# 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 July 4, 2026**

**OR**

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

**For the transition period from ______________ to ______________**

**Commission file number 000-11917**

# THE DAVEY TREE EXPERT COMPANY

(Exact name of registrant as specified in its charter)

| | |
|---|---|
| **Ohio** | **34-0176110** |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification Number) |

**1500 North Mantua Street**
**P.O. Box 5193**
**Kent, OH 44240**
(Address of principal executive offices) (Zip code)

**(330) 673-9511**
(Registrant's telephone number, including area code)

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

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|---|---|
| N/A | N/A | N/A |

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 ☐ | Emerging Growth Company ☐ |
| Non-Accelerated Filer ☒ | Smaller Reporting 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 ☒

There were 38,785,327 Common Shares, $.50 par value per share, outstanding as of August 7, 2026. The registrant's Common Shares are not traded on a public market.

# The Davey Tree Expert Company
# Quarterly Report on Form 10-Q
# July 4, 2026

## INDEX



**"We," "us," "our," the "Company," "The Registrant," "Davey" and "Davey Tree," unless the context otherwise requires, means The Davey Tree Expert Company and its subsidiaries.**

# THE DAVEY TREE EXPERT COMPANY
## CONDENSED CONSOLIDATED BALANCE SHEETS *(Unaudited)*
## (In thousands, except per share data dollar amounts)

| | July 4, 2026 | December 31, 2025 |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Cash | $ 24,022 | $ 12,397 |
| Accounts receivable, net | 418,644 | 385,470 |
| Operating supplies | 21,157 | 17,313 |
| Other current assets | 67,376 | 104,527 |
| Total current assets | 531,199 | 519,707 |
| Property and equipment, net | 527,375 | 471,200 |
| Right-of-use assets - operating leases | 56,797 | 66,445 |
| Marketable securities and other investments | 83,004 | 59,498 |
| Insurance receivable | 217,862 | 254,447 |
| Intangible assets, net | 21,796 | 16,832 |
| Goodwill | 124,774 | 98,723 |
| Other assets | 11,896 | 9,948 |
| Total assets | $ 1,574,703 | $ 1,496,800 |
| **Liabilities and shareholders' equity** | | |
| Current liabilities: | | |
| Accounts payable | $ 61,926 | $ 66,565 |
| Accrued expenses | 78,962 | 87,871 |
| Current portion of long-term debt and finance lease liabilities | 88,781 | 121,064 |
| Other current liabilities | 106,800 | 114,096 |
| Total current liabilities | 336,469 | 389,596 |
| Long-term debt | 476,861 | 317,279 |
| Lease liabilities - finance leases | 44,396 | 28,299 |
| Lease liabilities - operating leases | 33,112 | 38,798 |
| Self-insurance accruals | 87,473 | 90,328 |
| Litigation accruals | 217,862 | 254,447 |
| Other noncurrent liabilities | 43,085 | 21,453 |
| Total liabilities | 1,239,258 | 1,140,200 |
| Commitments and contingencies (Note P) | | |
| Redeemable common shares related to 401KSOP and Employee Stock Ownership Plan (ESOP) 7,391 and 7,737 shares at redemption value as of July 4, 2026 and December 31, 2025 | 213,586 | 213,548 |
| Common shareholders' equity: | | |
| Common shares, $.50 par value, per share; 96,000 shares authorized; 78,437 and 78,090 shares issued and outstanding before deducting treasury shares and which excludes 7,391 and 7,737 shares subject to redemption as of July 4, 2026 and December 31, 2025 | 39,219 | 39,045 |
| Additional paid-in capital | 275,192 | 257,130 |
| Common shares subscribed, unissued | 18,785 | 19,145 |
| Retained earnings | 379,195 | 377,145 |
| Accumulated other comprehensive loss | (6,738) | (5,611) |
| | 705,653 | 686,854 |
| Less: Cost of common shares held in treasury; 47,045 shares at July 4, 2026 and 46,358 shares at December 31, 2025 | 574,542 | 533,924 |
| Common shares subscription receivable | 9,252 | 9,878 |
| Total common shareholders' equity | 121,859 | 143,052 |
| Total liabilities and shareholders' equity | $ 1,574,703 | $ 1,496,800 |

*See notes to condensed consolidated financial statements (unaudited).*

# THE DAVEY TREE EXPERT COMPANY
## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS *(Unaudited)*
## (In thousands, except per share dollar amounts)

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| | July 4, 2026 | June 28, 2025 | July 4, 2026 | June 28, 2025 |
| **Revenues** | $ 518,933 | $ 512,445 | $ 954,708 | $ 947,281 |
| | | | | |
| Costs and expenses: | | | | |
| Operating | 326,991 | 321,321 | 621,868 | 617,253 |
| Selling | 87,871 | 85,603 | 170,138 | 166,956 |
| General and administrative | 40,561 | 39,036 | 89,760 | 79,636 |
| Depreciation and amortization | 23,106 | 19,333 | 44,362 | 37,901 |
| Gain on sale of assets, net | (2,081) | (1,982) | (2,973) | (2,015) |
| Total costs and expenses | 476,448 | 463,311 | 923,155 | 899,731 |
| | | | | |
| **Income from operations** | 42,485 | 49,134 | 31,553 | 47,550 |
| | | | | |
| Other income (expense): | | | | |
| Interest expense | (8,480) | (4,980) | (13,073) | (9,362) |
| Interest income | 2,054 | 756 | 2,404 | 1,308 |
| Other | (2,165) | 424 | (4,337) | (1,292) |
| | | | | |
| **Income before income taxes** | 33,894 | 45,334 | 16,547 | 38,204 |
| | | | | |
| Income taxes | 9,162 | 12,564 | 2,500 | 8,692 |
| | | | | |
| **Net income** | $ 24,732 | $ 32,770 | $ 14,047 | $ 29,512 |
| | | | | |
| **Net income per share:** | | | | |
| Earnings per share--basic | $ .64 | $ .81 | $ .36 | $ .72 |
| Earnings per share--diluted | $ .62 | $ .78 | $ .35 | $ .69 |
| | | | | |
| **Weighted-average shares outstanding:** | | | | |
| Basic | 38,412 | 40,584 | 39,328 | 41,009 |
| Diluted | 39,611 | 42,224 | 40,474 | 42,586 |

*See notes to condensed consolidated financial statements (unaudited).*

# THE DAVEY TREE EXPERT COMPANY
## CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME *(Unaudited)*
## (In thousands)

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| | July 4, 2026 | June 28, 2025 | July 4, 2026 | June 28, 2025 |
| **Net income** | $ 24,732 | $ 32,770 | $ 14,047 | $ 29,512 |
| Other comprehensive (loss) income, net of tax: | | | | |
| Foreign currency translation adjustments | (424) | 1,024 | (765) | 1,167 |
| Net change related to available-for-sale securities | (175) | 16 | (362) | 101 |
| **Total other comprehensive (loss) income, net of tax** | (599) | 1,040 | (1,127) | 1,268 |
| **Comprehensive income** | $ 24,133 | $ 33,810 | $ 12,920 | $ 30,780 |

*See notes to condensed consolidated financial statements (unaudited).*

# THE DAVEY TREE EXPERT COMPANY
# CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY *(Unaudited)*
# (In thousands, except per share data)

| | Common Shares | Additional Paid-in Capital | Common Shares Subscribed, Unissued | Retained Earnings | Accumulated Other Comprehensive Income (Loss), Net of Tax | Common Shares Held in Treasury | Common Shares Subscription Receivable | Total Common Shareholders' Equity |
|---|---|---|---|---|---|---|---|---|
| **Balances at April 4, 2026** | $ 39,058 | $ 257,909 | $ 19,089 | $ 365,248 | $ (6,139) | $ (542,700) | $ (9,589) | $ 122,876 |
| Net income | — | — | — | 24,732 | — | — | — | 24,732 |
| Change in 401KSOP and ESOP related shares | 161 | 8,673 | — | (9,608) | — | — | — | (774) |
| Shares sold to employees | — | 8,517 | — | — | — | 7,591 | — | 16,108 |
| Options exercised | — | 478 | — | — | — | 3,908 | — | 4,386 |
| Subscription shares | — | 127 | (304) | — | — | 247 | 337 | 407 |
| Stock-based compensation | — | (512) | — | — | — | — | — | (512) |
| Dividends, $.030 per share | — | — | — | (1,177) | — | — | — | (1,177) |
| Other comprehensive loss | — | — | — | — | (599) | — | — | (599) |
| Shares purchased | — | — | — | — | — | (43,588) | — | (43,588) |
| **Balances at July 4, 2026** | $ 39,219 | $ 275,192 | $ 18,785 | $ 379,195 | $ (6,738) | $ (574,542) | $ (9,252) | $ 121,859 |
| | | | | | | | | |
| **Balances at January 1, 2026** | $ 39,045 | $ 257,130 | $ 19,145 | $ 377,145 | $ (5,611) | $ (533,924) | $ (9,878) | $ 143,052 |
| Net income | — | — | — | 14,047 | — | — | — | 14,047 |
| Change in 401KSOP and ESOP related shares | 174 | 9,397 | — | (9,608) | — | — | — | (37) |
| Shares sold to employees | — | 10,761 | — | — | — | 9,406 | — | 20,167 |
| Options exercised | — | (2,016) | — | — | — | 6,577 | — | 4,561 |
| Subscription shares | — | 153 | (360) | — | — | 292 | 626 | 711 |
| Stock-based compensation | — | (233) | — | — | — | — | — | (233) |
| Dividends, $.060 per share | — | — | — | (2,389) | — | — | — | (2,389) |
| Other comprehensive loss | — | — | — | — | (1,127) | — | — | (1,127) |
| Shares purchased | — | — | — | — | — | (56,893) | — | (56,893) |
| **Balances at July 4, 2026** | $ 39,219 | $ 275,192 | $ 18,785 | $ 379,195 | $ (6,738) | $ (574,542) | $ (9,252) | $ 121,859 |

| | Common Shares | Additional Paid-in Capital | Common Shares Subscribed, Unissued | Retained Earnings | Accumulated Other Comprehensive Income (Loss), Net of Tax | Common Shares Held in Treasury | Common Shares Subscription Receivable | Total Common Shareholders' Equity |
|---|---|---|---|---|---|---|---|---|
| **Balances at March 29, 2025** | $ 38,788 | $ 221,872 | $ 20,810 | $ 371,223 | $ (6,545) | $ (471,443) | $ (12,394) | $ 162,311 |
| Net income | — | — | — | 32,770 | — | — | — | 32,770 |
| Change in 401KSOP and ESOP related shares | 146 | 6,887 | — | (11,143) | — | — | — | (4,110) |
| Shares sold to employees | — | 9,649 | — | — | — | 9,077 | — | 18,726 |
| Options exercised | — | 1,009 | — | — | — | 5,060 | — | 6,069 |
| Subscription shares | — | 104 | (296) | — | — | 154 | 524 | 486 |
| Stock-based compensation | — | (2,345) | — | — | — | — | — | (2,345) |
| Dividends, $.025 per share | — | — | — | (1,021) | — | — | — | (1,021) |
| Other comprehensive income | — | — | — | — | 1,040 | — | — | 1,040 |
| Shares purchased | — | — | — | — | — | (41,161) | — | (41,161) |
| **Balances at June 28, 2025** | $ 38,934 | $ 237,176 | $ 20,514 | $ 391,829 | $ (5,505) | $ (498,313) | $ (11,870) | $ 172,765 |
| | | | | | | | | |
| **Balances at January 1, 2025** | $ 38,857 | $ 225,846 | $ 21,100 | $ 375,525 | $ (6,773) | $ (468,132) | $ (12,834) | $ 173,589 |
| Net income | — | — | — | 29,512 | — | — | — | 29,512 |
| Change in 401KSOP and ESOP related shares | 77 | 3,659 | — | (11,143) | — | — | — | (7,407) |
| Shares sold to employees | — | 11,599 | — | — | — | 10,573 | — | 22,172 |
| Options exercised | — | (90) | — | — | — | 8,996 | — | 8,906 |
| Subscription shares | — | 189 | (586) | — | — | 267 | 964 | 834 |
| Stock-based compensation | — | (4,027) | — | — | — | — | — | (4,027) |
| Dividends, $.050 per share | — | — | — | (2,065) | — | — | — | (2,065) |
| Other comprehensive income | — | — | — | — | 1,268 | — | — | 1,268 |
| Shares purchased | — | — | — | — | — | (50,017) | — | (50,017) |
| **Balances at June 28, 2025** | $ 38,934 | $ 237,176 | $ 20,514 | $ 391,829 | $ (5,505) | $ (498,313) | $ (11,870) | $ 172,765 |

*See notes to condensed consolidated financial statements (unaudited).*

# THE DAVEY TREE EXPERT COMPANY
## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS *(Unaudited)*
## (In thousands)

| | Six Months Ended | |
|---|---|---|
| | July 4, 2026 | June 28, 2025 |
| **Operating activities** | | |
| Net income | $ 14,047 | $ 29,512 |
| Adjustments to reconcile net income to net cash provided by operating activities net of assets/ liabilities acquired: | | |
| Depreciation and amortization | 44,362 | 37,901 |
| Other | 887 | (449) |
| Changes in operating assets and liabilities, net of assets acquired: | | |
| Accounts receivable | (33,951) | (26,160) |
| Accounts payable and accrued expenses | (12,958) | (3,210) |
| Self-insurance accruals | (6,188) | (2,845) |
| Prepaid expenses | 20,945 | 20,139 |
| Mitigation bank credit inventory | 3,290 | (1,977) |
| Income taxes receivable | 1,806 | (441) |
| Other, net | 1,296 | (9,118) |
| | 19,489 | 13,840 |
| **Net cash provided by operating activities** | 33,536 | 43,352 |
| **Investing activities** | | |
| Capital expenditures: | | |
| Equipment | (66,186) | (46,887) |
| Land and buildings | (7,878) | (22,030) |
| Purchases of businesses, net of cash acquired and debt incurred | (11,487) | — |
| Proceeds from sales of property and equipment | 2,643 | 3,650 |
| Purchases of marketable securities | (47,414) | (21,308) |
| Proceeds from sale of marketable securities | 28,376 | 29,258 |
| **Net cash used in investing activities** | (101,946) | (57,317) |
| **Financing activities** | | |
| Revolving credit facility borrowings | 504,437 | 405,766 |
| Revolving credit facility payments | (346,015) | (343,428) |
| Purchase of common shares for treasury | (56,894) | (50,017) |
| Sale of common shares from treasury | 25,440 | 31,910 |
| Dividends | (2,389) | (2,064) |
| Proceeds from notes payable | — | 18,531 |
| Payments of notes payable | (37,698) | (40,743) |
| Payments of finance leases | (6,775) | (3,507) |
| **Net cash provided by financing activities** | 80,106 | 16,448 |
| Effect of exchange rate changes on cash | (71) | 197 |
| **Increase in cash** | 11,625 | 2,680 |
| Cash, beginning of period | 12,397 | 17,471 |
| **Cash, end of period** | $ 24,022 | $ 20,151 |
| Supplemental cash flow information follows: | | |
| Interest paid | $ 16,379 | $ 13,729 |
| Income taxes paid | 690 | 8,801 |

*See notes to condensed consolidated financial statements (unaudited).*

# The Davey Tree Expert Company
# Notes to Condensed Consolidated Financial Statements (Unaudited)
# July 4, 2026
# (Amounts in thousands, except share data)

## A. Basis of Financial Statement Preparation

The consolidated financial statements present the financial position, results of operations and cash flows of The Davey Tree Expert Company and its subsidiaries. When we refer to “we,” “us,” “our,” the “Company,” “Davey,” or “Davey Tree”, we mean The Davey Tree Expert Company and its subsidiaries, unless otherwise expressly stated or the context indicates otherwise.

We have prepared the accompanying unaudited condensed consolidated financial statements in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”), as codified in the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”), and with the rules and regulations of the Securities and Exchange Commission (“SEC”) for interim financial information. The condensed consolidated financial statements include all adjustments which, in the opinion of management, are necessary for a fair presentation of the results for the interim periods presented. All such adjustments are of a normal, recurring nature. All intercompany accounts and transactions have been eliminated in consolidation.

Certain information and disclosures required by U.S. GAAP for complete financial statements have been omitted in accordance with the rules and regulations of the SEC. We suggest that these condensed consolidated financial statements be read in conjunction with the financial statements included in our annual report on Form 10-K for the year ended December 31, 2025 (the “2025 Annual Report”).

***Use of Estimates in Financial Statement Preparation***--The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect reported amounts. Estimates are used for, but not limited to, allowance for credit losses, depreciable lives of fixed assets, long-lived asset and goodwill valuation, contingent consideration valuation, self-insurance accruals, income taxes, stock valuation and revenue recognition. Actual results could differ from those estimates.

Our mitigation banking business creates and sells wetland, stream and other environmental credits and provides services to those engaged in permittee-responsible mitigation and environmental restoration. We record mitigation bank credit inventory at the lower of cost or net realizable value. Inventory costs are based on estimated total costs for each mitigation bank, which could change as we perform mitigation banking activities.

The Company’s fiscal quarters each contain thirteen operating weeks, with the exception of the fourth quarter of a 53-week fiscal year, which contains fourteen operating weeks. The Company’s fiscal quarter that ended July 4, 2026 is referred to as the second quarter of 2026, and the fiscal quarter ended June 28, 2025 is referred to as the second quarter of 2025.

## Recent Accounting Guidance

## Accounting Standards Adopted in 2026

***Accounting Standards Update 2025-05, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets--***In July 2025, the FASB issued ASU 2025-05, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets (“ASU 2025-05”). ASU 2025-05 provides a practical expedient that all entities can use when estimating expected credit losses for current accounts receivable and current contract assets arising from transactions accounted for under ASC 606, Revenue from Contracts with Customers. Under this practical expedient, an entity may elect to assume that the current conditions as of the balance sheet date it has applied in determining credit loss allowances for current accounts receivable and current contract assets remain unchanged for the remaining life of those assets. ASU 2025-05 is effective for fiscal years beginning after December 15, 2025, and for interim reporting periods within those annual fiscal years, with early adoption permitted. Entities that elect the practical expedient should apply the amendments prospectively. The Company has adopted this guidance prospectively beginning with the fiscal quarter ended April 4, 2026 with no material impact on its condensed consolidated financial statements and related disclosures.

**Accounting Standards not yet Adopted**

***Accounting Standards Update 2024-03, Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses--***In November 2024, the FASB issued ASU 2024-03, Disaggregation of Income Statement Expenses. The new standard requires entities to disclose additional information about certain expenses, such as purchases of inventory, employee compensation, depreciation, intangible asset amortization, as well as selling expenses included in commonly presented expense captions on the income statement. The ASU is effective for fiscal years beginning after December 15, 2026, and interim periods beginning after December 15, 2027. Companies have the option to apply this guidance either on a retrospective or prospective basis, and early adoption is permitted. The Company is currently evaluating this guidance to determine the impact it may have on its consolidated financial statements and related disclosures.

***Accounting Standards Update 2025-06, Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software***--In September 2025, the FASB issued ASU 2025-06, Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software ("ASU 2025-06"). ASU 2025-06 amends the existing standard to remove all references to prescriptive and sequential software development project stages. Under this guidance, eligible software development costs will begin capitalization when management has authorized and committed to funding the software project, and it is probable that the project will be completed and the software will be used to perform the function intended. In evaluating whether it is probable the project will be completed, management is required to consider whether there is significant uncertainty associated with the development activities of the software. ASU 2025-06 is effective for fiscal years beginning after December 15, 2027, and for interim reporting periods within those annual fiscal years, with early adoption permitted. The guidance may be applied on a prospective basis, a modified basis for in-process projects, or a retrospective basis. The Company is currently evaluating this guidance to determine the impact it may have on its consolidated financial statements and related disclosures.

