385,189	63.1	391,244	64.8	(1.5)	1,160,388	63.8	1,171,231	65.5	(0.9)
Selling and administrative expenses (1)	142,690	23.4	129,074	21.4	10.5	418,119	23.0	383,350	21.4	9.1
Depreciation and amortization	34,722	5.7	34,560	5.7	0.5	104,476	5.7	102,453	5.8	1.0
Total operating expenses	562,601	92.2	554,878	91.9	1.4	1,682,983	92.6	1,658,034	92.8	1.5
Operating income	48,177	7.9	48,450	8.0	(0.6)	134,922	7.4	129,530	7.2	4.2
Other income, net	(5,218)	(0.9)	(884)	(0.1)	490.3	(9,042)	(0.5)	(2,777)	(0.2)	225.6
Income before income taxes	53,395	8.8	49,334	8.1	8.2	143,964	7.9	132,307	7.4	8.8
Provision for income taxes	13,715	2.2	11,277	1.9	21.6	36,720	2.0	31,468	1.8	16.7
Net income	\$ 39,680	6.5%	\$ 38,057	6.3%	4.3%	\$ 107,244	5.9%	\$ 100,839	5.6%	6.4%

(1) Exclusive of depreciation on our property, plant and equipment and amortization on our intangible assets.

General

We derive our revenues from the services described under “[Business Overview](#)” above.

Cost of revenues include the amortization of rental merchandise in service and merchandise costs related to direct sales as well as labor and other production, service and delivery costs and distribution costs associated with operating our Core Laundry Operations, Specialty Garments facilities and First Aid locations. Selling and administrative costs include costs related to our sales and marketing functions as well as general and administrative costs associated with our corporate offices, non-operating environmental sites and operating locations including information systems, engineering, materials management, manufacturing planning, finance, budgeting and human resources.

In fiscal 2018, we initiated a multiyear customer relationship management (“CRM”) project to further develop, implement and deploy a third-party software application we licensed. This new solution improves functionality, capability and information flow as well as increases automation for our operations in servicing our customers. We began deployment of our CRM project during the second half of fiscal 2021 and concluded the deployment to our U.S. locations in the first quarter of fiscal 2024. We are depreciating this system over a 10-year life and recognized \$1.0 million and \$3.0 million of amortization expense during the thirteen and thirty-nine weeks ended May 31, 2025, respectively.

In fiscal 2022, we initiated a multiyear ERP project that we plan to continue through 2027, with early phases focused on master data management and finance capabilities followed by subsequent phases with a strong focus on supply chain and procurement automation and technology. We believe that this initiative will become the core of our systems technology footprint and will integrate and complement the capabilities of the CRM system. We expect the ERP system, and the new supply chain and procurement capabilities that it will provide to enable lower operating costs and reduce customer churn. Such benefits are expected to be delivered through enhanced inventory utilization and vendor management, improved response times to customer orders and more efficient back-end processes. As of May 31, 2025, we capitalized \$38.6 million related to our ERP project.

We refer to our CRM and ERP projects together as our “Key Initiatives”. For the thirteen weeks ended May 31, 2025, we expensed \$1.0 million of non-recurring costs related to our Key Initiatives, primarily relating to our ERP project. For the thirty-nine weeks ended May 31, 2025, we expensed \$5.4 million of non-recurring costs related to our Key Initiatives, primarily relating to our ERP project.

**Thirteen weeks ended May 31, 2025 compared with thirteen weeks ended May 25, 2024**

Revenues

(In thousands, except percentages)	May 31, 2025	May 25, 2024	Dollar Change	Percent Change
Core Laundry Operations	\$ 533,188	\$ 528,454	\$ 4,734	0.9%
Specialty Garments	47,803	47,582	221	0.5%
First Aid	29,787	27,292	2,495	9.1%
Total consolidated revenues	\$ 610,778	\$ 603,328	\$ 7,450	1.2%

The increase in consolidated revenues of 1.2% during the thirteen weeks ended May 31, 2025 compared to the prior year comparable period was due primarily to growth in our Core Laundry Operations of 0.9%. The increase in our Core Laundry Operations was due to organic growth of 1.1%. The effect of the Canadian dollar exchange rate resulted in changes in our revenues of (0.2)%. The Core Laundry Operations organic growth rate was primarily the result of solid new account sales in fiscal 2024 and the first half of fiscal 2025.

In the thirteen weeks ended May 31, 2025, Specialty Garments revenues increased compared to the prior year comparable period due primarily to the growth in our European nuclear operations and cleanroom operations partially offset by a decrease in revenues in our North American nuclear operations. Specialty Garments’ results are often affected by seasonality and the timing and length of its customers’ power reactor outages as well as its project-based activities.

