

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 November 30, 2024
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 January 2, 2025 were 15,007,187 and 3,558,435, respectively.

UniFirst Corporation
Quarterly Report on Form 10-Q
For the Thirteen Weeks Ended November 30, 2024

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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			
		November 30, 2024		November 25, 2023
Revenues	\$	604,908	\$	593,525
Operating expenses:				
Cost of revenues (1)		381,054		383,796
Selling and administrative expenses (1)		133,515		122,859
Depreciation and amortization		34,808		33,733
Total operating expenses		549,377		540,388
Operating income		55,531		53,137
Other (income) expense:				
Interest income, net		(2,695)		(2,834)
Other expense, net		290		716
Total other income, net		(2,405)		(2,118)
Income before income taxes		57,936		55,255
Provision for income taxes		14,831		12,930
Net income	\$	43,105	\$	42,325
Income per share – Basic:				
Common Stock	\$	2.41	\$	2.35
Class B Common Stock	\$	1.93	\$	1.88
Income per share – Diluted:				
Common Stock	\$	2.31	\$	2.26
Income allocated to – Basic:				
Common Stock	\$	36,213	\$	35,566
Class B Common Stock	\$	6,892	\$	6,759
Income allocated to – Diluted:				
Common Stock	\$	43,105	\$	42,325
Weighted average shares outstanding – Basic:				
Common Stock		15,012		15,111
Class B Common Stock		3,574		3,590
Weighted average shares outstanding – Diluted:				
Common Stock		18,666		18,769

(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)

(In thousands)	Thirteen Weeks Ended			
	November 30, 2024		November 25, 2023	
Net income	\$	43,105	\$	42,325
Other comprehensive loss:				
Foreign currency translation adjustments		(4,936)		(151)
Change in fair value of derivatives, net of income taxes		41		(12)
Other comprehensive loss		(4,895)		(163)
Comprehensive income	\$	38,210	\$	42,162

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

Consolidated Balance Sheets
UniFirst Corporation and Subsidiaries
(Unaudited)

(In thousands, except share and par value data)	November 30, 2024	August 31, 2024
Assets		
Current assets:		
Cash and cash equivalents	\$ 166,246	\$ 161,571
Short-term investments	14,734	13,505
Receivables, less reserves of \$7,805 and \$7,916	281,542	278,851
Inventories	155,098	156,908
Rental merchandise in service	234,353	237,969
Prepaid taxes	7,608	14,893
Prepaid expenses and other current assets	56,816	51,979
Total current assets	<u>916,397</u>	<u>915,676</u>
Property, plant and equipment, net	802,571	801,612
Goodwill	649,890	648,850
Customer contracts, net	83,557	85,990
Other intangible assets, net	30,873	34,009
Deferred income taxes	804	833
Operating lease right-of-use assets, net	64,921	66,682
Other assets	152,739	142,761
Total assets	<u>\$ 2,701,752</u>	<u>\$ 2,696,413</u>
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable	\$ 86,468	\$ 92,509
Accrued liabilities	156,445	170,240
Accrued taxes	—	447
Operating lease liabilities, current	17,985	18,241
Total current liabilities	<u>260,898</u>	<u>281,437</u>
Accrued liabilities	122,597	123,401
Accrued and deferred income taxes	135,105	132,496
Operating lease liabilities	49,505	50,568
Total liabilities	<u>568,105</u>	<u>587,902</u>
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; 15,030,634 and 15,000,552 shares issued and outstanding as of November 30, 2024 and August 31, 2024, respectively	1,503	1,500
Class B Common Stock, \$0.10 par value; 20,000,000 shares authorized; 3,558,435 and 3,590,295 shares issued and outstanding as of November 30, 2024 and August 31, 2024, respectively	356	359
Capital surplus	104,108	104,791
Retained earnings	2,056,219	2,025,505
Accumulated other comprehensive loss	(28,539)	(23,644)
Total shareholders' equity	<u>2,133,647</u>	<u>2,108,511</u>
Total liabilities and shareholders' equity	<u>\$ 2,701,752</u>	<u>\$ 2,696,413</u>

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

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

(In thousands)	Common Shares	Class B Common Shares	Common Stock	Class B Common Stock	Capital Surplus	Retained Earnings	Accumulated Other Comprehensive Loss	Total Equity
Balance, as of August 26, 2023	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
Balance, as of November 25, 2023	<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>
(In thousands)	Common Shares	Class B Common Shares	Common Stock	Class B Common Stock	Capital Surplus	Retained Earnings	Accumulated Other Comprehensive Loss	Total Equity
Balance, as of August 31, 2024	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)	—	—	—	—	(448)	—	—	(448)
Share-based awards exercised, net (1)	33	—	3	—	—	—	—	3
Shares converted	32	(32)	3	(3)	—	—	—	—
Balance, as of November 30, 2024	<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>

(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)

Thirteen Weeks Ended (in thousands)	November 30, 2024	November 25, 2023
Cash flows from operating activities:		
Net income	\$ 43,105	\$ 42,325
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization (1)	34,808	33,733
Share-based compensation	2,836	2,534
Accretion on environmental contingencies	320	316
Accretion on asset retirement obligations	57	233
Deferred income taxes	1,706	640
Other	106	79
Changes in assets and liabilities, net of acquisitions:		
Receivables, less reserves	(3,606)	(20,413)
Inventories	1,761	(138)
Rental merchandise in service	2,762	(1,330)
Prepaid expenses and other current assets and Other assets	(8,618)	(9,692)
Accounts payable	(6,861)	(6,663)
Accrued liabilities	(18,196)	(6,172)
Prepaid and accrued income taxes	7,944	10,218
Net cash provided by operating activities	<u>58,124</u>	<u>45,670</u>
Cash flows from investing activities:		
Acquisition of businesses, net of cash acquired	(2,352)	—
Capital expenditures, including capitalization of software costs	(33,566)	(39,050)
Purchases of investments	(14,734)	(11,394)
Maturities of investments	13,039	10,217
Proceeds from sale of assets	153	606
Net cash used in investing activities	<u>(37,460)</u>	<u>(39,621)</u>
Cash flows from financing activities:		
Proceeds from exercise of share-based awards	3	2
Taxes withheld and paid related to net share settlement of equity awards	(3,284)	(2,290)
Repurchase of Common Stock	(6,373)	(255)
Payment of cash dividends	(5,897)	(5,573)
Net cash used in financing activities	<u>(15,551)</u>	<u>(8,116)</u>
Effect of exchange rate changes		
	(438)	4
Net increase (decrease) in cash and cash equivalents	4,675	(2,063)
Cash and cash equivalents at beginning of period	161,571	79,443
Cash and cash equivalents at end of period	<u>\$ 166,246</u>	<u>\$ 77,380</u>
Supplemental disclosure of cash flow information:		
Non-cash capital expenditures	\$ 12,219	\$ 7,606

(1) Depreciation and amortization for the thirteen weeks ended November 30, 2024 and November 25, 2023 included approximately \$4.2 million and \$4.6 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 weeks ended November 30, 2024 and November 25, 2023, respectively, disaggregated by service type:

(In thousands, except percentages)	Thirteen Weeks Ended			
	November 30, 2024		November 25, 2023	
	Revenues	% of Revenues	Revenues	% of Revenues
Core Laundry Operations	\$ 532,743	88.1 %	\$ 523,989	88.3 %
Specialty Garments	45,943	7.6 %	44,669	7.5 %
First Aid	26,222	4.3 %	24,867	4.2 %
Total revenues	<u>\$ 604,908</u>	<u>100.0 %</u>	<u>\$ 593,525</u>	<u>100.0 %</u>

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

Revenue Recognition Policy

During the thirteen weeks ended November 30, 2024 and November 25, 2023, approximately 84.3% and 84.4%, 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 weeks ended November 30, 2024 and November 25, 2023. 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 as of November 30, 2024 are as follows:

(In thousands)	November 30, 2024	
Beginning balance	\$	7,916
Current period provision		1,716
Write-offs and other		(1,827)
Ending balance	<u>\$</u>	<u>7,805</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 November 30, 2024 and August 31, 2024 are as follows:

(in thousands)	November 30, 2024		August 31, 2024	
Prepaid expenses and other current assets	\$	18,528	\$	18,079
Other assets		81,234		78,856

The following table presents the Company's amortization expense related to deferred commissions on the Consolidated Statements of Income for the thirteen weeks ended November 30, 2024 and November 25, 2023 are as follows:

(in thousands)	Thirteen Weeks Ended			
	November 30, 2024		November 25, 2023	
Selling and administrative expenses	\$	4,773	\$	4,300

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 thirteen weeks ended November 30, 2024, the Company completed three business acquisitions with an aggregate purchase price of approximately \$2.8 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 since 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):

	November 30, 2024				August 31, 2024			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets:								
Short-term investments	\$ —	\$ 14,734	\$ —	\$ 14,734	\$ —	\$ 13,505	\$ —	\$ 13,505
Pension plan assets	—	3,170	—	3,170	—	3,108	—	3,108
Non-qualified deferred compensation plan assets	—	3,568	—	3,568	—	3,295	—	3,295
Foreign currency forward contracts	—	172	—	172	—	117	—	117
Total assets at fair value	\$ —	\$ 21,644	\$ —	\$ 21,644	\$ —	\$ 20,025	\$ —	\$ 20,025
Liabilities:								
Non-qualified deferred compensation plan liability	\$ —	\$ 1,989	\$ —	\$ 1,989	\$ —	\$ 1,605	\$ —	\$ 1,605
Total liabilities at fair value	\$ —	\$ 1,989	\$ —	\$ 1,989	\$ —	\$ 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 November 30, 2024 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 November 30, 2024, the Company had forward contracts with a notional value of approximately 3.2 million CAD outstanding and recorded the fair value of the contracts of \$0.2 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 weeks ended November 30, 2024, the Company reclassified a nominal amount 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 November 30, 2024 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 November 30, 2024 and November 25, 2023 were \$4.1 million and \$4.6 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 were \$0.4 million for each of the thirteen weeks ended November 30, 2024 and November 25, 2023.

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 weeks ended November 30, 2024 and November 25, 2023 were \$0.3 million and \$0.2 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 \$3.6 million and \$3.3 million as of November 30, 2024 and August 31, 2024, respectively, and are included within other long-term assets in the accompanying Consolidated Balance Sheets. Total NQDC Plan liabilities were \$2.0 million and \$1.6 million as of November 30, 2024 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 these 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 weeks ended November 30, 2024, the recorded income was \$0.1 million. No amount was recorded for the thirteen weeks ended November 25, 2023.

8. Income Per Share

The Company calculates income per share by allocating income to its invested 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	
	November 30, 2024	November 25, 2023
Net income available to shareholders	\$ 43,105	\$ 42,325
Allocation of net income for Basic:		
Common Stock	\$ 36,213	\$ 35,566
Class B Common Stock	6,892	6,759
	\$ 43,105	\$ 42,325
Weighted average number of shares for Basic:		
Common Stock	15,012	15,111
Class B Common Stock	3,574	3,590
	18,586	18,702
Income per share for Basic:		
Common Stock	\$ 2.41	\$ 2.35
Class B Common Stock	\$ 1.93	\$ 1.88

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 weeks ended November 30, 2024 and November 25, 2023, 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 invested participating shares. The following tables set forth the computation of diluted income per share of Common Stock for the thirteen weeks ended November 30, 2024 and November 25, 2023 (in thousands, except per share data):

	Thirteen Weeks Ended November 30, 2024		
	Earnings to Common Shareholders	Common Shares	Income Per Share
As reported - Basic	\$ 36,213	15,012	\$ 2.41
Add: effect of dilutive potential common shares			
Share-Based Awards	—	80	
Class B Common Stock	6,892	3,574	
As reported - Diluted	\$ 43,105	18,666	\$ 2.31
	Thirteen Weeks Ended November 25, 2023		
	Earnings to Common Shareholders	Common Shares	Income Per Share
As reported - Basic	\$ 35,566	15,111	\$ 2.35
Add: effect of dilutive potential common shares			
Share-Based Awards	—	68	
Class B Common Stock	6,759	3,590	
As reported - Diluted	\$ 42,325	18,769	\$ 2.26

Share-based awards that would result in the issuance of 34,483 and 67,845 shares of Common Stock were excluded from the calculation of diluted income per share for the thirteen weeks ended November 30, 2024 and November 25, 2023, respectively, because they were anti-dilutive.

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 November 30, 2024 and August 31, 2024 are as follows (in thousands):

	November 30, 2024	August 31, 2024
Raw materials	\$ 20,046	\$ 22,164
Work in process	3,021	2,832
Finished goods	132,031	131,912
Total inventories	<u>\$ 155,098</u>	<u>\$ 156,908</u>

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 are as follows (in thousands):

Balance as of August 31, 2024	\$ 648,850
Goodwill recorded during the period	1,223
Other	(183)
Balance as of November 30, 2024	<u>\$ 649,890</u>

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

	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
November 30, 2024			
Customer contracts	\$ 315,632	\$ 232,075	\$ 83,557
Software	79,105	51,331	27,774
Other intangible assets	39,755	36,656	3,099
	<u>\$ 434,492</u>	<u>\$ 320,062</u>	<u>\$ 114,430</u>
August 31, 2024			
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 twenty-one 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 thirteen weeks ended November 30, 2024 was as follows (in thousands):

	November 30, 2024
Balance as of August 31, 2024	\$ 17,929
Accretion expense	57
Effect of exchange rate changes	(191)
Change in estimate	(953)
Balance as of November 30, 2024	\$ 16,842

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

12. Commitments and Contingencies

Lease Commitments

The Company has operating leases for certain operating facilities, vehicles and equipment, which provide the right to use the underlying asset and require lease payments over the term of the lease. Each new contract is evaluated to determine if an arrangement contains a lease and whether that lease meets the classification criteria of a finance or operating lease. All identified leases are recorded on the Consolidated Balance Sheets with a corresponding operating lease right-of-use asset, net, representing the right to use the underlying asset for the lease term and the operating lease liabilities representing the obligation to make lease payments arising from the lease. Short-term operating leases, which have an initial term of twelve months or less, are not recorded on the Consolidated Balance Sheets.

Operating lease right-of-use assets, net and operating lease liabilities are recognized at the commencement date of the lease based on the present value of lease payments over the lease term and include options to extend or terminate the lease when they are reasonably certain to be exercised. The present value of lease payments is determined primarily using the incremental borrowing rate based on the information available as of the lease commencement date. Lease expense for operating leases is recorded on a straight-line basis over the lease term and variable lease costs are recorded as incurred. Both lease expense and variable lease costs are primarily recorded in cost of revenues on the Company's Consolidated Statements of Income. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The following table presents the operating lease cost and information related to the operating lease right-of-use assets, net and operating lease liabilities for the thirteen weeks ended November 30, 2024:

(In thousands, except lease term and discount rate)	
Lease cost:	
Operating lease costs including short-term lease expense and variable lease costs, both of which were immaterial in the period	\$ 6,960
Operating cash flow impacts:	
Cash paid for amounts included in the measurement of operating lease liabilities	\$ 5,202
Operating lease right-of-use assets obtained in exchange for new operating lease liabilities	\$ 2,926
Weighted-average remaining lease term - operating leases	4.60
Weighted-average discount rate - operating leases	4.91 %

The contractual future minimum lease payments of the Company's operating lease liabilities by fiscal year as of November 30, 2024 are as follows (in thousands):

2025 (remaining nine months)	\$ 15,894
2026	17,864
2027	13,944
2028	10,236
2029	7,110
Thereafter	9,614
Total payments	74,662
Less interest	(7,172)
Total present value of lease payments	\$ 67,490

Environmental and Legal 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 certain sites, including but not limited to, sites in Woburn and Somerville, Massachusetts, as it has been determined that the costs are probable and can be reasonably estimated. The Company, together with multiple other companies, is party to a consent decree related to the Company's property and parcels of land (the "Central Area") at a site in Woburn, Massachusetts. The United States Environmental Protection Agency (the "EPA") has provided the Company and other signatories to the consent decree with comments on the design and implementation of groundwater and soil remedies at the Woburn site and investigation of environmental conditions in the Central Area. The consent decree does not address any remediation work that may be required in the Central Area. The Company, together with other signatories, has implemented and proposed to do additional work at the Woburn site but many of the EPA's comments remain to be resolved. The Company has accrued costs to perform certain work responsive to the EPA's comments. Additionally, the Company has implemented mitigation measures and continues to monitor environmental conditions at a site in Somerville, Massachusetts. The Company has agreed to undertake additional actions responsive to a notice of audit findings from the Massachusetts Department of Environmental Protection concerning a regulatory submittal that the Company made in 2009 for a portion of the site. The Company received in December 2024 an additional notice related to the scope of its ongoing environmental work at the Somerville site, and additional actions responsive to this notice may follow. The Company has received demands from the local transit authority for reimbursement of certain costs associated with its construction of a new municipal transit station in the area of the Somerville site. This station was part of an extension of the local transit system. The Company has reserved for costs in connection with this matter; however, in light of the uncertainties associated with this matter, these costs and the related reserve may change.

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 November 30, 2024, the risk-free interest rates utilized by the Company ranged from 4.36% to 4.45%.

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 thirteen weeks ended November 30, 2024 are as follows (in thousands):

	<u>November 30, 2024</u>
Balance as of August 31, 2024	\$ 31,255
Costs incurred for which reserves have been provided	(714)
Insurance proceeds	76
Interest accretion	320
Changes in discount rates	(337)
Revisions in estimates	765
Balance as of November 30, 2024	<u>\$ 31,365</u>

Anticipated payments and insurance proceeds of currently identified environmental remediation liabilities as of November 30, 2024, 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	\$ 13,767	\$ 2,836	\$ 1,527	\$ 1,280	\$ 997	\$ 15,047	\$ 35,454
Estimated insurance proceeds	(180)	(195)	(159)	(173)	(9)	(230)	(946)
Net anticipated costs	\$ 13,587	\$ 2,641	\$ 1,368	\$ 1,107	\$ 988	\$ 14,817	\$ 34,508
Effect of inflation							9,821
Effect of discounting							(12,964)
Balance as of November 30, 2024							\$ 31,365

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 in Williamstown, Vermont. 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 November 30, 2024, 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 \$5.6 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 November 30, 2024 was 25.6% as compared to 23.4% for the corresponding period in the prior year. The increase in the effective tax rate for the thirteen weeks ended November 30, 2024 as

compared to the corresponding periods in the prior year was due primarily to the Company's favorable adjustments to tax reserves during the corresponding prior period.