***Accounting Standards Update 2025-11, Interim Reporting (Topic 270): Narrow Scope Improvements***--In December 2025, the FASB issued ASU 2025-11, Interim Reporting (Topic 270): Narrow-Scope Improvements ("ASU 2025-11"). ASU 2025-11 is intended to improve the navigability of the required interim disclosures within Topic 270 and to clarify when the guidance applies. The amendments in this ASU are not intended to change the fundamental nature of interim reporting or expand or reduce current interim disclosure requirements. ASU 2025-11 is effective for interim periods beginning January 1, 2028, and can be applied on a prospective or retrospective basis. The Company is currently evaluating this standard to determine the impact it may have on its consolidated financial statements disclosures.

***Accounting Standards Update 2026-02, Environmental Credits and Environmental Credit Obligations (Topic 818)***--In May 2026, the FASB issued ASU 2026-02, Environmental Credits and Environmental Credit Obligations (Topic 818) ("ASU 2026-02"). ASU 2026-02

# The Davey Tree Expert Company
# Notes to Condensed Consolidated Financial Statements (Unaudited)
# July 4, 2026
# (Amounts in thousands, except share data)

provides recognition, measurement, presentation and disclosure requirements for all entities that generate, purchase or receive environmental credits or have a regulatory compliance obligation that may be settled with environmental credits. ASU 2026-02 is effective for fiscal years beginning after December 15, 2027, and interim reporting periods within those fiscal years. This guidance should be applied on a retrospective basis through a cumulative-effect adjustment to retained earnings (or other appropriate components of equity or net assets on the balance sheet) as of the beginning of the fiscal year of adoption, with early adoption permitted. The Company is currently evaluating this standard to determine the impact it may have on its consolidated financial statements and related disclosures.

## B. Seasonality of Business

Due to the seasonality of our business, our operating results for the three and six months ended July 4, 2026 are not indicative of results that may be expected for any other interim period or for the year ending December 31, 2026. The seasonality of our business traditionally results in higher revenues during the second and third quarters as compared with the first and fourth quarters of the year, while the methods of accounting for fixed costs, such as depreciation expense, amortization, rent and interest expense, are not significantly impacted by business seasonality.

## C. Accounts Receivable, Net and Supplemental Balance-Sheet Information

Accounts receivable, net and other supplemental balance sheet information consisted of the following:

| **Accounts receivable, net** | **July 4, 2026** | **December 31, 2025** |
|---|---|---|
| Accounts receivable | $ 260,764 | $ 271,949 |
| Unbilled receivables [(1)] | 160,740 | 116,548 |
| | 421,504 | 388,497 |
| Less allowances for credit losses | 2,860 | 3,027 |
| Accounts receivable, net | $ 418,644 | $ 385,470 |

(1) Unbilled receivables consists of contract assets arising from revenue recognized but not yet billed in accordance with the terms of contracts, primarily with utility services customers.

| **Other current assets** | **July 4, 2026** | **December 31, 2025** |
|---|---|---|
| Refundable income taxes | $ 7,378 | $ 9,184 |
| Prepaid expenses | 20,145 | 40,940 |
| Mitigation bank credit inventory | 29,163 | 32,453 |
| Assets invested for self-insurance | 8,637 | 12,576 |
| Payroll taxes refundable | — | 7,855 |
| Other | 2,053 | 1,519 |
| Total | $ 67,376 | $ 104,527 |

# The Davey Tree Expert Company
## Notes to Condensed Consolidated Financial Statements (Unaudited)
## July 4, 2026
## (Amounts in thousands, except share data)

| **Property and equipment, net** | | **July 4, 2026** | | **December 31, 2025** |
|---|---|---|---|---|
| Land and land improvements | $ | 56,909 | $ | 31,474 |
| Buildings and leasehold improvements | | 161,042 | | 177,279 |
| Equipment | | 870,683 | | 805,062 |
| | | 1,088,634 | | 1,013,815 |
| Less accumulated depreciation | | 561,259 | | 542,615 |
| Total | $ | 527,375 | $ | 471,200 |

| **Other assets, noncurrent** | | **July 4, 2026** | | **December 31, 2025** |
|---|---|---|---|---|
| Investment--cost-method affiliate | $ | 1,405 | $ | 1,405 |
| Cloud computing arrangements | | 352 | | 391 |
| Deposits and other | | 10,139 | | 8,152 |
| Total | $ | 11,896 | $ | 9,948 |

| **Accrued expenses** | | **July 4, 2026** | | **December 31, 2025** |
|---|---|---|---|---|
| Employee compensation | $ | 35,097 | $ | 44,109 |
| Accrued compensated absences | | 18,067 | | 16,785 |
| Self-insured medical claims | | 3,538 | | 3,269 |
| Customer advances, deposits | | 3,185 | | 1,254 |
| Taxes, other than income | | 8,764 | | 8,498 |
| Other | | 10,311 | | 13,956 |
| Total | $ | 78,962 | $ | 87,871 |

| **Other current liabilities** | | **July 4, 2026** | | **December 31, 2025** |
|---|---|---|---|---|
| Current portion of: | | | | |
| Lease liability-operating leases | $ | 24,963 | $ | 28,920 |
| Self-insurance accruals | | 81,837 | | 85,176 |
| Total | $ | 106,800 | $ | 114,096 |

| **Other noncurrent liabilities** | | **July 4, 2026** | | **December 31, 2025** |
|---|---|---|---|---|
| Non-qualified deferred compensation and benefit plans | $ | 5,885 | $ | 5,699 |
| Deferred income taxes | | 4,716 | | 4,812 |
| Contingent consideration | | 20,000 | | — |
| Contract liabilities | | 8,668 | | 7,320 |
| Other | | 3,816 | | 3,622 |
| Total | $ | 43,085 | $ | 21,453 |

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## D. Business Combinations

Our investments in businesses were $37,604 and $8,540 during the first six months of 2026 and the year ended December 31, 2025, respectively.

On January 30, 2026 we acquired Cal Engineering Solutions, Inc. and its sister companies (collectively “Cal Engineering”), a company that provides design and engineering services for electric utilities, transmission companies and commercial clients. Services include the design, analysis and modification of transmission and distribution lines and towers. This acquisition expands our available engineering service offerings. The total enterprise value of the acquisition was $37,414 as of the acquisition closing date, comprised of $36,515 consideration transferred and liabilities assumed of $899. At the acquisition date, the consideration transferred included a cash payment of $13,049, debt issued of $3,000 and the issuance of contingent consideration in the form of an earnout agreement valued at $20,000. The contingent consideration provides for five future annual cash payments with the potential for a sixth annual cash payment, with each payment contingent on the achievement of certain operating profit thresholds. See Note O - Fair Value Measurements and Financial Instruments for a discussion of the valuation methodology and significant inputs used to estimate the fair value of the contingent consideration. In the second quarter of 2026 the Company paid a post-closing working capital adjustment of $466. Together with cash paid at closing and the post-closing working capital adjustment, cash consideration transferred totaled $13,515 ($11,297 net of cash acquired of $2,218). As of the acquisition date, Cal Engineering is included in our Utility segment.

During 2026, the Company acquired two businesses in our Residential and Commercial segment for aggregate consideration of $190 with no liabilities assumed and no debt issued.

*Purchase Price Allocations*

The net assets of businesses acquired are accounted for under the acquisition method and are recorded at their fair values at the dates of acquisition. The measurement period for purchase price allocations ends when the information necessary to finalize valuations for contingent consideration, intangible assets and other amounts is obtained, but does not exceed one year from the acquisition date.

During the second quarter of 2026, the Company recorded measurement period adjustments related to its acquisition of Cal Engineering. The adjustments resulted from additional valuation procedures performed during the measurement period and the refinement of significant assumptions and inputs used in estimating the acquisition-date fair values of acquired customer relationships and contingent consideration. The refined assumptions were based on information obtained regarding facts and circumstances that existed as of the acquisition date, including additional analyses of customer retention risk and projected near-term operating performance. As a result, the Company decreased the fair value of the acquired customer relationship intangible asset by $4,500 and decreased the fair value of the contingent consideration liability by $5,400. In addition, the Company recorded a $65 adjustment related to the post-closing working capital settlement. The net effect of these measurement period adjustments resulted in a $965 decrease in goodwill. These measurement period adjustments were reflected as if the accounting had been completed as of the acquisition date. While the Company may continue to evaluate information obtained during the measurement period, the significant valuation procedures related to contingent consideration and acquired intangible assets have been completed as of July 4, 2026.

(Amounts in thousands, except share data)

The purchase price allocations for all other businesses acquired during 2026 and for businesses acquired in 2025 have been finalized as of July 4, 2026.

The following table summarizes the preliminary purchase price allocation of the estimated fair values of the assets acquired and liabilities assumed:

| | Six Months Ended July 4, 2026 | Year Ended December 31, 2025 |
|---|---|---|
| **Detail of acquisitions:** | | |
| Assets acquired: | | |
| Cash | $ 2,218 | $ — |
| Accounts Receivable | 44 | — |
| Operating supplies | — | 46 |
| Prepaid expense | 202 | — |
| Equipment | 407 | 1,179 |
| Deposits and other | 42 | — |
| Right-of-use assets - operating leases | 735 | — |
| Intangible assets | 7,820 | 3,595 |
| Goodwill | 26,136 | 3,720 |
| Liabilities assumed | (899) | (88) |
| Contingent consideration | (20,000) | — |
| Debt issued for purchases of businesses | (3,000) | (1,100) |
| Cash paid | $ 13,705 | $ 7,352 |

The excess purchase price over the estimated fair value of the net assets acquired was recognized as goodwill. Goodwill recognized in connection with acquisitions completed during the three and six months ended July 4, 2026 is not deductible for income tax purposes. Prepaid expenses, deposits and other current assets and current liabilities were stated at their historical carrying values, which approximate fair value given the short-term nature of these assets and liabilities. The estimate of fair value for equipment was based on an assessment of the acquired assets' condition as well as an evaluation of the current market value of such assets.

The acquired intangible assets consist of customer relationships, non-competition agreements and tradenames. During the six months ended July 4, 2026 the Company recognized acquired intangible assets with an aggregate fair value of $7,820, consisting of $6,690 related to customer relationships with a weighted average useful life of seven years, $970 related to non-competition agreements with a weighted average useful life of five years and $160 related to tradenames with a weighted average useful life of five years. For the Cal Engineering acquisition, the valuation of intangible assets was determined using the income approach methodology. More specifically, the fair value of the tradenames were estimated using the relief-from-royalty method, while the fair value of the customer relationships were estimated using the multi-period excess earnings method, and the fair value of the non-competition agreements were estimated using a lost income method. Significant judgments and assumptions used in estimating management's cash flow projections included projected revenue growth rates, profit margins, discount rates, customer attrition rates, royalty rates and likelihood of competition among others. The projected future cash flows are discounted to present value using an appropriate discount rate.

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Results of operations of acquired businesses are included in the Condensed Consolidated Statements of Operations beginning as of the effective dates of acquisition. The effect of these acquisitions on our consolidated revenues and results of operations, either individually or in the aggregate, for the six months ended July 4, 2026 and the year ended December 31, 2025 was not significant.

## E. Marketable Securities

The following table summarizes available-for-sale debt securities held at July 4, 2026 and December 31, 2025 by asset type:

| | Available-For-Sale Debt Securities | | | |
|---|---|---|---|---|
| | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Fair Value (Net Carrying Amount) |
| **July 4, 2026** | | | | |
| Fixed maturity: | | | | |
| United States Government and agency securities | $ 39,578 | $ 641 | $ (146) | $ 40,073 |
| Total available-for-sale debt securities | $ 39,578 | $ 641 | $ (146) | $ 40,073 |
| | | | | |
| **December 31, 2025** | | | | |
| Fixed maturity: | | | | |
| United States Government and agency securities | $ 34,091 | $ 878 | $ (59) | $ 34,910 |
| Total available-for-sale debt securities | $ 34,091 | $ 878 | $ (59) | $ 34,910 |

Marketable securities are composed of available-for-sale debt securities and marketable equity securities and all marketable securities are held at fair value. We carry a portion of our marketable securities portfolio in long-term assets because they are generally held for the settlement of our insurance claims processed through our wholly owned captive insurance subsidiary.

Available-for-sale debt securities are included in other current assets and marketable securities and other investments totaling $40,073 and $34,910 at July 4, 2026 and December 31, 2025, respectively. Realized gains and losses on sales of available-for-sale debt securities are recognized in net income on the specific identification basis. Changes in the fair values of available-for-sale debt securities that are determined to be holding gains or losses are recorded through accumulated other comprehensive income (loss) net of applicable taxes, within shareholders' equity. In assessing whether a credit loss exists, we evaluate our ability to hold the investment, the strength of the underlying collateral and the extent to which the investment's amortized cost or cost, as appropriate, exceeds its related fair value.

We held approximately $51,568 and $36,413 in marketable equity securities as of July 4, 2026 and December 31, 2025, respectively. Realized and unrealized gains and losses on marketable equity securities are included in other income (expense) in the Condensed Consolidated Statements of Operations.

The net carrying values of available-for-sale debt securities at July 4, 2026 by contractual maturity, are shown below. Expected maturities may differ from contractual maturities because the issuers of the securities may have the right to prepay obligations without prepayment penalties.

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| | Amortized Cost | Fair Value |
|---|---|---|
| **Due:** | | |
| Less than one year | $ 8,223 | $ 8,637 |
| One year through five years | 31,355 | 31,436 |
| Six years through ten years | — | — |
| After ten years | — | — |
| Total | $ 39,578 | $ 40,073 |

## F. Identified Intangible Assets and Goodwill, Net

The carrying amounts of the identified intangible assets and goodwill acquired in connection with our acquisitions were as follows:

| | July 4, 2026 | | December 31, 2025 | |
|---|---|---|---|---|
| | Carrying Amount | Accumulated Amortization | Carrying Amount | Accumulated Amortization |
| Amortized intangible assets: | | | | |
| Customer lists/relationships | $ 53,332 | $ 37,312 | $ 46,641 | $ 35,480 |
| Employment-related | 15,116 | 12,668 | 14,146 | 12,150 |
| Tradenames | 14,046 | 10,718 | 13,888 | 10,213 |
| Amortized intangible assets | 82,494 | $ 60,698 | 74,675 | $ 57,843 |
| Less accumulated amortization | 60,698 | | 57,843 | |
| Identified intangible assets, net | $ 21,796 | | $ 16,832 | |
| | | | | |
| Goodwill | $ 124,774 | | $ 98,723 | |

The changes in the carrying amounts of goodwill, by segment, for the six months ended July 4, 2026 and the year ended December 31, 2025 were as follows:

| | Balance at January 1, 2026 | Acquisitions | Translation and Other Adjustments | Balance at July 4, 2026 |
|---|---|---|---|---|
| Utility | $ 4,941 | $ 26,136 | $ — | $ 31,077 |
| Residential and Commercial | 93,782 | — | (85) | 93,697 |
| Total | $ 98,723 | $ 26,136 | $ (85) | $ 124,774 |

| | Balance at January 1, 2025 | Acquisitions | Translation and Other Adjustments | Balance at December 31, 2025 |
|---|---|---|---|---|
| Utility | $ 4,941 | $ — | $ — | $ 4,941 |
| Residential and Commercial | 89,938 | 3,720 | 124 | 93,782 |
| Total | $ 94,879 | $ 3,720 | $ 124 | $ 98,723 |

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***Estimated future aggregate amortization expense of intangible assets--***The estimated future aggregate amortization expense of intangible assets, as of July 4, 2026, was as follows:

| | Estimated Future Amortization Expense |
|---|---|
| Remaining six months of 2026 | $ 2,836 |
| 2027 | 5,204 |
| 2028 | 4,408 |
| 2029 | 3,885 |
| 2030 | 2,513 |
| 2031 | 1,631 |
| Thereafter | 1,319 |
| | $ 21,796 |

## G. Short and Long-Term Debt and Commitments Related to Letters of Credit

We have short-term lines of credit with one bank totaling $1,057. At July 4, 2026, we had $625 available under the lines of credit and $432 committed through issued letters of credit. Borrowings outstanding generally bear interest at the bank's prime rate. Our long-term debt consisted of the following:

| | July 4, 2026 | December 31, 2025 |
|---|---|---|
| Revolving credit facility: | | |
| Swing-line borrowings | $ 13,918 | $ 5,431 |
| SOFR borrowings | 270,000 | 120,000 |
| | 283,918 | 125,431 |
| Senior unsecured notes: | | |
| 3.99% Senior unsecured notes | 30,000 | 30,000 |
| 4.00% Senior unsecured notes | 15,000 | 15,000 |
| 6.19% Senior unsecured notes | 75,000 | 75,000 |
| 5.19% Senior unsecured notes | 100,000 | 100,000 |
| | 220,000 | 220,000 |
| Term loans | 9,858 | 29,484 |
| Accounts receivable securitization facility loan | 40,000 | 55,000 |
| | 553,776 | 429,915 |
| Less debt issuance costs | 914 | 1,038 |
| Less current portion | 76,001 | 111,598 |
| | $ 476,861 | $ 317,279 |

***Revolving Credit Facility***--In July 2024, the Company amended and restated its revolving credit facility with its existing bank group, which was amended in May 2025 to, among other things, allow for certain intercompany advances among the Company and its subsidiaries, in January 2026 to revise the definition of Consolidated Earnings Before Interest and Taxes and in May 2026 to revise certain pricing and financial covenant terms. The amended and restated credit agreement, as amended, which expires in July 2029, permits borrowings, as defined, of up to $400,000, including a combined term loan and letter of credit sublimit of $150,000 and a swing-line commitment of $50,000. Under certain circumstances, the Company may increase the revolving credit commitments and/or establish new incremental term loan commitments in an aggregate amount of up to $150,000. The revolving credit facility contains certain affirmative and negative covenants customary for this type of facility and includes financial covenant ratios with respect to a maximum leverage ratio (not to exceed 3.75 to 1.00) and a minimum interest coverage ratio (not less than 3.00 to 1.00), in each case subject to certain further restrictions as described in the credit agreement. The revolving credit facility allows for an adjustment to earnings before interest, taxes, depreciation and amortization of up to $55,000 for four quarters in the event certain legal claims are settled. As of July 4, 2026, we had unused commitments under the facility approximating $113,832, with $286,168 committed, which consisted of borrowings of $283,918 and issued letters of credit of $2,250.

Borrowings outstanding bear interest, at the Company's option, of either (a) the base rate or (b) the Secured Overnight Financial Rate ("SOFR") plus a margin adjustment ranging from .875% to 1.75%--with the margin adjustments based on the Company's leverage ratio at the time of borrowing. As of July 4, 2026, the base rate was the greater of (i) the agent bank's prime rate, (ii) Adjusted Term SOFR plus 1.75%, or (iii) the federal funds rate plus .50%. A commitment fee ranging from .10% to .25% is also required based on the average daily unborrowed commitment.

***3.99% Senior Unsecured Notes***--On September 21, 2018, we issued 3.99% Senior Notes, Series A (the "3.99% Senior Notes"), in the aggregate principal amount of $50,000. The 3.99% Senior Notes are due September 21, 2028.