First Aid revenues in the thirteen weeks ended May 31, 2025 increased 9.1% compared to the prior year comparable period due to strong growth in our van business.

Cost of revenues

(In thousands, except percentages)	May 31, 2025	May 25, 2024	Dollar Change	Percent Change
Cost of revenues	\$ 385,189	\$ 391,244	\$ (6,055)	(1.5)%
% of Revenues	63.1%	64.8%		

Consolidated cost of revenues and cost of revenues as a percentage of revenue both decreased in the thirteen weeks ended May 31, 2025 compared to the prior year comparable period due primarily to lower merchandise and production payroll costs as a percentage of revenues. These decreases were partially offset by higher healthcare claims expense compared to the prior year comparable period.

Selling and administrative expenses

(In thousands, except percentages)	May 31, 2025	May 25, 2024	Dollar Change	Percent Change
Selling and administrative expenses	\$ 142,690	\$ 129,074	\$ 13,616	10.5%
% of Revenues	23.4%	21.4%		

The increase in selling and administrative costs during the thirteen weeks ended May 31, 2025 compared to the prior year comparable period was due primarily to higher healthcare claims expense and approximately \$5.7 million of expense related to advisory costs for a strategic matter and legal costs related to an employee matter.

Depreciation and amortization

(In thousands, except percentages)	May 31, 2025	May 25, 2024	Dollar Change	Percent Change
Depreciation and amortization	\$ 34,722	\$ 34,560	\$ 162	0.5%
% of Revenues	5.7%	5.7%		

Depreciation and amortization expense remained relatively consistent during the thirteen weeks ended May 31, 2025 compared to the prior year comparable period.

Operating income

For the thirteen weeks ended May 31, 2025 and May 25, 2024, changes in our revenues and costs as discussed above resulted in the following changes in our operating income and margin:

(In thousands, except percentages)	May 31, 2025	May 25, 2024	Dollar Change	Percent Change
Core Laundry Operations	\$ 36,737	\$ 36,929	\$ (192)	(0.5)%
Specialty Garments	10,915	11,373	(458)	(4.0)%
First Aid	525	148	377	254.7%
Operating income	\$ 48,177	\$ 48,450	\$ (273)	(0.6)%
Operating income margin	7.9%	8.0%		

Other income, net

(In thousands, except percentages)	May 31, 2025	May 25, 2024	Dollar Change	Percent Change
Interest income, net	\$ (2,514)	\$ (1,406)	\$ (1,108)	78.8%
Other (income) expense, net	(2,704)	522	(3,226)	(618.0)%
Total other income, net	\$ (5,218)	\$ (884)	\$ (4,334)	490.3%

Other income, net during the thirteen weeks ended May 31, 2025 increased as compared to the prior year comparable period primarily due to \$2.8 million in proceeds from the sale of a property. In addition, improved operating cash flows over the past few years have led to increased cash reserves, which in turn have also generated higher interest income.

Provision for income taxes

(In thousands, except percentages)	May 31, 2025	May 25, 2024	Dollar Change	Percent Change
Provision for income taxes	\$ 13,715	\$ 11,277	\$ 2,438	21.6%
Effective income tax rate	25.7%	22.9%		

The increase in the effective tax rate for the thirteen weeks ended May 31, 2025 as compared to the corresponding period in the prior year was due primarily to favorable adjustments to our tax reserves during the corresponding prior period.

**Thirty-nine weeks ended May 31, 2025 compared with thirty-nine weeks ended May 25, 2024**

Revenues

(In thousands, except percentages)	May 31, 2025	May 25, 2024	Dollar Change	Percent Change
Core Laundry Operations	\$ 1,596,282	\$ 1,574,863	\$ 21,419	1.4%
Specialty Garments	138,160	135,713	2,447	1.8%
First Aid	83,463	76,988	6,475	8.4%
Total consolidated revenues	<u>\$ 1,817,905</u>	<u>\$ 1,787,564</u>	<u>\$ 30,341</u>	1.7%

The increase in consolidated revenues of 1.7% during the thirty-nine weeks ended May 31, 2025 compared to the prior year comparable period was due primarily to growth in our Core Laundry Operations of 1.4%. The increase in our Core Laundry Operations was due to organic growth of 1.6%. The effect of the Canadian dollar exchange rate resulted in changes in our revenues of (0.2)%. The Core Laundry Operations strong organic growth rate was primarily the result of solid new account sales and improved pricing with our customers.