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 thirteen weeks ended November 30, 2024, 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 2016, 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 November 30, 2024, 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 November 30, 2024, the Company had no outstanding borrowings and had outstanding letters of credit amounting to \$75.8 million, leaving \$199.2 million available for borrowing under the Credit Agreement.

As of November 30, 2024, 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 weeks ended November 30, 2024 and November 25, 2023 are as follows (in thousands):

	Thirteen Weeks Ended November 30, 2024			
	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	(4,936)	—	72	(4,864)
Amounts reclassified from accumulated other comprehensive loss	—	—	(31)	(31)
Net current period other comprehensive (loss) income	(4,936)	—	41	(4,895)
Balance as of November 30, 2024	\$ (30,902)	\$ 2,234	\$ 129	\$ (28,539)

	Thirteen Weeks Ended November 25, 2023			
	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 (loss) income before reclassification	(151)	—	12	(139)
Amounts reclassified from accumulated other comprehensive loss	—	—	(24)	(24)
Net current period other comprehensive loss	(151)	—	(12)	(163)
Balance as of November 25, 2023	\$ (26,655)	\$ 2,582	\$ 149	\$ (23,924)

(1) Amounts are shown net of tax

Amounts reclassified from accumulated other comprehensive loss, net of tax, for the thirteen weeks ended November 30, 2024 and November 25, 2023 are as follows (in thousands):

	Thirteen Weeks Ended	
	November 30, 2024	November 25, 2023
Derivative financial instruments, net:		
Forward contracts (a)	\$ (31)	\$ (24)
Total, net of tax	(31)	(24)
Total amounts reclassified, net of tax	\$ (31)	\$ (24)

(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	
	November 30, 2024	November 25, 2023
Revenues:		
U.S. and Canadian Rental and Cleaning	\$ 520,293	\$ 510,942
MFG	77,184	85,039
Net intercompany MFG elimination	(77,184)	(85,039)
Corporate	12,450	13,047
Subtotal: Core Laundry Operations	532,743	523,989
Specialty Garments	45,943	44,669
First Aid	26,222	24,867
Total consolidated revenues	<u>\$ 604,908</u>	<u>\$ 593,525</u>
Operating income (loss):		
U.S. and Canadian Rental and Cleaning	\$ 91,396	\$ 85,646
MFG	25,801	24,941
Net intercompany MFG elimination	(3,985)	(4,481)
Corporate	(70,189)	(64,015)
Subtotal: Core Laundry Operations	43,023	42,091
Specialty Garments	12,167	12,117
First Aid	341	(1,071)
Total consolidated operating income	<u>\$ 55,531</u>	<u>\$ 53,137</u>
Other (income) expense:		
Interest income, net	\$ (2,695)	\$ (2,834)
Other expense, net	290	716
Total consolidated other income, net	<u>\$ (2,405)</u>	<u>\$ (2,118)</u>
Total consolidated income before income taxes	<u>\$ 57,936</u>	<u>\$ 55,255</u>

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 weeks ended November 30, 2024, 31,860 shares of Class B Common Stock were converted to Common Stock. No such conversions occurred during the thirteen weeks ended November 25, 2023.

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. Such dividends were paid on January 3, 2025 to shareholders of record on December 6, 2024. 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 from time to time 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 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.

During the thirteen weeks ended November 30, 2024 and November 25, 2023, the Company repurchased 33,605 and 1,500 shares, respectively, for an average price per share of \$189.64 and \$170.07, respectively, under the share repurchase program. As of November 30, 2024, the Company had \$69.8 million remaining to repurchase shares under the share repurchase program.

18. Related Party

During the thirteen weeks ended November 30, 2024, the Company recognized \$0.4 million, of revenue with a company for which a member of the Company's Board of Directors served as senior officer throughout such periods.

During the thirteen weeks ended November 25, 2023, the Company recorded \$1.3 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 weeks ended November 30, 2024.

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, including, without limitation, recent rules adopted by the SEC regarding climate-related and cybersecurity-related disclosures, strikes and unemployment levels, our efforts to evaluate and potentially reduce internal costs, the impact of foreign trade policies and tariffs or other impositions on imported goods on our business, results of operations and financial condition, our ability to successfully implement our business strategies and processes, including our capital allocation strategies, our ability to successfully remediate the material weaknesses in internal control over financial reporting disclosed in our Annual Report on Form 10-K for the year ended August 31, 2024 and the other factors described under "Part I, Item 1A. Risk Factors" and elsewhere in our Annual Report on Form 10-K for the year ended August 31, 2024 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."

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 accounting principles generally accepted in the United States ("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.

Effects of Inflation and Adverse Economic Conditions

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 of operational productivity. However, the inflationary environment in recent years had a negative impact on our margins, including as a result of increased energy costs for our vehicles and our plants, as well as increasing 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 or other causes are difficult to predict and may have a material adverse impact on our business, results of operations and financial condition.

Please see Part I, 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 of inflation and adverse economic conditions on our business, financial condition and results of operations.

Results of Operations

The following table presents certain selected financial data, including the percentage of revenues represented by each item, for the thirteen weeks ended November 30, 2024 and November 25, 2023.

(In thousands, except percentages)	Thirteen Weeks Ended					
	November 30, 2024	% of Revenues	100.0 %	November 25, 2023	% of Revenues	% Change
Revenues	\$ 604,908			\$ 593,525		1.9 %
Operating expenses:						
Cost of revenues (1)	381,054	63.0		383,796	64.7	(0.7)
Selling and administrative expenses (1)	133,515	22.1		122,859	20.7	8.7
Depreciation and amortization	34,808	5.8		33,733	5.7	3.2
Total operating expenses	549,377	90.9		540,388	91.1	1.7
Operating income	55,531	9.2		33,137	9.0	4.5
Other income, net	(2,405)	(0.4)		(2,118)	(0.4)	13.6
Income before income taxes	57,936	9.6		55,255	9.4	4.9
Provision for income taxes	14,831	2.5		12,930	2.2	14.7
Net income	\$ 43,105	7.1 %		\$ 42,325	7.2 %	1.8 %

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

General

We derive our revenues through the design, manufacture, personalization, rental, cleaning, delivering, and selling of a wide range of uniforms and protective clothing, including shirts, pants, jackets, coveralls, lab coats, smocks and aprons and specialized protective wear, such as flame resistant and high visibility garments. We also rent industrial wiping products, floor mats, facility service products, other non-garment items, and provide restroom and cleaning supplies and first aid cabinet services and other safety supplies, to a variety of manufacturers, retailers and service companies. We have five reporting segments, U.S. and Canadian Rental and Cleaning, MFG, Specialty Garments, First Aid and Corporate. We refer to the U.S. and Canadian Rental and Cleaning, MFG, and Corporate reporting segments combined as our "Core Laundry Operations."

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.

Our operating results are also directly impacted by the costs of the gasoline used to fuel our vehicles, the cost of electricity for our electric vehicles and the natural gas or other sources of energy used to operate our plants. Our operating margins have been, and may continue to be, adversely impacted by volatility in energy prices. In addition, as described above, the inflationary environment in recent years had a negative impact on our margins. While inflation has moderated recently, a period of sustained inflation could pressure our margins in future periods.

Our business is subject to various state and federal regulations, including employment laws and regulations, minimum wage requirements, overtime requirements, working condition requirements, citizenship requirements, healthcare insurance mandates and other laws and regulations that impact our labor costs. Labor costs have increased as a result of increases in state and local minimum wage levels as well as the overall impact of wage pressure as the result of a low unemployment environment.

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 is intended to improve functionality, capability and information flow as well as increase automation for our operations in servicing our customers. We began deployment of our new 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 \$0.8 million of amortization expense during the thirteen weeks ended November 30, 2024 and November 25, 2023, 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 the UniFirst 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 reduced 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. These capabilities will allow us to more effectively respond to and mitigate the types of supply chain challenges that we experienced during the COVID-19 pandemic and inflationary environment of 2022 and 2023.

We refer to our CRM and ERP projects together as our “Key Initiatives”. For the thirteen weeks ended November 30, 2024, we expensed \$2.5 million of non-recurring costs related to our Key Initiatives, primarily relating to our ERP project. As of November 30, 2024, we capitalized \$47.2 million related to our CRM project and \$24.4 million related to our ERP project.

On October 24, 2023, our Board of Directors authorized a 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 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 depend on a variety of factors, including economic and market conditions, our 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 available cash or capacity under our Credit Agreement (as defined below) and may be suspended or discontinued at any time.

During the thirteen weeks ended November 30, 2024 and November 25, 2023, we repurchased 33,605 and 1,500 shares, respectively, for an average price per share of \$189.64 and \$170.07, respectively, under the share repurchase program. As of November 30, 2024, we had \$69.8 million remaining to repurchase shares under the share repurchase program.

On October 29, 2024, our 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. Such dividends were paid on January 3, 2025 to shareholders of record on December 6, 2024. The amount and timing of any future dividend payment is subject to the approval of our Board of Directors each quarter.

Thirteen weeks ended November 30, 2024 compared with thirteen weeks ended November 25, 2023

Revenues

(In thousands, except percentages)	November 30, 2024	November 25, 2023	Dollar Change	Percent Change
Core Laundry Operations	\$ 532,743	\$ 523,989	\$ 8,754	1.7 %
Specialty Garments	45,943	44,669	1,274	2.9 %
First Aid	26,222	24,867	1,355	5.4 %
Total consolidated revenues	<u>\$ 604,908</u>	<u>\$ 593,525</u>	<u>\$ 11,383</u>	1.9 %

The increase in consolidated revenues of 1.9% during the thirteen weeks ended November 30, 2024 compared to the prior year comparable period was due primarily to growth in our Core Laundry Operations of 1.7%. The increase in our Core Laundry Operations was due to organic growth of 1.7%. The effect of Canadian dollar exchange rate changes on our revenues was nominal. The Core Laundry Operations organic growth rate was primarily the result of solid new account sales and improved pricing with our customers.

In the thirteen weeks ended November 30, 2024, Specialty Garments revenues increased compared to the prior year comparable period due primarily to the growth in the European and North American nuclear operations partially offset by a decrease 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 same period increased 5.4% compared to the prior year comparable period due to double digit growth in our van business partially offset by a decrease in our wholesale business.

Cost of revenues

(In thousands, except percentages)	November 30, 2024	November 25, 2023	Dollar Change	Percent Change
Cost of revenues	\$ 381,054	\$ 383,796	\$ (2,742)	(0.7)%
% of Revenues	63.0%	64.7%		

Consolidated cost of revenues and cost of revenues as a percentage of revenue both decreased in the thirteen weeks ended November 30, 2024 compared to the prior year comparable period due primarily to lower merchandise costs and other production costs.

Selling and administrative expenses

(In thousands, except percentages)	November 30, 2024	November 25, 2023	Dollar Change	Percent Change
Selling and administrative expenses	\$ 133,515	\$ 122,859	\$ 10,656	8.7%
% of Revenues	22.1%	20.7%		

The increase in selling and administrative costs during the thirteen weeks ended November 30, 2024 compared to the prior year comparable period was due primarily to increased healthcare costs of \$2.6 million, \$1.2 million of environmental-related costs, and \$1.1 million in executive transition costs related to the hiring of two new executives and the retirement of a former executive. Higher selling costs related to improved staffing and the timing of certain selling events also contributed to the increase.

Depreciation and amortization

(In thousands, except percentages)	November 30, 2024	November 25, 2023	Dollar Change	Percent Change
Depreciation and amortization	\$ 34,808	\$ 33,733	\$ 1,075	3.2%
% of Revenues	5.8%	5.7%		

Depreciation and amortization expense increased by 3.2% during the thirteen weeks ended November 30, 2024 compared to the prior year comparable period, due primarily to continued investment in operating facilities and technology to improve our efficiency and support our continued future growth.

Operating income

For the thirteen weeks ended November 30, 2024 and November 25, 2023, changes in our revenues and costs as discussed above resulted in the following changes in our operating income and margin:

(In thousands, except percentages)	November 30, 2024	November 25, 2023	Dollar Change	Percent Change
Core Laundry Operations	\$ 43,023	\$ 42,091	\$ 932	2.2%
Specialty Garments	12,167	12,117	50	0.4%
First Aid	341	(1,071)	1,412	(131.8)%
Operating income	\$ 55,531	\$ 53,137	\$ 2,394	4.5%
Operating income margin	9.2%	9.0%		

Other income, net

(In thousands, except percentages)	November 30, 2024	November 25, 2023	Dollar Change	Percent Change
Interest income, net	\$ (2,695)	\$ (2,834)	\$ 139	(4.9)%
Other expense, net	290	716	(426)	(59.5)%
Total other income, net	\$ (2,405)	\$ (2,118)	\$ (287)	13.6%

Other income, net during the thirteen weeks ended November 30, 2024 remained relatively consistent with the prior year comparable period.

Provision for income taxes

(In thousands, except percentages)	November 30, 2024	November 25, 2023	Dollar Change	Percent Change
Provision for income taxes	\$ 14,831	\$ 12,930	\$ 1,901	14.7 %
Effective income tax rate	25.6 %	23.4 %		

The increase in the effective tax rate for the thirteen weeks ended November 30, 2024 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 \$181.0 million as of November 30, 2024, an increase of \$5.9 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 \$58.1 million and \$45.7 million in cash from operating activities in the thirteen weeks ended November 30, 2024 and November 25, 2023, respectively. The increase was due primarily to increased profitability and lower working capital needs of the business. During the thirteen weeks ended November 30, 2024, we continued to invest in our business with capital expenditures totaling \$33.6 million.

Pursuant to the share repurchase program approved by our Board of Directors on October 24, 2023, we repurchased 33,605 shares of our Common Stock for an aggregate of approximately \$6.4 million during the thirteen weeks ended November 30, 2024. As of November 30, 2024, we had \$69.8 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 thirteen weeks ended November 30, 2024 and November 25, 2023, respectively, are summarized as follows:

(In thousands, except percentages)	November 30, 2024	November 25, 2023	Dollar Change	Percent Change
Net cash provided by operating activities	\$ 58,124	\$ 45,670	\$ 12,454	27.3 %
Net cash used in investing activities	(37,460)	(39,621)	2,161	(5.5) %
Net cash used in financing activities	(15,551)	(8,116)	(7,435)	91.6 %
Effect of exchange rate changes	(438)	4	(442)	(11050.0) %
Net increase (decrease) in cash and cash equivalents	\$ 4,675	\$ (2,063)	\$ 6,738	(326.6) %

Net Cash Provided by Operating Activities

The net cash provided by operating activities during the thirteen weeks ended November 30, 2024 increased as compared to the prior year comparable period due to our improved profitability as well as positive impacts from receivables of \$16.8 million, rental merchandise in service of \$4.1 million, inventories of \$1.9 million and a decrease of in prepaid expenses and other current and noncurrent assets of \$1.1 million.

The positive impact from receivables was due primarily to a focused effort on collections and timing of cash receipts. The positive impact from merchandise in service was due primarily to fewer garments being placed in service to support our rental customers. The positive impact from prepaid expenses and other current assets was due primarily to increases in information technology prepaid contracts and the timing of policy renewals.

These increases were partially offset by a \$12.0 million decrease in accrued liabilities, which was due primarily to a \$7.0 million decrease in accrued payroll and a \$3.7 million decrease in the bonus accrual during the thirteen weeks ended November 30, 2024 as compared to the prior year comparable period.

Net Cash Used in Investing Activities

The net cash used in investing activities during the thirteen weeks ended November 30, 2024 decreased as compared to the prior year comparable period due primarily to reduced capital expenditures of \$5.5 million. Offsetting this decrease was an increase in cash paid for acquisitions of \$2.4 million during the thirteen weeks ended November 30, 2024 as compared to the prior year comparable period.

Net Cash Used in Financing Activities

The net cash used in financing activities during the thirteen weeks ended November 30, 2024 increased as compared to the prior year comparable period due primarily to a \$6.1 million increase in the repurchase of Common Stock during the period and increases in taxes withheld and paid related to net-share settlement of equity awards 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 November 30, 2024, 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 November 30, 2024, we had no outstanding borrowings and had outstanding letters of credit amounting to \$75.8 million, leaving \$199.2 million available for borrowing under the Credit Agreement.

As of November 30, 2024, we were in compliance with all covenants under the Credit Agreement.

Derivative Instruments and Hedging Activities

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 November 30, 2024, we had forward contracts with a notional value of approximately 3.2 million CAD outstanding and recorded the fair value of the contracts of \$0.2 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 weeks ended November 30, 2024, we reclassified a nominal amount from accumulated other comprehensive loss to revenue related to the derivative financial instruments. The gain on these forward contracts that results in a decrease to accumulated other comprehensive loss as of November 30, 2024 is expected to be reclassified to revenues prior to their maturity on August 29, 2026.

Environmental and Legal Contingencies

We 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. We are attentive to the environmental concerns surrounding the disposal of these materials and have, through the years, taken measures to avoid their improper disposal. We have settled, or contributed to the settlement of, past actions or claims brought against us relating to the disposal of hazardous materials at several sites and there can be no assurance that we 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. We regularly consult with attorneys and outside consultants in our consideration of the relevant facts and circumstances before recording a contingent liability. Changes in enacted laws, regulatory orders or decrees, our estimates of costs, risk-free interest rates, insurance proceeds, participation by other parties, the timing of payments, the input of our attorneys and outside consultants or other factual circumstances could have a material impact on the amounts recorded for our 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 our Company under such laws or expose our Company to third-party actions such as tort suits. We continue to address environmental conditions under terms of consent orders negotiated with the applicable environmental authorities or otherwise with respect to certain sites.