The 3.99% Senior Notes were issued pursuant to a Note Purchase and Private Shelf Agreement (the "Note Purchase and Shelf Agreement") between the Company, PGIM, Inc. and the purchasers of the 3.99% Senior Notes, which was amended in August 2024. Among other things, the amendment increased the total facility limit to $250,000 and extended the issuance period for subsequent series of promissory notes to be issued and sold pursuant to the Note Purchase and Shelf Agreement to August 2027. The amendment also amended certain provisions and covenants to generally conform them to the corresponding provisions and covenants in the amended and restated revolving credit agreement. In addition, the amendment and restatement of the revolving credit agreement in August 2024 provided that the Company is permitted to incur indebtedness arising under the Note Purchase and Shelf Agreement in an aggregate principal amount not to exceed $250,000. In May 2025, the Company further amended its Note Purchase and Shelf Agreement with its existing purchasers to, among other things, allow for certain intercompany advances among the Company and its subsidiaries, and in January 2026, the Company amended the Note Purchase and Shelf Agreement to revise the definition of Consolidated Earnings Before Interest and Taxes. In May 2026, the Note Purchase and Shelf Agreement was further amended to, among other things, revise the financial covenant relating to the leverage ratio to provide that the maximum ratio will not exceed 3.75 to 1.00. As the Company has previously issued notes with an aggregate amount outstanding of $220,000 under the Note Purchase and Shelf Agreement, as of July 4, 2026, it has the capacity to issue subsequent series of promissory notes pursuant to the Note Purchase and Shelf Agreement in the amount of $30,000.

The 3.99% Senior Notes are equal in right of payment with our revolving credit facility and all other senior unsecured obligations of the Company. Interest is payable semiannually and five equal, annual principal payments commenced on September 21, 2024 (the sixth anniversary of issuance). The Note Purchase and Shelf Agreement contains customary events of default and covenants related to limitations on indebtedness and transactions with affiliates and the maintenance of certain financial ratios. The Company may prepay at any time all, or from time to time any part of, the outstanding principal amount of the 3.99% Senior Notes, subject to the payment of a make-whole amount.

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***4.00% Senior Unsecured Notes***--On February 5, 2019, we issued 4.00% Senior Notes, Series B (the "4.00% Senior Notes") pursuant to the Note Purchase and Shelf Agreement in the aggregate principal amount of $25,000. The 4.00% Senior Notes are due September 21, 2028. The 4.00% Senior Notes are equal in right of payment with our revolving credit facility and all other senior unsecured obligations of the Company. Interest is payable semiannually and five equal, annual principal payments commenced on September 21, 2024.

***6.19% Senior Unsecured Notes--***On November 28, 2023, we issued 6.19% Senior Notes, Series C (the "6.19% Senior Notes") pursuant to the Note Purchase and Shelf Agreement in the aggregate principal amount of $75,000. The 6.19% Senior Notes are due November 28, 2028. The 6.19% Senior Notes are equal in right of payment with our revolving credit facility and all other senior unsecured obligations of the Company. Interest is payable quarterly and three annual principal payments commence on November 28, 2026.

***5.19% Senior Unsecured Notes--***On September 22, 2025, we issued 5.19% Senior Notes, Series D (the "5.19% Senior Notes") pursuant to the Note Purchase and Shelf Agreement in the aggregate principal amount of $100,000. The 5.19% Senior Notes are due September 22, 2030. The 5.19% Senior Notes are equal in right of payment with our revolving credit facility and all other senior unsecured obligations of the Company. Interest is payable quarterly in arrears, beginning December 22, 2025, with the principal due in full on September 22, 2030.

The net proceeds of all senior notes are generally used to pay down borrowings under our revolving credit facility and for general corporate purposes.

***Term loans***--Periodically, the Company will enter into term loans for the procurement of insurance or to finance acquisitions.

***Aggregate Maturities of Long-Term Debt***--Aggregate maturities of long-term debt for the five years subsequent to July 4, 2026 were as follows:

| | Amount |
|---|---|
| Remaining six months of 2026 | $ 74,266 |
| 2027 | 48,950 |
| 2028 | 46,642 |
| 2029 | 283,918 |
| 2030 | 100,000 |
| | $ 553,776 |

***Accounts Receivable Securitization Facility***--In July 2025, the Company amended its Accounts Receivable Securitization Facility (as amended, the "AR Securitization program") to, among other things, extend the scheduled termination date for an additional one-year period, to July 17, 2026, and increase the AR Securitization facility limit to $175,000. In addition, certain subsidiaries of the Company entered into a joinder agreement, pursuant to which such subsidiaries agreed to serve as originators of receivables under the AR Securitization program. The lender may also issue loans, in addition to letters of credit, under the AR Securitization program.

The AR Securitization program has a limit of $175,000, of which $99,071 was issued for letters of credit ("LCs") as of both July 4, 2026 and December 31, 2025, and loans were issued in the amounts of $40,000 and $55,000 as of July 4, 2026 and December 31, 2025, respectively.

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Under the AR Securitization program, Davey Tree transfers by selling or contributing current and future trade receivables to a wholly-owned, bankruptcy-remote financing subsidiary which pledges a perfected first priority security interest in the trade receivables--equal to the issued LCs as of July 4, 2026--to the bank in exchange for the bank issuing LCs.

Fees payable to the bank include: (a) an LC issuance fee, payable on each settlement date, in the amount of .90% per annum on the aggregate amount of all LCs outstanding plus outstanding reimbursement obligations (e.g., arising from drawn LCs), if any, and (b) an unused LC fee, payable monthly, equal to (i) .35% per annum for each day on which the sum of the total LCs outstanding plus any outstanding reimbursement obligation is greater than or equal to 50% of the facility limit and (ii) .45% per annum for each day on which the sum of the total LCs outstanding plus any outstanding reimbursement obligation is less than 50% of the facility limit. If an LC is drawn and the bank is not immediately reimbursed in full for the drawn amount, any outstanding reimbursement obligation will accrue interest at a per annum rate equal to the term SOFR, plus .10% or, in certain circumstances, a base rate equal to the greatest of (i) the bank's prime rate, (ii) the federal funds rate plus .50% and (iii) 1.00% above the daily one-month SOFR plus .10% and, following any default, 2.00% plus the greater of (a) the term SOFR plus .10% and (b) a base rate equal to the greatest of (i), (ii) and (iii) above.

The agreements underlying the AR Securitization program contain various customary representations and warranties, covenants, and default provisions which provide for the termination and acceleration of the commitments under the AR Securitization program in circumstances including, but not limited to, failure to make payments when due, breach of a representation, warranty or covenant, certain insolvency events or failure to maintain the security interest in the trade receivables, and defaults under other material indebtedness.

In July 2026, subsequent to period end, the Company amended its AR Securitization program to, among other things, extend the scheduled termination date for an additional two-year period, to July 2028. The amendment also increased the letter of credit issuance fee from .90% to 1.00% per annum on the aggregate amount of all letters of credit outstanding plus any outstanding reimbursement obligations. In addition, the amendment revised the interest rate applicable to outstanding reimbursement obligations by eliminating the .10% credit spread adjustment previously applied to term SOFR, such that the applicable rate is now based on term SOFR without a credit spread adjustment, and added a financial covenant providing that the Company is required to maintain a maximum leverage ratio not to exceed 3.75 to 1.00.

***Total Commitments Related to Issued Letters of Credit***--As of July 4, 2026, total commitments related to issued LCs were $101,753, of which $2,250 were issued under the revolving credit facility, $99,071 were issued under the AR Securitization program, and $432 were issued under short-term lines of credit. As of December 31, 2025, total commitments related to issued LCs were $101,659, of which $2,250 were issued under the revolving credit facility, $99,071 were issued under the AR Securitization program, and $338 were issued under short-term lines of credit. These issued LCs are primarily related to insurance coverage.

As of July 4, 2026, we were in compliance with all debt covenants.

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## H. Leases

We lease certain office and parking facilities, warehouse space, equipment, vehicles and information technology equipment under operating and finance leases. Lease expense for these leases is recognized within the Condensed Consolidated Statements of Operations on a straight-line basis over the lease term, with variable lease payments recognized in the period those payments are incurred. The following table summarizes the amounts recognized in our Condensed Consolidated Balance Sheet related to leases:

| | Condensed Consolidated Balance Sheet Classification | July 4, 2026 | December 31, 2025 |
|---|---|---|---|
| **Assets** | | | |
| Operating lease assets | Right-of-use assets - operating leases | $ 56,797 | $ 66,445 |
| Finance lease assets | Property and equipment, net | 56,480 | 37,117 |
| Total lease assets | | $ 113,277 | $ 103,562 |
| **Liabilities** | | | |
| Current operating lease liabilities | Other current liabilities | $ 24,963 | $ 28,920 |
| Non-current operating lease liabilities | Lease liabilities - operating leases | 33,112 | 38,798 |
| Total operating lease liabilities | | 58,075 | 67,718 |
| Current portion of finance lease liabilities | Current portion of long-term debt and finance lease liabilities | 12,780 | 9,466 |
| Non-current finance lease liabilities | Lease liabilities - finance leases | 44,396 | 28,299 |
| Total finance lease liabilities | | 57,176 | 37,765 |
| Total lease liabilities | | $ 115,251 | $ 105,483 |

The components of lease cost recognized within our Condensed Consolidated Statements of Operations were as follows:

| | | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|---|
| | Condensed Consolidated Statements of Operations Classification | July 4, 2026 | June 28, 2025 | July 4, 2026 | June 28, 2025 |
| Operating lease cost | Operating expense | $ 4,645 | $ 6,780 | $ 9,989 | $ 14,015 |
| Operating lease cost | Selling expense | 2,886 | 2,818 | 5,857 | 5,618 |
| Operating lease cost | General and administrative expense | 298 | 267 | 589 | 545 |
| Finance lease cost: | | | | | |
| Amortization of right-of-use assets | Depreciation and amortization | 3,435 | 1,846 | 6,405 | 3,437 |
| Interest expense on lease liabilities | Interest expense | 692 | 260 | 1,256 | 461 |
| Other lease cost [(1)] | Operating expense | 3,193 | 3,309 | 6,174 | 6,412 |
| Other lease cost [(1)] | Selling expense | 620 | 496 | 1,262 | 1,041 |
| Other lease cost [(1)] | General and administrative expense | 34 | 8 | 86 | 21 |
| Total lease cost | | $ 15,803 | $ 15,784 | $ 31,618 | $ 31,550 |

[(1)] Other lease cost includes short-term lease costs and variable lease costs.

We often have options to renew lease terms for buildings and other assets. The exercise of lease renewal options is generally at our sole discretion. In addition, certain lease agreements may be terminated prior to their original expiration date at our discretion. We evaluate each renewal and termination option at the lease commencement date to determine if we are reasonably certain to exercise the option on the basis of economic factors. The weighted average remaining lease terms as of July 4, 2026 was 3.2 years for operating leases and 5.0 years for finance leases.

**(Amounts in thousands, except share data)**

The discount rate implicit within our leases is generally not determinable, and therefore the Company determines the discount rate based on its incremental borrowing rate. The incremental borrowing rate for each lease is determined based on its term and the currency in which lease payments are made, adjusted for the impacts of collateral. The weighted average discount rates used to measure our lease liabilities as of July 4, 2026 were 4.24% for operating leases and 5.19% for finance leases.

| **Supplemental Cash Flow Information Related to Leases** | **Six Months Ended** | |
|---|---|---|
| | **July 4, 2026** | **June 28, 2025** |
| Cash paid for amounts included in the measurement of lease liabilities: | | |
| Operating cash flows from operating leases | $ (18,221) | $ (21,318) |
| Operating cash flows from finance leases | (1,256) | (461) |
| Financing cash flows from finance leases | (6,775) | (3,507) |
| Right-of-use assets obtained in exchange for lease obligations: | | |
| Operating leases | 8,640 | 7,849 |
| Finance leases | 26,186 | 10,155 |

| **Maturity Analysis of Lease Liabilities** | **As of July 4, 2026** | |
|---|---|---|
| | **Operating Leases** | **Finance Leases** |
| Remaining six months of 2026 | $ 15,177 | $ 7,960 |
| 2027 | 21,120 | 14,245 |
| 2028 | 12,194 | 13,205 |
| 2029 | 6,806 | 11,141 |
| 2030 | 3,323 | 7,459 |
| 2031 | 1,288 | 5,828 |
| Thereafter | 2,109 | 4,942 |
| Total lease payments | 62,017 | 64,780 |
| Less interest | 3,942 | 7,604 |
| Total | $ 58,075 | $ 57,176 |

## I. Stock-Based Compensation

Our shareholders approved the 2024 Omnibus Stock Plan (the “2024 Stock Plan”) at our annual meeting of shareholders on May 21, 2024. The 2024 Stock Plan replaced the expired 2014 Omnibus Stock Plan (the “2014 plan”) previously approved by the shareholders in 2014. The 2024 Stock Plan is administered by the Compensation Committee of the Board of Directors and has a term of ten years. All directors of the Company and employees of the Company and its subsidiaries are eligible to participate in the 2024 Stock Plan. The 2024 Stock Plan continues the maintenance of the Employee Stock Purchase Plan, as well as provisions for the grant of stock options and other stock-based incentives. The 2024 Stock Plan provides for the grant of five percent of the number of the Company’s common shares outstanding as of the first day of each fiscal year plus the number of common shares that were available for grant of awards, but not granted, in prior years. In no event, however, may the number of common shares available for the grant of awards in any fiscal year exceed ten percent of the common shares outstanding as of the first day of that fiscal year. Common shares subject to an award that is forfeited, terminated, or canceled without having been exercised are generally added back to the number of shares available for grant under the 2024 Stock Plan.

(Amounts in thousands, except share data)

Stock-based compensation expense under all share-based payment plans -- our Employee Stock Purchase Plan, stock option plans, and restricted stock units ("RSUs") -- was included in the results of operations as follows:

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| | July 4, 2026 | June 28, 2025 | July 4, 2026 | June 28, 2025 |
| Compensation expense, all share-based payment plans | $ 2,168 | $ 2,077 | $ 4,669 | $ 4,429 |

Stock-based compensation consisted of the following:

***Employee Stock Purchase Plan***--Under the Employee Stock Purchase Plan, all full-time employees with six months of service are eligible to purchase, through payroll deductions, common shares. Employee purchases under the Employee Stock Purchase Plan are at 85% of the fair market value of the common shares--a 15% discount. Compensation costs are recognized as payroll deductions are made. The 15% discount of total shares purchased under the plan resulted in compensation cost recognized of $1,239 for the six months ended July 4, 2026 and $1,184 for the six months ended June 28, 2025.

***Stock Options Plan***--The stock options outstanding were awarded under a graded vesting schedule, measured at fair value, and have a term of ten years. As of July 4, 2026, there are no remaining compensation costs related to stock options as they have been fully recognized. Compensation cost recognized for stock options was $36 for the six months ended June 28, 2025.

Beginning in 2021, management and the Compensation Committee replaced the issuance of stock options with performance-based restricted stock units ("PRSUs") for certain employees.

***Restricted Stock Units***--During the six months ended July 4, 2026, the Compensation Committee of the Board of Directors awarded 206,320 PRSUs to certain management employees. The Compensation Committee made similar awards in prior periods. The awards vest over specified periods. The following table summarizes PRSUs and RSUs as of July 4, 2026.

| Restricted Stock Units | Number of Stock Units | Weighted-Average Grant Date Value | Weighted-Average Remaining Contractual Life | Unrecognized Compensation Cost | Aggregate Intrinsic Value |
|---|---|---|---|---|---|
| Unvested, January 1, 2026 | 514,734 | $ 21.63 | | | |
| Granted | 215,668 | 27.28 | | | |
| Forfeited | (8,195) | 22.12 | | | |
| Vested | (222,226) | 21.00 | | | |
| Unvested, July 4, 2026 | 499,981 | $ 24.34 | 1.9 years | $ 7,445 | $ 13,799 |
| Employee PRSUs | 474,865 | $ 24.33 | 1.9 years | $ 7,023 | $ 13,106 |
| Non-employee Director RSUs | 25,116 | $ 24.60 | 2.1 years | $ 422 | $ 693 |

# The Davey Tree Expert Company
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Compensation cost for PRSUs and RSUs is determined using a fair-value method and amortized on the straight-line recognition method over the requisite service period. "Intrinsic value" is defined as the amount by which the fair market value of a common share exceeds the grant date price of a PRSU or an RSU. Compensation expense on PRSUs and RSUs totaled $3,430 for the six months ended July 4, 2026 and $3,209 for the six months ended June 28, 2025.

We estimated the fair value of each stock-based award on the date of grant using a binomial option-pricing model. The binomial model considers a range of assumptions related to volatility, risk-free interest rate and employee exercise behavior. Expected volatilities utilized in the binomial model are based on historical volatility of our share prices and other factors. Similarly, the dividend yield is based on historical experience and expected future changes. The binomial model also incorporates exercise and forfeiture assumptions based on an analysis of historical data. The expected life of the stock-based awards is derived from the output of the binomial model and represents the period of time that awards granted are expected to be outstanding.

The fair values of stock-based awards granted were estimated at the dates of grant with the following weighted-average assumptions:

| | Six Months Ended | |
|---|---|---|
| | July 4, 2026 | June 28, 2025 |
| Volatility rate | 9.2 % | 9.4 % |
| Risk-free interest rate | 3.8 % | 3.9 % |
| Expected dividend yield | .4 % | .4 % |
| Expected life of awards (years) | 3.0 | 3.0 |

***General Stock Option Information***--The following table summarizes activity under the stock option plans for the six months ended July 4, 2026.

| Stock Options | Number of Options Outstanding | Weighted-Average Exercise Price | Weighted-Average Remaining Contractual Life | Aggregate Intrinsic Value |
|---|---|---|---|---|
| Outstanding, January 1, 2026 | 901,632 | $ 9.96 | | |
| Granted | — | — | | |
| Exercised | (222,831) | 8.69 | | |
| Forfeited | (44,200) | 8.18 | | |
| Outstanding, July 4, 2026 | 634,601 | $ 10.54 | 2.7 years | $ 10,828 |
| Exercisable, July 4, 2026 | 634,601 | $ 10.54 | 2.7 years | $ 10,828 |

"Intrinsic value" is defined as the amount by which the market price of a common share exceeds the exercise price of an option.

Common shares are issued from treasury upon the exercise of stock options, the vesting of PRSUs and RSUs or purchases under the Employee Stock Purchase Plan.

# The Davey Tree Expert Company
# Notes to Condensed Consolidated Financial Statements (Unaudited)
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# (Amounts in thousands, except share data)

## J. Income Taxes

Our income tax provision for interim periods is determined using an estimate of our annual effective tax rate adjusted for discrete items, if any, that are taken into account in the relevant period. Each quarter we update our estimate of the annual effective tax rate and, if our estimated annual tax rate changes, we make a cumulative adjustment. The estimated annual effective tax rate for the six months ended July 4, 2026 was 27.7%. Our actual effective tax rate was 27.0% and 27.7% for the three months ended July 4, 2026 and June 28, 2025, respectively. Our actual effective tax rate was 15.1% and 22.7% for the six months ended July 4, 2026 and June 28, 2025, respectively. The change in the effective tax rate from statutory tax rates was primarily due to the impact of favorable discrete items, such as equity awards. Such discrete items are a set amount and therefore have a larger impact on the rate based on our net income before tax in the first six months compared to the impact they will have on the rate for the full year.