In the thirty-nine weeks ended May 31, 2025, Specialty Garments revenues increased compared to the prior year comparable period due primarily to the growth in our European nuclear operations partially offset by a decrease in revenues in our cleanroom operations. Specialty Garments' results are often affected by seasonality and the timing and length of its customers' power reactor outages as well as its project-based activities.

First Aid revenues in the thirty-nine weeks ended May 31, 2025 increased 8.4% compared to the prior year comparable period due to strong growth in our van business partially offset by a slight decrease in revenues in our wholesale business.

Cost of revenues

(In thousands, except percentages)	May 31, 2025	May 25, 2024	Dollar Change	Percent Change
Cost of revenues	\$ 1,160,388	\$ 1,171,231	\$ (10,843)	(0.9)%
% of Revenues	63.8%	65.5%		

The decrease in consolidated cost of revenues of 0.9% during the thirty-nine weeks ended May 31, 2025 compared to the prior year comparable period was due primarily to lower merchandise and production payroll costs as a percentage of revenues. Partially offsetting these decreases were higher healthcare claims expense compared to the prior year comparable period.

Selling and administrative expenses

(In thousands, except percentages)	May 31, 2025	May 25, 2024	Dollar Change	Percent Change
Selling and administrative expenses	\$ 418,119	\$ 383,350	\$ 34,769	9.1%
% of Revenues	23.0%	21.4%		

The increase in selling and administrative costs of 9.1% during the thirty-nine weeks ended May 31, 2025 compared to the prior year comparable period was due primarily to higher healthcare claims expense and approximately \$5.7 million of expense related to advisory costs for a strategic matter and legal costs related to an employee matter.

Depreciation and amortization

(In thousands, except percentages)	May 31, 2025	May 25, 2024	Dollar Change	Percent Change
Depreciation and amortization	\$ 104,476	\$ 103,453	\$ 1,023	1.0%
% of Revenues	5.7%	5.8%		

Depreciation and amortization expense remained relatively consistent during the thirty-nine weeks ended May 31, 2025 compared to the prior year comparable period.

Operating income

(In thousands, except percentages)	May 31, 2025	May 25, 2024	Dollar Change	Percent Change
Core Laundry Operations	\$ 104,027	\$ 98,066	\$ 5,961	6.1%
Specialty Garments	30,515	33,391	(2,876)	(8.6)%
First Aid	380	(1,927)	2,307	(119.7)%
Operating income	\$ 134,922	\$ 129,530	\$ 5,392	4.2%
Operating income margin	7.4%	7.2%		

Other income, net

(In thousands, except percentages)	May 31, 2025	May 25, 2024	Dollar Change	Percent Change
Interest income, net	\$ (7,422)	\$ (4,590)	\$ (2,832)	61.7%
Other (income) expense, net	(1,620)	1,813	(3,433)	(189.4)%
Total other income, net	\$ (9,042)	\$ (2,777)	\$ (6,265)	225.6%

Other income, net during the thirty-nine weeks ended May 31, 2025 increased as compared to the prior year comparable period primarily due to \$2.8 million in proceeds from the sale of a property. In addition, improved operating cash flows over the past few years have led to increased cash reserves, which in turn have also generated higher interest income.

Provision for income taxes

(In thousands, except percentages)	May 31, 2025	May 25, 2024	Dollar Change	Percent Change
Provision for income taxes	\$ 36,720	\$ 31,468	\$ 5,252	16.7%
Effective income tax rate	25.5%	23.8%		

The increase in the effective tax rate for the thirty-nine weeks ended May 31, 2025 as compared to the corresponding period in the prior year was due primarily to favorable adjustments to our tax reserves during the corresponding prior period.

Liquidity and Capital Resources

General

Cash and cash equivalents, and short-term investments totaled \$211.9 million as of May 31, 2025, an increase of \$36.8 million from \$175.1 million as of August 31, 2024. The increase in cash and cash equivalents and short-term investments was largely driven by our cash flows from operating activities. We generated \$196.5 million and \$193.0 million in cash from operating activities in the thirty-nine weeks ended May 31, 2025 and May 25, 2024, respectively. The increase was due primarily to increased profitability and lower working capital needs of the business. During the thirty-nine weeks ended May 31, 2025, we continued to invest in our business with capital expenditures totaling \$109.8 million.

On April 8, 2025, our Board of Directors authorized a new share repurchase program to repurchase up to \$100.0 million of our outstanding shares of Common Stock, inclusive of the amount which remained available under the existing share repurchase program approved in 2023.