We have accrued certain costs related to certain sites, including but not limited to, sites in Woburn and Somerville, Massachusetts, as it has been determined that the costs are probable and can be reasonably estimated. We, together with multiple other companies, are party to a consent decree related to our property and other parcels of land (the "Central Area") at a site in Woburn, Massachusetts. The United States Environmental Protection Agency (the "EPA") has provided us and other signatories to the consent decree with comments on the design and implementation of groundwater and soil remedies at the Woburn site and investigation of environmental conditions in the Central Area. The consent decree does not address any remediation work that may be required in the Central Area. We, and other signatories, have implemented and proposed to do additional work at the Woburn site but many of the EPA's comments remain to be resolved. We have accrued costs to perform certain work responsive to the EPA's comments. Additionally, we have implemented mitigation measures and continue to monitor environmental conditions at a site in Somerville, Massachusetts. We have agreed to undertake additional actions responsive to a notice of audit findings from the Massachusetts Department of Environmental Protection concerning a regulatory submittal that we made in 2009 for a portion of the site. We received in December 2024 an additional notice related to the scope of its ongoing environmental work at the Somerville site, and additional actions responsive to this notice may follow. We have received demands from the local transit authority for reimbursement of certain costs associated with its construction of a new municipal transit station in the area of the Somerville site. This station was part of an extension of the transit system. We have reserved for costs in connection with this matter; however, in light of the uncertainties associated with this matter, these costs and the related reserve may change.

We routinely review and evaluate sites that may require remediation and monitoring and determine our estimated costs based on various estimates and assumptions. These estimates are developed using our 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 our 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, our accruals represent the amount within the range that we believe is the best estimate or the low end of a range of estimates if no point within the range is a better estimate. When we believe that both the amount of a particular liability and the timing of the payments are reliably determinable, we adjust the cost in current dollars using a rate of 3% for inflation until the time of expected payment and discount the cost to present value using current risk-free interest rates. As of November 30, 2024, the risk-free interest rates we utilized ranged from 4.36% to 4.45%.

For environmental liabilities that have been discounted, we include interest accretion, based on the effective interest method, in selling and administrative expenses on the Consolidated Statements of Income. The changes to the amounts of our environmental liabilities for the thirteen weeks ended November 30, 2024 are as follows (in thousands):

	November 30, 2024
Balance as of August 31, 2024	\$ 31,255
Costs incurred for which reserves have been provided	(714)
Insurance proceeds	76
Interest accretion	320
Changes in discount rates	(337)
Revisions in estimates	765
Balance as of November 30, 2024	<u>\$ 31,365</u>

Anticipated payments and insurance proceeds relating to currently identified environmental remediation liabilities as of November 30, 2024, 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	\$ 13,767	\$ 2,836	\$ 1,527	\$ 1,280	\$ 997	\$ 15,047	\$ 35,454
Estimated insurance proceeds	(180)	(195)	(159)	(173)	(9)	(230)	(946)
Net anticipated costs	<u>\$ 13,587</u>	<u>\$ 2,641</u>	<u>\$ 1,368</u>	<u>\$ 1,107</u>	<u>\$ 988</u>	<u>\$ 14,817</u>	<u>\$ 34,508</u>
Effect of inflation							9,821
Effect of discounting							(12,964)
Balance as of November 30, 2024							<u>\$ 31,365</u>

Estimated insurance proceeds are primarily obtained from an annuity received as part of our 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 our 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 November 30, 2024, the balance in this escrow account, which is held in a trust and is not recorded in our Consolidated Balance Sheets, was approximately \$5.6 million. Also included in estimated insurance proceeds are amounts we are entitled to receive pursuant to legal settlements as reimbursements from three insurance companies for estimated costs at one of our sites.

Our 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, our 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 our garment decontamination business.

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 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 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 November 30, 2024, 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 November 30, 2024, we did not have any off-balance sheet arrangements.

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% of total consolidated revenues for the thirteen weeks ended November 30, 2024. Total assets denominated in currencies other than the U.S. dollar represented approximately 6.7% and 6.8% of our total consolidated assets as of November 30, 2024 and August 31, 2024, respectively. If exchange rates had increased or decreased by 10% from the actual rates in effect during the thirteen weeks ended November 30, 2024, our revenues would have increased or decreased by \$4.3 million and total assets as of November 30, 2024 would have increased or decreased by approximately \$18.0 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 November 30, 2024, we had forward contracts with a notional value of approximately 3.2 million CAD outstanding and recorded the fair value of the contracts of \$0.2 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 weeks ended November 30, 2024, we reclassified a nominal amount 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 November 30, 2024 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 November 30, 2024, transaction gains of a nominal amount were included in other income. If exchange rates had increased or decreased by 10% during the thirteen weeks ended November 30, 2024, we would have recognized exchange gains or losses of approximately \$0.1 million.

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 first 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) enhancing oversight and involvement from our recently created business controls group, (iii) strengthening our internal policies related to IT general controls ("ITGCs"), (iv) enhancing 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) onboarding 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 believe that these actions, 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

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 in our Consolidated Financial Statements. We maintain insurance coverage providing indemnification against many of such claims, and we do not expect 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, 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 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.

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 November 30, 2024:

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)
September 1, 2024 - September 28, 2024	10,750	\$ 186.23	10,750	\$ 74,217,655
September 29, 2024 - October 26, 2024	10,250	\$ 191.37	10,250	\$ 72,255,891
October 27, 2024 - November 30, 2024	12,605	\$ 191.08	12,605	\$ 69,847,049
Total	33,605		33,605	

- (1) On October 24, 2023, our Board of Directors authorized a new share repurchase program to repurchase from time to time 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 on October 18, 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.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

ITEM 5. OTHER INFORMATION

On November 15, 2024, William M. Ross, Executive Vice President, Operations of the Company, adopted a trading arrangement for the sale of the Company's Common Stock (the "Rule 10b5-1 Trading Plan") that is intended to satisfy the affirmative defense conditions of Securities Exchange Act Rule 10b5-1(c). The Rule 10b5-1 Trading Plan, which has a term expiring on December 31, 2025, provides for the sale of up to 716 shares of Common Stock pursuant to the terms of the plan.

ITEM 6. EXHIBITS

- 10.1* [Form of Stock Appreciation Right Certificate for Eligible Participants in Executive Employment Plan under the UniFirst Corporation 2023 Equity Incentive Plan \(filed herewith\).](#)
- 10.2* [Form of Time-Based Restricted Stock Unit Award Certificate for Eligible Participants in Executive Employment Plan under the UniFirst Corporation 2023 Equity Incentive Plan \(filed herewith\).](#)
- 10.3* [Form of Performance-Based Restricted Stock Unit Award Certificate for Eligible Participants in Executive Employment Plan under the UniFirst Corporation 2023 Equity Incentive Plan \(filed herewith\).](#)
- 10.4* [Form of Stock Appreciation Right Certificate under the UniFirst Corporation 2023 Equity Incentive Plan \(filed herewith\).](#)
- 10.5* [Form of Restricted Stock Unit Certificate under the UniFirst Corporation 2023 Equity Incentive Plan \(filed herewith\).](#)
- 10.6* [Form of Performance and Time-Based Restricted Stock Unit Award Certificate under the UniFirst Corporation 2023 Equity Incentive Plan \(filed herewith\).](#)
- 10.7* [Form of Stock Appreciation Right Certificate under the UniFirst Corporation 2023 Equity Incentive Plan for Member of the Company's Board of Directors \(filed herewith\).](#)
- 10.8* [Transition Agreement, dated September 16, 2024, between UniFirst Corporation and Michael A. Croatti \(filed herewith\).](#)
- 99 [UniFirst Corporation Compensation Recovery Policy \(filed herewith\).](#)
- 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 November 30, 2024 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).

* Management contract or compensation plan or arrangement.

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

January 10, 2025

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

January 10, 2025

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



UNIFIRST CORPORATION
STOCK APPRECIATION RIGHT GRANTED
UNDER THE UNIFIRST CORPORATION
2023 EQUITY INCENTIVE PLAN

Name of Grantee:
 No. of Shares Subject to Stock Appreciation Right:
 Exercise Price per Share: \$
 Grant Date:
 Expiration Date:

Pursuant to the UniFirst Corporation 2023 Equity Incentive Plan as amended through the date hereof (the "Plan"), UniFirst Corporation (the "Company") hereby grants to the Grantee named above, during the period commencing on the Grant Date and ending on the Expiration Date, a Stock Appreciation Right (the "Stock Appreciation Right") with respect to the number of shares of Common Stock, par value \$0.10 per share (the "Stock") of the Company specified above at the Exercise Price per Share specified above subject to the terms and conditions set forth herein and in the Plan. This Stock Appreciation Right entitles the Grantee to the right to receive from the Company shares of Stock having a value equal to the excess of the Fair Market Value of the Stock on the date of exercise over the Exercise Price multiplied by the number of shares of Stock with respect to which the Stock Appreciation Right shall have been exercised, rounded down to the nearest whole share.

1. **Vesting Schedule.** No portion of this Stock Appreciation Right may be exercised until such portion shall have become vested and exercisable. Except as set forth below, and subject to the discretion of the Administrator (as defined in Section 2 of the Plan) to accelerate the exercisability schedule hereunder, this Stock Appreciation Right shall be exercisable with respect to the following number of shares of Stock subject to this Stock Appreciation Right as follows: [_____], in all cases subject to the Grantee's continued employment with the Company or a Subsidiary through such date. Once exercisable, this Stock Appreciation Right shall continue to be exercisable at any time or times prior to the close of business on the Expiration Date, subject to the provisions hereof and of the Plan.

2. **Manner of Exercise.**

(a) The Grantee may exercise this Stock Appreciation Right by giving notice of exercise to the Company pursuant to the Company's procedures then in effect specifying the number of shares of Stock underlying this Stock Appreciation Right to be exercised. The Grantee shall thereupon be entitled to receive, subject to Section 6 hereof, the largest whole number of shares of Stock with a value closest to, but not in excess of, the product of (i) the Fair Market Value of a share of Stock on the date of exercise less the Exercise Price per share, multiplied by (ii) the number of shares of Stock underlying the Stock Appreciation Right that is being exercised.

The transfer to the Grantee on the records of the Company or of the transfer agent of such Shares of Stock will be contingent upon (i) the fulfillment of any other requirements contained herein or in the Plan or in any other agreement or provision of laws, and (ii) the receipt by the Company of any agreement, statement or other evidence that the Company may require to satisfy itself that the issuance of Stock pursuant to the exercise of Stock Appreciation Rights under the Plan and any subsequent resale of the shares of Stock will be in compliance with applicable laws and regulations.

(b) The shares of Stock issued upon exercise of this Stock Appreciation Right shall be transferred to the Grantee on the records of the Company or of the transfer agent upon compliance to the satisfaction of the Administrator with all requirements under applicable laws or regulations in connection with such issuance and with the requirements hereof and of the Plan. The determination of the Administrator as to such compliance shall be final and binding on the Grantee. The Grantee shall not be deemed to be the holder of, or to have any of the rights of a holder with respect to, any shares of Stock to be issued upon exercise of this Stock Appreciation Right unless and until this Stock Appreciation Right shall have been exercised pursuant to the terms hereof, the Company or the transfer agent shall have transferred the shares to the Grantee, and the Grantee's name shall have been entered as the stockholder of record on the books of the Company. Thereupon, the Grantee shall have full voting, dividend and other ownership rights with respect to the shares of Stock so issued.

UniFirst

(c) If any portion of this Stock Appreciation Right remains outstanding immediately prior to the close of business on the Expiration Date and provided that the Fair Market Value of a share of Stock immediately prior to the close of business on the Expiration Date exceeds the Exercise Price per share, any such portion of this Stock Appreciation Right shall be automatically exercised pursuant to this Section 2 as of the time that is immediately prior to the close of business on the Expiration Date. Notwithstanding any other provision hereof or of the Plan, no portion of this Stock Appreciation Right shall be exercisable after the Expiration Date hereof.

3. **Termination of Employment.** If the Grantee's employment by the Company or a Subsidiary is terminated, the period within which to exercise the Stock Appreciation Right may be subject to earlier termination as set forth below.

(a) **Termination Due to Death.** If the Grantee's employment terminates by reason of the Grantee's death, this Stock Appreciation Right shall become fully vested and exercisable as of the date of death, whether or not this Stock Appreciation Right or any portion hereof was otherwise vested and exercisable at the date of death. To the extent that this Stock Appreciation Right is or becomes vested and exercisable as of the date of death, this Stock Appreciation Right may thereafter be exercised by the Grantee's legal representative or legatee for a period of 12 months from the date of death or until the Expiration Date, if earlier.

(b) **Termination Due to Disability.** If the Grantee's employment terminates by reason of the Grantee's Disability (as determined by the Administrator), this Stock Appreciation Right shall continue to vest pursuant to the vesting schedule set forth in Section 1 hereof.

(c) **Termination Due to Retirement on or after the Retirement Date.** If the Grantee's employment terminates by reason of the Grantee's retirement on or after the date (the "Retirement Date") on which (i) the Grantee has reached the age of 64, (ii) the sum of the Grantee's age plus length of employment with the Company equals or exceeds 79 years and (iii) any portion of this Stock Appreciation Right has been outstanding for more than one year from the Grant Date, this Stock Appreciation Right shall be deemed to be fully vested and exercisable as of the date of such retirement and shall continue to be exercisable until the Expiration Date.

(d) **Termination for Cause.** If the Grantee's employment terminates for Cause, any portion of this Stock Appreciation Right outstanding on such date shall terminate immediately and be of no further force and effect.

(e) **Termination in connection with a Sale Event.** If the Grantee's employment is terminated (i) by the Company for any reason other than for Cause, death, disability or retirement or (ii) by the Grantee for Good Reason (as defined in the UniFirst Corporation Executive Employment Plan (the "Employment Plan")), and such termination occurs during a Change in Control (as defined in the Employment Plan), this Stock Appreciation Right, subject to the satisfaction of the Grantee's Release Requirement (as defined in Employment Plan), shall become fully vested and exercisable as of the date of termination, whether or not this Stock Appreciation Right or any portion hereof is otherwise vested and exercisable at such time.

(f) **Other Termination.** If the Grantee's employment terminates for any reason other than the Grantee's death, Disability, for Cause, the Grantee's retirement on or after the Retirement Date or a termination meeting the requirements for acceleration in Section 3(e) above, each pursuant to the terms above, and unless otherwise determined by the Administrator, any portion of this Stock Appreciation Right outstanding on such date may be exercised, to the extent exercisable on the date of termination, for a period of 90 days from the date of termination or until the Expiration Date, if earlier. Any portion of this Stock Appreciation Right that is not exercisable on the date of termination shall terminate immediately and be of no further force or effect.

For the avoidance of doubt, this Stock Appreciation Right shall not become vested and exercisable upon the occurrence of a Sale Event in the absence of a termination of the Grantee's employment during a Change in Control Period (as defined in the Employment Plan) as required pursuant to Section 3(e) hereof. The Administrator's determination of the reason for termination of the Grantee's employment shall be conclusive and binding on the Grantee and his or her representatives or legatees.

4. **Incorporation of Plan.** Notwithstanding anything herein to the contrary, this Stock Appreciation Right shall be subject to and governed by all the terms and conditions of the Plan, including the powers of the Administrator set forth in Section 2(b) of the Plan. Capitalized terms herein shall have the meaning specified in the Plan, unless a different meaning is specified herein.

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5. Transferability. This Stock Appreciation Right is personal to the Grantee, is non-assignable and is not transferable in any manner, by operation of law or otherwise, other than by will or the laws of descent and distribution. This Stock Appreciation Right is exercisable, during the Grantee's lifetime, only by the Grantee, and thereafter, only by the Grantee's legal representative or legatee.

6. Tax Withholding. The Grantee shall, not later than the date as of which the exercise of this Stock Appreciation Right becomes a taxable event for Federal income tax purposes, pay to the Company or make arrangements satisfactory to the Administrator for payment of any Federal, state, and local taxes required by law to be withheld on account of such taxable event. The Company shall have the authority to cause the required tax withholding obligation to be satisfied, in whole or in part, by withholding from shares of Stock to be issued to the Grantee a number of shares of Stock with an aggregate Fair Market Value that would satisfy the withholding amount due.

7. No Obligation to Continue Employment. Neither the Company nor any Subsidiary is obligated by or as a result of the Plan or this Stock Appreciation Right to continue the Grantee in employment and neither the Plan nor this Stock Appreciation Right shall interfere in any way with the right of the Company or any Subsidiary to terminate the employment of the Grantee at any time.

8. Integration. This Stock Appreciation Right document constitutes the entire agreement between the parties with respect to this Stock Appreciation Right and supersedes all prior agreements and discussions between the parties concerning such subject matter.

9. Data Privacy Consent. In order to administer the Plan and this Stock Appreciation Right and to implement or structure future equity grants, the Company, its subsidiaries and affiliates and certain agents thereof (together, the "Relevant Companies") may process any and all personal or professional data, including but not limited to Social Security or other identification number, home address and telephone number, date of birth and other information that is necessary or desirable for the administration of the Plan and/or this Stock Appreciation Right (the "Relevant Information"). By receiving this Stock Appreciation Right, the Grantee (i) authorizes the Company to collect, process, register and transfer to the Relevant Companies all Relevant Information; (ii) waives any privacy rights the Grantee may have with respect to the Relevant Information; (iii) authorizes the Relevant Companies to store and transmit such information in electronic form; and (iv) authorizes the transfer of the Relevant Information to any jurisdiction in which the Relevant Companies consider appropriate. The Grantee shall have access to, and the right to change, the Relevant Information. Relevant Information will only be used in accordance with applicable law.

10. Notices. Notices hereunder shall be mailed or delivered to the Company at its principal place of business and shall be mailed or delivered to the Grantee at the address on file with the Company or, in either case, at such other address as one party may subsequently furnish to the other party in writing.

UNIFIRST CORPORATION

By:

STEVEN S. SINTROS
Title: President and Chief Executive Officer



**UNIFIRST CORPORATION
RESTRICTED STOCK UNIT AWARD GRANTED
UNDER THE UNIFIRST CORPORATION
2023 EQUITY INCENTIVE PLAN**

Name of Grantee:
No. of Restricted Stock Units:
Grant Date:

Pursuant to the UniFirst Corporation 2023 Equity Incentive Plan as amended through the date hereof (the "Plan"), UniFirst Corporation (the "Company") hereby grants an award of the number of Restricted Stock Units listed above (an "Award") to the Grantee named above. Each Restricted Stock Unit shall relate to one share of Common Stock, par value \$0.10 per share (the "Stock"), of the Company.