As of July 4, 2026, we had unrecognized tax benefits of $2,096, of which $501 would affect our effective rate if recognized, and accrued interest expense related to unrecognized benefits of $108. At December 31, 2025, we had unrecognized tax benefits of $2,036, of which $442 would affect our effective rate if recognized, and accrued interest expense related to unrecognized benefits of $102. Unrecognized tax benefits are the differences between a tax position taken, or expected to be taken, in a tax return, and the benefit recognized for financial reporting purposes.

We recognize interest accrued related to unrecognized tax benefits in income tax expense. Penalties, if incurred, would be recognized as a component of income tax expense.

The Company is routinely under audit by U.S. federal, state and local authorities and Canadian authorities in the area of income tax. These audits include questioning the timing and the amount of income and deductions and the allocation of income and deductions among various tax jurisdictions. With the exception of U.S. state jurisdictions and Canada, the Company is no longer subject to examination by tax authorities for the years through 2021. As of July 4, 2026, we believe it is reasonably possible that the total amount of unrecognized tax benefits will not significantly increase or decrease.

## K. Accumulated Other Comprehensive Income (Loss)

Comprehensive income (loss) is comprised of net income (loss) and other components, including foreign currency translation adjustments and defined benefit pension plan adjustments.

# The Davey Tree Expert Company
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## (Amounts in thousands, except share data)

The following summarizes the components of other comprehensive income (loss) accumulated in shareholders' equity for the three and six months ended July 4, 2026 and June 28, 2025:

| Three Months Ended July 4, 2026 | Foreign Currency Translation Adjustments | Available-for-Sale Securities | Defined Benefit Pension Plans | Accumulated Other Comprehensive Income (Loss) |
|---|---|---|---|---|
| **Balance at April 4, 2026** | $ (6,131) | $ (45) | $ 37 | $ (6,139) |
| Other comprehensive income (loss) before reclassifications | | | | |
| Foreign currency translation adjustments | $ (424) | $ — | $ — | $ (424) |
| Unrealized loss on available-for-sale securities | — | (221) | — | (221) |
| Tax effect | — | 46 | — | 46 |
| Net of tax amount | (424) | (175) | — | (599) |
| **Balance at July 4, 2026** | $ (6,555) | $ (220) | $ 37 | $ (6,738) |

| Three Months Ended June 28, 2025 | Foreign Currency Translation Adjustments | Available-for-Sale Securities | Defined Benefit Pension Plans | Accumulated Other Comprehensive Income (Loss) |
|---|---|---|---|---|
| **Balance at March 29, 2025** | $ (6,738) | $ 95 | $ 98 | $ (6,545) |
| Other comprehensive income (loss) before reclassifications | | | | |
| Foreign currency translation adjustments | $ 1,024 | $ — | $ — | $ 1,024 |
| Unrealized gain on available-for-sale securities | — | 20 | — | 20 |
| Tax effect | — | (4) | — | (4) |
| Net of tax amount | 1,024 | 16 | — | 1,040 |
| **Balance at June 28, 2025** | $ (5,714) | $ 111 | $ 98 | $ (5,505) |

| Six Months Ended July 4, 2026 | Foreign Currency Translation Adjustments | Available-for-Sale Securities | Defined Benefit Pension Plans | Accumulated Other Comprehensive Income (Loss) |
|---|---|---|---|---|
| **Balance at January 1, 2026** | $ (5,790) | $ 142 | $ 37 | $ (5,611) |
| Other comprehensive income (loss) before reclassifications | | | | |
| Foreign currency translation adjustments | $ (765) | $ — | $ — | $ (765) |
| Unrealized loss on available-for-sale securities | — | (458) | — | (458) |
| Tax effect | — | 96 | — | 96 |
| Net of tax amount | (765) | (362) | — | (1,127) |
| **Balance at July 4, 2026** | $ (6,555) | $ (220) | $ 37 | $ (6,738) |

# The Davey Tree Expert Company
## Notes to Condensed Consolidated Financial Statements (Unaudited)
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## (Amounts in thousands, except share data)

| Six Months Ended June 28, 2025 | Foreign Currency Translation Adjustments | Available-for-Sale Securities | Defined Benefit Pension Plans | Accumulated Other Comprehensive Income (Loss) |
|---|---|---|---|---|
| **Balance at January 1, 2025** | $ (6,881) | $ 10 | $ 98 | $ (6,773) |
| Other comprehensive income (loss) before reclassifications | | | | |
| Foreign currency translation adjustments | $ 1,167 | $ — | $ — | $ 1,167 |
| Unrealized gain on available-for-sale securities | — | 128 | — | 128 |
| Tax effect | — | (27) | — | (27) |
| Net of tax amount | 1,167 | 101 | — | 1,268 |
| **Balance at June 28, 2025** | $ (5,714) | $ 111 | $ 98 | $ (5,505) |

There were no changes in defined benefit pension plans for either the three and six months ended July 4, 2026 or June 28, 2025. Changes in defined benefit pension plans are included in net periodic pension expense classified in the Condensed Consolidated Statement of Operations as general and administrative expense or other income (expense).

## L. Per Share Amounts and Common and Redeemable Shares Outstanding

We calculate our basic earnings per share by dividing net income or net loss by the weighted average number of common shares outstanding during the period. Diluted earnings per share are calculated in a similar manner, but include the effect of dilutive securities. To the extent these securities are anti-dilutive, they are excluded from the calculation of earnings per share. The per share amounts were computed as follows:

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| | July 4, 2026 | June 28, 2025 | July 4, 2026 | June 28, 2025 |
| Income available to common shareholders: | | | | |
| Net income | $ 24,732 | $ 32,770 | $ 14,047 | $ 29,512 |
| Weighted-average shares (in thousands): | | | | |
| Basic: | | | | |
| Outstanding | 38,153 | 40,301 | 38,809 | 40,443 |
| Partially-paid share subscriptions | 259 | 283 | 519 | 566 |
| Basic weighted-average shares | 38,412 | 40,584 | 39,328 | 41,009 |
| Diluted: | | | | |
| Basic from above | 38,412 | 40,584 | 39,328 | 41,009 |
| Incremental shares from assumed: | | | | |
| Exercise of stock subscription purchase rights | 115 | 92 | 115 | 92 |
| Exercise of stock options and awards | 1,084 | 1,548 | 1,031 | 1,485 |
| Diluted weighted-average shares | 39,611 | 42,224 | 40,474 | 42,586 |
| Net income per share: | | | | |
| Basic | $ .64 | $ .81 | $ .36 | $ .72 |
| Diluted | $ .62 | $ .78 | $ .35 | $ .69 |

# The Davey Tree Expert Company
## Notes to Condensed Consolidated Financial Statements (Unaudited)
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## (Amounts in thousands, except share data)

***Common and Redeemable Shares Outstanding***--A summary of the activity of the common and redeemable shares outstanding for the six months ended July 4, 2026 was as follows:

| | Common Shares Net of Treasury Shares | Redeemable Shares | Total |
|---|---|---|---|
| Shares outstanding at January 1, 2026 | 31,732,003 | 7,737,260 | 39,469,263 |
| Shares purchased | (1,271,330) | (672,561) | (1,943,891) |
| Shares sold | 459,529 | 325,806 | 785,335 |
| Stock subscription offering -- cash purchases | 19,900 | — | 19,900 |
| Options and awards exercised | 452,249 | — | 452,249 |
| Shares outstanding at July 4, 2026 | 31,392,351 | 7,390,505 | 38,782,856 |

On July 4, 2026, we had 38,782,856 common and redeemable shares outstanding, employee options exercisable to purchase 634,601 common shares, partially-paid subscriptions for 1,037,650 common shares and purchase rights outstanding for 357,362 common shares. The partially-paid subscriptions and stock purchase rights are what remains of the 2022 Subscription Offering discussed further below.

***2022 Subscription Offering***

Beginning April 2022, the Company offered to eligible employees and non-employee directors the right to subscribe to a maximum of 2,666,667 common shares of the Company (including shares that may be issued upon the exercise of stock rights) at $18.10 per share in accordance with the provisions of The Davey Tree Expert Company 2014 Omnibus Stock Plan and the rules of the Compensation Committee of the Company’s Board of Directors. The offering period ended on August 1, 2022 and resulted in the subscription of 1,476,250 common shares for $26,720 at $18.10 per share.

Participants in the subscription offering who purchased common shares for an aggregate purchase price of less than $5 were required to pay with cash. All participants (excluding Company directors and officers) purchasing common shares for an aggregate purchase price of $5 or more had an option to finance their purchase through a down-payment of at least 10% of the total purchase price and a promissory note with a term of seven years for the balance due with interest at the greater of 2.00% or the applicable federal rate in effect as of August 1, 2022, which was 3.15%. Payments on the promissory note can be made either by payroll deductions or annual lump-sum payments of both principal and interest. Common shares purchased in the offering were pledged as security for the payment of the promissory note, and the common shares will not be issued until the promissory note is paid-in-full. Dividends will be paid on all subscribed shares, subject to forfeiture to the extent that payment is not ultimately made for the shares.

All participants in the offering who purchased in excess of $5 of common shares were granted a “right” to purchase one additional common share at a price of $18.10 per share for every three common shares purchased in the offering. As a result of the stock subscription, rights to purchase 489,169 common shares were granted. Each right may be exercised at the rate of one-seventh per year and will expire seven years after the date that the right was granted. A purchaser may not exercise a right once he or she ceases to be the Company's employee or non-employee director, as applicable.

# The Davey Tree Expert Company
# Notes to Condensed Consolidated Financial Statements (Unaudited)
# July 4, 2026
# (Amounts in thousands, except share data)

## M. Operations by Business Segment

We provide a wide range of arboricultural, horticultural, environmental and consulting services to residential, utility, commercial and government entities mainly throughout the United States and Canada. We have two reportable operating segments organized by type or class of customer: Residential and Commercial, and Utility.

**Residential and Commercial**--Residential and Commercial provides services to our residential and commercial customers including: the treatment, preservation, maintenance, removal and planting of trees, shrubs and other plant life; the practice of landscaping, grounds maintenance, tree surgery, tree feeding and tree spraying; the application of fertilizer, herbicides and insecticides; and natural resource management and consulting, forestry research and development, and environmental planning.

**Utility**--Utility is principally engaged in providing services to our utility customers--investor-owned, municipal utilities, and rural electric cooperatives--including: the practice of line-clearing and vegetation management around power lines and rights-of-way and chemical brush control, natural resource management and consulting, forestry research and development, and environmental planning.

All other operating activities, including research, technical support and laboratory diagnostic facilities, are included in “All Other,” which does not meet the definition of a reportable segment.

***Measurement of Segment Profit and Loss and Segment Assets***--Our Chief Operating Decision Maker (“CODM”) is our Chief Executive Officer, Patrick M. Covey. The CODM evaluates performance and allocates resources based primarily on revenue and income from operations, which includes reviews of year-over-year changes in both revenues and operating income as well as changes from internal forecasts and budgets for each segment. Since our revenue is primarily dependent on people and equipment, the CODM reviews significant cost components for each segment such as payroll expense, equipment and fuel expense, and subcontractor expense. The accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies except that (a) we compute and recognize depreciation expense for our segments only by the straight-line method, and (b) state income taxes are allocated to the segments. Corporate expenses are substantially allocated among the operating segments, but the nature of expenses allocated may differ from year-to-year. There are no intersegment revenues. Segment assets are those generated or directly used by each segment, and include accounts receivable, operating supplies, and property and equipment.

# The Davey Tree Expert Company
## Notes to Condensed Consolidated Financial Statements (Unaudited)
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## (Amounts in thousands, except share data)

Information on reportable segments and reconciliation to the condensed consolidated financial statements follows:

| | Utility Services | Residential Commercial Services | Total Reportable Segments | All Other | Consolidated |
|---|---|---|---|---|---|
| **Three Months Ended July 4, 2026** | | | | | |
| Revenues | $ 266,075 | $ 251,121 | $ 517,196 | $ 1,737 | $ 518,933 |
| Less: | | | | | |
| Payroll expense | 114,771 | 95,034 | | | |
| Equipment and fuel expense | 18,903 | 16,674 | | | |
| Subcontractor expense | 24,253 | 18,921 | | | |
| Other segment expenses [a] | 90,295 | 82,851 | | 10,071 | |
| Income (loss) from operations, reportable segments | $ 17,853 | $ 37,641 | $ 55,494 | $ (8,334) | $ 47,160 |
| Unallocated costs [b] | | | | | (4,675) |
| Income from operations | | | | | 42,485 |
| Interest expense | | | | | (8,480) |
| Interest income | | | | | 2,054 |
| Other income (expense), net | | | | | (2,165) |
| Income before income taxes | | | | | $ 33,894 |
| Segment assets, total | $ 470,256 | $ 396,568 | $ 866,824 | $ 707,879 [c] | $ 1,574,703 |

| | Utility Services | Residential Commercial Services | Total Reportable Segments | All Other | Consolidated |
|---|---|---|---|---|---|
| **Three Months Ended June 28, 2025** | | | | | |
| Revenues | $ 266,896 | $ 244,924 | $ 511,820 | $ 625 | $ 512,445 |
| Less: | | | | | |
| Payroll expense | 112,821 | 93,519 | | | |
| Equipment and fuel expense | 18,392 | 15,481 | | | |
| Subcontractor expense | 24,059 | 13,858 | | | |
| Other segment expenses [a] | 89,400 | 85,161 | | 6,828 | |
| Income (loss) from operations, reportable segments | $ 22,224 | $ 36,905 | $ 59,129 | $ (6,203) | $ 52,926 |
| Unallocated costs [b] | | | | | (3,792) |
| Income from operations | | | | | 49,134 |
| Interest expense | | | | | (4,980) |
| Interest income | | | | | 756 |
| Other income (expense), net | | | | | 424 |
| Income before income taxes | | | | | $ 45,334 |
| Segment assets, total | $ 393,771 | $ 434,141 | $ 827,912 | $ 616,429 [c] | $ 1,444,341 |

# The Davey Tree Expert Company
## Notes to Condensed Consolidated Financial Statements (Unaudited)
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| | Utility Services | Residential Commercial Services | Total Reportable Segments | All Other | | Consolidated |
|---|---|---|---|---|---|---|
| **Six Months Ended July 4, 2026** | | | | | | |
| Revenues | $ 529,544 | $ 422,986 | $ 952,530 | $ 2,178 | | $ 954,708 |
| Less: | | | | | | |
| Payroll expense | 233,287 | 172,569 | | | | |
| Equipment and fuel expense | 35,988 | 30,655 | | | | |
| Subcontractor expense | 48,813 | 35,540 | | | | |
| Other segment expenses [(a)] | 180,583 | 154,865 | | 20,557 | | |
| Income (loss) from operations, reportable segments | $ 30,873 | $ 29,357 | $ 60,230 | $ (18,379) | | $ 41,851 |
| Unallocated costs [(b)] | | | | | | (10,298) |
| Income from operations | | | | | | 31,553 |
| Interest expense | | | | | | (13,073) |
| Interest income | | | | | | 2,404 |
| Other income (expense), net | | | | | | (4,337) |
| Income before income taxes | | | | | | $ 16,547 |
| | | | | | | |
| Segment assets, total | $ 470,256 | $ 396,568 | $ 866,824 | $ 707,879 | [(c)] | $ 1,574,703 |

| | Utility Services | Residential Commercial Services | Total Reportable Segments | All Other | | Consolidated |
|---|---|---|---|---|---|---|
| **Six Months Ended June 28, 2025** | | | | | | |
| Revenues | $ 522,003 | $ 424,054 | $ 946,057 | $ 1,224 | | $ 947,281 |
| Less: | | | | | | |
| Payroll expense | 220,865 | 168,729 | | | | |
| Equipment and fuel expense | 35,631 | 29,414 | | | | |
| Subcontractor expense | 51,983 | 38,466 | | | | |
| Other segment expenses [(a)] | 172,716 | 155,002 | | 17,788 | | |
| Income (loss) from operations, reportable segments | $ 40,808 | $ 32,443 | $ 73,251 | $ (16,564) | | $ 56,687 |
| Unallocated costs [(b)] | | | | | | (9,137) |
| Income from operations | | | | | | 47,550 |
| Interest expense | | | | | | (9,362) |
| Interest income | | | | | | 1,308 |
| Other income (expense), net | | | | | | (1,292) |
| Income before income taxes | | | | | | $ 38,204 |
| | | | | | | |
| Segment assets, total | $ 393,771 | $ 434,141 | $ 827,912 | $ 616,429 | [(c)] | $ 1,444,341 |

Reconciling adjustments from segment reporting to condensed consolidated external financial reporting include unallocated corporate items:
(a) Other segment expenses include occupancy costs, travel, insurance, depreciation and amortization, selling expenses and all other operating expenses.
(b) Unallocated costs include unallocated corporate expenses.
(c) Corporate assets include cash, prepaid expenses, corporate facilities, enterprise-wide information systems and other nonoperating assets.

# The Davey Tree Expert Company
# Notes to Condensed Consolidated Financial Statements (Unaudited)
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## N. Revenue Recognition

We recognize revenue in accordance with ASC Topic 606, Revenue from Contracts with Customers.

### Nature of Performance Obligations and Significant Judgments

At contract inception, the Company assesses the goods and services promised in its contracts with customers and identifies a performance obligation for each promised good or service (or bundle of goods and services) that is distinct. To identify the performance obligations, the Company considers all of the goods or services promised in the contract regardless of whether they are explicitly stated or are implied by customary business practices.

Contracts with our customers generally originate upon the completion of a quote for services for residential and commercial customers or the receipt of a purchase order (or similar work order) for utility customers. In some cases, our contracts are governed by master services agreements, in which case our contract under ASC 606 consists of the combination of the master services agreement and the quote/ purchase order. Many of our contracts have a stated duration of one year or less or contain termination clauses that allow the customer to cancel the contract after a specified notice period, which is typically less than 90 days. Due to the fact that many of our arrangements allow the customer to terminate for convenience, the duration of the contract for revenue recognition purposes generally does not extend beyond the services that we have actually transferred. As a result, many of our contracts are, in effect, day-to-day or month-to-month contracts.

