

**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 September 27, 2025
OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from _____ to _____
Commission file number 000-11917

DAVEY
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 39,445,684 Common Shares, \$.50 par value per share, outstanding as of October 31, 2025. The registrant's Common Shares are not traded on a public market.

The Davey Tree Expert Company
Quarterly Report on Form 10-Q
September 27, 2025

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“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)

	September 27, 2025	December 31, 2024
Assets		
Current assets:		
Cash	\$ 21,871	\$ 17,471
Accounts receivable, net	417,406	397,077
Operating supplies	17,124	15,995
Other current assets	106,247	108,410
Total current assets	562,648	538,953
Property and equipment, net	457,650	400,661
Right-of-use assets - operating leases	72,875	90,516
Marketable securities and other investments	52,403	41,686
Insurance receivable	213,051	209,351
Intangible assets, net	18,001	18,301
Goodwill	97,761	94,879
Other assets	13,695	13,204
Total assets	<u>\$ 1,488,084</u>	<u>\$ 1,407,551</u>
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable	\$ 64,567	\$ 57,560
Accrued expenses	92,668	96,860
Current portion of long-term debt and finance lease liabilities	139,325	73,448
Other current liabilities	85,587	94,613
Total current liabilities	382,147	322,481
Long-term debt	329,962	338,655
Lease liabilities - finance leases	23,738	12,221
Lease liabilities - operating leases	42,944	55,565
Self-insurance accruals	90,326	86,092
Litigation accruals	213,051	209,351
Other noncurrent liabilities	14,102	14,046
Total liabilities	1,096,270	1,038,411
Commitments and contingencies (Note P)		
Redeemable common shares related to 401KSOP and Employee Stock Ownership Plan (ESOP) 7,987 and 8,114 shares at redemption value as of September 27, 2025 and December 31, 2024	203,658	195,551
Common shareholders' equity:		
Common shares, \$.50 par value, per share; 96,000 shares authorized; 77,841 and 77,713 shares issued and outstanding before deducting treasury shares and which excludes 7,987 and 8,114 shares subject to redemption as of September 27, 2025 and December 31, 2024	38,920	38,857
Additional paid-in capital	240,215	225,846
Common shares subscribed, unissued	19,848	21,100
Retained earnings	412,212	375,525
Accumulated other comprehensive loss	(5,965)	(6,773)
	705,230	654,555
Less: Cost of common shares held in treasury; 45,766 shares at September 27, 2025 and 45,353 shares at December 31, 2024	506,495	468,132
Common shares subscription receivable	10,579	12,834
Total common shareholders' equity	188,156	173,589
Total liabilities and shareholders' equity	<u>\$ 1,488,084</u>	<u>\$ 1,407,551</u>

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		Nine Months Ended	
	September 27, 2025	September 28, 2024	September 27, 2025	September 28, 2024
Revenues	\$ 500,666	\$ 479,440	\$ 1,447,947	\$ 1,365,903
Costs and expenses:				
Operating	321,065	300,535	938,318	881,620
Selling	86,813	84,319	253,769	235,806
General and administrative	37,309	36,956	116,945	112,817
Depreciation and amortization	19,969	17,860	57,870	51,639
Gain on sale of assets, net	(2,008)	(1,190)	(4,023)	(3,651)
Total costs and expenses	463,148	438,480	1,362,879	1,278,231
Income from operations	37,518	40,960	85,068	87,672
Other income (expense):				
Interest expense	(5,066)	(5,319)	(14,428)	(14,608)
Interest income	568	970	1,876	2,494
Other, net	(2,041)	(1,111)	(3,333)	(4,644)
Income before income taxes	30,979	35,500	69,183	70,914
Income taxes	9,365	9,476	18,057	17,445
Net income	\$ 21,614	\$ 26,024	\$ 51,126	\$ 53,469
Net income per share:				
Basic	\$.53	\$.63	\$ 1.24	\$ 1.27
Diluted	\$.52	\$.60	\$ 1.20	\$ 1.21
Weighted-average shares outstanding:				
Basic	40,569	41,629	41,216	42,209
Diluted	41,893	43,302	42,719	44,059

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		Nine Months Ended	
	September 27, 2025	September 28, 2024	September 27, 2025	September 28, 2024
Net income	\$ 21,614	\$ 26,024	\$ 51,126	\$ 53,469
Components of other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments gains (losses)	(458)	346	709	(480)
Unrealized gain (loss) on available-for-sale securities	(2)	344	99	179
Other comprehensive income (loss), net of tax	(460)	690	808	(301)
Comprehensive income	<u>\$ 21,154</u>	<u>\$ 26,714</u>	<u>\$ 51,934</u>	<u>\$ 53,168</u>

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 June 28, 2025	<u>\$ 38,934</u>	<u>\$ 237,176</u>	<u>\$ 20,514</u>	<u>\$ 391,829</u>	<u>\$ (5,505)</u>	<u>\$ (498,313)</u>	<u>\$ (11,870)</u>	<u>\$ 172,765</u>
Net income	—	—	—	21,614	—	—	—	21,614
Change in 401KSOP and ESOP related shares	(14)	(688)	—	—	—	—	—	(702)
Shares sold to employees	—	1,889	—	—	—	1,429	—	3,318
Options exercised	—	(173)	—	—	—	322	—	149
Subscription shares	—	345	(666)	—	—	529	1,291	1,499
Stock-based compensation	—	1,666	—	—	—	—	—	1,666
Dividends, \$.025 per share	—	—	—	(1,231)	—	—	—	(1,231)
Other comprehensive loss	—	—	—	—	(460)	—	—	(460)
Shares purchased	—	—	—	—	—	(10,462)	—	(10,462)
Balances at September 27, 2025	<u>\$ 38,920</u>	<u>\$ 240,215</u>	<u>\$ 19,848</u>	<u>\$ 412,212</u>	<u>\$ (5,965)</u>	<u>\$ (506,495)</u>	<u>\$ (10,579)</u>	<u>\$ 188,156</u>
Balances at January 1, 2025	<u>\$ 38,857</u>	<u>\$ 225,846</u>	<u>\$ 21,100</u>	<u>\$ 375,525</u>	<u>\$ (6,773)</u>	<u>\$ (468,132)</u>	<u>\$ (12,834)</u>	<u>\$ 173,589</u>
Net income	—	—	—	51,126	—	—	—	51,126
Change in 401KSOP and ESOP related shares	63	2,971	—	(11,143)	—	—	—	(8,109)
Shares sold to employees	—	13,488	—	—	—	12,002	—	25,490
Options exercised	—	(263)	—	—	—	9,318	—	9,055
Subscription shares	—	534	(1,252)	—	—	796	2,255	2,333
Stock-based compensation	—	(2,361)	—	—	—	—	—	(2,361)
Dividends, \$.075 per share	—	—	—	(3,296)	—	—	—	(3,296)
Other comprehensive income	—	—	—	—	808	—	—	808
Shares purchased	—	—	—	—	—	(60,479)	—	(60,479)
Balances at September 27, 2025	<u>\$ 38,920</u>	<u>\$ 240,215</u>	<u>\$ 19,848</u>	<u>\$ 412,212</u>	<u>\$ (5,965)</u>	<u>\$ (506,495)</u>	<u>\$ (10,579)</u>	<u>\$ 188,156</u>