1. **Vesting Schedule.** Except as set forth below, and subject to the discretion of the Administrator (as defined in Section 2 of the Plan) to accelerate the vesting schedule hereunder, the restrictions and conditions of Paragraph 5 of this Award shall lapse on the following vesting dates: [_____], in all cases subject to the Grantee's continued employment with the Company or a Subsidiary through such date.

2. **Issuance of Shares of Stock.** As soon as practicable following each vesting date (but in no event later than two and one-half months after the end of the year in which the vesting date occurs), the Company shall issue to the Grantee the number of shares of Stock equal to the aggregate number of Restricted Stock Units that have vested pursuant to Paragraph 1 of this Award on such date and the Grantee shall thereafter have all the rights of a stockholder of the Company with respect to such shares.

3. **Termination of Employment.** If the Grantee's employment by the Company or a Subsidiary is terminated under certain circumstances as set forth below, any Restricted Stock Units that have not vested as of such date may be subject to termination without notice and be forfeited as set forth below. In the case of termination and forfeiture, neither the Grantee nor any of his or her successors, heirs, assigns, or personal representatives will thereafter have any further rights or interests in such unvested Restricted Stock Units.

(a) **Termination Due to Death.** If the Grantee's employment terminates by reason of the Grantee's death, any Restricted Stock Units which have not vested shall become fully vested as of the date of death.

(b) **Termination Due to Disability.** If the Grantee's employment terminates by reason of the Grantee's Disability (as determined by the Administrator), any Restricted Stock Units which have not vested shall continue to vest pursuant to the vesting schedule set forth in Section 1 hereof.

(c) **Termination Due to Retirement on or after the Retirement Date.** If the Grantee's employment terminates by reason of the Grantee's retirement on or after the date (the "Retirement Date") on which (i) the Grantee has reached the age of 64, (ii) the sum of the Grantee's age plus length of employment with the Company equals or exceeds 79 years and (iii) any of the Restricted Stock Units have been outstanding for more than one year from the Grant Date, any Restricted Stock Units which have not vested shall be deemed to be fully vested as of the date of such retirement.

(d) **Termination for Cause.** If the Grantee's employment terminates for Cause, any Restricted Stock Units which have not vested shall be immediately terminated and forfeited.

(e) **Termination in Connection with a Sale Event.** If the Grantee's employment is terminated (i) by the Company for any reason other than for Cause, death, disability or retirement or (ii) by the Grantee for Good Reason (as defined in the UniFirst Corporation Executive Employment Plan (the "Employment Plan")), and such termination occurs during a Change in Control Period (as defined in the Employment Plan), any Restricted Stock Units which have not vested, subject to the satisfaction of the Grantee's Release Requirement (as defined in the Employment Plan), shall become fully vested as of the date of termination.

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(f) Other Termination. If the Grantee's employment terminates for any reason other than the Grantee's death, Disability, for Cause, the Grantee's retirement on or after the Retirement Date or a termination meeting the requirements of Section 3(e) above, each pursuant to the terms above, and unless otherwise determined by the Administrator, any unvested Restricted Stock Units shall be immediately terminated and forfeited.

For the avoidance of doubt, any unvested Restricted Stock Units shall not become vested upon the occurrence of a Sale Event in the absence of a termination of the Plan, including the powers of the Administrator set forth in Section 2(b) of the Plan. The Administrator's determination of the reason for termination of the Grantee's employment shall be conclusive and binding on the Grantee and his or her representatives or legatees.

4. Incorporation of Plan. Notwithstanding anything herein to the contrary, this Award shall be subject to and governed by all the terms and conditions of the Plan, including the powers of the Administrator set forth in Section 2(b) of the Plan. Capitalized terms in this Award shall have the meaning specified in the Plan, unless a different meaning is specified herein.

5. Restrictions on Transfer of Award. This Award may not be sold, transferred, pledged, assigned or otherwise encumbered or disposed of by the Grantee, and any shares of Stock issuable with respect to the Award may not be sold, transferred, pledged, assigned or otherwise encumbered or disposed of until (i) the Restricted Stock Units have vested as provided in Paragraph 1 of this Award and (ii) shares of Stock have been issued to the Grantee in accordance with the terms of the Plan and this Award.

6. Tax Withholding. The Grantee shall, not later than the date as of which the receipt of this Award becomes a taxable event for Federal income tax purposes, pay to the Company or make arrangements satisfactory to the Administrator for payment of any Federal, state, and local taxes required by law to be withheld on account of such taxable event. The Company shall have the authority to cause the required tax withholding obligation to be satisfied, in whole or in part, by withholding from shares of Stock to be issued to the Grantee a number of shares of Stock with an aggregate Fair Market Value that would satisfy the withholding amount due.

7. Section 409A of the Code. This Award shall be interpreted in such a manner that all provisions relating to the settlement of the Award are exempt from the requirements of Section 409A of the Code as "short-term deferrals" as described in Section 409A of the Code.

8. No Obligation to Continue Employment. Neither the Company nor any Subsidiary is obligated by or as a result of the Plan or this Award to continue the Grantee in employment and neither the Plan nor this Award shall interfere in any way with the right of the Company or any Subsidiary to terminate the employment of the Grantee at any time.

9. Integration. This Award document constitutes the entire agreement between the parties with respect to this Award and supersedes all prior agreements and discussions between the parties concerning such subject matter.

10. Data Privacy Consent. In order to administer the Plan and this Award and to implement or structure future equity grants, the Company, its subsidiaries and affiliates and certain agents thereof (together, the "Relevant Companies") may process any and all personal or professional data, including but not limited to Social Security or other identification number, home address and telephone number, date of birth and other information that is necessary or desirable for the administration of the Plan and/or this Award (the "Relevant Information"). By receiving this Award, the Grantee (i) authorizes the Company to collect, process, register and transfer to the Relevant Companies all Relevant Information; (ii) waives any privacy rights the Grantee may have with respect to the Relevant Information; (iii) authorizes the Relevant Companies to store and transmit such information in electronic form; and (iv) authorizes the transfer of the Relevant Information to any jurisdiction in which the Relevant Companies consider appropriate. The Grantee shall have access to, and the right to change, the Relevant Information. Relevant Information will only be used in accordance with applicable law.

11. Notices. Notices hereunder shall be mailed or delivered to the Company at its principal place of business and shall be mailed or delivered to the Grantee at the address on file with the Company or, in either case, at such other address as one party may subsequently furnish to the other party in writing.

UNIFIRST CORPORATION

By: _____
STEVEN S. SINTROS
Title: President and Chief Executive Officer



**UNIFIRST CORPORATION
RESTRICTED STOCK UNIT AWARD GRANTED
UNDER THE UNIFIRST CORPORATION
2023 EQUITY INCENTIVE PLAN**

Name of Grantee:
No. of Restricted Stock Units:
Grant Date:

Pursuant to the UniFirst Corporation 2023 Equity Incentive Plan as amended through the date hereof (the "Plan"), UniFirst Corporation (the "Company") hereby grants an award of the number of Restricted Stock Units listed above (an "Award") to the Grantee named above. Each Restricted Stock Unit shall relate to one share of Common Stock, par value \$0.10 per share (the "Stock"), of the Company.

1. Earning of Restricted Stock Units

(a) The number of Restricted Stock Units to be earned by the Grantee will depend upon the Company's achievement of the Performance Criteria, as set forth below in this Section 1. The number of Restricted Stock Units corresponding to the Performance Criteria achieved pursuant to this Section 1 shall be deemed earned by the Grantee.

(b) The Performance Criteria for the determination of the number of Restricted Stock Units earned hereunder will be based on the Company's [] adjusted as set forth in Section 1(c) ("["]") and [] adjusted as set forth in Section 1(c) ("["]") for the Company's [] fiscal year on a cumulative basis ("Fiscal []"). The maximum number of Restricted Stock Units that may be earned on account of the achievement of the Performance Criteria based on the Company's [] is [] Restricted Stock Units. The maximum number of Restricted Stock Units that may be earned on account of the achievement of the Performance Criteria based on the Company's [] is [] Restricted Stock Units. Such Performance Criteria and the number of Restricted Stock Units that will be earned upon achievement of such Performance Criteria are as follows:

Fiscal []:	<u>Performance Criteria Achieved</u>	<u>Number of Shares Earned</u>
	<u>Threshold:</u>	
	<u>25%:</u>	
	<u>Target:</u>	
	<u>75%:</u>	
	<u>Maximum:</u>	

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The Administrator shall certify at its first meeting after the first public release by the Company of its audited financial statements for Fiscal [] whether the Performance Criteria have been met with respect to such fiscal year (the "Certification Date").

(c) All determinations regarding satisfaction of the Performance Criteria will be based on the Company's audited financial statements and its books and records for Fiscal []; provided that (1) the Company's [] shall be adjusted as follows: [] and (2) the Company's [] shall be adjusted as follows: [].

2. **Vesting Schedule.** To the extent the Restricted Stock Units are earned pursuant to and in accordance with Section 1 of this Award, the restrictions and conditions of Section 1 of this Award shall lapse and the earned Restricted Stock Units shall vest in full on the Certification Date. On or following the Certification Date, the Restricted Stock Units shall be settled as set forth in Section 3 below.

3. **Issuance of Shares of Stock.** As soon as practicable following each vesting date (but in no event later than two and one-half months after the end of the year in which the vesting date occurs), the Company shall issue to the Grantee the number of shares of Stock equal to the aggregate number of Restricted Stock Units that have vested pursuant to Sections 1 and 2 of this Award on such date and the Grantee shall thereafter have all the rights of a stockholder of the Company with respect to such shares.

4. **Termination of Employment.** If the Grantee's employment by the Company or a Subsidiary is terminated under certain circumstances as set forth below, any Restricted Stock Units that have not vested as of such date may be subject to termination without notice and be forfeited as set forth below. In the case of termination and forfeiture, neither the Grantee nor any of his or her successors, heirs, assigns, or personal representatives will thereafter have any further rights or interests in such invested Restricted Stock Units.

(a) **Termination Due to Death.** If the Grantee's employment terminates by reason of the Grantee's death during the performance period of this Award, the Performance Criteria in Section 1 of this Award shall be deemed to be achieved at the Target level of performance set forth in Section 1 of this Award, and the corresponding number of Restricted Stock Units set forth in Section 1 of this Award with respect to the satisfaction of the Performance Criteria at the Target level shall become fully earned and vested as of the date of death.

(b) **Termination Due to Disability.** If the Grantee's employment terminates by reason of the Grantee's Disability (as determined by the Administrator) during the performance period of this Award, the Performance Criteria in Section 1 of this Award shall be deemed to be achieved at the Target level of performance set forth in Section 1 of this Award, and the corresponding number of Restricted Stock Units set forth in Section 1 of this Award with respect to the satisfaction of the Performance Criteria at the Target level shall become fully earned and vested as of the date of termination.

(c) **Termination for Cause.** If the Grantee's employment terminates for Cause, any Restricted Stock Units which have not vested shall be immediately terminated and forfeited.

(d) **Termination in Connection with a Sale Event.** Prior to the completion of a Sale Event that occurs after the end of the performance period but prior to the Certification Date, the Administrator shall make a determination regarding the number of Restricted Stock Units that were earned during the performance period and therefore vested. Upon the occurrence of a Sale Event during the performance period of this Award and subject to the satisfaction of the Grantee's Release Requirement (as defined in the UniFirst Corporation Executive Employment Plan (the "Employment Plan")), the number of Restricted Stock Units that could be earned upon the Maximum level of performance set forth in Section 1 of this Award shall be converted into Restricted Stock Units that are subject to time-based vesting and which will vest in full on the last day of the performance period of this Award, subject to the Grantee's continued employment with the Company or a Subsidiary through such date. If the Grantee's employment is terminated (i) by the Company for any reason other than for Cause, death, disability or retirement or (ii) by the Grantee for Good Reason (as defined in the Employment Plan), and such termination occurs during a Change in Control Period (as defined in the Employment Plan) and during the performance period of this Award, such converted time-based Restricted Stock Units, subject to the satisfaction of the Grantee's Release Requirement (as defined in the Employment Plan), shall become fully vested as of the date of termination.

(e) **Other Termination.** If the Grantee's employment terminates for any reason other than the Grantee's death, Disability, for Cause, or a termination meeting the requirements of Section 4(d) above, each pursuant to the terms

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above, and unless otherwise determined by the Administrator, any unvested Restricted Stock Units shall be immediately terminated and forfeited.

For the avoidance of doubt, any unvested Restricted Stock Units shall not become vested upon the occurrence of a Sale Event in the absence of a termination of the Grantee's employment during a Change in Control Period (as defined in the Employment Plan) as required pursuant to Section 4(d) hereof. The Administrator's determination of the reason for termination of the Grantee's employment shall be conclusive and binding on the Grantee and his or her representatives or legatees.

5. Incorporation of Plan. Notwithstanding anything herein to the contrary, this Award shall be subject to and governed by all the terms and conditions of the Plan, including the powers of the Administrator set forth in Section 2(b) of the Plan. Capitalized terms in this Award shall have the meaning specified in the Plan, unless a different meaning is specified herein.

6. Restrictions on Transfer of Award. This Award may not be sold, transferred, pledged, assigned or otherwise encumbered or disposed of by the Grantee, and any shares of Stock issuable with respect to the Award may not be sold, transferred, pledged, assigned or otherwise encumbered or disposed of until (i) the Restricted Stock Units have vested as provided in Section 1 of this Award and (ii) shares of Stock have been issued to the Grantee in accordance with the terms of the Plan and this Award.

7. Tax Withholding. The Grantee shall, not later than the date as of which the receipt of this Award becomes a taxable event for Federal income tax purposes, pay to the Company or make arrangements satisfactory to the Administrator for payment of any Federal, state, and local taxes required by law to be withheld on account of such taxable event. The Company shall have the authority to cause the required tax withholding obligation to be satisfied, in whole or in part, by withholding from shares of Stock to be issued to the Grantee a number of shares of Stock with an aggregate Fair Market Value that would satisfy the withholding amount due.

8. Section 409A of the Code. This Award shall be interpreted in such a manner that all provisions relating to the settlement of the Award are exempt from the requirements of Section 409A of the Code as "short-term deferrals" as described in Section 409A of the Code.

9. No Obligation to Continue Employment. Neither the Company nor any Subsidiary is obligated by or as a result of the Plan or this Award to continue the Grantee in employment and neither the Plan nor this Award shall interfere in any way with the right of the Company or any Subsidiary to terminate the employment of the Grantee at any time.

10. Integration. This Award document constitutes the entire agreement between the parties with respect to this Award and supersedes all prior agreements and discussions between the parties concerning such subject matter.

11. Data Privacy Consent. In order to administer the Plan and this Award and to implement or structure future equity grants, the Company, its subsidiaries and affiliates and certain agents thereof (together, the "Relevant Companies") may process any and all personal or professional data, including but not limited to Social Security or other identification number, home address and telephone number, date of birth and other information that is necessary or desirable for the administration of the Plan and/or this Award (the "Relevant Information"). By receiving this Award, the Grantee (i) authorizes the Company to collect, process, register and transfer to the Relevant Companies all Relevant Information; (ii) waives any privacy rights the Grantee may have with respect to the Relevant Information; (iii) authorizes the Relevant Companies to store and transmit such information in electronic form; and (iv) authorizes the transfer of the Relevant Information to any jurisdiction in which the Relevant Companies consider appropriate. The Grantee shall have access to, and the right to change, the Relevant Information. Relevant Information will only be used in accordance with applicable law.

12. Notices. Notices hereunder shall be mailed or delivered to the Company at its principal place of business and shall be mailed or delivered to the Grantee at the address on file with the Company or, in either case, at such other address as one party may subsequently furnish to the other party in writing.

UNIFIRST CORPORATION

By:



**UNIFIRST CORPORATION
STOCK APPRECIATION RIGHT GRANTED
UNDER THE UNIFIRST CORPORATION
2023 EQUITY INCENTIVE PLAN**

Name of Grantee:
No. of Shares Subject to Stock Appreciation Right:
Exercise Price per Share: \$
Grant Date:
Expiration Date:

Pursuant to the UniFirst Corporation 2023 Equity Incentive Plan as amended through the date hereof (the "Plan"), UniFirst Corporation (the "Company") hereby grants to the Grantee named above, during the period commencing on the Grant Date and ending on the Expiration Date, a Stock Appreciation Right (the "Stock Appreciation Right") with respect to the number of shares of Common Stock, par value \$0.10 per share (the "Stock") of the Company specified above at the Exercise Price per Share specified above subject to the terms and conditions set forth herein and in the Plan. This Stock Appreciation Right entitles the Grantee to the right to receive from the Company shares of Stock having a value equal to the excess of the Fair Market Value of the Stock on the date of exercise over the Exercise Price multiplied by the number of shares of Stock with respect to which the Stock Appreciation Right shall have been exercised, rounded down to the nearest whole share.

1. Vesting Schedule. No portion of this Stock Appreciation Right may be exercised until such portion shall have become vested and exercisable. Except as set forth below, and subject to the discretion of the Administrator (as defined in Section 2 of the Plan) to accelerate the exercisability schedule hereunder, this Stock Appreciation Right shall be exercisable with respect to the following number of shares of Stock subject to this Stock Appreciation Right as follows: [_____], in each case subject to the Grantee's continued employment with the Company or a Subsidiary through such date. Once exercisable, this Stock Appreciation Right shall continue to be exercisable at any time or times prior to the close of business on the Expiration Date, subject to the provisions hereof and of the Plan. Upon the occurrence of a Sale Event of the Company, this Stock Appreciation Right shall become fully vested and exercisable, whether or not this Stock Appreciation Right or any portion hereof is otherwise vested and exercisable at such time.

2. Manner of Exercise.

(a) The Grantee may exercise this Stock Appreciation Right by giving notice of exercise to the Company pursuant to the Company's procedures then in effect specifying the number of shares of Stock underlying this Stock Appreciation Right to be exercised. The Grantee shall thereupon be entitled to receive, subject to Section 6 hereof, the largest whole number of shares of Stock with a value closest to, but not in excess of, the product of (i) the Fair Market Value of a share of Stock on the date of exercise less the Exercise Price per share, multiplied by (ii) the number of shares of Stock underlying the Stock Appreciation Right that is being exercised.