Pursuant to the share repurchase program, we repurchased 142,578 shares of our Common Stock for an aggregate of approximately \$25.6 million during the thirty-nine weeks ended May 31, 2025. As of May 31, 2025, we had \$86.4 million remaining to repurchase shares under the share repurchase program.

We believe, although there can be no assurance, that our current cash and cash equivalents, our cash generated from future operations and amounts available under our Credit Agreement (as defined below) will be sufficient to meet our current anticipated working capital and capital expenditure requirements for at least the next 12 months and will enable us to manage the impacts of inflation and address related liquidity needs.

Cash flows provided by operating activities have historically been the primary source of our liquidity. We generally use these cash flows to fund most, if not all, of our operations, capital expenditure and acquisition activities as well as dividends on our Common Stock and stock repurchases. We may also use cash flows provided by operating activities, as well as proceeds from long-term debt, to fund growth and acquisition opportunities, as well as other cash requirements.

Sources and uses of cash flows for the thirty-nine weeks ended May 31, 2025 and May 25, 2024, respectively, are summarized as follows:

(In thousands, except percentages)	May 31, 2025	May 25, 2024	Dollar Change	Percent Change
Net cash provided by operating activities	\$ 196,481	\$ 193,012	\$ 3,469	1.8%
Net cash used in investing activities	(98,460)	(124,293)	25,833	(20.8)%
Net cash used in financing activities	(48,348)	(36,126)	(12,222)	33.8%
Effect of exchange rate changes	666	210	456	217.1%
Net increase in cash and cash equivalents	<u>\$ 50,339</u>	<u>\$ 32,803</u>	<u>\$ 17,536</u>	<u>53.5%</u>

#### *Net Cash Provided by Operating Activities*

The net cash provided by operating activities during the thirty-nine weeks ended May 31, 2025 increased as compared to the prior year comparable period due to our improved profitability as well as positive impacts from inventories of \$21.4 million, rental merchandise in service of \$4.7 million and receivables of \$2.1 million.

The positive impact from inventories was due primarily to a focused effort on managing our inventory balances in the current year. The improvement in merchandise in service was due primarily to fewer garments being placed in service to support our rental customers. The increase in receivables was due primarily to the result of enhanced collection efforts and the timing of cash receipts.

These increases were partially offset by an \$11.6 million decrease in accounts payable and a \$9.0 million decrease in accrued liabilities, both due primarily to the timing of cash payments. Operating activities were also negatively impacted by a \$5.2 million increase in prepaid expenses and other current assets, driven by higher information technology prepayments, sponsorship agreements and deferred commission costs.

Additionally, the \$4.3 million decrease in prepaid and accrued income taxes reflected the normalization of tax prepayments in the current year, following a large prepaid tax position at the end of fiscal 2023 that resulted in lower tax deposits during the prior-year period.

#### *Net Cash Used in Investing Activities*

The net cash used in investing activities during the thirty-nine weeks ended May 31, 2025 decreased as compared to the prior year comparable period due primarily to reduced net investment in certificates of deposit of \$16.5 million and reduced capital expenditures of \$12.1 million. Offsetting these decreases was an increase in cash paid for acquisitions of \$5.2 million during the thirty-nine weeks ended May 31, 2025 as compared to the prior year comparable period.

#### *Net Cash Used in Financing Activities*

The net cash used in financing activities during the thirty-nine weeks ended May 31, 2025 increased as compared to the prior year comparable period due primarily to a \$9.6 million increase in the repurchase of Common Stock during the period, increases in taxes withheld and paid related to net-share settlement of equity awards of \$1.6 million and increases in cash dividends of \$1.0 million.

#### *Long-term Debt and Borrowing Capacity*

On March 26, 2021, we entered into an amended and restated \$175.0 million unsecured revolving credit agreement (as subsequently amended, the "Credit Agreement") with a syndicate of banks, which matures on March 26, 2026. The Credit Agreement amended and restated our prior credit agreement, which was scheduled to mature on April 11, 2021. Under the Credit Agreement, we are able to borrow funds at variable interest rates based on, at our election, the Eurodollar rate or a base rate, plus in each case a spread based on our consolidated funded debt ratio.