### Disaggregation of Revenue

The following tables disaggregate our revenue for the three and six months ended July 4, 2026 and June 28, 2025 by major sources:

| Three Months Ended July 4, 2026 | Utility | Residential and Commercial | All Other | Consolidated |
|---|---|---|---|---|
| Type of service: | | | | |
| Tree and plant care | $ 176,583 | $ 130,388 | $ (612) | $ 306,359 |
| Grounds maintenance | — | 68,953 | — | 68,953 |
| Storm damage services | 1,524 | 3,815 | — | 5,339 |
| Consulting and other | 87,968 | 47,965 | 2,349 | 138,282 |
| Total revenues | $ 266,075 | $ 251,121 | $ 1,737 | $ 518,933 |
| Geography: | | | | |
| United States | $ 248,226 | $ 236,204 | $ 1,737 | $ 486,167 |
| Canada | 17,849 | 14,917 | — | 32,766 |
| Total revenues | $ 266,075 | $ 251,121 | $ 1,737 | $ 518,933 |

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## (Amounts in thousands, except share data)

| Three Months Ended June 28, 2025 | Utility | Residential and Commercial | All Other | Consolidated |
|---|---|---|---|---|
| Type of service: | | | | |
| Tree and plant care | $ 167,410 | $ 129,829 | $ (395) | $ 296,844 |
| Grounds maintenance | — | 69,253 | — | 69,253 |
| Storm damage services | 13,342 | 5,609 | — | 18,951 |
| Consulting and other | 86,144 | 40,233 | 1,020 | 127,397 |
| Total revenues | $ 266,896 | $ 244,924 | $ 625 | $ 512,445 |
| Geography: | | | | |
| United States | $ 251,298 | $ 228,061 | $ 625 | $ 479,984 |
| Canada | 15,598 | 16,863 | — | 32,461 |
| Total revenues | $ 266,896 | $ 244,924 | $ 625 | $ 512,445 |

| Six Months Ended July 4, 2026 | Utility | Residential and Commercial | All Other | Consolidated |
|---|---|---|---|---|
| Type of service: | | | | |
| Tree and plant care | $ 344,757 | $ 219,983 | $ (1,012) | $ 563,728 |
| Grounds maintenance | — | 112,503 | — | 112,503 |
| Storm damage services | 10,301 | 8,846 | — | 19,147 |
| Consulting and other | 174,486 | 81,654 | 3,190 | 259,330 |
| Total revenues | $ 529,544 | $ 422,986 | $ 2,178 | $ 954,708 |
| Geography: | | | | |
| United States | $ 500,715 | $ 398,807 | $ 2,178 | $ 901,700 |
| Canada | 28,829 | 24,179 | — | 53,008 |
| Total revenues | $ 529,544 | $ 422,986 | $ 2,178 | $ 954,708 |

| Six Months Ended June 28, 2025 | Utility | Residential and Commercial | All Other | Consolidated |
|---|---|---|---|---|
| Type of service: | | | | |
| Tree and plant care | $ 332,206 | $ 216,088 | $ (785) | $ 547,509 |
| Grounds maintenance | — | 108,662 | — | 108,662 |
| Storm damage services | 31,799 | 23,188 | — | 54,987 |
| Consulting and other | 157,998 | 76,116 | 2,009 | 236,123 |
| Total revenues | $ 522,003 | $ 424,054 | $ 1,224 | $ 947,281 |
| Geography: | | | | |
| United States | $ 495,740 | $ 398,746 | $ 1,224 | $ 895,710 |
| Canada | 26,263 | 25,308 | — | 51,571 |
| Total revenues | $ 522,003 | $ 424,054 | $ 1,224 | $ 947,281 |

**(Amounts in thousands, except share data)**

### Contract Balances

Our contract liabilities consist of advance payments, billings in excess of costs incurred and deferred revenue. The Company recognized \$570 and \$1,546 of revenue for the three and six months ended July 4, 2026, that was included in the contract liability balance at December 31, 2025 and \$752 and \$2,077 of revenue for the three and six months ended June 28, 2025, that was included in the contract liability balance at December 31, 2024. Current contract liabilities are included in accrued expenses and noncurrent contract liabilities are included in other noncurrent liabilities in the Condensed Consolidated Balance Sheets. Net contract liabilities consisted of the following:

| | July 4, 2026 | December 31, 2025 |
|---|---|---|
| Contract liabilities - current | $ 5,260 | $ 3,032 |
| Contract liabilities - noncurrent | 8,668 | 7,320 |
| Net contract liabilities | $ 13,928 | $ 10,352 |

## O. Fair Value Measurements and Financial Instruments

FASB ASC 820, “Fair Value Measurements and Disclosures” (“Topic 820”) defines fair value based on the price that would be received to sell an asset or the exit price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. Market participants are defined as buyers or sellers in the principal or most advantageous market for the asset or liability that are independent of the reporting entity, knowledgeable and able and willing to transact for the asset or liability.

***Valuation Hierarchy***--Topic 820 establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value. The hierarchy prioritizes the inputs into three broad levels:

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity has the ability to access.

Level 2 inputs are observable inputs other than 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 with observable market data.

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

# The Davey Tree Expert Company
## Notes to Condensed Consolidated Financial Statements (Unaudited)
## July 4, 2026
## (Amounts in thousands, except share data)

Our assets and liabilities measured at fair value on a recurring basis at July 4, 2026 were as follows:

| Assets and Liabilities Recorded at Fair Value on a Recurring Basis | Total Carrying Value at July 4, 2026 | Fair Value Measurements at July 4, 2026 Using: Quoted Prices in Active Markets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|---|---|---|---|---|
| **Assets:** | | | | |
| **Assets invested for self-insurance** | | | | |
| Available-for-sale debt securities: | | | | |
| United States Government and agency securities | $ 40,073 | $ 40,073 | $ — | $ — |
| Total available-for-sale debt securities | 40,073 | 40,073 | — | — |
| Marketable equity securities: | | | | |
| Mutual funds | 27,302 | 27,302 | — | — |
| Exchange traded funds | 24,266 | 24,266 | — | — |
| Total marketable equity securities | 51,568 | 51,568 | — | — |
| **Liabilities:** | | | | |
| Deferred compensation | $ 750 | $ — | $ — | $ 750 |
| Contingent consideration | 20,000 | — | — | 20,000 |

Our assets and liabilities measured at fair value on a recurring basis at December 31, 2025 were as follows:

| Assets and Liabilities Recorded at Fair Value on a Recurring Basis | Total Carrying Value at December 31, 2025 | Fair Value Measurements at December 31, 2025 Using: Quoted Prices in Active Markets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|---|---|---|---|---|
| **Assets:** | | | | |
| **Assets invested for self-insurance** | | | | |
| Available-for-sale debt securities: | | | | |
| United States Government and agency securities | $ 34,910 | $ 34,910 | $ — | $ — |
| Total available-for-sale debt securities | 34,910 | 34,910 | — | — |
| Marketable equity securities: | | | | |
| Mutual funds | 20,383 | 20,383 | — | — |
| Exchange traded funds | 16,030 | 16,030 | — | — |
| Total marketable equity securities | 36,413 | 36,413 | — | — |
| **Liabilities:** | | | | |
| Deferred compensation | $ 863 | $ — | $ — | $ 863 |

The assets invested for self-insurance are bonds, mutual funds and exchange traded funds--classified as Level 1--based on quoted market prices of the identical underlying securities in active markets.

# The Davey Tree Expert Company
# Notes to Condensed Consolidated Financial Statements (Unaudited)
# July 4, 2026
# (Amounts in thousands, except share data)

The estimated fair value of the deferred compensation--classified as Level 3--is based on the value of the Company's common shares, determined by independent valuation. Management has evaluated the classification of the deferred compensation liability and determined that due to significant unobservable inputs used in the independent stock valuation, the liability is categorized as a Level 3 fair value measure.

The Company's common shares are not listed or traded on an established public trading market and market prices are, therefore, not available. Semiannually, for purposes of the Davey 401KSOP and ESOP, the fair market value of the common shares is determined by an independent stock valuation firm. The semiannual valuations utilize two approaches in determining the fair value of the common shares, a market approach and an income approach. Each approach utilizes Company performance and financial condition, using a peer group of comparable companies selected by the firm as well as significant unobservable inputs such as projected earnings and cash flow, EBITDA and cost of capital. The results of each valuation approach are utilized in a weighted average calculation to arrive at the fair market value.

The peer group at July 4, 2026 consisted of: ABM Industries Incorporated; Comfort Systems USA, Inc.; Dycom Industries, Inc.; FirstService Corporation; MYR Group, Inc.; Quanta Services, Inc.; Rollins, Inc.; and Scotts Miracle-Gro Company. The semiannual valuations are effective for a period of six months and the per-share price established by those valuations is the price at which the Board of Directors of the Company has determined that the common shares will be bought and sold during that six-month period in transactions involving the Company or one of its employee benefit or stock purchase plans. The Company provides a ready market for all shareholders through its direct purchase of their common shares, although the Company is under no obligation to do so (other than for repurchases pursuant to the put option, as described in Note Q).

Furthermore, the Company measures contingent consideration recognized in connection with acquisitions at fair value on a recurring basis using significant unobservable inputs classified as Level 3 inputs. The Company's contingent consideration obligations arose from the acquisition of Cal Engineering on January 30, 2026. The contingent consideration obligation involves potential future cash payments that are contingent upon the achievement of certain financial metrics. The Company recorded a contingent consideration liability at its estimated fair value at the date of acquisition. At each reporting date, the Company reviews and reassesses the estimated fair value of the contingent consideration obligation and records changes in the fair value in Other income (expense) in the Condensed Consolidated Statements of Operations. During the three months ended July 4, 2026, the Company recorded a measurement period adjustment to the contingent consideration liability accounted for as of the acquisition date January 30, 2026. See Note D - Business Combinations for further details. No contingent consideration fair value changes were recognized between January 30, 2026 and July 4, 2026.

The contingent consideration is classified on the Condensed Consolidated Balance Sheets based on expected payment dates. The current portion of contingent consideration, if any, is included in Other current liabilities in the Condensed Consolidated Balance Sheets and the noncurrent portion of contingent consideration is included in Other noncurrent liabilities. As of July 4, 2026, the entire estimated fair value of the contingent consideration liability was classified as noncurrent.

The fair value of the Company's contingent consideration obligation is estimated using a Monte Carlo simulation option pricing framework. Key significant unobservable inputs used in the estimate include the contractual terms and assumptions regarding financial forecasts, discount rates and volatility of forecasted revenue and operating profit. Changes in the fair value of the contingent consideration obligation results from changes in discount periods and rates, and changes in probability assumptions with respect to the likelihood of achieving the financial targets.

# The Davey Tree Expert Company
# Notes to Condensed Consolidated Financial Statements (Unaudited)
# July 4, 2026
# (Amounts in thousands, except share data)

***Fair Value of Financial Instruments***--The fair values of our current financial assets and current liabilities, including cash, accounts receivable, accounts payable, and accrued expenses, among others, approximate their reported carrying values because of their short-term nature. Financial instruments classified as noncurrent assets consist of available-for-sale debt securities and marketable equity securities, which are held at fair value. The carrying values of financial instruments classified as noncurrent liabilities approximate their fair values. The carrying value of our revolving credit facility approximates fair value--classified as Level 2--as the interest rates on the amounts outstanding are variable and are adjusted regularly to reflect current market rates. The fair value of our senior unsecured notes and term loans--classified as Level 2--is determined based on expected future weighted-average interest rates with the same remaining maturities.

**Market Risk--**In the normal course of business, we are exposed to market risk related to changes in foreign currency exchange rates, changes in interest rates and changes in fuel prices. We do not hold or issue derivative financial instruments for trading or speculative purposes. In prior years, we have used derivative financial instruments to manage risk, in part, associated with changes in interest rates and changes in fuel prices. Presently, we are not engaged in any hedging or derivative activities.

## P. Commitments and Contingencies

We are party to a number of lawsuits, threatened lawsuits and other claims arising out of the normal course of business. On a quarterly basis, we assess our liabilities and contingencies in connection with outstanding legal proceedings utilizing the latest information available. Where it is probable that we will incur a loss and the amount of the loss can be reasonably estimated, we record a liability in our consolidated financial statements. These accruals may be increased or decreased to reflect any relevant developments on a quarterly basis. Where a loss is not probable or the amount of the loss is not estimable, we do not record an accrual, consistent with applicable accounting guidance. Based on information currently available to us, advice of counsel, and available insurance coverage, we believe that our established accruals are adequate and the liabilities arising from the legal proceedings will not have a material adverse effect on our consolidated financial condition. We note, however, that in light of the inherent uncertainty in legal proceedings, there can be no assurance that the ultimate resolution of a matter will not exceed established accruals. As a result, the outcome of a particular matter or a combination of matters may be material to our results of operations for a particular period, depending upon the size of the loss or our income for that particular period.

***Georgia Wrongful Death Suits***

In November 2017, a wrongful death lawsuit was filed in Savannah, Georgia in the State Court of Chatham County (“State Court”) against Davey Tree, its subsidiary, Wolf Tree, Inc. (“Wolf Tree”), a former Davey Tree employee, a Wolf Tree employee, and two former Wolf Tree employees. That complaint, as subsequently amended, alleged various acts of negligence and sought compensatory damages for the wrongful death of the plaintiff’s husband, a Wolf Tree employee, who was shot and killed in August 2017.

In July 2018, the decedent’s estate filed a survival action in Savannah, Georgia in the State Court against the same defendants as the wrongful death action. The complaint in the survival action, which arises out of the same essential alleged facts and circumstances as the wrongful death action, includes three Racketeer Influenced and Corrupt Organizations Act (“RICO”) claims under Georgia law, among other claims, and seeks compensatory damages, treble damages, and punitive damages. On August 2, 2018, the survival action was removed to the United States District Court for the Southern District of Georgia, Savannah Division (“Federal Court”).

On December 6, 2018, a former Wolf Tree employee pled guilty to conspiracy to conceal, harbor, and shield illegal aliens. In December 2018, the United States Department of Justice ("DOJ") filed motions to stay both civil actions on the grounds that on December 7, 2018, an indictment was issued charging two former Wolf Tree employees and another individual with various crimes, including for their roles in a conspiracy to murder the decedent. The two civil actions were then stayed for several years during the pendency of the federal criminal cases against the three individuals.

By November 2022, all three of the individually charged defendants had either been convicted at trial or pled guilty to Federal criminal charges in the Federal Court related to their involvement with the murder and other illegal activities. All three individuals were sentenced.

Previously, on December 17, 2018, the United States Attorney's Office for the Southern District of Georgia ("United States Attorney") had informed the Company and Wolf Tree that they also were under investigation for potential civil or other violations of immigration and other laws relating to the subject matter of the criminal investigation referenced above. The Company and Wolf Tree fully cooperated with the investigation.

On July 12, 2023, the Company and Wolf Tree entered into a non-prosecution and settlement agreement (the "settlement agreement") with the United States Attorney's Office for the Southern District of Georgia and the United States Department of Homeland Security ("DHS"), resolving the investigation for potential violations of immigration and other laws by the Company and Wolf Tree.

The United States Attorney recognized that, since August 2017, both the Company and Wolf Tree had fully cooperated with the criminal and civil investigation and, in entering into the settlement agreement, the United States Attorney took into consideration the Company's and Wolf Tree's implementation of a significant compliance program.

The Company and Wolf Tree paid $3,984 as part of the settlement agreement, including civil penalties, forfeiture and restitution. The United States Attorney agreed that it would not bring any criminal charges against the Company or Wolf Tree concerning the subject matter of the investigation and released the Company and Wolf Tree from civil liability concerning immigration code provisions, and DHS also agreed to release the Company and Wolf Tree from administrative liability relating to the subject matter of the investigation, all of which are subject to standard reservations of rights and certain reserved claims. The settlement agreement closed the investigation by the United States Attorney and DHS. The settlement is not an admission of liability by the Company or Wolf Tree.

The wrongful death lawsuit was tried before a jury in June 2025. By the time of the trial, Davey Tree was the sole remaining defendant. On June 11, 2025, the jury rendered its verdict. Specifically, the jury returned a verdict in favor of the Plaintiff and against the Company and awarded damages for the wrongful death of the Plaintiff in the amount of $3,100, along with expenses of litigation pursuant to O.C.G.A. § 13-6-11 for bad faith in the amount of $2,351. The jury also apportioned fault between the Company and the Plaintiff, apportioning 90% of the fault to the Company and 10% of the fault to the Plaintiff's decedent. On June 23, 2025, the State Court entered judgment against the Company in the amount of $4,906, with post-judgment interest at the legal rate, plus costs of court. On July 9, 2025, the Plaintiff filed a Combined Motion to Set Aside Judgment, Motion for New Trial and Motion for Judgment Notwithstanding the Verdict. On July 23, 2025, the Company filed a Motion for Judgment Notwithstanding the Verdict. On February 24, 2026, the State Court denied the Company's Motion for Judgment Notwithstanding the Verdict and Plaintiff's Motion to Set Aside Judgment and Motion for New Trial but partially granted Plaintiff's Motion for Judgment Notwithstanding the Verdict. Specifically, the State Court found that there was no evidence presented at trial to support the jury's apportionment of 10% fault to the Plaintiff's decedent. An amended judgment was entered on

February 24, 2026 against Davey Tree in the amount of $5,451, with post-judgment interest to accrue at the legal rate, plus costs of court, which the Company had fully accrued for as of July 4, 2026. The Company has filed a Notice of Appeal, and the Plaintiff has filed a Notice of Cross-Appeal to the Georgia Court of Appeals. On April 14, 2026, the State Court granted the Plaintiff's Motion for Supersedeas Bond and ordered Davey Tree to post a supersedeas bond in the amount of $6,024 within 30 days.

After the stay was lifted in 2023, the federal survival action proceeded in Federal Court for several years. On March 25, 2026, the Federal Court granted the Plaintiff's Renewed Motion to Remand on the basis that the court lacked subject matter jurisdiction over the action and remanded the survival action back to the State Court. On May 26, 2026, the State Court officially reopened the remanded Federal Court action with a newly named estate representative. On June 3, 2026, plaintiff filed a motion to set aside the Federal Court's prior order dismissing a portion of plaintiff's claims. Briefing is ongoing regarding Plaintiff's motion to set aside. No trial date has been set in the newly remanded action. The Company and Wolf Tree have denied all liability and will continue to vigorously defend against all allegations and claims in the remanded action.

***Northern California Wildfire Cases***

Five lawsuits were filed that name contractors for PG&E Corporation and its subsidiary, Pacific Gas and Electric Company (together, "PG&E"), including Davey Tree, with respect to claims arising from a wildfire event that occurred in Pacific Gas and Electric Company's service territory in northern California beginning on October 8, 2017. An action was brought on August 8, 2019 in Napa County Superior Court, entitled *Walker, et al. v. Davey Tree Surgery Company, et al*., Case No. 19CV001194. An action was brought on October 8, 2019 in San Francisco County Superior Court, entitled *Abram, et al. v. ACRT, Inc., et. al*, Case No. CGC-19-579861. An action was brought on October 7, 2019 in San Francisco Superior Court, entitled *Adams, et al. v. Davey Resource Group, Inc., et al.,* Case No. CGC-19-579828. An action was brought on October 8, 2019 in Sacramento Superior Court, entitled *Antone, et al. v. ACRT, Inc. et al.,* Case No. 34-2019-00266662. An action was brought on October 7, 2019 in Sacramento Superior Court, entitled *Bennett, et al. v. ACRT, Inc. et al.*, Case No. 2019-00266501.

Three additional actions were brought on January 28, 2021 in San Francisco County Superior Court, by fire victims represented by a trust ("Plaintiffs' Trust"), which was assigned contractual rights in the PG&E bankruptcy proceedings. These cases are entitled *John K. Trotter, Trustee of the PG&E Fire Victim Trust v. Davey Resource Group, Inc., et al*., Case No. CGC-21-589438; *John K. Trotter, Trustee of the PG&E Fire Victim Trust v. Davey Resource Group, Inc., et al*., Case No. CGC-21-589439; and *John K. Trotter, Trustee of the PG&E Fire Victim Trust v. ACRT Pacific, LLC, et al*., Case No. CGC-21-589441. On September 22, 2021, the Court granted Davey Tree's petition to coordinate all cases as a California Judicial Council Coordination Proceeding, *In Re North Bay Fire Cases,* JCCP No. 4955. As a result of the coordination order, all of the actions were stayed in their home jurisdictions, subject to further court order.

In November 2022, Davey Tree filed a cross-complaint against the Plaintiffs' Trust and PG&E related to the contractual obligations of limitation of liability and hold harmless. Since that time, Davey Tree has dismissed the cross-complaint against PG&E without prejudice. The Plaintiffs' Trust filed a demurrer which challenged Davey Tree's claim that the hold harmless provisions in its contracts with PG&E are an obligation of the Plaintiffs' Trust. In response to the demurrer, Davey Tree filed an amended cross-complaint against the Plaintiffs' Trust on April 13, 2023. The Plaintiffs' Trust has since filed another demurrer seeking to dismiss the cross complaint by Davey Tree, and

Davey Tree has filed a response. The Plaintiffs' Trust filed a motion for summary adjudication which challenged the limitation of liability as set forth in the assigned contracts. The Court denied the motion for summary adjudication in an order entered April 12, 2023.