The transfer to the Grantee on the records of the Company or of the transfer agent of such Shares of Stock will be contingent upon (i) the fulfillment of any other requirements contained herein or in the Plan or in any other agreement or provision of laws, and (ii) the receipt by the Company of any agreement, statement or other evidence that the Company may require to satisfy itself that the issuance of Stock pursuant to the exercise of Stock Appreciation Rights under the Plan and any subsequent resale of the shares of Stock will be in compliance with applicable laws and regulations.

(b) The shares of Stock issued upon exercise of this Stock Appreciation Right shall be transferred to the Grantee on the records of the Company or of the transfer agent upon compliance to the satisfaction of the Administrator with all requirements under applicable laws or regulations in connection with such issuance and with the requirements hereof and of the Plan. The determination of the Administrator as to such compliance shall be final and binding on the Grantee. The Grantee shall not be deemed to be the holder of, or to have any of the rights of a holder with respect to, any shares of Stock to be issued upon exercise of this Stock Appreciation Right unless and until this Stock Appreciation Right shall have been exercised pursuant to the terms hereof, the Company or the transfer agent shall have transferred the shares to the

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Grantee, and the Grantee's name shall have been entered as the stockholder of record on the books of the Company. Thereupon, the Grantee shall have full voting, dividend and other ownership rights with respect to the shares of Stock so issued.

(c) If any portion of this Stock Appreciation Right remains outstanding immediately prior to the close of business on the Expiration Date and provided that the Fair Market Value of a share of Stock immediately prior to the close of business on the Expiration Date exceeds the Exercise Price per share, any such portion of this Stock Appreciation Right shall be automatically exercised pursuant to this Section 2 as of the time that is immediately prior to the close of business on the Expiration Date. Notwithstanding any other provision hereof or of the Plan, no portion of this Stock Appreciation Right shall be exercisable after the Expiration Date hereof.

3. Termination of Employment. If the Grantee's employment by the Company or a Subsidiary is terminated, the period within which to exercise the Stock Appreciation Right may be subject to earlier termination as set forth below.

(a) Termination Due to Death. If the Grantee's employment terminates by reason of the Grantee's death and the Grantee has not reached the Grantee's Retirement Date (as defined below), any portion of this Stock Appreciation Right which was vested and exercisable at the date of death may thereafter be exercised by the Grantee's legal representative or legatee for a period of 12 months from the date of death or until the Expiration Date, if earlier.

(b) Termination Due to Disability. If the Grantee's employment terminates by reason of the Grantee's Disability (as determined by the Administrator), any portion of this Stock Appreciation Right which was vested and exercisable at the time of such termination may thereafter be exercised by the Grantee for a period of 12 months from the date of termination or until the Expiration Date, if earlier.

(c) Termination Due to Retirement or Death on or after Retirement Date. If the Grantee's employment terminates by reason of the Grantee's retirement or death on or after the date (the "Retirement Date") on which (i) the Grantee has reached the age of 64, (ii) the sum of the Grantee's age plus length of employment with the Company equals or exceeds 79 years and (iii) any portion of this Stock Appreciation Right has been outstanding for more than one year from the Grant Date, this Stock Appreciation Right shall be deemed to be fully vested and exercisable as of the date of such retirement or death, as applicable, and shall continue to be exercisable until the Expiration Date.

(d) Termination for Cause. If the Grantee's employment terminates for Cause, any portion of this Stock Appreciation Right outstanding on such date shall terminate immediately and be of no further force and effect.

(e) Other Termination. If the Grantee's employment terminates for any reason other than the Grantee's death, the Grantee's Disability, the Grantee's retirement or death on or after the Retirement Date or Cause, each pursuant to the terms above, and unless otherwise determined by the Administrator, any portion of this Stock Appreciation Right outstanding on such date may be exercised, to the extent exercisable on the date of termination, for a period of 90 days from the date of termination or until the Expiration Date, if earlier. Any portion of this Stock Appreciation Right that is not exercisable on the date of termination shall terminate immediately and be of no further force or effect.

The Administrator's determination of the reason for termination of the Grantee's employment shall be conclusive and binding on the Grantee and his or her representatives or legatees.

4. Incorporation of Plan. Notwithstanding anything herein to the contrary, this Stock Appreciation Right shall be subject to and governed by all the terms and conditions of the Plan, including the powers of the Administrator set forth in Section 2(b) of the Plan. Capitalized terms herein shall have the meaning specified in the Plan, unless a different meaning is specified herein.

5. Transferability. This Stock Appreciation Right is personal to the Grantee, is non-assignable and is not transferable in any manner, by operation of law or otherwise, other than by will or the laws of descent and distribution. This Stock Appreciation Right is exercisable, during the Grantee's lifetime, only by the Grantee, and thereafter, only by the Grantee's legal representative or legatee.

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6. Tax Withholding. The Grantee shall, not later than the date as of which the exercise of this Stock Appreciation Right becomes a taxable event for Federal income tax purposes, pay to the Company or make arrangements satisfactory to the Administrator for payment of any Federal, state, and local taxes required by law to be withheld on account of such taxable event. The Company shall have the authority to cause the minimum required tax withholding obligation to be satisfied, in whole or in part, by withholding from shares of Stock to be issued to the Grantee a number of shares of Stock with an aggregate Fair Market Value that would satisfy the withholding amount due.

7. No Obligation to Continue Employment. Neither the Company nor any Subsidiary is obligated by or as a result of the Plan or this Stock Appreciation Right to continue the Grantee in employment and neither the Plan nor this Stock Appreciation Right shall interfere in any way with the right of the Company or any Subsidiary to terminate the employment of the Grantee at any time.

8. Integration. This Stock Appreciation Right document constitutes the entire agreement between the parties with respect to this Stock Appreciation Right and supersedes all prior agreements and discussions between the parties concerning such subject matter.

9. Data Privacy Consent. In order to administer the Plan and this Stock Appreciation Right and to implement or structure future equity grants, the Company, its subsidiaries and affiliates and certain agents thereof (together, the "Relevant Companies") may process any and all personal or professional data, including but not limited to Social Security or other identification number, home address and telephone number, date of birth and other information that is necessary or desirable for the administration of the Plan and/or this Stock Appreciation Right (the "Relevant Information"). By receiving this Stock Appreciation Right, the Grantee (i) authorizes the Company to collect, process, register and transfer to the Relevant Companies all Relevant Information; (ii) waives any privacy rights the Grantee may have with respect to the Relevant Information; (iii) authorizes the Relevant Companies to store and transmit such information in electronic form; and (iv) authorizes the transfer of the Relevant Information to any jurisdiction in which the Relevant Companies consider appropriate. The Grantee shall have access to, and the right to change, the Relevant Information. Relevant Information will only be used in accordance with applicable law.

10. Notices. Notices hereunder shall be mailed or delivered to the Company at its principal place of business and shall be mailed or delivered to the Grantee at the address on file with the Company or, in either case, at such other address as one party may subsequently furnish to the other party in writing.

UNIFIRST CORPORATION

By:

STEVEN S. SINTROS
Title: President and Chief Executive Officer



UNIFIRST CORPORATION
RESTRICTED STOCK UNIT AWARD GRANTED
UNDER THE UNIFIRST CORPORATION
2023 EQUITY INCENTIVE PLAN

Name of Grantee:
 No. of Restricted Stock Units:
 Grant Date:

Pursuant to the UniFirst Corporation 2023 Equity Incentive Plan as amended through the date hereof (the "Plan"), UniFirst Corporation (the "Company") hereby grants an award of the number of Restricted Stock Units listed above (an "Award") to the Grantee named above. Each Restricted Stock Unit shall relate to one share of Common Stock, par value \$0.10 per share (the "Stock"), of the Company.

1. **Vesting Schedule.** Except as set forth below, and subject to the discretion of the Administrator (as defined in Section 2 of the Plan) to accelerate the vesting schedule hereunder, the restrictions and conditions of Paragraph 5 of this Award shall lapse on the following vesting dates: [_____]. Upon the occurrence of a Sale Event of the Company, this Award shall become fully vested, whether or not this Award or any portion hereof has otherwise vested at such time.

2. **Issuance of Shares of Stock.** As soon as practicable following each vesting date (but in no event later than two and one-half months after the end of the year in which the vesting date occurs), the Company shall issue to the Grantee the number of shares of Stock equal to the aggregate number of Restricted Stock Units that have vested pursuant to Paragraph 1 of this Award on such date and the Grantee shall thereafter have all the rights of a stockholder of the Company with respect to such shares.

3. **Termination of Employment.** If the Grantee's employment by the Company or a Subsidiary is terminated, any Restricted Stock Units that have not vested as of such date may be subject to termination without notice and be forfeited as set forth below. In the case of termination and forfeiture, neither the Grantee nor any of his or her successors, heirs, assigns, or personal representatives will thereafter have any further rights or interests in such unvested Restricted Stock Units.

(a) **Termination Due to Death.** If the Grantee's employment terminates by reason of the Grantee's death and the Grantee has not reached the Grantee's Retirement Date (as defined below), any Restricted Stock Units which have not vested shall be immediately terminated and forfeited.

(b) **Termination Due to Disability.** If the Grantee's employment terminates by reason of the Grantee's Disability (as determined by the Administrator), any Restricted Stock Units which have not vested shall be immediately terminated and forfeited.

(c) **Termination Due to Retirement or Death on or after the Retirement Date.** If the Grantee's employment terminates by reason of the Grantee's retirement or death on or after the date (the "Retirement Date") on which (i) the Grantee has reached the age of 64, (ii) the sum of the Grantee's age plus length of employment with the Company equals or exceeds 79 years and (iii) any of the Restricted Stock Units have been outstanding for more than one year from the Grant Date, any Restricted Stock Units which have not vested shall be deemed to be fully vested as of the date of such retirement or death, as applicable.

(d) **Termination for Cause.** If the Grantee's employment terminates for Cause, any Restricted Stock Units which have not vested shall be immediately terminated and forfeited.

(e) **Other Termination.** If the Grantee's employment terminates for any reason other than the Grantee's death, the Grantee's Disability, the Grantee's retirement or death on or after the Retirement Date or Cause, each pursuant to the terms above, and unless otherwise determined by the Administrator, any unvested Restricted Stock Units which have not vested shall be immediately terminated and forfeited.

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The Administrator's determination of the reason for termination of the Grantee's employment shall be conclusive and binding on the Grantee and his or her representatives or legatees.

4. Incorporation of Plan. Notwithstanding anything herein to the contrary, this Award shall be subject to and governed by all the terms and conditions of the Plan, including the powers of the Administrator set forth in Section 2(b) of the Plan. Capitalized terms in this Award shall have the meaning specified in the Plan, unless a different meaning is specified herein.

5. Restrictions on Transfer of Award. This Award may not be sold, transferred, pledged, assigned or otherwise encumbered or disposed of by the Grantee, and any shares of Stock issuable with respect to the Award may not be sold, transferred, pledged, assigned or otherwise encumbered or disposed of until (i) the Restricted Stock Units have vested as provided in Paragraph 1 of this Award and (ii) shares of Stock have been issued to the Grantee in accordance with the terms of the Plan and this Award.

6. Tax Withholding. The Grantee shall, not later than the date as of which the receipt of this Award becomes a taxable event for Federal income tax purposes, pay to the Company or make arrangements satisfactory to the Administrator for payment of any Federal, state, and local taxes required by law to be withheld on account of such taxable event. The Company shall have the authority to cause the required minimum tax withholding obligation to be satisfied, in whole or in part, by withholding from shares of Stock to be issued to the Grantee a number of shares of Stock with an aggregate Fair Market Value that would satisfy the withholding amount due.

7. Section 409A of the Code. This Award shall be interpreted in such a manner that all provisions relating to the settlement of the Award are exempt from the requirements of Section 409A of the Code as "short-term deferrals" as described in Section 409A of the Code.

8. No Obligation to Continue Employment. Neither the Company nor any Subsidiary is obligated by or as a result of the Plan or this Award to continue the Grantee in employment and neither the Plan nor this Award shall interfere in any way with the right of the Company or any Subsidiary to terminate the employment of the Grantee at any time.

9. Integration. This Award document constitutes the entire agreement between the parties with respect to this Award and supersedes all prior agreements and discussions between the parties concerning such subject matter.

10. Data Privacy Consent. In order to administer the Plan and this Award and to implement or structure future equity grants, the Company, its subsidiaries and affiliates and certain agents thereof (together, the "Relevant Companies") may process any and all personal or professional data, including but not limited to Social Security or other identification number, home address and telephone number, date of birth and other information that is necessary or desirable for the administration of the Plan and/or this Award (the "Relevant Information"). By receiving this Award, the Grantee (i) authorizes the Company to collect, process, register and transfer to the Relevant Companies all Relevant Information; (ii) waives any privacy rights the Grantee may have with respect to the Relevant Information; (iii) authorizes the Relevant Companies to store and transmit such information in electronic form; and (iv) authorizes the transfer of the Relevant Information to any jurisdiction in which the Relevant Companies consider appropriate. The Grantee shall have access to, and the right to change, the Relevant Information. Relevant Information will only be used in accordance with applicable law.

11. Notices. Notices hereunder shall be mailed or delivered to the Company at its principal place of business and shall be mailed or delivered to the Grantee at the address on file with the Company or, in either case, at such other address as one party may subsequently furnish to the other party in writing.

UNIFIRST CORPORATION

By: _____
STEVEN S. SINTROS
Title: President and Chief Executive Officer



**UNIFIRST CORPORATION
RESTRICTED STOCK UNIT AWARD GRANTED
UNDER THE UNIFIRST CORPORATION
2023 EQUITY INCENTIVE PLAN**

Name of Grantee:
No. of Restricted Stock Units:
Grant Date:

Pursuant to the UniFirst Corporation 2023 Equity Incentive Plan as amended through the date hereof (the "Plan"), UniFirst Corporation (the "Company") hereby grants an award of the number of Restricted Stock Units listed above (an "Award") to the Grantee named above. Each Restricted Stock Unit shall relate to one share of Common Stock, par value \$0.10 per share (the "Stock"), of the Company.

1. Earning of Restricted Stock Units.

(a) The number of Restricted Stock Units to be earned by the Grantee will depend upon the Company's achievement of the Performance Criteria, as set forth below in this Section 1. The number of Restricted Stock Units corresponding to the Performance Criteria achieved pursuant to this Section 1 shall be deemed earned by the Grantee.

(b) The Performance Criteria for the determination of the number of Restricted Stock Units earned hereunder will be based on the Company's [] adjusted as set forth in Section 1(c) ("["]") and [] as further adjusted as set forth in Section 1(c) ("["]") for the Company's [] fiscal year on a cumulative basis ("Fiscal []"). The maximum number of Restricted Stock Units that may be earned on account of the achievement of the Performance Criteria based on the Company's [] is [] Restricted Stock Units. The maximum number of Restricted Stock Units that may be earned on account of the achievement of the Performance Criteria based on the Company's [] is [] Restricted Stock Units. Such Performance Criteria and the number of Restricted Stock Units that will be earned upon achievement of such Performance Criteria are as follows:

<u>Fiscal []:</u>	<u>Performance Criteria Achieved</u>	<u>Number of Shares Earned</u>
<u>Threshold:</u>		
<u>25%:</u>		
<u>Target:</u>		
<u>75%:</u>		
<u>Maximum:</u>		

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The Administrator shall certify at a meeting on or around the date of the public release by the Company of its audited financial statements for Fiscal [] whether and the extent to which the Performance Criteria have been met with respect to such fiscal year (the "Certification Date").

(c) All determinations regarding satisfaction of the Performance Criteria will be based on the Company's audited financial statements and its books and records for Fiscal [] provided that (1) the Company's [] shall be adjusted to reflect the following: [], and (2) the Company's [] shall be further adjusted to reflect the following: [].

2. Vesting Schedule Following Earning of Restricted Stock Units. To the extent the Restricted Stock Units are earned pursuant to and in accordance with Section 1 of this Award, the restrictions and conditions of Section 1 of this Award shall lapse on the Certification Date and such earned Restricted Stock Units shall be subject to the time-based vesting conditions set forth in this Section 2. Except as set forth below, and subject to the discretion of the Administrator (as defined in Section 2 of the Plan) to accelerate the vesting schedule hereunder, the restrictions and conditions of Section 6 of this Award shall lapse on the following vesting dates: [], in each case subject to the Grantee's continued employment with the Company or a Subsidiary through such date.

3. Issuance of Shares of Stock. As soon as practicable following each vesting date set forth in Section 2 (but in no event later than two and one-half months after the end of the year in which the vesting date occurs), the Company shall issue to the Grantee the number of shares of Stock equal to the aggregate number of Restricted Stock Units that have vested pursuant to Section 2 of this Award on such date and the Grantee shall thereafter have all the rights of a stockholder of the Company with respect to such shares.

4. Termination of Employment. If the Grantee's employment by the Company or a Subsidiary is terminated under certain circumstances as set forth below, any Restricted Stock Units that have not vested as of such date may be subject to termination without notice and be forfeited as set forth below. In the case of termination and forfeiture, neither the Grantee nor any of his or her successors, heirs, assigns, or personal representatives will thereafter have any further rights or interests in such unvested Restricted Stock Units.

(a) Termination Due to Death. If the Grantee's employment terminates by reason of the Grantee's death during the performance period of this Award set forth in Section 1, the Performance Criteria in Section 1 of this Award shall be deemed to be achieved at the Target level of performance set forth in Section 1 of this Award, and the corresponding number of Restricted Stock Units set forth in Section 1 of this Award with respect to the satisfaction of the Performance Criteria at the Target level shall become fully earned and vested as of the date of death. If the Grantee's employment terminates by reason of the Grantee's death following the performance period of this Award set forth in Section 1, any Restricted Stock Units that are or were determined to have been earned on the Certification Date and which have not vested pursuant to Section 2 shall become fully vested as of the date of death.