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 June 29, 2024	\$ 38,757	\$ 210,806	\$ 22,041	\$ 350,779	\$ (5,776)	\$ (439,799)	\$ (15,552)	\$ 161,256
Net income	—	—	—	26,024	—	—	—	26,024
Change in 401KSOP and ESOP related shares	(34)	(1,513)	—	—	—	—	—	(1,547)
Shares sold to employees	—	1,666	—	—	—	1,278	—	2,944
Options exercised	—	(16)	—	—	—	145	—	129
Subscription shares	—	285	(579)	—	—	340	2,149	2,195
Stock-based compensation	—	1,713	—	—	—	—	—	1,713
Dividends, \$.025 per share	—	—	—	(1,052)	—	—	—	(1,052)
Other comprehensive income	—	—	—	—	690	—	—	690
Shares purchased	—	—	—	—	—	(8,923)	—	(8,923)
Balances at September 28, 2024	<u>\$ 38,723</u>	<u>\$ 212,941</u>	<u>\$ 21,462</u>	<u>\$ 375,751</u>	<u>\$ (5,086)</u>	<u>\$ (446,959)</u>	<u>\$ (13,403)</u>	<u>\$ 183,429</u>
Balances at January 1, 2024	\$ 39,308	\$ 197,962	\$ 22,832	\$ 330,436	\$ (4,785)	\$ (416,616)	\$ (16,663)	\$ 152,474
Net income	—	—	—	53,469	—	—	—	53,469
Change in 401KSOP and ESOP related shares	(585)	3,160	—	(4,988)	—	—	—	(2,413)
Shares sold to employees	—	11,267	—	—	—	9,608	—	20,875
Options exercised	—	280	—	—	—	8,542	—	8,822
Subscription shares	—	428	(1,370)	—	—	507	3,260	2,825
Stock-based compensation	—	(156)	—	—	—	—	—	(156)
Dividends, \$.075 per share	—	—	—	(3,166)	—	—	—	(3,166)
Other comprehensive loss	—	—	—	—	(301)	—	—	(301)
Shares purchased	—	—	—	—	—	(49,000)	—	(49,000)
Balances at September 28, 2024	<u>\$ 38,723</u>	<u>\$ 212,941</u>	<u>\$ 21,462</u>	<u>\$ 375,751</u>	<u>\$ (5,086)</u>	<u>\$ (446,959)</u>	<u>\$ (13,403)</u>	<u>\$ 183,429</u>

See notes to condensed consolidated financial statements (unaudited).

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

	Nine Months Ended	
	September 27, 2025	September 28, 2024
Operating activities		
Net Income	\$ 51,126	\$ 53,469
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	57,870	51,639
Other	67	2,644
Changes in operating assets and liabilities, net of assets acquired:		
Accounts receivable	(19,747)	(22,538)
Accounts payable and accrued expenses	1,379	16,624
Self-insurance accruals	157	10,485
Prepaid expenses	(8,086)	(1,365)
Mitigation bank credit inventory	(665)	656
Other, net	(7,629)	(1,783)
	<u>23,346</u>	<u>56,362</u>
Net cash provided by operating activities	74,472	109,831
Investing activities		
Capital expenditures:		
Equipment	(64,102)	(81,405)
Land and buildings	(27,536)	(30,963)
Purchases of businesses, net of cash acquired and debt incurred	(6,077)	(18,705)
Proceeds from sales of property and equipment	6,279	6,709
Purchases of marketable securities	(37,283)	(24,033)
Proceeds from sale of marketable securities	37,925	15,989
Net cash used in investing activities	(90,794)	(132,408)
Financing activities		
Revolving credit facility borrowings	507,213	573,696
Revolving credit facility payments	(598,114)	(510,746)
Purchase of common shares for treasury	(60,479)	(49,000)
Sale of common shares from treasury	36,875	32,190
Dividends paid	(3,296)	(3,166)
Proceeds from notes payable	208,333	74,816
Payments of notes payable	(64,147)	(83,571)
Payments of finance leases	(5,803)	(5,048)
Net cash provided by financing activities	20,582	29,171
Effect of exchange rate changes on cash	140	(41)
Increase in cash	4,400	6,553
Cash, beginning of period	17,471	11,070
Cash, end of period	\$ 21,871	\$ 17,623
Supplemental cash flow information follows:		
Interest paid	\$ 21,545	\$ 17,631
Income taxes paid	15,129	8,793

See notes to condensed consolidated financial statements (unaudited).

The Davey Tree Expert Company
Notes to Condensed Consolidated Financial Statements (Unaudited)
September 27, 2025
(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, 2024 (the “2024 Annual Report”).

Use of Estimates in Financial Statement Preparation--The preparation of financial statements in accordance with U.S. GAAP requires the use of estimates and assumptions that affect reported amounts. Our condensed consolidated financial statements include amounts that are based on management’s best estimates and judgments. Estimates are used for, but not limited to, accounts receivable valuation, depreciable lives of fixed assets, long-lived asset and goodwill 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 September 27, 2025 is referred to as the third quarter of 2025, and the fiscal quarter ended September 28, 2024 is referred to as the third quarter of 2024.

Recent Accounting Guidance

Accounting Standards not yet Adopted

Accounting Standards Update 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures--In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. The new standard was issued to improve transparency and decision usefulness of income tax disclosures by providing information that helps investors better understand how an entity’s operations, tax risks, tax planning and operational opportunities affect its tax rate and prospects for future cash flows. The amendments in this update primarily relate to requiring greater disaggregated disclosure of information in the rate reconciliation, income

The Davey Tree Expert Company
Notes to Condensed Consolidated Financial Statements (Unaudited)
September 27, 2025
(Amounts in thousands, except share data)

taxes paid, income (loss) from continuing operations before income tax expense (benefit), and income tax expense (benefit) from continuing operations. The standard is effective for fiscal years beginning after December 15, 2024, and early adoption is permitted. The standard can be applied prospectively or retrospectively. The Company will adopt this guidance prospectively for the period ending December 31, 2025, and it will impact only its disclosures, with no impacts to financial condition or results of operations.

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 FASB further clarified the effective date in January 2025 with the issuance of ASU 2025-01, Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40): Clarifying the Effective Date. 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 2025-05, 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 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.