At a case management conference in JCCP No. 4955 on February 24, 2022, the Court ordered that Davey Tree and the plaintiffs participate in a mediation. The mediation commenced on October 17, 2022. At a case management conference on September 26, 2023, the parties reported to the Court that they had reached a settlement in principle and needed additional time to work on a long form settlement agreement. The parties jointly requested that the Court continue trial dates and other proceedings while the parties attempt to reach final terms on a global resolution. The Court originally set a trial date for October 2, 2023 involving the claim of the Plaintiffs' Trust as to the Atlas burn location. On July 26, 2023, based on a joint request by the parties, the Court vacated the October 2, 2023 Atlas trial date and reset the Atlas trial for February 26, 2024, which has been vacated.

On November 10, 2022, the Court authorized the plaintiffs to contact Napa County Superior Court for the purpose of setting a trial date in the *Walker* case for claims related to the Partrick burn location. On December 15, 2022, the Court in the *Walker* case set a trial date of March 4, 2024. Pursuant to the parties' stipulation, that trial date was continued to August 19, 2024. On April 30, 2024 the parties filed a joint stipulation to continue the trial date for 90 days. The trial was later set for December 4, 2024. On October 9, 2024, the parties filed a joint stipulation mutually requesting that the trial and all related dates be continued approximately 45 days after the December 4, 2024 trial date, or thereafter, as convenient to the court. The *Walker* trial date was later set for February 18, 2025. The *Walker* trial date was then continued to July 14, 2025 and later reset for October 6, 2025. On July 28, 2025, the Court vacated the trial date and set a status conference date for April 17, 2026. At the hearing on April 17, 2026, the court set a further status conference for July 17, 2026.

On September 22, 2025, the Court in JCCP No. 4955 set a trial date in all of the coordinated actions for June 8, 2026 and reserved the month of June for the trial. The parties entered into a Settlement Agreement in the amount of $208,000 on November 25, 2025. Davey Tree filed a motion for a good faith settlement determination and a determination that plaintiffs' counsel were authorized to enter into the settlement under California law. On March 2, 2026, the court granted Davey Tree's motion and made the requested determinations concerning the settlement. The parties continue to resolve any remaining outstanding procedures needed for final resolution of claims pursuant to the settlement agreement and California law requirements.

Davey Tree has responded to all claims asserted by the plaintiffs in these actions, denying all liability, and is vigorously defending against plaintiffs' alleged claims. However, we believe that a range of losses is probable and we have accrued our best estimate within this range which is also equal to our total coverage limits under our self-insurance and third party insurance providers for the 2017-2018 policy year of $208,000. We believe that any losses would be recovered through our self-insurance and third party insurance providers and have accrued a corresponding insurance receivable within our Condensed Consolidated Balance Sheet as of July 4, 2026. On June 26, 2026, the Court in the JCCP entered an order finding that all necessary approvals had been obtained for all remaining plaintiffs, which will allow this case to come to its conclusion.

Subsequent to July 4, 2026, the Company funded $2,890 to a qualified settlement fund in connection with the settlement of the remaining claims. The Company's total settlement obligation under the agreement is $5,500.

# The Davey Tree Expert Company
# Notes to Condensed Consolidated Financial Statements (Unaudited)
# July 4, 2026
# (Amounts in thousands, except share data)

***Vehicle Accident Lawsuit***

In January 2023, a wrongful death lawsuit was brought against Davey Tree and a Davey Tree employee in the Circuit Court of the Fifth Judicial Circuit, Citrus County, Florida related to a vehicle accident that occurred on January 7, 2022. The vehicle accident occurred when, in an attempt to avoid a rear-end collision with a stopped vehicle, the Davey Tree driver swerved to the left over the centerline into oncoming traffic and struck Decedent's oncoming vehicle. The Decedent sustained severe injuries and ultimately passed away. Plaintiff, individually and on behalf of Decedent's Estate, brought suit against Davey Tree and its driver for wrongful death. The case was tried before a jury commencing on December 1, 2025. The jury returned a verdict on December 9, 2025, finding that the Davey Tree driver's negligence caused Plaintiff's Decedent's death, and that Plaintiff's Decedent was not negligent. The jury awarded total damages of $54,128 to Plaintiff. Following the verdict, the parties engaged in post-trial motions and ultimately settled all claims for $44,500 to Plaintiff without appeal. On April 20, 2026, the Company paid the remaining $10,000 of its $11,000 self-insurance limit, and this payment fully extinguished the Company's liability, with the remaining settlement amount paid by third-party insurance providers.

## Q. The Davey 401KSOP and Employee Stock Ownership Plan

On March 15, 1979, we consummated a plan, which transferred control of the Company to our employees. As a part of this plan, we initially sold 120,000 common shares (presently, 46,080,000 common shares adjusted for stock splits) to our Employee Stock Ownership Trust ("ESOT") for $2,700. The Employee Stock Ownership Plan ("ESOP"), in conjunction with the related ESOT, provided for the grant to certain employees of certain ownership rights in, but not possession of, the common shares held by the trustee of the ESOT. Annual allocations of shares have been made to individual accounts established for the benefit of the participants.

**Defined Contribution and Savings Plans--**Most employees are eligible to participate in The Davey 401KSOP and ESOP Plan. Effective January 1, 1997, the plan commenced operations and retained the existing ESOP participant accounts and incorporated a deferred savings plan (a "401(k) plan") feature. Participants in the 401(k) plan are allowed to make before-tax contributions, within Internal Revenue Service established limits, through payroll deductions. Effective January 1, 2020, we amended the 401(k) plan to be a safe harbor 401K plan. Under the amendment, the Company made changes to the hardship provisions and is required to make quarterly contributions in Company stock equal to 100% of the first three percent and 50% of the next two percent of each participant's before-tax contribution, subject to IRS limitations, which will be fully vested. This represents a maximum Company match of four percent. All non-bargaining domestic employees who attained 21 years of age and completed one year of service are eligible to participate. In May 2004, we adopted the 401K Match Restoration Plan, a defined contribution plan that supplements the retirement benefits of certain employees that participate in the savings plan feature of The Davey 401KSOP and ESOP Plan, but are limited in contributions because of tax rules and regulations.

Our common shares are not listed or traded on an established public trading market, and market prices are, therefore, not available. Semiannually, an independent stock valuation firm assists with the appraisal of the fair market value of our common shares based upon our performance and financial condition. The Davey 401KSOP and ESOP Plan includes a put option for shares of the Company's common stock distributed from the plan. Shares may be distributed from the Davey 401KSOP and ESOP Plan to former participants of the plan, their beneficiaries, donees or heirs (each, a "participant"). Since our common stock is not currently traded on an established securities market, if the owners of distributed shares desire to sell their shares, the Company is required to purchase the shares at fair value for two 60-day periods after distribution of the shares from the Davey 401KSOP and ESOP. The fair value of distributed shares subject to the put option totaled $5,027 and $9,831 as of July 4, 2026 and December 31, 2025, respectively. The fair value of the shares held in the Davey 401KSOP and ESOP totaled $208,559 and $203,717 as of July 4, 2026 and December 31, 2025, respectively. Due to the Company's obligation under the put option, the distributed shares subject to the put option and the shares held in the Davey 401KSOP and ESOP (collectively referred to as 401KSOP and ESOP related shares) are recorded at fair value, classified as temporary equity in the mezzanine section of the consolidated balance sheets and totaled $213,586 and $213,548 as of July 4, 2026 and December 31, 2025, respectively. Changes in the fair value of the Davey 401KSOP and ESOP Plan related shares are reflected in retained earnings while net share activity associated with the Davey 401KSOP and ESOP Plan related shares are first reflected in additional paid-in capital and then retained earnings if additional paid-in capital is insufficient.

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

***(Amounts in thousands, except share data)***

Management's Discussion and Analysis of Financial Condition and Results of Operations is provided as a supplement to the accompanying condensed consolidated financial statements and notes to help provide an understanding of our financial condition, cash flows and results of operations.

We provide a wide range of arboricultural, horticultural, environmental and consulting services to residential, utility, commercial and government entities mainly throughout the United States and Canada.

***Our Business***--Our operating results are reported in two segments organized by type or class of customer: Residential and Commercial, and Utility. Residential and Commercial provides services to our residential and commercial customers including: the treatment, preservation, maintenance, removal and planting of trees, shrubs and other plant life; the practice of landscaping, grounds maintenance, tree surgery, tree feeding and tree spraying; the application of fertilizer, herbicides and insecticides; and natural resource management and consulting, forestry research and development, and environmental planning. Utility is principally engaged in providing services to our utility customers--investor-owned, municipal utilities, and rural electric cooperatives--including: the practice of line-clearing and vegetation management around power lines and rights-of-way and chemical brush control, natural resource management and consulting, forestry research and development, and environmental planning. All other operating activities, including research, technical support and laboratory diagnostic facilities, are included in "All Other."

***Recent Trends***

Our business continues to be impacted by a number of macro-economic factors. General economic conditions, geopolitical uncertainty, and market volatility have contributed to an increasingly difficult operating environment. These factors, combined with fluctuating interest rates and a highly competitive labor market, have created an inflationary environment and cost pressures.

Geopolitical developments, including the conflict in the Middle East involving Iran, have increased volatility in global energy markets. As a result, fuel prices have experienced periods of fluctuation, which could lead to a material adverse impact on our business and economic pressures on our customers. In addition, we continue to monitor macroeconomic trends and uncertainties and changes in international trade relations and trade policy, including those related to tariffs.

Inflation has led us to experience higher costs, including higher labor costs and costs for materials from suppliers and transportation costs, and, in the competitive markets in which we operate, we may not be able to increase our prices correspondingly to preserve our gross margins and profitability. If inflation rates continue to rise or remain elevated for a sustained period of time, they could have a material adverse effect on our business, financial condition, results of operations and liquidity.

## RESULTS OF OPERATIONS

The following table sets forth our consolidated results of operations as a percentage of revenues and the change in such percentages for the periods presented.

| | Three Months Ended | | | Six Months Ended | | |
|---|---|---|---|---|---|---|
| | July 4, 2026 | June 28, 2025 | Change | July 4, 2026 | June 28, 2025 | Change |
| **Revenues** | 100.0 % | 100.0 % | — % | 100.0 % | 100.0 % | — % |
| Costs and expenses: | | | | | | |
| Operating | 63.1 | 62.7 | .4 | 65.1 | 65.2 | (.1) |
| Selling | 16.9 | 16.7 | .2 | 17.8 | 17.6 | .2 |
| General and administrative | 7.8 | 7.6 | .2 | 9.4 | 8.4 | 1.0 |
| Depreciation and amortization | 4.4 | 3.8 | .6 | 4.7 | 4.0 | .7 |
| Gain on sale of assets, net | (.4) | (.4) | — | (.3) | (.2) | (.1) |
| **Income from operations** | 8.2 | 9.6 | (1.4) | 3.3 | 5.0 | (1.7) |
| Other income (expense): | | | | | | |
| Interest expense | (1.6) | (1.0) | (.6) | (1.4) | (1.0) | (.4) |
| Interest income | .3 | .1 | .2 | .3 | .1 | .2 |
| Other, net | (.4) | .1 | (.5) | (.5) | (.1) | (.4) |
| **Income before income taxes** | 6.5 | 8.8 | (2.3) | 1.7 | 4.0 | (2.3) |
| Income taxes | 1.7 | 2.4 | (.7) | .2 | .9 | (.7) |
| **Net income** | 4.8 % | 6.4 % | (1.6)% | 1.5 % | 3.1 % | (1.6)% |

**Second Quarter—Three Months Ended July 4, 2026 Compared to Three Months Ended June 28, 2025**

Our results of operations for the three months ended July 4, 2026 compared to the three months ended June 28, 2025 were as follows:

| | Three Months Ended | | | |
|---|---|---|---|---|
| | July 4, 2026 | June 28, 2025 | Change | Percentage Change |
| **Revenues** | $ 518,933 | $ 512,445 | $ 6,488 | 1.3 % |
| Costs and expenses: | | | | |
| Operating | 326,991 | 321,321 | 5,670 | 1.8 |
| Selling | 87,871 | 85,603 | 2,268 | 2.6 |
| General and administrative | 40,561 | 39,036 | 1,525 | 3.9 |
| Depreciation and amortization | 23,106 | 19,333 | 3,773 | 19.5 |
| Gain on sale of assets, net | (2,081) | (1,982) | (99) | 5.0 |
| | 476,448 | 463,311 | 13,137 | 2.8 |
| **Income from operations** | 42,485 | 49,134 | (6,649) | (13.5) |
| Other income (expense): | | | | |
| Interest expense | (8,480) | (4,980) | (3,500) | 70.3 |
| Interest income | 2,054 | 756 | 1,298 | 171.7 |
| Other, net | (2,165) | 424 | (2,589) | (610.6) |
| **Income before income taxes** | 33,894 | 45,334 | (11,440) | (25.2) |
| Income taxes | 9,162 | 12,564 | (3,402) | (27.1) |
| **Net income** | $ 24,732 | $ 32,770 | $ (8,038) | (24.5)% |

***Revenues***--Revenues of $518,933 increased $6,488 compared with $512,445 in the second quarter of 2025. Utility Services decreased $821 or .3% compared with the second quarter of 2025. The decrease was primarily attributable to lower storm damage revenue, partially offset by growth from both new and existing accounts. Residential and Commercial Services increased $6,197 or 2.5% from the second quarter of 2025. Increases were primarily in consulting revenues partially offset by lower storm damage revenue.

***Operating Expenses***--Operating expenses of $326,991 increased $5,670 compared with the second quarter of 2025. Utility Services increased $3,077 or 1.6% compared with the second quarter of 2025 and, as a percentage of revenue, increased to 75.1% from 73.7%. The increase was primarily attributable to subcontractor expenses, materials expenses and labor and benefits expenses, partially offset by lower travel expenses. Residential and Commercial Services increased $1,922 or 1.5% compared with the second quarter of 2025 but, as a percentage of revenue, decreased to 50.2% from 50.7%. The increase was primarily attributable to subcontractor expenses and labor and benefits expenses, partially offset by a decrease in materials expenses.

Fuel costs of $18,778 increased $5,986, or 46.8%, from the $12,792 incurred in the second quarter of 2025 and impacted operating expenses within all segments. The $5,986 increase included usage decreases approximating $518 and price increases approximating $6,504.

***Selling Expenses***--Selling expenses of $87,871 increased $2,268 compared with the second quarter of 2025 and, as a percentage of revenue, increased to 16.9% from 16.7%. Utility Services decreased $415 or 1.5% compared to the second quarter of 2025 and, as a percentage of revenue, decreased to 10.6% from 10.7%. The decrease was primarily attributable to a decrease in wages and benefits expenses, partially offset by an increase in travel expenses. Residential and Commercial Services increased $386 or .7% from the second quarter of 2025 but, as a percentage of revenue, decreased to 23.4% from 23.8%. The increase was primarily attributable to increases in wages and benefits expenses and subcontractor expenses.

***General and Administrative Expenses***--General and administrative expenses of $40,561 increased $1,525 from $39,036 in the second quarter of 2025. The increase was primarily attributable to increases in salary and benefits expenses, professional services expenses and computer software expenses.

***Depreciation and Amortization Expense***--Depreciation and amortization expense of $23,106 increased $3,773 from $19,333 incurred in the second quarter of 2025 which was primarily attributable to an increased mix of equipment purchased or leased under finance leases rather than operating leases, along with depreciation on our corporate office expansion.

***Gain on the Sale of Assets, Net***--Gain on the sale of assets of $2,081 remained relatively flat compared to the gain in the second quarter of 2025.

***Interest Expense***--Interest expense of $8,480 increased $3,500 from the $4,980 incurred in the second quarter of 2025. The increase was primarily attributable to higher average borrowings during the second quarter of 2026, as compared with the second quarter of 2025.

***Other, Net***--Other, net, of $2,165 increased $2,589 from the $424 of other income generated in the second quarter of 2025 primarily driven by changes in foreign exchange rates. Other, net consists of nonoperating income and expense, including gains and losses on marketable securities, pension expense, bank fees, and foreign currency transaction adjustments.

***Income Taxes***--Income taxes for the second quarter of 2026 were $9,162, as compared to $12,564 for the second quarter of 2025. Our tax provision for interim periods is determined using an estimate of our annual effective tax rate adjusted for discrete items, if any, that are taken into account in the relevant period. The effective tax rate for the second quarter of 2026 was 27.0% as compared with the second quarter of 2025 effective tax rate of 27.7%.

**Six Months—Six Months Ended July 4, 2026 Compared to Six Months Ended June 28, 2025**

Our results of operations for the six months ended July 4, 2026 compared to the six months ended June 28, 2025 were as follows:

| | Six Months Ended | | | |
|---|---|---|---|---|
| | July 4, 2026 | June 28, 2025 | Change | Percentage Change |
| **Revenues** | $ 954,708 | $ 947,281 | $ 7,427 | .8 % |
| Costs and expenses: | | | | |
| Operating | 621,868 | 617,253 | 4,615 | .7 |
| Selling | 170,138 | 166,956 | 3,182 | 1.9 |
| General and administrative | 89,760 | 79,636 | 10,124 | 12.7 |
| Depreciation and amortization | 44,362 | 37,901 | 6,461 | 17.0 |
| Gain on sale of assets, net | (2,973) | (2,015) | (958) | 47.5 |
| | 923,155 | 899,731 | 23,424 | 2.6 |
| **Income from operations** | 31,553 | 47,550 | (15,997) | (33.6) |
| Other income (expense): | | | | |
| Interest expense | (13,073) | (9,362) | (3,711) | 39.6 |
| Interest income | 2,404 | 1,308 | 1,096 | 83.8 |
| Other, net | (4,337) | (1,292) | (3,045) | 235.7 |
| **Income before income taxes** | 16,547 | 38,204 | (21,657) | (56.7) |
| Income taxes | 2,500 | 8,692 | (6,192) | (71.2) |
| **Net income** | $ 14,047 | $ 29,512 | $ (15,465) | (52.4)% |

***Revenues***--Revenues of $954,708 increased $7,427 compared with $947,281 in the first six months of 2025. Utility Services increased $7,541 or 1.4% compared with the first six months of 2025. The increase was attributable to growth on existing accounts along with an increase in consulting services, partially offset by lower storm damage revenue. Residential and Commercial Services decreased $1,068 or .3% compared with the first six months of 2025. Decreases were primarily in storm damage services revenue partially offset by increases in consulting revenue.

***Operating Expenses***--Operating expenses of $621,868 increased $4,615 compared with the first six months of 2025 but, as a percentage of revenue, decreased to 65.1% from 65.2%. Utility Services increased $10,732 or 2.8% compared with the first six months of 2025 and, as a percentage of revenue, increased to 74.9% from 73.9%. The increase was attributable to increases in labor and benefits expense and materials expense, partially offset by decreases in subcontractor expenses, equipment expenses and travel expenses. Residential and Commercial Services decreased $7,074 or 3.1% compared with the first six months of 2025 and, as a percentage of revenue, decreased to 53.0% from 54.5%. The decrease was primarily attributable to subcontractor expenses and materials expenses, partially offset by increases in wages and benefits.

Fuel costs of $27,741 increased $3,777, or 15.8%, from the $23,964 incurred in the first six months of 2025 and impacted operating expenses within all segments. The $3,777 increase included usage decreases approximating $131 and price increases approximating $3,908.