(b) Termination Due to Disability. If the Grantee's employment terminates by reason of the Grantee's Disability (as determined by the Administrator) during the performance period of this Award set forth in Section 1, the Performance Criteria in Section 1 of this Award shall be deemed to be achieved at the Target level of performance set forth in Section 1 of this Award, and the corresponding number of Restricted Stock Units set forth in Section 1 of this Award with respect to the satisfaction of the Performance Criteria at the Target level shall become fully earned shall continue to vest pursuant to the vesting schedule set forth in Section 2 of this Award. If the Grantee's employment terminates by reason of the Grantee's Disability (as determined by the Administrator) following the performance period of this Award set forth in Section 1, any Restricted Stock Units that are or were determined to be earned and which have not vested pursuant to Section 2 shall continue to vest pursuant to the vesting schedule set forth in Section 2 of this Award.

(c) Termination for Cause. If the Grantee's employment terminates for Cause, any Restricted Stock Units which have not vested shall be immediately terminated and forfeited.

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(d) Termination in Connection with a Sale Event. Prior to the completion of a Sale Event that occurs after the end of the performance period but prior to the Certification Date, the Administrator shall make a determination regarding the number of Restricted Stock Units that were earned during the performance period and therefore vested. Upon the occurrence of a Sale Event during the performance period of this Award set forth in Section 1 and subject to the satisfaction of the Grantee's Release Requirement (as defined in the UniFirst Corporation Executive Employment Plan (the "Employment Plan")), the number of Restricted Stock Units that could be earned upon the Maximum level of performance set forth in Section 1 of this Award shall be converted into Restricted Stock Units that are subject to time-based vesting and which will vest in full on the last day of the performance period of this Award set forth in Section 1, subject to the Grantee's continued employment with the Company or a Subsidiary through such date. If the Grantee's employment is terminated (i) by the Company for any reason other than for Cause, death, disability or retirement or (ii) by the Grantee for Good Reason (as defined in the Employment Plan), and such termination occurs during a Change in Control Period (as defined in the Employment Plan) and during the performance period of this Award set forth in Section 1, such converted time-based Restricted Stock Units, subject to the satisfaction of the Grantee's Release Requirement (as defined in the Employment Plan), shall become fully vested as of the date of termination.

If the Grantee's employment is terminated (i) by the Company for any reason other than for Cause, death, disability or retirement or (ii) by the Grantee for Good Reason (as defined in the UniFirst Corporation Executive Employment Plan (the "Employment Plan")), and such termination occurs following the performance period set forth in Section 1 and during a Change in Control Period (as defined in the Employment Plan), any Restricted Stock Units which have not vested pursuant to Section 2, subject to the satisfaction of the Grantee's Release Requirement (as defined in the Employment Plan), shall become fully vested as of the date of termination.

(e) Other Termination. If the Grantee's employment terminates for any reason other than the Grantee's death, Disability, for Cause, or a termination meeting the requirements of Section 4(d) above, each pursuant to the terms above, and unless otherwise determined by the Administrator, any unvested Restricted Stock Units shall be immediately terminated and forfeited.

For the avoidance doubt, any unvested Restricted Stock Units shall not become vested upon the occurrence of a Sale Event in the absence of a termination of the Grantee's employment during a Change in Control Period (as defined in the Employment Plan) as required pursuant to Section 4(d) hereof. The Administrator's determination of the reason for termination of the Grantee's employment shall be conclusive and binding on the Grantee and his or her representatives or legatees.

5. Incorporation of Plan. Notwithstanding anything herein to the contrary, this Award shall be subject to and governed by all the terms and conditions of the Plan, including the powers of the Administrator set forth in Section 2(b) of the Plan. Capitalized terms in this Award shall have the meaning specified in the Plan, unless a different meaning is specified herein.

6. Restrictions on Transfer of Award. This Award may not be sold, transferred, pledged, assigned or otherwise encumbered or disposed of by the Grantee, and any shares of Stock issuable with respect to the Award may not be sold, transferred, pledged, assigned or otherwise encumbered or disposed of until (i) the Restricted Stock Units have vested as provided in Sections 1 and 2 of this Award and (ii) shares of Stock have been issued to the Grantee in accordance with the terms of the Plan and this Award.

7. Tax Withholding. The Grantee shall, not later than the date as of which the receipt of this Award becomes a taxable event for Federal income tax purposes, pay to the Company or make arrangements satisfactory to the Administrator for payment of any Federal, state, and local taxes required by law to be withheld on account of such taxable event. The Company shall have the authority to cause the required tax withholding obligation to be satisfied, in whole or in part, by withholding from shares of Stock to be issued to the Grantee a number of shares of Stock with an aggregate Fair Market Value that would satisfy the withholding amount due.

8. Section 409A of the Code. This Award shall be interpreted in such a manner that all provisions relating to the settlement of the Award are exempt from the requirements of Section 409A of the Code as "short-term deferrals" as described in Section 409A of the Code.

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9. No Obligation to Continue Employment. Neither the Company nor any Subsidiary is obligated by or as a result of the Plan or this Award to continue the Grantee in employment and neither the Plan nor this Award shall interfere in any way with the right of the Company or any Subsidiary to terminate the employment of the Grantee at any time.

10. Integration. This Award document constitutes the entire agreement between the parties with respect to this Award and supersedes all prior agreements and discussions between the parties concerning such subject matter.

11. Data Privacy Consent. In order to administer the Plan and this Award and to implement or structure future equity grants, the Company, its subsidiaries and affiliates and certain agents thereof (together, the "Relevant Companies") may process any and all personal or professional data, including but not limited to Social Security or other identification number, home address and telephone number, date of birth and other information that is necessary or desirable for the administration of the Plan and/or this Award (the "Relevant Information"). By receiving this Award, the Grantee (i) authorizes the Company to collect, process, register and transfer to the Relevant Companies all Relevant Information; (ii) waives any privacy rights the Grantee may have with respect to the Relevant Information; (iii) authorizes the Relevant Companies to store and transmit such information in electronic form; and (iv) authorizes the transfer of the Relevant Information to any jurisdiction in which the Relevant Companies consider appropriate. The Grantee shall have access to, and the right to change, the Relevant Information. Relevant Information will only be used in accordance with applicable law.

12. Notices. Notices hereunder shall be mailed or delivered to the Company at its principal place of business and shall be mailed or delivered to the Grantee at the address on file with the Company or, in either case, at such other address as one party may subsequently furnish to the other party in writing.

UNIFIRST CORPORATION

By: _____
Shane O'Connor
Title: EVP and Chief Financial Officer



**UNIFIRST CORPORATION
STOCK APPRECIATION RIGHT GRANTED
UNDER THE UNIFIRST CORPORATION
2023 EQUITY INCENTIVE PLAN**

Name of Grantee:
No. of Shares Subject to Stock Appreciation Right:
Exercise Price per Share:
Grant Date:
Expiration Date:

Pursuant to the UniFirst Corporation 2023 Equity Incentive Plan as amended through the date hereof (the "Plan"), UniFirst Corporation (the "Company") hereby grants to the Grantee named above, during the period commencing on the Grant Date and ending on the earlier of the Expiration Date or the second anniversary of the date the Grantee ceases to be a member of the Company's Board of Directors, a Stock Appreciation Right (the "Stock Appreciation Right") with respect to the number of shares of Common Stock, par value \$0.10 per share (the "Stock") of the Company specified above at the Exercise Price per Share specified above subject to the terms and conditions set forth herein and in the Plan. This Stock Appreciation Right entitles the Grantee to the right to receive from the Company shares of Stock having a value equal to the excess of the Fair Market Value of the Stock on the date of exercise over the Exercise Price multiplied by the number of shares of Stock with respect to which the Stock Appreciation Right shall have been exercised, rounded down to the nearest whole share.

1. Exercisability. This Stock Appreciation Right shall be exercisable in full on the Grant Date. Once exercisable, this Stock Appreciation Right shall continue to be exercisable at any time or times prior to the close of business on the earlier of the Expiration Date or the second anniversary of the date the Grantee ceases to be a member of the Company's Board of Directors, subject to the provisions hereof and of the Plan.

2. Manner of Exercise.

(a) The Grantee may exercise this Stock Appreciation Right by giving notice of exercise to the Company pursuant to the Company's procedures then in effect specifying the number of shares of Stock underlying this Stock Appreciation Right to be exercised. The Grantee shall thereupon be entitled to receive the largest whole number of shares of Stock with a value closest to, but not in excess of, the product of (i) the Fair Market Value of a share of Stock on the date of exercise less the Exercise Price per share, multiplied by (ii) the number of shares of Stock underlying the Stock Appreciation Right that is being exercised.

The transfer to the Grantee on the records of the Company or of the transfer agent of such Shares of Stock will be contingent upon (i) the fulfillment of any other requirements contained herein or in the Plan or in any other agreement or provision of laws, and (ii) the receipt by the Company of any agreement, statement or other evidence that the Company may require to satisfy itself that the issuance of Stock pursuant to the exercise of Stock Appreciation Rights under the Plan and any subsequent resale of the shares of Stock will be in compliance with applicable laws and regulations.

(b) The shares of Stock issued upon exercise of this Stock Appreciation Right shall be transferred to the Grantee on the records of the Company or of the transfer agent upon compliance to the satisfaction of the Administrator with all requirements under applicable laws or regulations in connection with such issuance and with the requirements hereof and of the Plan. The determination of the Administrator as to such compliance shall be final and binding on the Grantee. The Grantee shall not be deemed to be the holder of, or to have any of the rights of a holder with respect to, any shares of Stock to be issued upon exercise of this Stock Appreciation Right unless and until this Stock Appreciation Right shall have been exercised pursuant to the terms hereof, the Company or the transfer agent shall have transferred the shares to the Grantee, and the Grantee's name shall have been entered as the stockholder of record on the books of the Company. Thereupon, the Grantee shall have full voting, dividend and other ownership rights with respect to the shares of Stock so issued.

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(c) If any portion of this Stock Appreciation Right remains outstanding immediately prior to the close of business on the Expiration Date and provided that the Fair Market Value of a share of Stock immediately prior to the close of business on the Expiration Date exceeds the Exercise Price per share, any such portion of this Stock Appreciation Right shall be automatically exercised pursuant to this Section 2 as of the time that is immediately prior to the close of business on the Expiration Date. Notwithstanding any other provision hereof or of the Plan, no portion of this Stock Appreciation Right shall be exercisable after the Expiration Date hereof.

3. Incorporation of Plan. Notwithstanding anything herein to the contrary, this Stock Appreciation Right shall be subject to and governed by all the terms and conditions of the Plan, including the powers of the Administrator set forth in Section 2(b) of the Plan. Capitalized terms herein shall have the meaning specified in the Plan, unless a different meaning is specified herein.

4. Transferability. This Stock Appreciation Right is personal to the Grantee, is non-assignable and is not transferable in any manner, by operation of law or otherwise, other than by will or the laws of descent and distribution. This Stock Appreciation Right is exercisable, during the Grantee's lifetime, only by the Grantee, and thereafter, only by the Grantee's legal representative or legatee.

5. No Obligation to Continue as a Director. Neither the Plan nor this Stock Appreciation Right confers upon the Grantee any rights with respect to continuance as a Director.

6. Integration. This Stock Appreciation Right document constitutes the entire agreement between the parties with respect to this Stock Appreciation Right and supersedes all prior agreements and discussions between the parties concerning such subject matter.

7. Data Privacy Consent. In order to administer the Plan and this Stock Appreciation Right and to implement or structure future equity grants, the Company, its subsidiaries and affiliates and certain agents thereof (together, the "Relevant Companies") may process any and all personal or professional data, including but not limited to Social Security or other identification number, home address and telephone number, date of birth and other information that is necessary or desirable for the administration of the Plan and/or this Stock Appreciation Right (the "Relevant Information"). By receiving this Stock Appreciation Right, the Grantee (i) authorizes the Company to collect, process, register and transfer to the Relevant Companies all Relevant Information; (ii) waives any privacy rights the Grantee may have with respect to the Relevant Information; (iii) authorizes the Relevant Companies to store and transmit such information in electronic form; and (iv) authorizes the transfer of the Relevant Information to any jurisdiction in which the Relevant Companies consider appropriate. The Grantee shall have access to, and the right to change, the Relevant Information. Relevant Information will only be used in accordance with applicable law.

8. Notices. Notices hereunder shall be mailed or delivered to the Company at its principal place of business and shall be mailed or delivered to the Grantee at the address on file with the Company or, in either case, at such other address as one party may subsequently furnish to the other party in writing.

UNIFIRST CORPORATION

By:

STEVEN S. SINTROS

Title: President and Chief Executive Officer



September 16, 2024

Exhibit 10.8

PERSONAL AND CONFIDENTIAL

Michael A. Croatti

Re: Transition Agreement

Dear Mike:

As we have discussed, your employment with UniFirst Corporation (the "Company") will be ending. We appreciate your significant contributions to the Company and would like to make this transition as smooth as possible. Consistent with that, and in lieu of any separation pay and benefits under the terms of the Company's Executive Employment Plan effective October 26, 2020 (the "Employment Plan") or otherwise, the Company is offering you the opportunities to continue your at-will employment through December 31, 2024 and to be eligible for separation pay and benefits after your employment ends, subject to the terms in the below Transition Agreement (the "Agreement"). If you execute the Agreement, the Agreement will govern the remainder of your employment and will fully supersede any other agreements or understandings between you and the Company relating to your employment, compensation, severance, and benefits, including without limitation the Employment Plan; *provided, however*, the Non-Compete Agreement, the Arbitration Agreement and the Equity Documents (as such terms are defined below) remain in effect.

With those understandings and in the interest of clarity, the following terms and obligations apply regardless of whether you enter into the Agreement:

- The Company will pay you all earned but unpaid salary through the last day of your employment.
 - The Company will pay you your annual cash bonus for fiscal year 2024 as determined by the Compensation Committee of the Company's Board of Directors and pursuant to and subject to the terms of the applicable annual cash bonus plan for fiscal year 2024, including without limitation with respect to timing of payment.
 - The Company will pay you for all accrued but unused vacation time due to you, if applicable, through the last day of your employment based on the Company's records.
 - The Company will reimburse you for any outstanding, reasonable business expenses that you have incurred on the Company's behalf through your last day of employment, subject to the Company's timely receipt of appropriate documentation.
 - The Company will provide you with the right to continue group health plan coverage after your employment ends under the law known as "COBRA," which will be described in a separate written notice.
-

- You are subject to continuing obligations under the Employment Agreement and Restrictive Covenant dated December 12, 2023 by and between you and the Company (the “Non-Compete Agreement”) and the November 7, 2023 Mutual Arbitration Agreement, by and between you and the Company (the “Arbitration Agreement”); *provided* that the Non-Compete Agreement and the Arbitration Agreement will be interpreted in accordance with the protected disclosures in Section 11 of the Agreement.
- Your outstanding stock appreciation rights and restricted stock units will be governed by the applicable stock appreciation right award certificate, restricted stock unit award certificate, and the Company’s Amended and Restated 2010 Stock Option and Incentive Plan, as amended (collectively, the “Equity Documents”).

Transition Agreement

The remainder of this letter proposes the Agreement between you and the Company. The purpose of this Agreement is to establish a smooth transition for the ending of your employment relationship, including releasing the Company and related persons or entities from any claims and providing you with opportunities for pay and benefits that you would otherwise not be eligible to receive. With those understandings, you and the Company agree as follows:

1. Conditions

To be eligible for the pay and benefits set forth in this Agreement, you must satisfy each of the following “Conditions” as determined in the Company’s reasonable and good faith discretion: (a) you execute, do not revoke, and comply with this Agreement; (b) you continue to complete your work for the Company, which for the avoidance of doubt, shall include transitioning your duties and completing outstanding projects and tasks, in a manner reasonably consistent with your past performance for the Company; (c) you are not terminated by the Company for Cause (as defined in the Employment Plan); (d) you do not resign prior to December 31, 2024 (the “Anticipated Separation Date”); and (e) you execute and do not revoke the Certificate Updating Release of Claims attached hereto as Exhibit A (the “Certificate”) within the applicable time periods set forth therein.

2. Transition Period

If you satisfy Conditions (a), (b), (c), and (d) above, your at-will employment with the Company will continue until December 31, 2024, at which time your employment with the Company will end. Your actual last day of employment (whether on the Anticipated Separation Date or an earlier date) is referred to herein as the “Separation Date.” The time period between the Effective Date (as defined below) and the Separation Date is referred to herein as the “Transition Period.”

You agree to forfeit your Executive Vice President, Operations title effective on November 30, 2024 (or, for the avoidance of doubt if your employment ends earlier, the Separation Date). You agree to execute any documents in reasonable form as may be requested by the Company to confirm or effectuate any such change in your title. You further agree that the change in your title does not result in any payment or benefit to you.

Notwithstanding the change in your title as a Company employee, during the Transition Period, you will continue to be paid at your current base salary rate of \$411,450 per year, remain eligible to participate in the Company's group employee benefit plans subject to the terms and conditions of those plans, and continue to vest in equity subject to the terms of the Equity Documents; *provided* that, effective as of the Separation Date, you will cease accruing vacation under the Company's vacation policy; *provided further*, and notwithstanding anything to the contrary in the foregoing, you agree that you are not eligible for any pay or benefits under the Employment Plan or the Unfunded Supplemental Executive Retirement Plan (the "SERP") or for any bonus, severance, or other compensation or benefits under any employment agreement or otherwise, except as specifically set forth in this Agreement.

To the extent applicable and in addition to your forfeiture of your Executive Vice President, Operations title effective on the Effective Date, you shall be deemed to have resigned from any and all positions that you hold with the Company, and with any affiliate of the Company, as an officer, director, or otherwise effective on the Separation Date. You agree to execute any documents in reasonable form as may be requested by the Company to confirm or effectuate any such resignations.

For the avoidance of doubt, if you fail to satisfy all of the Conditions, your employment will end and you will be paid your accrued salary through the Separation Date, but you will not be eligible for the other pay and benefits set forth in this Agreement.