The Davey Tree Expert Company
Notes to Condensed Consolidated Financial Statements (Unaudited)
September 27, 2025
(Amounts in thousands, except share data)

B. Seasonality of Business

Due to the seasonality of our business, our operating results for the three and nine months ended September 27, 2025 are not indicative of results that may be expected for any other interim period or for the year ending December 31, 2025. 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, consisted of the following:

	September 27, 2025	December 31, 2024
Accounts receivable, net		
Accounts receivable	\$ 298,137	\$ 286,796
Unbilled receivables ⁽¹⁾	125,196	116,491
	423,333	403,287
Less allowances for credit losses	5,927	6,210
Accounts receivable, net	<u>\$ 417,406</u>	<u>\$ 397,077</u>

⁽¹⁾ Unbilled receivables consist of work-in-process in accordance with the terms of contracts, primarily with utility services customers.

The following items comprised the amounts included in the balance sheets:

	September 27, 2025	December 31, 2024
Other current assets		
Refundable income taxes	\$ 542	\$ 91
Prepaid expenses	47,673	39,517
Mitigation bank credit inventory	29,980	29,315
Assets invested for self-insurance	18,620	29,212
Payroll taxes refundable	7,855	10,131
Other	1,577	144
Total	<u>\$ 106,247</u>	<u>\$ 108,410</u>
Property and equipment, net		
Land and land improvements	\$ 31,404	\$ 30,041
Buildings and leasehold improvements	169,829	141,445
Equipment	788,034	741,098
	989,267	912,584
Less accumulated depreciation	531,617	511,923
Total	<u>\$ 457,650</u>	<u>\$ 400,661</u>

The Davey Tree Expert Company
Notes to Condensed Consolidated Financial Statements (Unaudited)
September 27, 2025
(Amounts in thousands, except share data)

	September 27, 2025	December 31, 2024
Other assets, noncurrent		
Investment--cost-method affiliate	\$ 1,403	\$ 1,406
Deferred income taxes	3,754	3,780
Cloud computing arrangements	487	191
Other	8,051	7,827
Total	\$ 13,695	\$ 13,204
	September 27, 2025	December 31, 2024
Accrued expenses		
Employee compensation	\$ 43,495	\$ 46,197
Accrued compensated absences	16,762	16,175
Self-insured medical claims	1,242	2,359
Income tax payable	7,242	3,948
Customer advances, deposits	2,361	1,449
Taxes, other than income	11,807	10,497
Other	9,759	16,235
Total	\$ 92,668	\$ 96,860
	September 27, 2025	December 31, 2024
Other current liabilities		
Notes payable	\$ —	\$ 276
Current portion of:		
Lease liability--operating leases	31,154	35,828
Self-insurance accruals	54,433	58,509
Total	\$ 85,587	\$ 94,613
	September 27, 2025	December 31, 2024
Other noncurrent liabilities		
Non-qualified retirement plans	\$ 5,434	\$ 6,060
Other	8,668	7,986
Total	\$ 14,102	\$ 14,046

D. Business Combinations

Our investments in businesses were \$6,840 and \$28,116 during the first nine months of 2025 and the year ended December 31, 2024, respectively. The acquired intangible assets consist of tradenames, non-competition agreements and customer relationships. The tradenames and customer relationships were assigned an average useful life of seven years and the non-competition agreements were assigned an average useful life of five years. The preliminary breakout of the assets acquired, liabilities assumed and debt issued related to these investments is included in the table below.

The measurement period for purchase price allocations ends as soon as information of the facts and circumstances becomes available, but does not exceed one year from the acquisition date. Results of operations of acquired business are included in the condensed consolidated statements of operations beginning as of the effective dates of acquisition.

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Subsequent to September 27, 2025 and through November 3, 2025, we acquired a business for approximately \$1,615 with no liabilities assumed and debt issued, in the form of notes payable to the sellers, of \$425. The acquired company is in our Residential and Commercial segment and is located in South Carolina. We do not expect the effect of this acquisition on our consolidated revenues and results of operations to be significant.

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

	<u>Nine Months Ended September 27, 2025</u>	<u>Year Ended December 31, 2024</u>
Detail of acquisitions:		
Assets acquired:		
Cash	\$ —	\$ 278
Accounts Receivable	—	1,458
Operating supplies	28	735
Equipment	513	9,867
Intangible assets	3,500	3,563
Goodwill	2,799	10,893
Other assets	—	1,322
Liabilities assumed	(88)	(2,900)
Debt issued for purchases of businesses	(675)	(6,351)
Cash paid	<u>\$ 6,077</u>	<u>\$ 18,865</u>

E. Marketable Securities

The following table summarizes available-for-sale debt securities held at September 27, 2025 and December 31, 2024 by asset type:

	<u>Available-For-Sale Debt Securities</u>			
	<u>Amortized Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value (Net Carrying Amount)</u>
September 27, 2025				
Fixed maturity:				
United States Government and agency securities	\$ 38,103	\$ 806	\$ (79)	\$ 38,830
Total available-for-sale debt securities	<u>\$ 38,103</u>	<u>\$ 806</u>	<u>\$ (79)</u>	<u>\$ 38,830</u>
December 31, 2024				
Fixed maturity:				
United States Government and agency securities	\$ 45,701	\$ 565	\$ (86)	\$ 46,180
Total available-for-sale debt securities	<u>\$ 45,701</u>	<u>\$ 565</u>	<u>\$ (86)</u>	<u>\$ 46,180</u>

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.

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Available-for-sale debt securities are included in other current assets and marketable securities and other investments totaling \$38,830 and \$46,180 at September 27, 2025 and December 31, 2024, 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 \$29,443 and \$21,218 in marketable equity securities as of September 27, 2025 and December 31, 2024, respectively. Realized and unrealized gains and losses on marketable equity securities are included in other income (expense) in the Consolidated Statements of Operations.

The net carrying values of available-for-sale debt securities at September 27, 2025 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.