***Selling Expenses***--Selling expenses of $170,138 increased $3,182 compared with the first six months of 2025 and, as a percentage of revenue, increased to 17.8% from 17.6%. Utility Services increased $666 or 1.1% compared to the first six months of 2025 but, as a percentage of revenue, decreased to 11.3% from 11.4%. The increase was primarily attributable to increases in travel expenses, computer software expenses, and telephone expenses, which is partially offset by a decrease in wages and benefits expenses. Residential and Commercial Services increased $2,454 or 2.2% compared to the first six months of 2025 and, as a percentage of revenue, increased to 26.7% from 26.0%. The increase was primarily attributable to an increase in wages and benefits expenses, personnel development expenses, and fuel expenses.

***General and Administrative Expenses***--General and administrative expenses of $89,760 increased $10,124 from $79,636 in the first six months of 2025. The increase was primarily attributable to increases in salary and benefits expenses and computer software expenses.

***Depreciation and Amortization Expense***--Depreciation and amortization expense of $44,362 increased $6,461 from $37,901 incurred in the first six months of 2025, which was primarily attributable to a higher proportion of equipment purchased or leased under finance leases rather than operating leases, along with depreciation on our corporate office expansion.

***Gain on the Sale of Assets, Net***--Gain on the sale of assets of $2,973 for the first six months of 2026 increased $958 from the $2,015 gain in the first six months of 2025. We sold fewer units of equipment but at a higher average gain during the first six months of 2026 as compared with the first six months of 2025.

***Interest Expense***--Interest expense of $13,073 increased $3,711 from the $9,362 incurred in the first six months of 2025. The increase was primarily attributable to higher average borrowings on the revolving credit facility during the first six months of 2026, as compared with the first six months of 2025.

***Other, Net***--Other, net of $4,337 increased $3,045 from the $1,292 expense incurred in the first six months of 2025 primarily driven by changes in foreign exchange rates. Other, net consists of nonoperating income and expense, including gains and losses on marketable securities, pension expense, bank fees, and foreign currency transaction adjustments.

***Income Taxes***--Income tax for the first six months of 2026 was $2,500, as compared to $8,692 for the first six months of 2025. Our tax provision for interim periods is determined using an estimate of our annual effective tax rate adjusted for discrete items, if any, that are taken into account in the relevant period. The actual effective tax rate for the first six months of 2026 was 15.1%. Our actual effective tax rate for the first six months of 2025 was 22.7%. The change in the effective tax rate from statutory tax rates was primarily due to the impact of favorable discrete items which are a set amount and therefore have a larger impact on the rate based on our net income before tax in the first six months compared to the impact they will have on the rate for the full year.

## LIQUIDITY AND CAPITAL RESOURCES

Our principal financial requirements are for capital spending, working capital and business acquisitions. Cash generated from operations, our revolving credit facility and note issuances are our primary sources of capital.

***Cash Flow Summary***

Our cash flows from operating, investing and financing activities for the six months ended July 4, 2026 and June 28, 2025 were as follows:

| | Six Months Ended | |
|---|---|---|
| | **July 4, 2026** | **June 28, 2025** |
| **Cash provided by (used in):** | | |
| Operating activities | $ 33,536 | $ 43,352 |
| Investing activities | (101,946) | (57,317) |
| Financing activities | 80,106 | 16,448 |
| Effect of exchange rate changes on cash | (71) | 197 |
| Increase in cash | $ 11,625 | $ 2,680 |

***Net Cash Provided By Operating Activities***--Operating activities provided cash of $33,536 in the first six months of 2026, compared to $43,352 provided in the first six months of 2025. The $9,816 decrease in cash provided by operating activities was primarily attributable to the decrease of $15,465 in net income, the increase of $7,791 in cash used by accounts receivable, the increase of $9,748 in cash used by accounts payable and accrued expenses, and the increase of $3,343 in cash used by self-insurance accruals. The decrease was partially offset by the increase of $6,461 in depreciation and amortization, the increase of $5,267 in cash provided by mitigation banking credit inventory and the increase of $10,414 in cash provided by other, net.

Overall, accounts receivable increased $33,951 during the first six months of 2026, as compared to an increase of $26,160 during the first six months of 2025. With respect to the change in accounts receivable arising from business levels, the “days-sales-outstanding” in accounts receivable (sometimes referred to as “DSO”) at the end of the first six months of 2026 decreased by 3 days to 73 days, when compared to 76 days at the end of the first six months of 2025. As we continue to grow and expand our service offerings, our DSO will be influenced by various factors such as individual contract terms, the nature of the work performed and special situations such as storm work.

Accounts payable and accrued expenses decreased $12,958 in the first six months of 2026, a change of $9,748 compared to the $3,210 decrease in the first six months of 2025. This change was primarily related to an increase in accounts payable and accrued employee compensation as well as a decrease in payroll taxes payable.

Self-insurance accruals decreased $6,188 in the first six months of 2026, a change of $3,343 from the decrease of $2,845 experienced in the first six months of 2025. The larger decrease in the first six months of 2026 was mainly attributable to the higher settlement of claims during the first six months of 2026 compared to the first six months of 2025.

Prepaid expenses decreased $20,945 in the first six months of 2026, a change of $806 compared to the $20,139 decrease in the first six months of 2025. The change was primarily related to prepaid insurance premiums.

Mitigation bank credit inventory decreased $3,290 in the first six months of 2026, a change of $5,267 compared to the increase of $1,977 in the first six months of 2025. Mitigation bank credit inventory levels are affected by the timing of credit inventory sales, with a higher level of credit sales in the first six months of 2026 compared to the first six months of 2025. Mitigation bank credit inventories are composed of credits that are available to sell to third parties through remediation of properties such as stream or wetland restoration.

Refundable income taxes decreased $1,806 in the first six months of 2026, a change of $2,247 compared to the $441 increase in the first six months of 2025. The change was primarily related to a decrease in the balance of income taxes refundable due to lower net income in the first six months of 2026 compared to the first six months of 2025.

Other, net provided cash of $1,296 in the first six months of 2026, or $10,414 more than the $9,118 of cash used in the first six months of 2025. The change was primarily attributable to higher payroll taxes refundable received during the first six months of 2026 compared to the first six months of 2025.

***Net Cash Used In Investing Activities***--Cash used in investing activities for the first six months of 2026 was $101,946, a $44,629 increase when compared to the $57,317 used during the first six months of 2025. The increase was primarily the result of an increase in net purchases of marketable securities of $26,988 to fund our wholly owned captive insurance subsidiary, an increase in cash used for purchases of businesses of $11,487 and an increase in capital expenditures for equipment of $19,299, partially offset by a decrease in cash used for capital expenditures for buildings of $14,152.

***Net Cash Provided By Financing Activities***--Cash provided by financing activities was $80,106 during the first six months of 2026, an increase of $63,658 as compared with the $16,448 provided during the first six months of 2025. Our net borrowing and repayment activity on our revolving credit facility resulted in a net cash inflow of $158,422 during the first six months of 2026 as compared with $62,338 of cash provided by net borrowings during the first six months of 2025. We use the credit facility primarily for capital expenditures, redemptions of shares and payments of notes payable related to acquisitions. Net cash used for the payment of notes payable totaled $37,698 during the first six months of 2026, a change of $15,486 when compared to the $22,212 net cash used for payments in the first six months of 2025. Treasury share transactions (purchases and sales) used cash of $31,454 for the first six months of 2026, $13,347 more than the $18,107 used in the first six months of 2025. Dividends paid of $2,389 during the first six months of 2026 increased $325 as compared with $2,064 paid in the first six months of 2025.

The Company currently repurchases common shares at shareholders' requests in accordance with the terms of the Davey 401KSOP and ESOP Plan and also repurchases common shares from time to time at the Company's discretion. The amount of common shares offered to the Company for repurchase by the holders of shares distributed from the Davey 401KSOP and ESOP Plan is not within the control of the Company, but is at the discretion of the shareholders. The Company expects to continue to repurchase its common shares, as offered by its shareholders from time to time, at their then current fair value. However, other than for repurchases pursuant to the put option under the Davey 401KSOP and ESOP Plan, as described in Note Q, such purchases are not required, and the Company retains the right to discontinue them at any time. Repurchases of redeemable common shares at shareholders' request approximated $16,100 and $14,688 during the six months ended July 4, 2026 and June 28, 2025, respectively. Share repurchases, other than redeemable common shares, approximated $40,794 and $35,329 during the six months ended July 4, 2026 and June 28, 2025, respectively.

### *Contractual Obligations Summary and Commercial Commitments*

As of July 4, 2026, total commitments related to issued letters of credit were $101,753, of which $2,250 were issued under the revolving credit facility, $99,071 were issued under the AR Securitization program, and $432 were issued under short-term lines of credit. As of December 31, 2025, total commitments related to issued letters of credit were $101,659, of which $2,250 were issued under the revolving credit facility, $99,071 were issued under the AR Securitization program, and $338 were issued under short-term lines of credit. For more information, see "Part I - Item 1 - Note G, Short and Long-Term Debt and Commitments Related to Letters of Credit."

Also, as is common in our industry, we have performance obligations that are supported by surety bonds, which expire during 2026 through 2033. We intend to renew the surety bonds where appropriate and as necessary.

### *Capital Resources*

Cash generated from operations, our revolving credit facility and note issuances are our primary sources of capital.

Business seasonality traditionally results in higher revenues during the second and third quarters as compared with the first and fourth quarters of the year, while our methods of accounting for fixed costs, such as depreciation and amortization expense, rent and interest expense, are not significantly impacted by business seasonality. Capital resources during these periods are equally affected. We satisfy seasonal working capital needs and other financing requirements with the revolving credit facility and other short-term lines of credit. We continually review our existing sources of financing and evaluate alternatives. At July 4, 2026, we had working capital of $194,730, availability under short-term lines of credit approximating $625 and $113,832 available under our revolving credit facility.

For more information regarding our outstanding debt, see "Part I - Item 1 - Note G, Short and Long-Term Debt and Commitments Related to Letters of Credit."

We believe our sources of capital, at this time, provide us with the financial flexibility to meet our capital-spending plans and to continue to complete business acquisitions for at least the next twelve months and for the reasonably foreseeable future.

## CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires the use of estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the periods presented.

We believe that our policies related to revenue recognition, the allowance for credit losses, stock valuation, contingent consideration valuation and self-insurance accruals are our "critical accounting policies and estimates"--those most important to the financial presentations and those that require the most difficult, subjective or complex judgments.

On an ongoing basis, we evaluate our estimates and assumptions, including those related to accounts receivable, specifically those receivables under contractual arrangements primarily with Utility customers; allowance for credit losses; self-insurance accruals; and contingent consideration valuation. We base our estimates on historical experience and on various other factors that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from these estimates.

## NOTE REGARDING FORWARD-LOOKING STATEMENTS

This quarterly report on Form 10-Q contains forward-looking statements (within the meaning of the Private Securities Litigation Reform Act of 1995). These statements relate to future events or our future financial performance. In some cases, forward-looking statements may be identified by terminology such as "may," "will," "should," "could," "might," "expects," "intends," "plans," "anticipates," "believes," "estimates," "seeks," "predicts," "potential," "would," "continue" or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, many of which are difficult to predict and are outside of our control, that may cause our or our industry's actual results, levels of activity, performance or achievements to differ materially from what is expressed or implied in these forward-looking statements. The following are some important factors that could cause actual results to differ materially from those in the forward-looking statements or materially adversely affect our business, results of operations or financial condition:

- our inability to attract and retain a sufficient number of qualified employees for our field operations or qualified management personnel and the possibility that increased wage rates may result from our need to attract and retain employees;
- our ability to withstand intense competition;
- the potential impact of acquisitions or other strategic transactions;
- the impact of wildfires, as well as other severe weather events and natural disasters, which may worsen or increase due to the effects of climate change;
- increases in the cost of obtaining adequate insurance, or the inadequacy of our self-insurance accruals or insurance coverages;
- inability to obtain, or cancellation of, third-party insurance coverage;
- fluctuations in our quarterly results due to the seasonal nature of our business or changes in general and local economic conditions, among other factors;
- payment delays or delinquencies resulting from financial difficulties of our significant customers, particularly utilities;
- the outcome of litigation and third-party and governmental regulatory claims against us;
- an increase in our operating expenses due to significant increases or volatility in fuel prices for extended periods of time, and ongoing volatility arising from the effects of geopolitical conflict;
- disruptions, delays or price increases within our supply chain;
- the impact of global climate change and related regulations;
- being contractually bound to an unprofitable contract;
- a disruption in our information technology systems, including a disruption related to our cybersecurity program or a third-party's information technology system upon which we rely, or the impact of costs incurred to comply with cybersecurity or data privacy regulations;
- widespread outages, interruptions or other failures of operational, communication and other systems;
- damage to our reputation of quality, integrity and performance;
- our failure to comply with environmental laws resulting in significant liabilities, fines and/or penalties;
- difficulties obtaining surety bonds or letters of credit necessary to support our operations;
- an overall decline in the health of the economy or our industry, including as a result of high inflation or interest rates, instability in the global banking system, geopolitical conditions, unemployment rates, or changes in the labor market, political and social unrest, the possibility of an economic recession, or public health crises;
- the effect of various economic factors, including inflationary pressures, that may adversely impact our customers’ spending and pricing for our services, and impede our collection of accounts receivable;
- uncertainties in the credit and financial markets, including the negative impacts of geopolitical conflicts, supply chain shortages and disruptions, variable interest rates, unemployment rates, labor shortages and inflationary cost pressures, among other factors, potentially limiting our access to capital;
- changes and instability in policies and regulations affecting international trade, including trade restrictions and tariffs;
- fluctuations in foreign currency exchange rates;
- significant increases in health care costs;
- our inability to properly verify the employment eligibility of our employees;
- the impact of corporate citizenship and environmental, social and governance matters and/or our reporting of such matters;
- the impact of events such as natural disasters, public health epidemics or pandemics, terrorist attacks or other external events;
- the impact of tax increases and changes in tax rules;
- our ability to successfully implement our new enterprise resource planning system in a cost-effective and timely manner;

- limitations on our shareholders' ability to sell their common shares due to the lack of a public market for such shares; and
- our ability to continue to declare cash dividends.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, or achievements. We are under no duty to update any of the forward-looking statements after the date of this quarterly report on Form 10-Q to conform these statements to actual future results, except as required by applicable securities laws.

The factors described above, as well as other factors that may adversely impact our actual results, are discussed in "Part I - Item 1A. Risk Factors" of our 2025 Annual Report.

## Item 3. *Quantitative and Qualitative Disclosures about Market Risk.*

While we have experienced inflationary pressures during 2026, there have been no material changes in our reported market risks or risk management policies since the filing of our 2025 Annual Report on Form 10-K, which was filed with the Securities and Exchange Commission on March 9, 2026.

## Item 4. *Controls and Procedures.*

**(a) Management's Evaluation of Disclosure Controls and Procedures**

As of the end of the period covered by this report, 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 defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")). Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that the design and operation of our disclosure controls and procedures were effective at the reasonable assurance level as of the end of the period covered by this report in ensuring that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and is accumulated and communicated to our management, including our Chief Executive Officer and our Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

**(b) Changes in Internal Control over Financial Reporting**

There were no changes in our internal control over financial reporting during the fiscal quarter ended July 4, 2026 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**(c) Inherent Limitation on Effectiveness of Controls**

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures or our internal controls will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected.

## Part II. Other Information

Items 3 and 4 are not applicable.

### Item 1. *Legal Proceedings.*

We are party to a number of lawsuits, threatened lawsuits and other claims arising out of the normal course of business. On a quarterly basis, we assess our liabilities and contingencies in connection with outstanding legal proceedings utilizing the latest information available. Where it is probable that we will incur a loss and the amount of the loss can be reasonably estimated, we record a liability in our consolidated financial statements. These accruals may be increased or decreased to reflect any relevant developments on a quarterly basis. Where a loss is not probable or the amount of the loss is not estimable, we do not record an accrual, consistent with applicable accounting guidance. Based on information currently available to us, advice of counsel, and available insurance coverage, we believe that our established accruals are adequate and the liabilities arising from the legal proceedings will not have a material adverse effect on our consolidated financial condition. We note, however, that in light of the inherent uncertainty in legal proceedings, there can be no assurance that the ultimate resolution of a matter will not exceed established accruals. As a result, the outcome of a particular matter or a combination of matters may be material to our results of operations for a particular period, depending upon the size of the loss or our income for that particular period.

***Georgia Wrongful Death Suits***

In November 2017, a wrongful death lawsuit was filed in Savannah, Georgia in the State Court of Chatham County (“State Court”) against Davey Tree, its subsidiary, Wolf Tree, Inc. (“Wolf Tree”), a former Davey Tree employee, a Wolf Tree employee, and two former Wolf Tree employees. That complaint, as subsequently amended, alleged various acts of negligence and sought compensatory damages for the wrongful death of the plaintiff’s husband, a Wolf Tree employee, who was shot and killed in August 2017.

In July 2018, the decedent’s estate filed a survival action in Savannah, Georgia in the State Court against the same defendants as the wrongful death action. The complaint in the survival action, which arises out of the same essential alleged facts and circumstances as the wrongful death action, includes three Racketeer Influenced and Corrupt Organizations Act (“RICO”) claims under Georgia law, among other claims, and seeks compensatory damages, treble damages, and punitive damages. On August 2, 2018, the survival action was removed to the United States District Court for the Southern District of Georgia, Savannah Division (“Federal Court”).

On December 6, 2018, a former Wolf Tree employee pled guilty to conspiracy to conceal, harbor, and shield illegal aliens. In December 2018, the United States Department of Justice (“DOJ”) filed motions to stay both civil actions on the grounds that on December 7, 2018, an indictment was issued charging two former Wolf Tree employees and another individual with various crimes, including for their roles in a conspiracy to murder the decedent. The two civil actions were then stayed for several years during the pendency of the federal criminal cases against the three individuals.

By November 2022, all three of the individually charged defendants had either been convicted at trial or pled guilty to Federal criminal charges in the Federal Court related to their involvement with the murder and other illegal activities. All three individuals were sentenced.

Previously, on December 17, 2018, the United States Attorney’s Office for the Southern District of Georgia (“United States Attorney”) had informed the Company and Wolf Tree that they also were under investigation for potential civil or other violations of immigration and other laws relating to the subject matter of the criminal investigation referenced above. The Company and Wolf Tree fully cooperated with the investigation.

On July 12, 2023, the Company and Wolf Tree entered into a non-prosecution and settlement agreement (the "settlement agreement") with the United States Attorney's Office for the Southern District of Georgia and the United States Department of Homeland Security ("DHS"), resolving the investigation for potential violations of immigration and other laws by the Company and Wolf Tree.

The United States Attorney recognized that, since August 2017, both the Company and Wolf Tree had fully cooperated with the criminal and civil investigation and, in entering into the settlement agreement, the United States Attorney took into consideration the Company's and Wolf Tree's implementation of a significant compliance program.

The Company and Wolf Tree paid $3,984,325 as part of the settlement agreement, including civil penalties, forfeiture and restitution. The United States Attorney agreed that it would not bring any criminal charges against the Company or Wolf Tree concerning the subject matter of the investigation and released the Company and Wolf Tree from civil liability concerning immigration code provisions, and DHS also agreed to release the Company and Wolf Tree from administrative liability relating to the subject matter of the investigation, all of which are subject to standard reservations of rights and certain reserved claims. The settlement agreement closed the investigation by the United States Attorney and DHS. The settlement is not an admission of liability by the Company or Wolf Tree.