3. Severance Benefits

Subject to you satisfying each of the Conditions, including without limitation the execution and non-revocation of the Certificate, you will be eligible for the following "Severance Benefits":

- (a) Severance Pay. The Company shall pay you severance pay ("Severance Pay") in a single lump sum cash amount of \$617,175 (which is equal to eighteen (18) months of pay at your current annual base salary rate), less applicable deductions and withholdings. The Company shall pay you the Severance Pay on or before January 31, 2025.
- (b) Bonus. The Company shall pay you a bonus (the "Bonus Pay") in a single lump sum cash amount of \$246,870 (which is equal to one-and-one-half times your target cash incentive bonus for the current fiscal year), less applicable deductions and withholdings. The Company shall pay you the Bonus Pay on or before January 31, 2025.
- (c) Health Benefits. If you timely elect COBRA continuation coverage, the Company shall pay to the group health plan provider or the COBRA provider a monthly payment equal to the monthly premiums associated with maintaining your health insurance under the Company's group health plan for the same level of group health insurance coverage as in effect for you on the Separation Date until the earliest of (i) the end of the eighteenth (18th) month following the Separation Date; (ii) your eligibility for group medical care coverage through other employment; or (iii) the end of your eligibility under COBRA for continuation coverage for medical care; *provided, however*, that if the Company determines that it cannot pay such amounts to the group health plan provider or the COBRA provider (if applicable) without violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act), then the Company

shall convert such payments to payroll payments directly to you for the aforementioned time period and such payments to you shall be subject to tax-related deductions and withholdings and paid on the Company's regular payroll dates. You agree to notify the Company promptly if you become eligible for group medical care coverage through another employer. You also agree to respond promptly and fully to any reasonable requests for information by the Company concerning your eligibility for such coverage.

4. Release of Claims

In consideration for, among other terms, the opportunity to continue your at-will employment through the Anticipated Separation Date, to which you acknowledge you would otherwise not be entitled, you voluntarily release and forever discharge the Company, its affiliated and related entities, its and their respective parents, subsidiaries, predecessors, successors and assigns, its and their respective employee benefit plans and fiduciaries of such plans, and the current and former officers, directors, shareholders, employees, attorneys, direct or indirect owners, managers, members, insurers, representatives, accountants and agents of each of the foregoing in their official and personal capacities (collectively referred to as the "Released Parties") generally from all claims, demands, debts, suits, controversies, actions, causes of action, cross-claims, counter-claims, compensatory damages, liquidated damages, punitive or exemplary damages, other damages, claims for costs and attorneys' fees, and liabilities of every name and nature, known or unknown arising out of or relating to your employment by, and the decision to end your employment with, the Company ("Claims") that, as of the date when you sign this Agreement, you have, ever had, now claim to have or ever claimed to have had against any or all of the Released Parties. This release includes, without limitation, your release of all Claims:

- of wrongful discharge or violation of public policy;
- of breach of contract;
- of defamation or other torts;
- of retaliation or discrimination under federal, state or local law (including, without limitation, Claims of discrimination or retaliation under the Age Discrimination in Employment Act (including the Older Workers Benefit Protection Act) (collectively the ADEA), the Americans with Disabilities Act, Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1991, the Equal Pay Act of 1963, Section 1981 of U.S.C. Title 42, Massachusetts General Laws Chapter 151B, and the New Hampshire Law Against Discrimination);
- under any other federal or state statute (including, without limitation, Claims under the Worker Adjustment and Retraining Notification Act, the Fair Labor Standards Act, the Family and Medical Leave Act, the Employee Retirement Income Security Act of 1974 (with respect to unvested benefits), the Sarbanes-Oxley Act of 2002, the Massachusetts Family and Medical Leave Law, and New Hampshire's Protective Legislation Law (including without limitation N.H. Rev. Stat. Ann. § 275:70));
- for wages, bonuses, incentive compensation, commissions, stock, stock appreciation rights, restricted stock units, vacation pay or any other compensation or benefits, regardless of whether based on the Massachusetts Wage Act, M.G.L. c. 149, §§148-150C, or any other law or agreement;

- arising out of, or relating to, any employment or equity related agreement with the Company, including, but not limited to, any other awards, policies, plans, programs or practices of the Released Parties that may apply to you or in which you may participate, including, but not limited to, any rights under bonus plans or programs of Released Parties and/or any other short-term or long-term equity-based or cash-based incentive plans or programs of the Released Parties; and
- for damages or other remedies of any sort arising from or relating to your employment with the Company, including, without limitation, compensatory damages, punitive damages, injunctive relief and attorney's fees;

provided, however, that this release shall not affect your rights under this Agreement, rights that cannot be waived as a matter of law, or your rights under any "employee benefit plan," as that term is defined in Section 3(3) of the Employee Retirement Income Security Act, 29 U.S.C. §1002(3). You acknowledge that the termination of your employment in accordance with this Agreement shall not give rise to any Claims. You acknowledge that as of the Company's most recent payroll payment of salary to you, you were fully paid for all salary and other compensation then due to you.

You agree not to accept damages of any nature, other equitable or legal remedies for your own benefit or attorney's fees or costs from any of the Released Parties with respect to any Claim released by this Agreement. As a material inducement to the Company to enter into this Agreement, you represent that you have not assigned any Claim to any third party.

5. Continuing Obligations

You acknowledge that your obligations under the Non-Compete Agreement and the Arbitration Agreement shall continue in effect.

6. Return of Property

By the earlier of the Separation Date or request by the Company, you agree to return to the Company all Company property, including, without limitation, computer equipment, keys and access cards, credit cards and any documents (including electronic documents as well as hard copies) containing information concerning the Company, its business or its business relationships. You also commit to deleting and finally purging any duplicates of files or documents that may contain Company information from any non-Company computer or other device that remains your property after the Separation Date. In the event that you discover that you continue to retain any such property, you shall return it to the Company immediately.

7. Confidential Information

You understand and agree that you have been and will continue to be employed in a position of confidence and trust and have had access to information concerning the Company that the Company treats as confidential and the disclosure of which could negatively affect the Company's interests ("Confidential Information"). Confidential Information includes, without limitation, confidential financial information; business forecasts; inventions; improvements and other intellectual property; trade secrets; know-how; designs, processes or formulae; confidential

software; marketing or sales information or plans; customer lists; and business plans, prospects and opportunities. Subject to Section 11 below, you agree that you shall not use or disclose any Confidential Information at any time without the written consent of the Company. For the avoidance of doubt, pursuant to the federal Defend Trade Secrets Act of 2016, you shall not be held criminally or civilly liable under any federal or state trade secret law or under this Agreement or the Confidentiality Agreement for the disclosure of a trade secret that (a) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

8. Non-Disparagement

Subject to Section 11 below, you agree that you shall not knowingly (and shall not knowingly cause or encourage any other person or entity to) at any time, directly or indirectly, make, publish or communicate to any person or entity any statement, comment or remark, whether written or oral, which in any way disparages, defames or is negative regarding, or could reasonably be expected to, impugn the personal or professional character, reputation or integrity of the Company or any of the other Released Parties, their representatives (including, but not limited to, employees, officers and agents), their customers, clients, suppliers, investors and other associated third parties, or their investments, businesses, business practices, prospects, products or services. You represent that during the period since this Agreement was proposed to you, you have not made any such disparaging statements.

9. Future Cooperation

You agree to be available to and cooperate with the Company and all of its affiliates (including its and their outside counsel) in any Company internal investigation or administrative, regulatory, or judicial proceeding, arbitration or other settlement or dispute that relates to events occurring during your employment by the Company or about which the Company otherwise believes you may have relevant information, and you agree to provide full and accurate information and reasonable assistance with respect to the same. Such cooperation and assistance by you is understood to include, but not be limited to: being reasonably available by telephone or e-mail for periodic questions as needed, being available to the Company upon reasonable notice for interviews, factual investigations and depositions, appearing at the Company's request for the purpose of giving testimony without requiring service of a subpoena or other legal process, volunteering to the Company pertinent information, assisting with interrogatories, making court appearances, and turning over to the Company all relevant documents which are or may in the future come into your possession. In the event that the Company asks for your cooperation in accordance with this Section, the Company agrees to reimburse (or advance, as reasonably needed) you for reasonable travel expenses, including lodging and meals, upon submission of receipts to the Company for such expenses. Further, you shall not knowingly encourage, counsel or assist any non-governmental attorneys or their clients in the presentation or prosecution of any disputes, differences, grievances, claims, charges, lawsuits, complaints, or other adverse claims or actions by any non-governmental third party against any of the Released Parties, and will not provide any information to any non-governmental third party concerning any of the Released Parties, unless compelled to do so by valid subpoena or other court order, and in such case only

after first notifying the Company sufficiently in advance of such subpoena or court order to reasonably allow the Company an opportunity to object to the same. You agree to notify the Company via email to Michael Patrick, Vice President of Legal Affairs (Michael_Patrick@unifirst.com) immediately in the event of any requests for information or testimony that you receive in connection with any of the foregoing.

10. Protected Disclosures and Other Protected Actions

Nothing contained in this Agreement, any other agreement with the Company, or any Company policy or code limits your ability, with or without notice to the Company, to: (a) file a charge or complaint with any federal, state or local governmental agency or commission (a "Government Agency"), including without limitation, the Equal Employment Opportunity Commission, the National Labor Relations Board or the Securities and Exchange Commission (the "SEC"); (b) communicate with any Government Agency or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including by providing non-privileged documents or information; (c) exercise any rights under Section 7 of the National Labor Relations Act, which are available to non-supervisory employees, including assisting co-workers with or discussing any employment issue as part of engaging in concerted activities for the purpose of mutual aid or protection; (d) share compensation information concerning yourself or others (provided that this does not permit you to disclose compensation information concerning others that you obtain because your job responsibilities require or allow access to such information); (e) testify truthfully in a legal proceeding; (f) initiate communications with, or responding to any inquiry from, any regulatory or supervisory authority regarding any good faith concerns about possible violations of law or regulation; (g) participate in protected whistleblower activity or making disclosures under the whistleblower provisions of any applicable law, rule or regulation; or (h) seek or accept any U.S. Securities and Exchange Commission awards or other relief in connection with protected whistleblower activity. Any such communications and disclosures must be consistent with applicable law and the information disclosed must not have been obtained through a communication that was subject to the attorney-client privilege (unless disclosure of that information would otherwise be permitted consistent with such privilege or applicable law). If a Government Agency or any other third party pursues any claim on your behalf, you waive any right to monetary or other individualized relief (either individually or as part of any collective or class action), but this does not apply to (and the Company shall not attempt in any way to limit) any right you may have to receive an award pursuant to the whistleblower provisions of any applicable law or regulation for providing information to the SEC or any other Government Agency.

11. Other Provisions

(a) Termination of Payment Obligation or Return of Payments. If you materially breach any of your obligations under this Agreement, the Non-Compete Agreement, or the Arbitration Agreement, in addition to any other legal or equitable remedies it may have for such material breach, the Company shall have the right to terminate its payments to you or for your benefit under this Agreement. To the extent that any such amounts have been paid, you shall return any such amounts to the Company. The termination of such payments in the event of your material breach will not affect your continuing obligations under this Agreement.

- (b) Tax Treatment. The Company shall make deductions, withholdings and tax reports with respect to payments and benefits under this Agreement that it reasonably determines to be required. Payments under this Agreement shall be in amounts net of any such deductions or withholdings. Nothing in this Agreement shall be construed to require the Company to make any payments to compensate you for any adverse tax effect associated with any payments or benefits or for any deduction or withholding from any payment or benefit and the Company otherwise makes no representations or warranties with respect to the tax consequences of the payments provided to you or made on your behalf under the terms of this Agreement. You agree and understand that you are responsible for payment, if any, of local, state and/or federal taxes on the payments made hereunder by the Company and any penalties or assessments thereon. You further agree to indemnify and hold the Company harmless from any claims, demands, deficiencies, penalties, interest, assessments, executions, judgments or recoveries by any government agency against the Company for any amounts claimed due on account of: (i) your failure to pay or the Company's failure to withhold, or your delayed payment of, federal or state taxes; or (ii) damages sustained by the Company by reason of any such claims, including attorneys' fees and costs.
- (c) Absence of Reliance; Non-Admission. In signing this Agreement, you are not relying upon any promises or representations made by anyone at or on behalf of the Company. By proposing and entering into this Agreement, the Company is not admitting in any way that it violated any legal obligation that it owed to you.
- (d) Enforceability. If any portion or provision of this Agreement (including, without limitation, any portion or provision of any section of this Agreement) shall to any extent be declared illegal or unenforceable by a court of competent jurisdiction, then the remainder of this Agreement, or the application of such portion or provision in circumstances other than those as to which it is so declared illegal or unenforceable, shall not be affected thereby, and each portion and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.
- (e) Waiver. No waiver of any provision of this Agreement shall be effective unless made in writing and signed by the waiving party. The failure of a party to require the performance of any term or obligation of this Agreement, or the waiver by a party of any breach of this Agreement, shall not prevent any subsequent enforcement of such term or obligation or be deemed a waiver of any subsequent breach.
- (f) Arbitration; Jurisdiction. Any controversy or claim arising out of or related to this Agreement, including without limitation any claim of a violation of this Agreement, shall, to the fullest extent permitted by applicable law, be resolved pursuant to the "Arbitration Agreement". This Section 12(f) shall be specifically enforceable. Notwithstanding anything to the contrary in the foregoing, neither this Section 12(f) nor the Arbitration Agreement shall preclude either you or the Company from pursuing court action for the sole purpose of obtaining a temporary restraining order or a preliminary injunction in circumstances in which such relief is appropriate, including without limitation relief sought under the Non-Compete Agreement; provided that any other relief shall be pursued through arbitration pursuant to the Arbitration Agreement. To the extent that any court action is permitted consistent with or to enforce this Section 12(f) of the Agreement, you agree that the federal and state courts situated within the Commonwealth of

Massachusetts shall have exclusive jurisdiction to consider such matters and you hereby submit to the jurisdiction of such courts and you acknowledge that venue in such courts is proper.

(g) Relief. You agree that it would be difficult to measure any harm caused to the Company that might result from any breach by you of your promises set forth in Sections 5, 6, 7, 8 and 9 (the "Specified Sections"). You further agree that money damages would be an inadequate remedy for any breach of any of the Specified Sections. Accordingly, you agree that if you breach, or propose to breach, any portion of your obligations under any of the Specified Sections, the Company shall be entitled, in addition to all other remedies it may have, to an injunction or other appropriate equitable relief to restrain any such breach, without showing or proving any actual damage to the Company and without the necessity of posting a bond.

(h) Governing Law; Interpretation. This Agreement shall be interpreted and enforced under the laws of the Commonwealth of Massachusetts, without regard to conflict of law principles. In the event of any dispute, this Agreement is intended by the parties to be construed as a whole, to be interpreted in accordance with its fair meaning, and not to be construed strictly for or against either you or the Company or the "drafter" of all or any portion of this Agreement.

(i) Entire Agreement. This Agreement constitutes the entire agreement between you and the Company. This Agreement supersedes any previous agreements or understandings between you and the Company including without limitation the SERP, and the Employment Plan, except the definition of Cause in the Employment Plan, the Non-Compete Agreement, the Arbitration Agreement), the Equity Documents, and any other obligations specifically preserved in this Agreement.

(j) Time for Consideration; Effective Date. You acknowledge that you have knowingly and voluntarily entered into this Agreement and that the Company advises you to consult with an attorney before signing this Agreement. By entering into this Agreement, you acknowledge that you have been given the opportunity to consider this Agreement for twenty-one (21) days from your receipt of this Agreement before signing it (the "Consideration Period"). You further agree that changes to this Agreement, material or immaterial, will not restart the Consideration Period. To accept this Agreement, you must return a signed original or a signed PDF copy of this Agreement so that it is received by Michael Patrick, Vice President of Legal Affairs (Michael_Patrick@unifirst.com) at or before the expiration of the Consideration Period. If you sign this Agreement before the end of the Consideration Period, you acknowledge that such decision was entirely voluntary and that you had the opportunity to consider this Agreement for the entire Consideration Period. For the period of seven (7) business days from the date when you sign this Agreement, you have the right to revoke this Agreement by written notice to Michael Patrick, Vice President of Legal Affairs, provided that such notice is delivered so that it is received at or before the expiration of the seven (7) business day revocation period. This Agreement shall not become effective or enforceable during the revocation period. This Agreement shall become effective on the first business day following the expiration of the revocation period (the "Effective Date").

(k) Section 409A. You understand and agree that it is the intention of the parties to this Agreement that payments or benefits payable under this Agreement comply with or be exempt from Section 409A of the Internal Revenue Code of 1986, as amended ("Code Section 409A").

and not be subject to the additional tax imposed pursuant to Code Section 409A. To the extent such potential payments or benefits could become subject to Section 409A, the parties to this Agreement shall cooperate to amend this Agreement with the goal of giving you the economic benefits described herein in a manner that does not result in such tax being imposed. A termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits that constitute "nonqualified deferred compensation" within the meaning of Code Section 409A upon or following a termination of employment unless such termination is also a "separation from service" within the meaning of Code Section 409A and, for purposes of any such provision of this Agreement, references to a "termination," "termination of employment" or like terms shall mean "separation from service." For purposes of Code Section 409A, your right to receive any installment payments pursuant to this Agreement shall be treated as a right to receive a series of separate and distinct payments. If a payment under this Agreement specifies a payment period with reference to a number of days (e.g., "payment shall be made within thirty (30) days following the date of termination"), the actual date of payment within the specified period shall be within the sole discretion of the Company.

(l) Counterparts. This Agreement may be executed in separate counterparts. When both counterparts are signed, they shall be treated together as one and the same document.

[Signature Page Follows]

Please accept this Agreement by signing and returning to Michael Patrick, Vice President of Legal Affairs, the original or a PDF copy of this letter within the time period set forth above.

Sincerely,

UniFirst Corporation

By: _____
Steven S. Sintros Date
Chief Executive Officer and President

Enclosure: Certificate (Exhibit A)

You are advised to consult with an attorney before signing this Agreement. This is a legal document. Your signature will commit you to its terms. By signing below, you acknowledge that you have carefully read and fully understand all of the provisions of this Agreement and that you are knowingly and voluntarily entering into this Agreement.