	<u>Amortized Cost</u>	<u>Fair Value</u>
Due:		
Less than one year	\$ 15,621	\$ 15,871
One year through five years	22,482	22,959
Six years through ten years	—	—
After ten years	—	—
Total	<u><u>\$ 38,103</u></u>	<u><u>\$ 38,830</u></u>

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:

	<u>September 27, 2025</u>		<u>December 31, 2024</u>	
	<u>Carrying Amount</u>	<u>Accumulated Amortization</u>	<u>Carrying Amount</u>	<u>Accumulated Amortization</u>
Amortized intangible assets:				
Customer lists/relationships	\$ 46,636	\$ 34,710	\$ 43,713	\$ 32,452
Employment-related	14,100	11,903	13,880	11,127
Tradenames	13,838	9,960	13,465	9,178
Amortized intangible assets	74,574	<u><u>\$ 56,573</u></u>	71,058	<u><u>\$ 52,757</u></u>
Less accumulated amortization	56,573		52,757	
Identified intangible assets, net	<u><u>\$ 18,001</u></u>		<u><u>\$ 18,301</u></u>	
Goodwill	<u><u>\$ 97,761</u></u>		<u><u>\$ 94,879</u></u>	

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The changes in the carrying amounts of goodwill, by segment, for the nine months ended September 27, 2025 and the year ended December 31, 2024 were as follows:

	Balance at January 1, 2025	Acquisitions	Translation and Other Adjustments	Balance at September 27, 2025
Utility	\$ 4,941	\$ —	\$ —	\$ 4,941
Residential and Commercial	89,938	2,799	83	92,820
Total	<u>\$ 94,879</u>	<u>\$ 2,799</u>	<u>\$ 83</u>	<u>\$ 97,761</u>

	Balance at January 1, 2024	Acquisitions	Translation and Other Adjustments	Balance at December 31, 2024
Utility	\$ 4,941	\$ —	\$ —	\$ 4,941
Residential and Commercial	79,859	10,893	(814)	89,938
Total	<u>\$ 84,800</u>	<u>\$ 10,893</u>	<u>\$ (814)</u>	<u>\$ 94,879</u>

Estimated future aggregate amortization expense of intangible assets--The estimated future aggregate amortization expense of intangible assets, as of September 27, 2025, was as follows:

	Estimated Future Amortization Expense
Remaining three months of 2025	\$ 1,265
2026	4,578
2027	3,994
2028	3,198
2029	2,674
2030	1,306
Thereafter	986
	<u>\$ 18,001</u>

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

We have short-term lines of credit with several banks totaling \$11,076. At September 27, 2025, we had \$10,744 available under the lines of credit and \$332 committed through issued letters of credit. Borrowings outstanding generally bear interest at the bank's prime rate or Secured Overnight Financing Rate ("SOFR") plus a margin adjustment of 1.86%. Our long-term debt consisted of the following:

	September 27, 2025	December 31, 2024
Revolving credit facility:		
Swing-line borrowings	\$ 2,993	\$ 13,873
SOFR borrowings	120,000	200,000
	122,993	213,873
Senior unsecured notes:		
3.99% Senior unsecured notes	30,000	40,000
4.00% Senior unsecured notes	15,000	20,000
6.19% Senior unsecured notes	75,000	75,000
5.19% Senior unsecured notes	100,000	—
	220,000	135,000
Term loans	119,228	59,063
	462,221	407,936
Less debt issuance costs	1,120	1,290
Less current portion	131,139	67,991
	<u>\$ 329,962</u>	<u>\$ 338,655</u>

Revolving Credit Facility--In July 2024, the Company amended and restated its revolving credit facility with its existing bank group. The amended and restated credit agreement, 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 3.25 to 1.00 with exceptions in case of material acquisitions) 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. In May 2025, the Company further amended its revolving credit facility with its existing bank group to, among other things, allow for certain intercompany advances among the Company and its subsidiaries. As of September 27, 2025, we had unused commitments under the facility approximating \$274,632, with \$125,368 committed, consisting of borrowings of \$122,993 and issued letters of credit of \$2,375.

Borrowings outstanding bear interest, at Davey Tree's option, of either (a) the base rate or (b) SOFR plus a margin adjustment ranging from .875% to 1.50%--with the margin adjustments based on the Company's leverage ratio at the time of borrowing. The base rate is the greater of (i) the agent bank's prime rate, (ii) Adjusted Term SOFR plus 1.50%, or (iii) the federal funds rate plus .50%. A commitment fee ranging from .10% to .225% is also required based on the average daily unborrowed commitment.

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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. As the Company has previously issued notes with an aggregate amount outstanding of \$220,000 under the Note Purchase and Shelf Agreement, as of September 27, 2025, 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.

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 were used to pay down borrowings under our revolving credit facility and for general corporate purposes.

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Term loans--Periodically, the Company will enter into term loans for the procurement of insurance or to finance acquisitions. This balance also includes loans issued under the Company's Accounts Receivable Securitization Facility, of which \$75,000 and \$25,000 were outstanding as of September 27, 2025 and December 31, 2024, respectively.

Aggregate Maturities of Long-Term Debt--Aggregate maturities of long-term debt for the five years subsequent to September 27, 2025 were as follows:

	Amount
Remaining three months of 2025	\$ 86,974
2026	59,627
2027	47,289
2028	45,338
2029	122,993
2030	100,000
	<u>\$ 462,221</u>

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 and \$97,104 were issued for letters of credit ("LCs") as of September 27, 2025 and December 31, 2024 respectively, and loans were issued in the amounts of \$75,000 and \$25,000 as of September 27, 2025 and December 31, 2024, respectively.

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 September 27, 2025--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 obligations 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 obligations 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

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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.

Total Commitments Related to Issued Letters of Credit--As of September 27, 2025, total commitments related to issued LCs were \$101,778, of which \$2,375 were issued under the revolving credit facility, \$99,071 were issued under the AR Securitization program, and \$332 were issued under short-term lines of credit. As of December 31, 2024, total commitments related to issued LCs were \$100,050, of which \$2,624 were issued under the revolving credit facility, \$97,104 were issued under the AR Securitization program, and \$322 were issued under short-term lines of credit.

As of September 27, 2025, we were in compliance with all debt covenants.

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	September 27, 2025	December 31, 2024
Assets			
Operating lease assets	Right-of-use assets - operating leases	\$ 72,875	\$ 90,516
Finance lease assets	Property and equipment, net	31,437	17,567
Total lease assets		<u>\$ 104,312</u>	<u>\$ 108,083</u>
Liabilities			
Current operating lease liabilities	Other current liabilities	\$ 31,154	\$ 35,828
Non-current operating lease liabilities	Lease liabilities - operating leases	42,944	55,565
Total operating lease liabilities		<u>74,098</u>	<u>91,393</u>
Current portion of finance lease liabilities	Current portion of long-term debt and finance lease liabilities	8,186	5,457
Non-current finance lease liabilities	Lease liabilities - finance leases	23,738	12,221
Total finance lease liabilities		<u>31,924</u>	<u>17,678</u>
Total lease liabilities		<u>\$ 106,022</u>	<u>\$ 109,071</u>

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

		Three Months Ended		Nine Months Ended	
	Condensed Consolidated Statements of Operations Classification	September 27, 2025	September 28, 2024	September 27, 2025	September 28, 2024
Operating lease cost	Operating expense	\$ 6,463	\$ 7,998	\$ 20,478	\$ 24,989
Operating lease cost	Selling expense	2,855	2,686	8,473	7,961
Operating lease cost	General and administrative expense	263	262	808	800
Finance lease cost:					
Amortization of right-of-use assets	Depreciation and amortization	2,206	1,584	5,643	4,520
Interest expense on lease liabilities	Interest expense	359	214	820	626
Other lease cost ⁽¹⁾	Operating expense	3,375	2,404	9,787	6,375
Other lease cost ⁽¹⁾	Selling expense	351	548	1,392	1,323
Other lease cost ⁽¹⁾	General and administrative expense	10	6	31	36
Total lease cost		<u>\$ 15,882</u>	<u>\$ 15,702</u>	<u>\$ 47,432</u>	<u>\$ 46,630</u>

⁽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 September 27, 2025 was 3.2 years for operating leases and 4.7 years for finance leases.