On March 9, 2023, we exercised the accordion feature of the Credit Agreement pursuant to an amendment to the Credit Agreement. The exercise of the accordion feature increased the aggregate commitments under the Credit Agreement by \$100.0 million, for a total aggregate commitment of up to \$275.0 million. In addition, the amendment provided for the replacement of LIBOR with Secured Overnight Financing Rate ("SOFR") such that borrowings are based on, at our election, the SOFR rate or a base rate, plus in each case a spread based on our consolidated funded debt ratio. The amendment also refreshed the accordion feature, so that, provided there is no default or event of default under the Credit Agreement and we are in compliance with our financial covenants on a pro forma basis, we may request an increase in the aggregate commitments under the Credit Agreement (in the form of revolving or term tranches) of up to an additional \$100.0 million, for a total aggregate commitment of up to \$375.0 million. Availability of credit requires compliance with certain financial and other covenants, including a maximum consolidated funded debt ratio and minimum consolidated interest coverage ratio as defined in the Credit Agreement. We test our compliance with these financial covenants on a fiscal quarterly basis. As of May 31, 2025, the interest rates applicable to our borrowings under the Credit Agreement would be calculated as SOFR plus 1.00% at the time of the respective borrowing.

As of May 31, 2025, we had no outstanding borrowings and had outstanding letters of credit amounting to \$106.7 million, leaving \$168.3 million available for borrowing under the Credit Agreement.

As of May 31, 2025, we were in compliance with all covenants under the Credit Agreement.

#### *Derivative Instruments and Hedging Activities*

See Item 3. "[Quantitative and Qualitative Disclosures About Market Risk](#)" in this Quarterly Report on Form 10-Q for information regarding our derivative instruments and hedging activities.

#### *Environmental and Legal Contingencies*

We are involved with environmental investigation, monitoring and remediation activities at certain sites. In addition, from time to time, we are also subject to legal and regulatory proceedings and claims arising from the conduct of our business operations, including but not limited to, personal injury, customer contract, employment claims and environmental and tax matters as described. We maintain insurance coverage providing indemnification against many of such claims, and we do not expect, although there can be no assurance, that we will sustain any material loss as a result thereof. Refer to Note 12, "[Commitments and Contingencies](#)," to the Consolidated Financial Statements, as well as Part II, Item 1A. "Risk Factors" below and in our Annual Report on Form 10-K, for further discussion.

In addition, in the fourth quarter of fiscal 2022, the Mexican federal tax authority issued a tax assessment on our subsidiary in Mexico for fiscal 2016 import taxes, value added taxes and custom processing fees of over \$17.0 million, plus surcharges, fines and penalties of over \$67.7 million for a total assessment of over \$84.7 million. We challenged the validity of the tax assessment through an appeal process. In the first quarter of fiscal 2025, the Federal Tax Court in Mexico made a determination partially in our favor. Following the Federal Tax Court's determination, we filed a constitutional action before the Federal Administrative Court. In addition, the federal tax authority appealed the determination of the Federal Tax Court. While we are unable to ascertain the ultimate outcome of this matter, based on the information currently available, we believe that a loss with respect to this matter is neither probable nor remote. Given the uncertainty associated with the ultimate resolution of this matter, we are unable to reasonably assess an estimate or range of estimates of any potential losses.

While it is impossible for us to ascertain the ultimate legal and financial liability with respect to contingent liabilities, including lawsuits and environmental contingencies, we believe that the aggregate amount of such liabilities, if any, in excess of amounts covered by insurance have been properly accrued in accordance with accounting principles under U.S. GAAP. It is possible, however, that the future financial position and/or results of operations for any particular future period could be materially affected by changes in our assumptions or strategies related to these contingencies or changes out of our control.

#### *Contractual Obligations and Other Commercial Commitments*

As of May 31, 2025, there were no material changes to our contractual obligations that were disclosed in our Annual Report on Form 10-K for the year ended August 31, 2024. As of May 31, 2025, we did not have any off-balance sheet arrangements.

#### **Critical Accounting Policies and Estimates**

The discussion of our financial condition and results of operations is based upon the Consolidated Financial Statements, which have been prepared in conformity with U.S. GAAP. As such, management is required to make certain estimates, judgments and assumptions that are believed to be reasonable based on the information available. These estimates and assumptions affect the reported amount of assets and liabilities, revenues and expenses, and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results may differ from these estimates under different assumptions or conditions.

Critical accounting estimates are defined as those that are reflective of significant judgments and uncertainties, the most important and pervasive accounting estimates used and areas most sensitive to material changes from external factors. The critical accounting estimates that we believe affect our more significant judgments and estimates used in the preparation of our Consolidated Financial Statements presented in this report are described in Part II, Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" and in the Notes to the Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended August 31, 2024. There have been no significant changes in our critical accounting estimates since the year ended August 31, 2024.

#### **Recent Accounting Pronouncements**

See Note 2, "[Recent Accounting Pronouncements](#)" to our Consolidated Financial Statements included in this Quarterly Report on Form 10-Q for more information on recently implemented and issued accounting standards.

### ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

#### *Foreign Currency Exchange Risk*

We have determined that all of our foreign subsidiaries operate primarily in local currencies that represent the functional currencies of such subsidiaries. All assets and liabilities of our foreign subsidiaries are translated into U.S. dollars using the exchange rate prevailing at the balance sheet date. The effects of exchange rate fluctuations on the translation of assets and liabilities are recorded as a component of shareholders' equity. Revenues and expenses are translated at the average exchange rates in effect during each month of the fiscal year. As such, our financial condition and operating results are affected by fluctuations in the value of the U.S. dollar as compared to currencies in foreign countries. Revenues denominated in currencies other than the U.S. dollar represented approximately 7.1% and 7.0%, respectively, of total consolidated revenues for the thirteen and thirty-nine weeks ended May 31, 2025. Total assets denominated in currencies other than the U.S. dollar represented approximately 6.9% and 6.8% of our total consolidated assets as of May 31, 2025 and August 31, 2024, respectively. If exchange rates had increased or decreased by 10% from the actual rates in effect during the thirteen and thirty-nine weeks ended May 31, 2025, our revenues would have increased or decreased by \$4.2 million and \$12.7 million, respectively, and total assets as of May 31, 2025 would have increased or decreased by approximately \$19.0 million.

In August 2021, we entered into twenty forward contracts to exchange CAD for U.S. dollars at fixed exchange rates in order to manage our exposure related to certain forecasted CAD denominated sales of one of our subsidiaries. The hedged transactions are specified as the first amount of CAD denominated revenues invoiced by one of our domestic subsidiaries each fiscal quarter, beginning in the first fiscal quarter of 2022 and continuing through the fourth fiscal quarter of 2026. In total, we will sell approximately 14.1 million CAD at an average Canadian-dollar exchange rate of 0.7861 over these quarterly periods. We concluded that the forward contracts met the criteria to qualify as a cash flow hedge under U.S. GAAP.

As of May 31, 2025, we had forward contracts with a notional value of approximately 2.3 million CAD outstanding and recorded the fair value of the contracts of \$0.1 million in prepaid expenses and other current assets with a corresponding gain of \$0.1 million in accumulated other comprehensive loss, which was recorded net of tax. During the thirteen and thirty-nine weeks ended May 31, 2025, we reclassified a nominal amount and \$0.1 million, respectively, from accumulated other comprehensive loss to revenue related to the derivative financial instruments. The gain on these forward contracts that resulted in a decrease to accumulated other comprehensive loss as of May 31, 2025 is expected to be reclassified to revenues prior to their maturity on August 29, 2026.

Other than the forward contracts, discussed above, we do not operate a hedging program to mitigate the effect of a significant change in the value of the functional currencies of our foreign subsidiaries, which include the Canadian dollar, euro, British pound, Mexican peso and Nicaraguan cordoba, as compared to the U.S. dollar. Any losses or gains resulting from unhedged foreign currency transactions, including exchange rate fluctuations on intercompany accounts are reported as transaction losses (gains) in our other income, net. The intercompany payables and receivables are denominated in Canadian dollars, euros, British pounds, Mexican pesos and Nicaraguan cordobas. During the thirteen weeks ended May 31, 2025, transaction gains included in other (income) expense, net were approximately \$0.1 million. During the thirty-nine weeks ended May 31, 2025, transaction losses included in other (income) expense, net were approximately \$0.3 million. If exchange rates had increased or decreased by 10% during the thirteen and thirty-nine weeks ended May 31, 2025, we would have recognized exchange gains or losses of approximately \$0.1 million for both periods.

#### *Interest Rate Sensitivity*

We are exposed to market risk from changes in interest rates, which may adversely affect our financial position, results of operations and cash flows. In seeking to minimize the risks from interest rate fluctuations, we manage exposures through our operating and financing activities. We are exposed to interest rate risk primarily through borrowings under our Credit Agreement. Under the Credit Agreement, we borrow funds at variable interest rates based on, at our election, the SOFR rate or a base rate, plus in each case a spread based on our consolidated funded debt ratio. To the extent we have borrowings outstanding under the Credit Agreement, changes in interest rates result in changes in our interest expense.

Please see Item 1A. "Risk Factors" in our Annual Report on Form 10-K for the year ended August 31, 2024 for an additional discussion of risks and potential risks on our business, financial performance and the market price of our Common Stock.