The wrongful death lawsuit was tried before a jury in June 2025. By the time of the trial, Davey Tree was the sole remaining defendant. On June 11, 2025, the jury rendered its verdict. Specifically, the jury returned a verdict in favor of the Plaintiff and against the Company and awarded damages for the wrongful death of the Plaintiff in the amount of $3,100,000, along with expenses of litigation pursuant to O.C.G.A. § 13-6-11 for bad faith in the amount of $2,351,312. The jury also apportioned fault between the Company and the Plaintiff, apportioning 90% of the fault to the Company and 10% of the fault to the Plaintiff's decedent. On June 23, 2025, the State Court entered judgment against the Company in the amount of $4,906,180, with post-judgment interest at the legal rate, plus costs of court.. On July 9, 2025, the Plaintiff filed a Combined Motion to Set Aside Judgment, Motion for New Trial and Motion for Judgment Notwithstanding the Verdict. On July 23, 2025, the Company filed a Motion for Judgment Notwithstanding the Verdict. On February 24, 2026, the State Court denied the Company's Motion for Judgment Notwithstanding the Verdict and Plaintiff's Motion to Set Aside Judgment and Motion for New Trial but partially granted Plaintiff's Motion for Judgment Notwithstanding the Verdict. Specifically, the State Court found that there was no evidence presented at trial to support the jury's apportionment of 10% fault to the Plaintiff's decedent. An amended judgment was entered on February 24, 2026 against Davey Tree in the amount of $5,451,312, with post-judgment interest to accrue at the legal rate, plus costs of court, which the Company had fully accrued for as of July 4, 2026. The Company has filed a Notice of Appeal, and the Plaintiff has filed a Notice of Cross-Appeal to the Georgia Court of Appeals. On April 14, 2026, the State Court granted the Plaintiff's Motion for Supersedeas Bond and ordered Davey Tree to post a supersedeas bond in the amount of $6,023,699 within 30 days.

After the stay was lifted in 2023, the federal survival action proceeded in Federal Court for several years. On March 25, 2026, the Federal Court granted the Plaintiff's Renewed Motion to Remand on the basis that the court lacked subject matter jurisdiction over the action and remanded the survival action back to the State Court. On May 26, 2026, the State Court officially reopened the remanded Federal Court action with a newly named estate representative. On June 3, 2026, plaintiff filed a motion to set aside the Federal Court's prior order dismissing a portion of plaintiff's claims. Briefing is ongoing regarding Plaintiff's motion to set aside. No trial date has been set in the newly remanded action. The Company and Wolf Tree have denied all liability and will continue to vigorously defend against all allegations and claims in the remanded action.

***Northern California Wildfire Cases***

Five lawsuits were filed that name contractors for PG&E Corporation and its subsidiary, Pacific Gas and Electric Company (together, "PG&E"), including Davey Tree, with respect to claims arising from a wildfire event that occurred in Pacific Gas and Electric Company's service territory in northern California beginning on October 8, 2017. An action was brought on August 8, 2019 in Napa County Superior Court, entitled *Walker, et al. v. Davey Tree Surgery Company, et al*., Case No. 19CV001194. An action was brought on October 8, 2019 in San Francisco County Superior Court, entitled *Abram, et al. v. ACRT, Inc., et. al*, Case No. CGC-19-579861. An action was brought on October 7, 2019 in San Francisco Superior Court, entitled *Adams, et al. v. Davey Resource Group, Inc., et al.,* Case No. CGC-19-579828. An action was brought on October 8, 2019 in Sacramento Superior Court, entitled *Antone, et al. v. ACRT, Inc. et al.,* Case No. 34-2019-00266662. An action was brought on October 7, 2019 in Sacramento Superior Court, entitled *Bennett, et al. v. ACRT, Inc. et al.*, Case No. 2019-00266501.

Three additional actions were brought on January 28, 2021 in San Francisco County Superior Court, by fire victims represented by a trust ("Plaintiffs' Trust"), which was assigned contractual rights in the PG&E bankruptcy proceedings. These cases are entitled *John K. Trotter, Trustee of the PG&E Fire Victim Trust v. Davey Resource Group, Inc., et al*., Case No. CGC-21-589438; *John K. Trotter, Trustee of the PG&E Fire Victim Trust v. Davey Resource Group, Inc., et al*., Case No. CGC-21-589439; and *John K. Trotter, Trustee of the PG&E Fire Victim Trust v. ACRT Pacific, LLC, et al*., Case No. CGC-21-589441. On September 22, 2021, the Court granted Davey Tree's petition to coordinate all cases as a California Judicial Council Coordination Proceeding, *In Re North Bay Fire Cases,* JCCP No. 4955. As a result of the coordination order, all of the actions were stayed in their home jurisdictions, subject to further court order.

In November 2022, Davey Tree filed a cross-complaint against the Plaintiffs' Trust and PG&E related to the contractual obligations of limitation of liability and hold harmless. Since that time, Davey Tree has dismissed the cross-complaint against PG&E without prejudice. The Plaintiffs' Trust filed a demurrer which challenged Davey Tree's claim that the hold harmless provisions in its contracts with PG&E are an obligation of the Plaintiffs' Trust. In response to the demurrer, Davey Tree filed an amended cross-complaint against the Plaintiffs' Trust on April 13, 2023. The Plaintiffs' Trust has since filed another demurrer seeking to dismiss the cross complaint by Davey Tree, and Davey Tree has filed a response. The Plaintiffs' Trust filed a motion for summary adjudication which challenged the limitation of liability as set forth in the assigned contracts. The Court denied the motion for summary adjudication in an order entered April 12, 2023.

At a case management conference in JCCP No. 4955 on February 24, 2022, the Court ordered that Davey Tree and the plaintiffs participate in a mediation. The mediation commenced on October 17, 2022. At a case management conference on September 26, 2023, the parties reported to the Court that they had reached a settlement in principle and needed additional time to work on a long form settlement agreement. The parties jointly requested that the Court continue trial dates and other proceedings while the parties attempt to reach final terms on a global resolution. The Court originally set a trial date for October 2, 2023 involving the claim of the Plaintiffs' Trust as to the Atlas burn location. On July 26, 2023, based on a joint request by the parties, the Court vacated the October 2, 2023 Atlas trial date and reset the Atlas trial for February 26, 2024, which has been vacated.

On November 10, 2022, the Court authorized the plaintiffs to contact Napa County Superior Court for the purpose of setting a trial date in the *Walker* case for claims related to the Partrick burn location. On December 15, 2022, the Court in the *Walker* case set a trial date of March 4, 2024. Pursuant to the parties' stipulation, that trial date was continued to August 19, 2024. On April 30, 2024 the parties filed a joint stipulation to continue the trial date for 90 days. The trial was later set for December 4, 2024. On October 9, 2024, the parties filed a joint stipulation mutually requesting that the trial and all related dates be continued approximately 45 days after the December 4, 2024 trial date, or thereafter, as convenient to the court. The *Walker* trial date was later set for February 18, 2025. The *Walker* trial date was then continued to July 14, 2025 and later reset for October 6, 2025. On July 28, 2025, the Court vacated the trial date and set a status conference date for April 17, 2026. At the hearing on April 17, 2026, the court set a further status conference for July 17, 2026.

On September 22, 2025, the Court in JCCP No. 4955 set a trial date in all of the coordinated actions for June 8, 2026 and reserved the month of June for the trial. The parties entered into a Settlement Agreement in the amount of $208,000,000 on November 25, 2025. Davey

Tree filed a motion for a good faith settlement determination and a determination that plaintiffs' counsel were authorized to enter into the settlement under California law. On March 2, 2026, the court granted Davey Tree's motion and made the requested determinations concerning the settlement. The parties continue to resolve any remaining outstanding procedures needed for final resolution of claims pursuant to the settlement agreement and California law requirements.

Davey Tree has responded to all claims asserted by the plaintiffs in these actions, denying all liability, and is vigorously defending against plaintiffs' alleged claims. However, we believe that a range of losses is probable and we have accrued our best estimate within this range which is also equal to our total coverage limits under our self-insurance and third party insurance providers for the 2017-2018 policy year of $208,000,000. We believe that any losses would be recovered through our self-insurance and third party insurance providers and have accrued a corresponding insurance receivable within our Condensed Consolidated Balance Sheet as of July 4, 2026. In April 2026, full payments related to the jury award were made by the Company and its insurers. On June 26, 2026, the Court in the JCCP entered an order finding that all necessary approvals had been obtained for all remaining plaintiffs, which will allow this case to come to its conclusion.

Subsequent to July 4, 2026, the Company funded $2,890,358 to a qualified settlement fund in connection with the settlement of the remaining claims. The Company's total settlement obligation under the agreement is $5,500,000.

***Vehicle Accident Lawsuit***

In January 2023, a wrongful death lawsuit was brought against Davey Tree and a Davey Tree employee in the Circuit Court of the Fifth Judicial Circuit, Citrus County, Florida related to a vehicle accident that occurred on January 7, 2022. The vehicle accident occurred when, in an attempt to avoid a rear-end collision with a stopped vehicle, the Davey Tree driver swerved to the left over the centerline into oncoming traffic and struck Decedent's oncoming vehicle. The Decedent sustained severe injuries and ultimately passed away. Plaintiff, individually and on behalf of Decedent's Estate, brought suit against Davey Tree and its driver for wrongful death. The case was tried before a jury commencing on December 1, 2025. The jury returned a verdict on December 9, 2025, finding that the Davey Tree driver's negligence caused Plaintiff's Decedent's death, and that Plaintiff's Decedent was not negligent. The jury awarded total damages of $54,128,377 to Plaintiff. Following the verdict, the parties engaged in post-trial motions and ultimately settled all claims for $44,500,000 to Plaintiff without appeal. On April 20, 2026, the Company paid the remaining $10,000,000 of its $11,000,000 self-insurance limit, and this payment fully extinguished the Company's liability, with the remaining settlement amount paid by third-party insurance providers.

**Item 1A.** ***Risk Factors.***

Our 2025 Annual Report includes a detailed discussion of our risk factors. Disclosure of risks should not be interpreted to imply that the risks have not already materialized. There have been no material changes to the risk factors described in the 2025 Annual Report during the six months ended July 4, 2026.

**Item 2.** ***Unregistered Sales of Equity Securities and Use of Proceeds.***

The following table provides information on purchases of our common shares outstanding made by us during the first six months of 2026.

| Period | Total Number of Shares Purchased [1] | Average Price Paid per Share | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs | Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs |
|---|---|---|---|---|
| **Fiscal 2026** | | | | |
| January 4 to January 31 | 791 | $ 25.50 | — | 2,072,263 |
| February 1 to February 28 | 805 | 25.50 | — | 2,072,263 |
| March 1 to April 4 | 456,842 | 27.60 | 86,428 | 1,985,835 |
| Total First Quarter | 458,438 | 27.59 | 86,428 | |
| | | | | |
| April 5 to May 2 | 465,932 | 27.60 | — | 1,985,835 |
| May 3 to May 30 | 470,359 | 27.60 | — | 1,985,835 |
| May 31 to July 4 | 549,162 | 27.60 | 35,552 | 1,950,283 |
| Total Second Quarter | 1,485,453 | 27.60 | 35,552 | |
| | | | | |
| **Total Year-to-Date** | 1,943,891 | $ 27.60 | 121,980 | |

[1] During the six months ended July 4, 2026, the Company purchased 1,821,911 shares from shareholders excluding those purchased through publicly announced plans. The Company provides a ready market for all shareholders through our direct purchase of their common shares although we are under no obligation to do so (other than for repurchases pursuant to the put option under The Davey 401KSOP and ESOP Plan).

Our common shares are not listed or traded on an established public trading market and market prices are, therefore, not available. Semiannually, for purposes of the Davey 401KSOP and ESOP, an independent stock valuation firm assists with the appraisal of the fair market value of the common shares, based upon our performance and financial condition, using a peer group of comparable companies selected by that firm. The peer group currently consists of: ABM Industries Incorporated; Comfort Systems USA, Inc.; Dycom Industries, Inc.; FirstService Corporation; MYR Group, Inc.; Quanta Services, Inc.; Rollins, Inc.; and Scotts Miracle-Gro Company. The semiannual valuations are effective for a period of six months and the per-share price established by those valuations is the price at which our Board of Directors has determined our common shares will be bought and sold during that six-month period in transactions involving Davey Tree or one of its employee benefit or stock purchase plans. Since 1979, we have provided a ready market for all shareholders through our direct purchase of their common shares, although we are under no obligation to do so (other than for repurchases pursuant to the put option under The Davey 401KSOP and ESOP Plan, as described in "Part I - Item 1 - Note Q, The Davey 401KSOP and Employee Stock Ownership Plan"). The purchases described above were added to our treasury stock.

At the Annual Meeting of Shareholders of the Company held on May 16, 2017, the shareholders of the Company approved proposals to amend the Company's Articles of Incorporation to (i) expand the Company's right of first refusal with respect to proposed transfers of shares of the Company's common shares, (ii) clarify provisions regarding when the Company may provide notice of its decision to exercise its right of first refusal with respect to proposed transfers of common shares by the estate or personal representative of a deceased shareholder, and (iii) grant the Company a right to repurchase common shares held by certain shareholders of the Company.

On May 10, 2017, the Board of Directors of the Company adopted a policy regarding the Company's exercise of the repurchase rights granted to the Company through amendments to the Company's Articles of Incorporation, as approved by shareholders on May 16, 2017.

Until further action by the Board, it is the policy of the Company not to exercise its repurchase rights under the amended Articles with respect to shares of the Company's common shares held by current and retired employees and current and former directors of the Company (subject to exceptions set forth in the policy) (collectively, “Active Shareholders”), their spouses, their first-generation descendants and trusts established exclusively for their benefit.

Until further action by the Board, it is also the policy of the Company not to exercise its rights under the amended Articles to repurchase shares of the Company's common shares proposed to be transferred by an Active Shareholder to his or her spouse, a first-generation descendant, or a trust established exclusively for the benefit of one or more of an Active Shareholder, his or her spouse and first-generation descendants of an Active Shareholder, or upon the death of an Active Shareholder, such transfers from the estate or personal representative of a deceased Active Shareholder. The Board may suspend, change or discontinue the policy at any time without prior notice.

In accordance with the amendments to the Articles approved by the Company's shareholders at the 2017 Annual Meeting, on May 17, 2017, the Company's Board of Directors authorized the Company to repurchase up to 400,000 common shares, which authorization was increased by an additional 2,000,000 common shares in May 2018 and increased further by an additional 3,000,000 common shares in September 2021. Of the 5,400,000 total shares authorized, 1,950,283 remained available under the program, as of July 4, 2026. Share repurchases may be made from time to time and the timing of any repurchases and the actual number of shares repurchased will depend on a variety of factors. The Company is not obligated to purchase any shares, and repurchases may be commenced, suspended or discontinued from time to time without prior notice. The repurchase program does not have an expiration date.

**Item 5. *Other Information.***

*Rule 10b5-1 Trading Plans*

The Company's securities are not traded on a public market. During the quarter ended July 4, 2026, none of the Company’s directors or executive officers adopted, modified or terminated any contract, instruction or written plan for the purchase or sale of the Company’s securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) of the Exchange Act or any “non-Rule 10b5-1 trading arrangement” (as defined in Item 408(c) of Regulation S-K).

**Item 6.** ***Exhibits.***

See the Exhibit Index below.

## Exhibits

| Exhibit No. | Description | |
|---|---|---|
| 10.1 | Third Amendment to Fifth Amended and Restated Credit Agreement among The Davey Tree Expert Company, as borrower, various lending institutions party thereto, as banks, KeyBank National Association, as administrative agent, and PNC Bank, National Association and Wells Fargo Bank, National Association, as co-syndication agents, dated as of May 11, 2026 (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the year quarter ended April 4, 2026). | |
| 10.2 | Amendment No. 5 to Note Purchase and Private Shelf Agreement, dated May 11, 2026, by and among PGIM, Inc., each of the Purchasers thereto, and The Davey Tree Expert Company (incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended April 4, 2026). | |
| 10.3 * | Receivables Financing Agreement Amendment No. 15 dated July 10, 2026, by and among The Davey Tree Expert Company, Davey Receivables, LLC, PNC Bank, National Association and the other lenders party thereto. | Filed Herewith |
| 31.1 | Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. | Filed Herewith |
| 31.2 | Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. | Filed Herewith |
| 32.1 | Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350. | Furnished Herewith |
| 32.2 | Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350. | Furnished Herewith |
| 101 | The following materials from the Company's Quarterly Report on Form 10-Q for the quarter ended July 4, 2026, formatted in iXBRL (inline eXtensible Business Reporting Language): (i) the Condensed Consolidated Balance Sheets (unaudited), (ii) the Condensed Consolidated Statements of Operations (unaudited), (iii) the Condensed Consolidated Statements of Comprehensive Income (unaudited), (iv) the Condensed Consolidated Statements of Shareholders' Equity (unaudited), (v) the Condensed Consolidated Statements of Cash Flows (unaudited), and (vi) Notes to Condensed Consolidated Financial Statements (unaudited). The instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document. | Filed Herewith |
| 104 | Cover Page Interactive Data File (embedded within the inline XBRL document). | Filed Herewith |

* Certain of the exhibits and schedules to this exhibit have been omitted in accordance with Regulation S-K Item 601(a)(5). The Company agrees to furnish a copy of all omitted exhibits and schedules to the Securities and Exchange Commission upon its request.

## 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.

THE DAVEY TREE EXPERT COMPANY

| | | |
|---|---|---|
| Date: August 12, 2026 | By: | /s/ Joseph R. Paul |
| | | Joseph R. Paul |
| | | Executive Vice President, Chief Financial Officer and Assistant Secretary and Director<br>(Principal Financial Officer) |
| Date: August 12, 2026 | By: | /s/ Thea R. Sears |
| | | Thea R. Sears |
| | | Senior Vice President and Controller |
| | | (Principal Accounting Officer) |

**Exhibit 31.1**

**Certification**

***Certification of Chief Executive Officer***

I, Patrick M. Covey, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Davey Tree Expert Company;

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 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: August 12, 2026    /s/ Patrick M. Covey

Patrick M. Covey
Chairman, President and Chief Executive Officer

**Exhibit 31.2**

## Certification

***Certification of Chief Financial Officer***

I, Joseph R. Paul, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Davey Tree Expert Company;

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 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: August 12, 2026

/s/ Joseph R. Paul

Joseph R. Paul
Executive Vice President, Chief Financial Officer and Assistant Secretary

**Exhibit 32.1**

**Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

***Certification of Chief Executive Officer***

I, Patrick M. Covey, Chairman, President and Chief Executive Officer of The Davey Tree Expert Company (the "Company"), do hereby certify in accordance with 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The Quarterly Report on Form 10-Q of the Company for the period ended July 4, 2026 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)), as applicable; 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: August 12, 2026

/s/ Patrick M. Covey

Patrick M. Covey
Chairman, President and Chief Executive Officer

**Exhibit 32.2**

**Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

***Certification of Chief Financial Officer***

I, Joseph R. Paul, Executive Vice President, Chief Financial Officer and Assistant Secretary of The Davey Tree Expert Company (the “Company”), do hereby certify in accordance with 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The Quarterly Report on Form 10-Q of the Company for the period ended July 4, 2026 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)), as applicable; 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: August 12, 2026

/s/ Joseph R. Paul

Joseph R. Paul
Executive Vice President, Chief Financial Officer and Assistant Secretary