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 September 27, 2025 were 4.23% for operating leases and 5.15% for finance leases.

Supplemental Cash Flow Information Related to Leases

	Nine Months Ended	
	September 27, 2025	September 28, 2024
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ (31,505)	\$ (35,391)
Operating cash flows from finance leases	(820)	(626)
Financing cash flows from finance leases	(5,803)	(5,048)
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	12,474	22,699
Finance leases	20,050	5,381

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Maturity Analysis of Lease Liabilities

	As of September 27, 2025	
	Operating Leases	Finance Leases
Remaining three months of 2025	\$ 9,737	\$ 2,478
2026	30,249	9,342
2027	18,682	7,319
2028	10,074	6,242
2029	5,324	4,368
2030	1,986	3,169
Thereafter	3,149	2,954
Total lease payments	79,201	35,872
Less interest	5,103	3,948
Total	<u>\$ 74,098</u>	<u>\$ 31,924</u>

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.

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		Nine Months Ended	
	September 27, 2025	September 28, 2024	September 27, 2025	September 28, 2024
Compensation expense, all share-based payment plans	\$ 1,736	\$ 1,741	\$ 6,165	\$ 6,868

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 deduction, 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 of \$1,688 being recognized for the nine months ended September 27, 2025 and \$1,580 for the nine months ended September 28, 2024.

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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. Compensation costs for stock options are recognized over the requisite service period on the straight-line recognition method. Compensation cost recognized for stock options was \$36 for the nine months ended September 27, 2025 and \$74 for the nine months ended September 28, 2024. As of September 27, 2025, compensation cost related to stock options outstanding has been fully recognized.

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 nine months ended September 27, 2025, the Compensation Committee awarded 266,255 PRSUs to certain management employees and 10,704 RSUs to non-employee directors. The Compensation Committee made similar awards in prior periods. The awards vest over specified periods. The following table summarizes PRSUs and RSUs as of September 27, 2025.

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, 2025	767,832	\$ 18.32			
Granted	276,959	23.80			
Forfeited	(14,890)	21.40			
Vested	(436,368)	16.89			
Unvested, September 27, 2025	593,533	\$ 21.84	1.8 years	\$ 7,137	\$ 15,135
Employee PRSUs	561,945	\$ 21.88	1.8 years	\$ 6,759	\$ 14,330
Non-employee Director RSUs	31,588	\$ 21.16	1.6 years	\$ 378	\$ 805

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 \$4,441 for the nine months ended September 27, 2025 and \$5,214 for the nine months ended September 28, 2024.

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.

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

	Nine Months Ended	
	September 27, 2025	September 28, 2024
Volatility rate	9.4 %	9.5 %
Risk-free interest rate	3.9 %	4.6 %
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 nine months ended September 27, 2025.

Stock Options	Number of Options Outstanding	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life	Aggregate Intrinsic Value
Outstanding, January 1, 2025	1,278,798	\$ 9.56		
Granted	—	—		
Exercised	(246,084)	8.63		
Forfeited	(66,350)	7.53		
Outstanding, September 27, 2025	<u>966,364</u>	<u>\$ 9.93</u>	<u>2.8 years</u>	<u>\$ 15,046</u>
Exercisable, September 27, 2025	<u>966,364</u>	<u>\$ 9.93</u>	<u>2.8 years</u>	<u>\$ 15,046</u>

“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 RSUs and PRSUs or purchases under the Employee Stock Purchase Plan.

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 nine months ended September 27, 2025 was 27.4%. Our actual effective tax rate was 30.2% and 26.7% for the three months ended September 27, 2025 and September 28, 2024, respectively. Our actual effective tax rate was 26.1% and 24.6% for the nine months ended September 27, 2025 and September 28, 2024, 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 lower taxable income in the first nine months compared to the impact they will have on the rate for the full year.

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As of September 27, 2025, we had unrecognized tax benefits of \$2,194, of which \$431 would affect our effective rate if recognized, and accrued interest expense related to unrecognized benefits of \$59. At December 31, 2024, we had unrecognized tax benefits of \$2,126, of which \$363 would affect our effective rate if recognized, and accrued interest expense related to unrecognized benefits of \$51. 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 2020. As of September 27, 2025, we believe it is reasonably possible that the total amount of unrecognized tax benefits will not significantly increase or decrease.

On July 4, 2025 the U.S. enacted H.R. 1 “A bill to provide for reconciliation pursuant to Title II of H. Con. Res. 14” (“H.R. 1”), commonly referred to as the “One Big Beautiful Bill Act.” As a result of the enactment of H.R. 1, we anticipate an impact to the deferred tax liability and the income tax payable related to the provisions for 100% bonus depreciation for assets placed in service after January 19, 2025 and full expensing of domestic research and experimental expenditures. There is no material impact to our ongoing tax rate as a result of this legislation.

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 following summarizes the components of other comprehensive income (loss) accumulated in shareholders’ equity for the three and nine months ended September 27, 2025 and September 28, 2024:

	Foreign Currency Translation Adjustments	Available-for- Sale Securities	Defined Benefit Pension Plans	Accumulated Other Comprehensive Income (Loss)
Three Months Ended September 27, 2025				
Balance at June 28, 2025	<u>\$ (5,714)</u>	<u>\$ 111</u>	<u>\$ 98</u>	<u>\$ (5,505)</u>
Other comprehensive income (loss) before reclassifications				
Foreign currency translation adjustments	\$ (458)	\$ —	\$ —	\$ (458)
Unrealized loss on available-for-sale securities	—	(3)	—	(3)
Tax effect	—	1	—	1
Net of tax amount	(458)	(2)	—	(460)
Balance at September 27, 2025	<u>\$ (6,172)</u>	<u>\$ 109</u>	<u>\$ 98</u>	<u>\$ (5,965)</u>