## ITEM 4. CONTROLS AND PROCEDURES

### *Disclosure Controls and Procedures*

As required by Rule 13a-15 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), we carried out an evaluation under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. Based upon their evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, solely as a result of the material weaknesses previously identified by management and described in our Annual Report on Form 10-K for the year ended August 31, 2024, our disclosure controls and procedures were not effective to ensure that material information relating to the Company required to be disclosed by the Company in reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and to ensure that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, our management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurances of achieving the desired control objectives, and management necessarily was required to apply our judgment in designing and evaluating the controls and procedures. We continue to review our disclosure controls and procedures, and our internal control over financial reporting, and may from time to time make changes aimed at enhancing their effectiveness and to ensure that our systems evolve with our business.

### *Changes in Internal Control over Financial Reporting*

Other than the remediation measures with respect to the material weaknesses described below, there were no changes in our internal control over financial reporting during the third quarter of fiscal 2025 that have materially affected, or that are reasonably likely to materially affect, our internal control over financial reporting.

### *Previously Identified Material Weakness*

As described in Part II, Item 9A of our Annual Report on Form 10-K for fiscal 2024, we previously identified material weaknesses that include design and operating deficiencies in the manage change and manage access processes impacting all financially relevant business processes. Consequently, our automated and manual business process controls that rely upon information from our IT systems were also deemed ineffective because they could have been adversely impacted.

### *Remediation*

Our management is committed to maintaining a strong internal control environment. In response to the material weaknesses described above, management is continuing to take actions to remediate the material weaknesses in internal control over financial reporting.

The intended remediation actions include: (i) reassessing and redesigning our manage change and manage access processes and controls, (ii) enhanced oversight and involvement from our Business Processes, Risk and Controls group, which we created in the second quarter of fiscal 2024, (iii) strengthening our internal policies related to IT general controls ("ITGCs"), (iv) enhanced training and awareness programs addressing ITGCs and policies, including further education of control owners regarding the principles and requirements of each control, (v) implementing an Identity and Access Management (IAM) system, which will provide enhanced control over the provisioning of user access management, and (vi) the hiring of our new Chief Information and Technology Officer, which occurred during the first quarter of fiscal 2025, who is overseeing and informing the remediation actions.

We are currently progressing these actions and believe that when fully implemented will remediate the material weaknesses, however, as we continue to evaluate and improve the applicable controls, management may determine that additional remediation measures are required. The material weaknesses will not be considered remediated until applicable controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively. Management is committed to successfully remediating the material weaknesses as promptly as possible.

Our Chief Executive Officer and Chief Financial Officer have certified in certifications furnished with this Quarterly Report on Form 10-Q that, to the best of their knowledge, the information contained in this Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company as of, and for, the periods presented in this Quarterly Report on Form 10-Q.

## PART II – OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

We are involved with environmental investigation, monitoring and remediation activities at certain sites. In addition, from time to time, we are subject to legal proceedings and claims arising from the current conduct of our business operations, including but not limited to, personal injury, customer contract, employment claims and environmental and tax matters as described. We maintain insurance coverage providing indemnification against many of such claims, and we do not expect, although there can be no assurance, that we will sustain any material loss as a result thereof. Refer to Note 12, “Commitments and Contingencies,” to the Consolidated Financial Statements, as well as Part II, Item 1A. “Risk Factors” below and in our Annual Report on Form 10-K, for further discussion.

### ITEM 1A. RISK FACTORS

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I, Item 1A. “Risk Factors” in our Annual Report on Form 10-K for the year ended August 31, 2024, which could materially affect our business, financial condition, and future results. The risks described in our Annual Report on Form 10-K are not the only risks that we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition, and operating results. Except to the extent previously updated or below or to the extent additional factual information disclosed elsewhere in this Quarterly Report on Form 10-Q relates to such risk factors (including, without limitation, the matters discussed in Part I, Item 2 – “Management’s Discussion and Analysis of Financial Condition and Results of Operations”), there have been no material changes to the risk factors set forth in our Annual Report on Form 10-K for the year ended August 31, 2024.

*U.S. and foreign trade policies, including the assessment of tariffs and other impositions on imported goods, may have a material adverse impact on our business.*

The U.S. and certain foreign countries have recently announced new or increased tariffs on imported goods, and additional tariffs or increases in tariffs could be assessed in the future. If any such tariffs were to increase our cost of obtaining raw materials or products from suppliers and we were unable to mitigate the impacts of any such increased costs, it could have a material adverse impact on our business and our results of operations.

### ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table provides information about repurchases of our equity securities during the thirteen weeks ended May 31, 2025:

Period	(a) Total Number of Shares Purchased (1)	(b) Average Price Paid per Share (1)	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	(d) Maximum Number (or Approximate Dollar Value) of Shares that May Yet be Purchased Under the Plans or Programs (1)
March 2, 2025 - March 29, 2025	—	\$ —	—	\$ 63,692,284
March 30, 2025 - April 26, 2025	24,000	\$ 173.65	24,000	\$ 95,831,933
April 27, 2025 - May 31, 2025	51,973	\$ 182.10	51,973	\$ 86,366,704
Total	75,973		75,973	

- (1) On October 24, 2023, our Board of Directors authorized a new share repurchase program to repurchase up to \$100.0 million of our outstanding shares of Common Stock, inclusive of the amount which remained available under the existing share repurchase program approved in 2021. Repurchases made from time to time under the new program, if any, will be made in either the open market or in privately negotiated transactions. The timing, manner, price and amount of any repurchase will depend on a variety of factors, including economic and market conditions, the Company stock price, corporate liquidity requirements and priorities, applicable legal requirements and other factors. The share repurchase program has been funded to date using our available cash and may be suspended or discontinued at any time. On April 8, 2025, our Board of Directors authorized a new share repurchase program to repurchase up to \$100.0 million of our outstanding shares of Common Stock, inclusive of the amount which remained available under the existing share repurchase program approved in 2023.

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

None.

**ITEM 4. MINE SAFETY DISCLOSURES**

Not Applicable.

**ITEM 5. OTHER INFORMATION**

None.

**ITEM 6. EXHIBITS**

- 31.1 [Rule 13a-14\(a\)/15d-14\(a\) Certification of Steven S. Sintros \(filed herewith\).](#)
- 31.2 [Rule 13a-14\(a\)/15d-14\(a\) Certification of Shane O'Connor \(filed herewith\).](#)
- 32.1 [Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 \(furnished herewith\).](#)
- 32.2 [Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 \(furnished herewith\).](#)
- 101 The following financial information from UniFirst Corporation Quarterly Report on Form 10-Q for the quarter ended May 31, 2025 formatted in Inline XBRL (Extensible Business Reporting Language) includes:  
(i) the Consolidated Statements of Income, (ii) the Consolidated Statements of Comprehensive Income, (iii) the Consolidated Balance Sheets, (iv) the Consolidated Statements of Stockholders' Equity, (v) the Consolidated Statements of Cash Flows, and (vi) Notes to the Consolidated Financial Statements.
- 104 Cover Page Interactive Data File (formatted as Inline XBRL with applicable taxonomy extension information contained in Exhibits 101) (filed herewith).

**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.

**UniFirst Corporation**

July 9, 2025

By: /s/ Steven S. Sintros  
Steven S. Sintros  
President and Chief Executive Officer

July 9, 2025

By: /s/ Shane O'Connor  
Shane O'Connor  
Executive Vice President and Chief Financial Officer

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECURITIES  
EXCHANGE ACT RULE 13a-14(a)/15d-14(a) AS ADOPTED PURSUANT TO SECTION  
302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Steven S. Sintros, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of UniFirst 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 and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant, and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: July 9, 2025

By: /s/ Steven S. Sintros  
Steven S. Sintros  
President and Chief Executive Officer  
(Principal Executive Officer)

**CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO SECURITIES  
EXCHANGE ACT RULE 13a-14(a)/15d-14(a) AS ADOPTED PURSUANT TO SECTION  
302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Shane O'Connor, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of UniFirst 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 and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant, and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: July 9, 2025

By: /s/ Shane O'Connor  
Shane O'Connor  
Executive Vice President and Chief Financial Officer  
(Principal Financial Officer)

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO  
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION  
906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), I, Steven S. Sintros, President and Chief Executive Officer of UniFirst Corporation (the "Company"), and the Company's Principal Executive Officer, do hereby certify, to the best of my knowledge, that:

- (1) The Company's Quarterly Report on Form 10-Q for the quarter ended May 31, 2025 (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.

Date: July 9, 2025

By: /s/ Steven S. Sintros  
Steven S. Sintros  
President and Chief Executive Officer  
(Principal Executive Officer)

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**CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO  
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION  
906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), I, Shane O'Connor, Executive Vice President and Chief Financial Officer of UniFirst Corporation (the "Company"), do hereby certify, to the best of my knowledge, that:

- (1) The Company's Quarterly Report on Form 10-Q for the quarter ended May 31, 2025 (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.

Date: July 9, 2025

By: /s/ Shane O'Connor  
Shane O'Connor  
Executive Vice President and Chief Financial Officer  
(Principal Financial Officer)

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