Michael A. Croatti Date

EXHIBIT A

Certificate Updating Release of Claims

I, Michael A. Croatti, hereby acknowledge and certify that I entered into a Transition Agreement (the "Agreement") with UniFirst Corporation (the "Company") to which this Certificate Updating Release of Claims (the "Certificate") is attached as Exhibit A and which I am now entering into in connection with my cessation of employment. Capitalized but undefined terms in this Certificate are defined in the Agreement. Pursuant to the Agreement, I am required to sign this Certificate, which, among other things, updates the release of claims in the Agreement in order to receive the Severance Benefits in the Agreement. ***For this Certificate to become effective and for me to receive the Severance Benefits, I must (A) satisfy all of the Conditions in the Agreement, (B) sign this Certificate after the Separation Date and within twenty-one (21) days after the Separation Date, and (C) not revoke this Agreement.*** With those understandings I agree as follows:

1. A copy of this Certificate was attached as Exhibit A to the Agreement.
2. In consideration of the Severance Benefits in the Agreement, for which I acknowledge I would otherwise not be entitled, I hereby extend the release of claims set forth in the Agreement to any and all Claims that arose after the date I signed the Agreement through the date I signed this Certificate, subject to all other exclusions and terms set forth in the Agreement. Without limiting the foregoing, and for the avoidance of doubt, I hereby waive and release all Claims arising through the date I enter into this Certificate under the Age Discrimination in Employment Act (ADEA), under the Older Workers Benefit Protection Act (OWBPA), and for wages, bonuses, incentive compensation, commissions, stock, stock options, vacation pay or any other compensation or benefits, regardless of whether based on the Massachusetts Wage Act, M.G.L. c. 149, §§148-150C, or any other law or agreement.
3. I have carefully read and fully understand all of the provisions of this Certificate, I knowingly and voluntarily agree to all of the terms set forth in this Certificate, and I acknowledge that in entering into this Certificate, I am not relying on any representation, promise or inducement made by the Company or any of the other Released Parties with the exception of those promises expressly contained in this Certificate and the Agreement.
4. I represent that I have not been subject to any retaliation or any other form of adverse action by the Company or any of the other Released Parties for any action taken by me as an employee or resulting from my exercise of or attempt to exercise any statutory rights recognized under federal, state or local law. I agree that I have been paid all wages and other compensation owed to me as of the Separation Date. I also agree that none of my rights have been violated under any statute, common law or Company policy, program or agreement. I represent that I have reported any and all workplace injuries that I suffered during my employment, if any, to the Company before executing this Certificate.
5. The Company advises me to consult with an attorney before signing this Certificate.

6. I understand and acknowledge that I have been given the opportunity to consider this Certificate for at least twenty-one (21) days from my receipt of this Certificate before signing it.
7. If I sign this Certificate, for the period of seven (7) business days from the date when I sign this Certificate, I have the right to revoke this Certificate by written notice to Michael Patrick, Vice President of Legal Affairs (Michael_Patrick@unifirst.com). For such a revocation to be effective, it must be delivered so that it is received by Michael Patrick, Vice President of Legal Affairs, at or before the expiration of the seven (7) business day revocation period.
8. I understand that to be eligible for the Severance Benefits in the Agreement, in addition to satisfying the other Conditions, I must (a) sign this Certificate after the Separation Date and within twenty-one (21) days after the Separation Date and (b) not revoke my signature of this Certificate for the period of seven (7) business days from the date when I sign the Certificate.
9. If I do not sign and return this Certificate within the specified time period, or if I revoke it, I will not be entitled to the Severance Benefits described in the Agreement but I will continue to be subject to the continuing obligations set forth in the Agreement.
10. This Certificate shall become effective on the first business day following the expiration of the seven (7) business day revocation period (the "Certificate Effective Date").
11. This Section 11 includes a post-employment non-competition covenant, which is entered into in connection with the cessation of my employment and, in accordance with Massachusetts law, I have been provided seven (7) business days to revoke this Certificate. In order to protect the Company's Confidential Information and goodwill, and in consideration for the Severance Benefits which I acknowledge I am not otherwise entitled, for a period of twelve (12) months following the Separation Date (the "Restricted Period"), I shall not, directly or indirectly, whether as owner, partner, shareholder, director, manager, consultant, agent, employee, co-venturer or otherwise, in a Related Capacity engage or otherwise participate (or prepare to engage or otherwise participate) in any Restricted Business Activities in the Restricted Territory. For purposes of this Certificate, "Restricted Business Activities" means any business activities that involve the development, manufacturing or marketing of any products, or the performance of any services or engagement in any activities, that are competitive with (A) the products, services or activities that I, directly or indirectly, was involved with or supported during my employment with the Company or (B) products or services or activities that the Company or any of its subsidiaries has under development or that are the subject of active planning that I, directly or indirectly, was involved with or supported during my employment with the Company. For the avoidance of doubt, the preceding sentence shall include the services performed by the Company, including without limitation, supplying uniforms, workwear, floorcare, dust control, restroom service, cleaning solutions, and related products. These services include, but are not limited to: manufacturing, cleaning, repairing, selling, renting, and servicing customized garments,

pants, shirts, jackets, coveralls, lab coats, foodservice smocks, corporate casual attire, gloves, hats, footwear, protective clothing (including but not limited to flame resistant shirts, pants, and coveralls, and high visibility vests, caps, and T-shirts), other wearing apparel and work garments, linens, wiping products, rags, fender and seat covers, dust control items, various mats, mops, soaps, sanitizers, air fresheners, paper products, dispensers, cleaning solutions, and other similar items. It also includes the design and operation of nuclear decontamination laundries, the treatment and processing of cleanroom garments, and the supply of first aid and safety equipment. For purposes of this Agreement, "Related Capacity," means (A) any capacity or role related to, similar to, or having duties or responsibilities similar to, the capacity(ies) or role(s) I hold or held, or in which I otherwise provide or provided services, for the Company during my employment or (B) any other capacity or role in which my knowledge of the Company's Confidential Information or my goodwill with the Company's employees, customers or other business relationships would be of value to a person or entity engaged in Restricted Business Activities. For purposes of this Agreement, "Restricted Territory," means (A) with respect to the U.S., (1) any U.S. state in which I, or any employees I supervised, provided services for the Company or in which my services or the services of any employees I supervised had a material effect on business activities during my employment with the Company and (2) any other U.S. state in which the Company, directly or indirectly, develops, manufactures, offers, produces, licenses or markets any products or services or has active plans to develop, manufacture, offer, produce, license or market any product or services as of the last day of my employment with the Company and (B) any other country in which the Company, directly or in directly, develops, manufactures, offers, produces, licenses or markets any products or services or has active plans to develop, manufacture, offer, produce, license or market any products or services as of the last day of my employment with the Company. If any one or more of the provisions contained in Sections 11, 12, or 13 of this Certificate shall for any reason be held to be excessively broad as to duration, geographical scope, activity or subject, it shall be construed by limiting and reducing it, so as to be enforceable to the maximum extent compatible with the applicable law as it shall then appear. For the avoidance of doubt, the foregoing supplements and does not limit, and is not limited by, Section 12(d) of the Agreement. Further, as permitted by Section 12(f) of the Agreement, I agree that any court action for the sole purpose of obtaining a temporary restraining order or a preliminary injunction for breach or threatened breach of this Section 11 of the Certificate shall be brought in the county of Suffolk and that the superior court or the business litigation session of the superior court shall have exclusive jurisdiction.

12. In order to protect the Company's Confidential Information and goodwill, and in consideration for the Severance Benefits which I acknowledge I am not otherwise entitled, during the Restricted Period, I shall not, directly or indirectly, in any manner, solicit or transact any business with any Customers, in either case with the purpose or effect of (A) competing with the Company or (B) causing any such Customer to reduce or terminate such Customer's business relationship with the Company. For purposes of this Section 12, "Customers" shall mean customers and customer prospects of the Company or any of its subsidiaries, in either case with whom or which I had material contact or about whom or which I learned Confidential Information during my

employment with the Company. I understand that it would be a violation of this Section 12 if I provided information about a Customer to an individual who I know or should know will use such information for the purpose of soliciting such Customer.

13. In order to protect the Company's Confidential Information and goodwill, and in consideration for the Severance Benefits which I acknowledge I am not otherwise entitled, during the Restricted Period, I shall not, directly or indirectly, in any manner: (i) solicit, entice or attempt to persuade any Employee or Independent Contractor of the Company to leave the Company or (ii) otherwise participate in or facilitate the hire, directly or through another entity, of any Employee or Independent Contractor who is then employed or engaged by the Company. For purposes of this Section 13, "Employee" and "Independent Contractor" shall mean an employee or independent contractor of the Company or its subsidiaries, as applicable, with whom I had material contact during my employment with the Company or about whom I learned confidential information during my employment with the Company. I understand that it would be a violation of this Section 13 if I provided information about an Employee or Independent Contractor to an individual who I know or should know will use such information for the purpose of soliciting such Employee or Independent Contractor.
14. Upon the Certificate Effective Date, I agree that this Certificate shall become a part of the Agreement and shall supersede the Non-Compete Agreement.

Michael A. Croatti

Date

**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: January 10, 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: January 10, 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 November 30, 2024 (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: January 10, 2025

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

**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 November 30, 2024 (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: January 10, 2025

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

UNIFIRST CORPORATION
COMPENSATION RECOVERY POLICY

Adopted as of October 2, 2023

UniFirst Corporation, a Massachusetts corporation (the “Company”), has adopted a Compensation Recovery Policy (this “Policy”) as described below.

1. Overview

The Policy sets forth the circumstances and procedures under which the Company shall recover Erroneously Awarded Compensation from Covered Persons (as defined below) in accordance with rules issued by the United States Securities and Exchange Commission (the “SEC”) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and the New York Stock Exchange. Capitalized terms used and not otherwise defined herein shall have the meanings given in Section 3 below.

2. Compensation Recovery Requirement

In the event the Company is required to prepare a Financial Restatement, the Company shall recover reasonably promptly all Erroneously Awarded Compensation with respect to such Financial Restatement.

3. Definitions

- a. “Applicable Recovery Period” means the three completed fiscal years immediately preceding the Restatement Date for a Financial Restatement. In addition, in the event the Company has changed its fiscal year: (i) any transition period of less than nine months occurring within or immediately following such three completed fiscal years shall also be part of such Applicable Recovery Period and (ii) any transition period of nine to 12 months will be deemed to be a completed fiscal year.
 - b. “Applicable Rules” means any rules or regulations adopted by the Exchange pursuant to Rule 10D-1 under the Exchange Act and any applicable rules or regulations adopted by the SEC pursuant to Section 10D of the Exchange Act.
 - c. “Board” means the Board of Directors of the Company.
 - d. “Committee” means the Compensation Committee of the Board or, in the absence of such committee, a majority of independent directors serving on the Board.
 - e. “Covered Person” means any Executive Officer. A person’s status as a Covered Person with respect to Erroneously Awarded Compensation shall be determined as of the time of receipt of such Erroneously Awarded Compensation regardless of the person’s current role or status with the Company (e.g., if a person began service as an Executive Officer after the beginning of an Applicable Recovery Period, that person would not be considered a Covered Person with respect to Erroneously Awarded Compensation received before the person began service as an Executive Officer, but would be considered a Covered Person with respect to Erroneously Awarded Compensation received after the person began service as an Executive Officer where such person served as an Executive Officer at any time during the performance period for such Erroneously Awarded Compensation).
 - f. “Effective Date” means October 2, 2023.
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- g. "Erroneously Awarded Compensation" means the amount of any Incentive-Based Compensation received by a Covered Person on or after the Effective Date and during the Applicable Recovery Period that exceeds the amount that otherwise would have been received by the Covered Person had such compensation been determined based on the restated amounts in a Financial Restatement, computed without regard to any taxes paid. Calculation of Erroneously Awarded Compensation with respect to Incentive-Based Compensation based on stock price or total shareholder return, where the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in a Financial Restatement, shall be based on a reasonable estimate of the effect of the Financial Restatement on the stock price or total shareholder return upon which the Incentive-Based Compensation was received, and the Company shall maintain documentation of the determination of such reasonable estimate and provide such documentation to the Exchange in accordance with the Applicable Rules. Incentive-Based Compensation is deemed received, earned or vested when the Financial Reporting Measure is attained, not when the actual payment, grant or vesting occurs.
- h. "Exchange" means the New York Stock Exchange.
- i. An "Executive Officer" means any person who served the Company in any of the following roles at any time during the performance period applicable to Incentive-Based Compensation and received Incentive-Based Compensation after beginning service in any such role (regardless of whether such Incentive-Based Compensation was received during or after such person's service in such role): the president, principal financial officer, principal accounting officer (or if there is no such accounting officer the controller), any vice president in charge of a principal business unit, division or function (such as sales, administration or finance), any other officer who performs a policy making function or any other person who performs similar policy making functions for the Company. Executive officers of parents or subsidiaries of the Company may be deemed executive officers of the Company if they perform such policy making functions for the Company.
- j. "Financial Reporting Measures" mean measures that are determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, any measures that are derived wholly or in part from such measures (including, for example, a non-GAAP financial measure), and stock price and total shareholder return.
- k. A "Financial Restatement" means a restatement of previously issued financial statements of the Company due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required restatement to correct an error in previously-issued financial statements that is material to the previously-issued financial statements or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.
- l. "Incentive-Based Compensation" means any compensation provided, directly or indirectly, by the Company or any of its subsidiaries that is granted, earned or vested based, in whole or in part, upon the attainment of a Financial Reporting Measure and any other equity-based compensation provided by the Company or any of its subsidiaries, including, without limitation, stock options, restricted stock awards, restricted stock units and stock appreciation rights.
- m. "Restatement Date" means, with respect to a Financial Restatement, the earlier to occur of: (i) the date the Board concludes, or reasonably should have concluded, that the Company is required to prepare the Financial Restatement or (ii) the date a court, regulator or other legally authorized body directs the Company to prepare the Financial Restatement.

4. Exception to Compensation Recovery Requirement

The Company may elect not to recover Erroneously Awarded Compensation pursuant to this Policy if the Committee determines that recovery would be impracticable, and one or more of the following conditions, together with any further requirements set forth in the Applicable Rules, are met: (i) the direct expense paid to a third party, including outside legal counsel, to assist in enforcing this Policy would exceed the amount to be recovered, and the Company

has made a reasonable attempt to recover such Erroneously Awarded Compensation or (ii) recovery would likely cause an otherwise tax-qualified retirement plan to fail to be so qualified under applicable regulations.

5. Recovery from Participating Employees

In addition to (and without limiting) the provisions of Section 2 above, in the event the Company is required to prepare a Financial Restatement after the Effective Date, the Company may recover from any current or former employee of the Company who is not a Covered Person (each a "Participating Employee") and who received Incentive-Based Compensation from the Company during the three completed fiscal years immediately preceding the date on which the Board determines that the Company is required to prepare a Financial Restatement, the amount that exceeds what would have been paid to the Participating Employee under the Financial Restatement; provided that, this Section 5 will apply only to the extent the Board (or a duly established committee thereof), in its sole discretion, determines that the Participating Employee committed any act or omission that materially contributed to the circumstances requiring the Financial Restatement and such act or omission involved any of the following: (i) misconduct, wrongdoing or a violation of any of the Company's rules or of any applicable legal or regulatory requirements in the course of the Participating Employee's employment by the Company; or (ii) a breach of a fiduciary duty to the Company or its stockholders by the Participating Employee.

6. Tax Considerations

To the extent that, pursuant to this Policy, the Company is entitled to recover any Erroneously Awarded Compensation that is received by a Covered Person, the gross amount received (i.e., the amount the Covered Person received, or was entitled to receive, before any deductions for tax withholding or other payments) shall be returned by the Covered Person.

7. Method of Compensation Recovery

The Committee shall determine, in its sole discretion, the method for recovering Erroneously Awarded Compensation hereunder, which may include, without limitation, any one or more of the following:

- a. requiring reimbursement of cash Incentive-Based Compensation previously paid;
- b. seeking recovery of any gain realized on the vesting, exercise, settlement, sale, transfer or other disposition of any equity-based awards;
- c. cancelling or rescinding some or all outstanding vested or unvested equity-based awards;
- d. adjusting or withholding from unpaid compensation or other set-off;
- e. cancelling or offsetting against planned future grants of equity-based awards; and/or
- f. any other method permitted by applicable law or contract.

Notwithstanding the foregoing, a Covered Person will be deemed to have satisfied such person's obligation to return Erroneously Awarded Compensation to the Company if such Erroneously Awarded Compensation is returned in the exact same form in which it was received; provided that equity withheld to satisfy tax obligations will be deemed to have been received in cash in an amount equal to the tax withholding payment made.

8. Policy Interpretation

This Policy shall be interpreted in a manner that is consistent with the Applicable Rules and any other applicable law. The Committee shall take into consideration any applicable interpretations and guidance of the SEC in interpreting this Policy, including, for example, in determining whether a financial restatement qualifies as a Financial Restatement hereunder. To the extent the Applicable Rules require recovery of Incentive-Based Compensation in additional

circumstances besides those specified above, nothing in this Policy shall be deemed to limit or restrict the right or obligation of the Company to recover Incentive-Based Compensation to the fullest extent required by the Applicable Rules.

9. Policy Administration

This Policy shall be administered by the Committee; provided, however, that the Board shall have exclusive authority to authorize the Company to prepare a Financial Restatement. In doing so, the Board may rely on a recommendation of the Audit Committee of the Board. The Committee shall have such powers and authorities related to the administration of this Policy as are consistent with the governing documents of the Company and applicable law. The Committee shall have full power and authority to take, or direct the taking of, all actions and to make all determinations required or provided for under this Policy and shall have full power and authority to take, or direct the taking of, all such other actions and make all such other determinations not inconsistent with the specific terms and provisions of this Policy that the Committee deems to be necessary or appropriate to the administration of this Policy. The interpretation and construction by the Committee of any provision of this Policy and all determinations made by the Committee under this policy shall be final, binding and conclusive.

10. Compensation Recovery Repayments not Subject to Indemnification

Notwithstanding anything to the contrary set forth in any agreement with, or the organizational documents of, the Company or any of its subsidiaries, Covered Persons are not entitled to indemnification for Erroneously Awarded Compensation or for any losses arising out of or in any way related to Erroneously Awarded Compensation recovered under this Policy.