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Three Months Ended September 28, 2024	Foreign Currency Translation Adjustments	Available-for- Sale Securities	Defined Benefit Pension Plans	Accumulated Other Comprehensive Income (Loss)
Balance at June 29, 2024	<u>\$ (5,748)</u>	<u>\$ (73)</u>	<u>\$ 45</u>	<u>\$ (5,776)</u>
Other comprehensive income (loss) before reclassifications				
Foreign currency translation adjustments	\$ 346	\$ —	\$ —	\$ 346
Unrealized gain on available-for-sale securities	—	483	—	483
Amounts reclassified from accumulated other comprehensive income (loss)	—	(49)	—	(49)
Tax effect	—	(90)	—	(90)
Net of tax amount	<u>346</u>	<u>344</u>	<u>—</u>	<u>690</u>
Balance at September 28, 2024	<u>\$ (5,402)</u>	<u>\$ 271</u>	<u>\$ 45</u>	<u>\$ (5,086)</u>

Nine Months Ended September 27, 2025	Foreign Currency Translation Adjustments	Available-for- Sale Securities	Defined Benefit Pension Plans	Accumulated Other Comprehensive Income (Loss)
Balance at January 1, 2025	<u>\$ (6,881)</u>	<u>\$ 10</u>	<u>\$ 98</u>	<u>\$ (6,773)</u>
Other comprehensive income (loss) before reclassifications				
Foreign currency translation adjustments	\$ 709	\$ —	\$ —	\$ 709
Unrealized gain on available-for-sale securities	—	125	—	125
Tax effect	—	(26)	—	(26)
Net of tax amount	<u>709</u>	<u>99</u>	<u>—</u>	<u>808</u>
Balance at September 27, 2025	<u>\$ (6,172)</u>	<u>\$ 109</u>	<u>\$ 98</u>	<u>\$ (5,965)</u>

Nine Months Ended September 28, 2024	Foreign Currency Translation Adjustments	Available-for- Sale Securities	Defined Benefit Pension Plans	Accumulated Other Comprehensive Income (Loss)
Balance at January 1, 2024	<u>\$ (4,922)</u>	<u>\$ 92</u>	<u>\$ 45</u>	<u>\$ (4,785)</u>
Other comprehensive income (loss) before reclassifications				
Foreign currency translation adjustments	\$ (480)	\$ —	\$ —	\$ (480)
Unrealized gain on available-for-sale securities	—	276	—	276
Amounts reclassified from accumulated other comprehensive income (loss)	—	(49)	—	(49)
Tax effect	—	(48)	—	(48)
Net of tax amount	<u>(480)</u>	<u>179</u>	<u>—</u>	<u>(301)</u>
Balance at September 28, 2024	<u>\$ (5,402)</u>	<u>\$ 271</u>	<u>\$ 45</u>	<u>\$ (5,086)</u>

There were no changes in defined benefit pension plans for either the three and nine months ended September 27, 2025 or September 28, 2024. 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).

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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 antidilutive, they are excluded from the calculation of earnings per share. The per share amounts were computed as follows:

	Three Months Ended		Nine Months Ended	
	September 27, 2025	September 28, 2024	September 27, 2025	September 28, 2024
Income available to common shareholders:				
Net income	\$ 21,614	\$ 26,024	\$ 51,126	\$ 53,469
Weighted-average shares (in thousands):				
Basic:				
Outstanding	40,295	41,333	40,394	41,320
Partially-paid share subscriptions	274	296	822	889
Basic weighted-average shares	40,569	41,629	41,216	42,209
Diluted:				
Basic from above	40,569	41,629	41,216	42,209
Incremental shares from assumed:				
Exercise of stock subscription purchase rights	108	88	108	87
Exercise of stock options and awards	1,216	1,585	1,395	1,763
Diluted weighted-average shares	41,893	43,302	42,719	44,059
Net income per share:				
Basic	\$.53	\$.63	\$ 1.24	\$ 1.27
Diluted	\$.52	\$.60	\$ 1.20	\$ 1.21

Common and Redeemable Shares Outstanding--A summary of the activity of the common and redeemable shares outstanding for the nine months ended September 27, 2025 was as follows:

	Common Shares Net of Treasury Shares	Redeemable Shares	Total
Shares outstanding at January 1, 2025	32,360,648	8,114,134	40,474,782
Shares purchased	(1,835,519)	(600,042)	(2,435,561)
Shares sold	655,712	472,494	1,128,206
Stock subscription offering -- cash purchases	53,695	—	53,695
Options and awards exercised	840,621	—	840,621
Shares outstanding at September 27, 2025	32,075,157	7,986,586	40,061,743

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On September 27, 2025, we had 40,061,743 common and redeemable shares outstanding, employee options exercisable to purchase 966,364 common shares, partially-paid subscriptions for 1,096,350 common shares and purchase rights outstanding for 376,198 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.

M. Operations by Business Segment

We provide a wide range of arboricultural, horticultural, environmental and consulting services to residential, utility, commercial and government entities 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.

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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.

Segment information reconciled to the condensed consolidated financial statements was as follows:

	Utility Services	Residential Commercial Services	Total Reportable Segments	All Other	Consolidated
Three Months Ended September 27, 2025					
Revenues	\$ 270,141	\$ 229,749	\$ 499,890	\$ 776	\$ 500,666
Less:					
Payroll expense	113,514	97,403			
Equipment and fuel expense	19,599	14,711			
Subcontractor expense	27,504	15,749			
Other segment expenses ^(a)	89,719	75,131		6,103	
Income (loss) from operations, reportable segments	<u>\$ 19,805</u>	<u>\$ 26,755</u>	<u>\$ 46,560</u>	<u>\$ (5,327)</u>	\$ 41,233
Unallocated costs ^(b)					(3,715)
Income from operations					37,518
Interest expense					(5,066)
Interest income					568
Other income (expense), net					(2,041)
Income before income taxes					<u>\$ 30,979</u>
Segment assets, total	<u>\$ 387,651</u>	<u>\$ 439,205</u>	<u>\$ 826,856</u>	<u>\$ 661,228</u> ^(c)	<u>\$ 1,488,084</u>

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	Utility Services	Residential Commercial Services	Total Reportable Segments	All Other	Consolidated
Three Months Ended September 28, 2024					
Revenues	\$ 258,222	\$ 218,925	\$ 477,147	\$ 2,293	\$ 479,440
Less:					
Payroll expense	112,115	92,435			
Equipment and fuel expense	17,059	14,088			
Subcontractor expense	19,860	14,311			
Other segment expenses ^(a)	86,134	69,779		7,007	
Income (loss) from operations, reportable segments	<u>\$ 23,054</u>	<u>\$ 28,312</u>	<u>\$ 51,366</u>	<u>\$ (4,714)</u>	\$ 46,652
Unallocated costs ^(b)					(5,692)
Income from operations					40,960
Interest expense					(5,319)
Interest income					970
Other income (expense), net					(1,111)
Income before income taxes					<u>\$ 35,500</u>
Segment assets, total	<u>\$ 390,632</u>	<u>\$ 376,607</u>	<u>\$ 767,239</u>	<u>\$ 632,041</u> ^(c)	<u>\$ 1,399,280</u>
Nine Months Ended September 27, 2025					
Revenues	\$ 792,144	\$ 653,803	\$ 1,445,947	\$ 2,000	\$ 1,447,947
Less:					
Payroll expense	334,379	266,132			
Equipment and fuel expense	55,230	44,125			
Subcontractor expense	79,487	54,215			
Other segment expenses ^(a)	262,435	230,133		23,891	
Income (loss) from operations, reportable segments	<u>\$ 60,613</u>	<u>\$ 59,198</u>	<u>\$ 119,811</u>	<u>\$ (21,891)</u>	\$ 97,920
Unallocated costs ^(b)					(12,852)
Income from operations					85,068
Interest expense					(14,428)
Interest income					1,876
Other income (expense), net					(3,333)
Income before income taxes					<u>\$ 69,183</u>
Segment assets, total	<u>\$ 387,651</u>	<u>\$ 439,205</u>	<u>\$ 826,856</u>	<u>\$ 661,228</u> ^(c)	<u>\$ 1,488,084</u>

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	Utility Services	Residential Commercial Services	Total Reportable Segments	All Other	Consolidated
Nine Months Ended September 28, 2024					
Revenues	\$ 753,418	\$ 608,291	\$ 1,361,709	\$ 4,194	\$ 1,365,903
Less:					
Payroll expense	324,779	248,475			
Equipment and fuel expense	50,776	41,446			
Subcontractor expense	67,010	45,279			
Other segment expenses ^(a)	253,320	210,626		23,231	
Income (loss) from operations, reportable segments	<u>\$ 57,533</u>	<u>\$ 62,465</u>	<u>\$ 119,998</u>	<u>\$ (19,037)</u>	\$ 100,961
Unallocated costs ^(b)					(13,289)
Income from operations					87,672
Interest expense					(14,608)
Interest income					2,494
Other income (expense), net					(4,644)
Income before income taxes					<u>\$ 70,914</u>
Segment assets, total	<u>\$ 390,632</u>	<u>\$ 376,607</u>	<u>\$ 767,239</u>	<u>\$ 632,041</u> ^(c)	<u>\$ 1,399,280</u>

Reconciling adjustments from segment reporting to condensed consolidated external financial reporting includes 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.

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 each 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.

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Disaggregation of Revenue

The following tables disaggregate our revenue for the three and nine months ended September 27, 2025 and September 28, 2024 by major sources:

Three Months Ended September 27, 2025	Utility	Residential and Commercial	All Other	Consolidated
Type of service:				
Tree and plant care	\$ 176,420	\$ 124,022	\$ (526)	\$ 299,916
Grounds maintenance	—	59,127	40	59,167
Storm damage services	3,213	3,846	—	7,059
Consulting and other	90,508	42,754	1,262	134,524
Total revenues	<u>\$ 270,141</u>	<u>\$ 229,749</u>	<u>\$ 776</u>	<u>\$ 500,666</u>

Geography:

United States	\$ 251,360	\$ 215,470	\$ 776	\$ 467,606
Canada	18,781	14,279	—	33,060
Total revenues	<u>\$ 270,141</u>	<u>\$ 229,749</u>	<u>\$ 776</u>	<u>\$ 500,666</u>

Three Months Ended September 28, 2024	Utility	Residential and Commercial	All Other	Consolidated
Type of service:				
Tree and plant care	\$ 157,355	\$ 118,779	\$ 117	\$ 276,251
Grounds maintenance	—	52,273	—	52,273
Storm damage services	18,436	8,953	—	27,389
Consulting and other	82,431	38,920	2,176	123,527
Total revenues	<u>\$ 258,222</u>	<u>\$ 218,925</u>	<u>\$ 2,293</u>	<u>\$ 479,440</u>

Geography:

United States	\$ 243,063	\$ 205,823	\$ 2,293	\$ 451,179
Canada	15,159	13,102	—	28,261
Total revenues	<u>\$ 258,222</u>	<u>\$ 218,925</u>	<u>\$ 2,293</u>	<u>\$ 479,440</u>

Nine Months Ended September 27, 2025	Utility	Residential and Commercial	All Other	Consolidated
Type of service:				
Tree and plant care	\$ 508,626	\$ 340,110	\$ (1,310)	\$ 847,426
Grounds maintenance	—	167,789	40	167,829
Storm damage services	35,012	27,034	—	62,046
Consulting and other	248,506	118,870	3,270	370,646
Total revenues	<u>\$ 792,144</u>	<u>\$ 653,803</u>	<u>\$ 2,000</u>	<u>\$ 1,447,947</u>

Geography:

United States	\$ 747,099	\$ 614,217	\$ 2,000	\$ 1,363,316
Canada	45,045	39,586	—	84,631
Total revenues	<u>\$ 792,144</u>	<u>\$ 653,803</u>	<u>\$ 2,000</u>	<u>\$ 1,447,947</u>

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Nine Months Ended September 28, 2024	Utility	Residential and Commercial	All Other	Consolidated
Type of service:				
Tree and plant care	\$ 467,811	\$ 321,197	\$ (109)	\$ 788,899
Grounds maintenance	—	150,707	—	150,707
Storm damage services	27,646	14,645	—	42,291
Consulting and other	257,961	121,742	4,303	384,006
Total revenues	<u>\$ 753,418</u>	<u>\$ 608,291</u>	<u>\$ 4,194</u>	<u>\$ 1,365,903</u>
Geography:				
United States	\$ 711,110	\$ 572,099	\$ 4,194	\$ 1,287,403
Canada	42,308	36,192	—	78,500
Total revenues	<u>\$ 753,418</u>	<u>\$ 608,291</u>	<u>\$ 4,194</u>	<u>\$ 1,365,903</u>

Contract Balances

Our contract liabilities consist of advance payments and billings in excess of costs incurred and deferred revenue. The Company recognized \$470 and \$2,546 of revenue for the three and nine months ended September 27, 2025, that was included in the contract liability balance at December 31, 2024 and \$1,480 and \$3,370 of revenue for the three and nine months ended September 28, 2024, that was included in the contract liability balance at December 31, 2023. Net contract liabilities consisted of the following:

	September 27, 2025	December 31, 2024
Contract liabilities - current	\$ 4,166	\$ 3,756
Contract liabilities - noncurrent	3,532	4,655
Net contract liabilities	<u>\$ 7,698</u>	<u>\$ 8,411</u>

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.

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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.

Our assets and liabilities measured at fair value on a recurring basis at September 27, 2025 were as follows:

Assets and Liabilities Recorded at Fair Value on a Recurring Basis	Total Carrying Value at September 27, 2025	Fair Value Measurements at September 27, 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	38,830	38,830	—	—
Total available-for-sale debt securities	38,830	38,830	—	—
Marketable equity securities:				
Mutual funds	18,412	18,412	—	—
Exchange traded funds	11,031	11,031	—	—
Total marketable equity securities	29,443	29,443	—	—
Liabilities:				
Deferred compensation	\$ 816	\$ —	\$ —	\$ 816

Our assets and liabilities measured at fair value on a recurring basis at December 31, 2024 were as follows:

Assets and Liabilities Recorded at Fair Value on a Recurring Basis	Total Carrying Value at December 31, 2024	Fair Value Measurements at December 31, 2024 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	46,180	46,180	—	—
Total available-for-sale debt securities	46,180	46,180	—	—
Marketable equity securities:				
Mutual funds	19,491	19,491	—	—
Exchange traded funds	1,727	1,727	—	—
Total marketable equity securities	21,218	21,218	—	—
Liabilities:				
Deferred compensation	\$ 1,482	\$ —	\$ —	\$ 1,482

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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 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.

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 September 27, 2025 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).

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.

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 and liabilities and their carrying values and fair values were as follows:

	September 27, 2025		December 31, 2024	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets:				
Available-for-sale debt securities	\$ 38,830	\$ 38,830	\$ 46,180	\$ 46,180
Marketable equity securities	29,443	29,443	21,218	21,218
Liabilities:				
Revolving credit facility, noncurrent	\$ 122,993	\$ 122,993	\$ 213,873	\$ 213,873
Senior unsecured notes, noncurrent	205,000	206,442	120,000	117,486
Term loans, noncurrent	3,089	3,183	6,072	6,065
Total	<u>\$ 331,082</u>	<u>\$ 332,618</u>	<u>\$ 339,945</u>	<u>\$ 337,424</u>

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. 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.

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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 Suit

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 employee, a Wolf Tree employee, and two former Wolf Tree employees. That complaint, as subsequently amended, alleges various acts of negligence and seeks 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, a related survival action was filed in Savannah, Georgia by the deceased's estate against Davey Tree, its subsidiary, Wolf Tree, and four current and former employees, which arises out of the same allegations, seeks compensatory and punitive damages and also includes three Racketeer Influenced and Corrupt Organizations Act ("RICO") claims under Georgia law seeking treble damages. The 2018 case was removed to the United States District Court for the Southern District of Georgia, Savannah Division ("Federal Court"), on August 2, 2018.

The cases were mediated unsuccessfully in December 2018 and the State Court case was originally set for trial on January 22, 2019. However, as discussed below, the two civil cases were ultimately stayed for more than four years.

On December 6, 2018, a former Wolf Tree employee pled guilty to conspiracy to conceal, harbor, and shield illegal aliens. On December 21, 2018, the United States Department of Justice ("DOJ") filed a motion to stay both 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 conspiracy to murder the deceased. The State Court case was stayed on December 28, 2018 and the Federal Court case was stayed on January 8, 2019.

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On January 29, 2019, the State Court ordered the parties to return to mediation, which occurred on April 17, 2019, but was unsuccessful in resolving the matters.

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 criminal defendants have now been sentenced.

Previously, on December 17, 2018, the United States Attorney's Office for the Southern District of Georgia ("United States Attorney") informed the Company and Wolf Tree that they are also under investigation for potential civil or other violations of immigration and other laws relating to the subject matters 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 have 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 will 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 certain immigration code provisions. The 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.

During the pendency of the criminal cases, the civil cases were stayed. Once the individual defendants' criminal matters resolved, the State Court permitted limited additional discovery and amended motions for summary judgment. On March 6, 2024, the State Court granted the plaintiff's motion to drop less than all parties from the lawsuit. As a result, Davey Tree was the only remaining defendant in the State Court case. The State Court had also set a civil jury trial for the week of July 29 to August 2, 2024. The Company filed a Third Motion for Summary Judgment after the dismissal of the other defendants, and the Court granted the Company's Third Motion for Summary Judgment in part and denied it in part on June 25, 2024. Due to the significant change to the claims in the case, the Court further vacated the previously set trial date of July 29, 2024. A new trial date was set for June 2, 2025. The trial was held and eight days later, 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, and specifically apportioned 90% of the fault to the Company and 10% of the fault to the Plaintiff's Decedent. On June 23, 2025, based on the jury's findings and Georgia law, the Court entered a verdict against the Company in the amount of \$4,906, which the Company has fully accrued for as of September 27, 2025. On July 9, 2025, Plaintiff filed a Combined Motion to Set Aside Judgment, Motion for New Trial and Motion for

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Judgment Notwithstanding the Verdict. The Company also filed its own Motion Notwithstanding the Verdict on July 23, 2025. The Company is currently evaluating all its post-trial options, including any appeal of the verdict.

The stay in the Federal Court case was lifted on April 4, 2023. The Company moved to dismiss the alleged civil RICO claims, further filed a motion to stay the case until the motion to dismiss was decided, and moved for partial summary judgment on certain state law claims. The Federal Court granted the Company's motion to stay discovery pending resolution of the motion to dismiss. On March 27, 2024, the Federal Court ordered the plaintiff to refile a deficient RICO statement, dismissed the Company's motion to dismiss without prejudice and leave to refile once the plaintiff's RICO statement has been refiled, and set a briefing schedule. The Company then refiled its Motion to Dismiss in early summer 2024 and that Motion to Dismiss was granted on March 3, 2025, dismissing all RICO related claims against the moving defendants. The Federal Court has not yet set a trial date.

The Company and Wolf Tree have denied all liability and are vigorously defending against all allegations and claims in the Federal Court civil case.

Northern California Wildfires

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

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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 Patrick 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 31, 2025, the Court vacated the trial date and set a status conference date for April 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.

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 \$220,000. 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 September 27, 2025.

Q. The Davey 401KSOP and Employee Stock Ownership Plan

On March 15, 1979, the Company consummated a plan, which transferred control of the Company to its employees. As a part of this plan, the Company initially sold 120,000 common shares (presently, 46,080,000 common shares adjusted for stock splits) to its 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

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Service established limits, through payroll deductions. Effective January 1, 2020, we match, in either cash or our common shares, 100% of the first three percent and 50% of the next two percent of each participant's before-tax contribution, limited to the first five percent of the employee's compensation deferred each year. 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 are 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 \$5,719 and \$2,018 as of September 27, 2025 and December 31, 2024, respectively. The fair value of the shares held in the Davey 401KSOP and ESOP totaled \$197,939 and \$193,533 as of September 27, 2025 and December 31, 2024, 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 \$203,658 and \$195,551 as of September 27, 2025 and December 31, 2024, respectively. Changes in the fair value of the 401KSOP and ESOP Plan related shares are reflected in retained earnings while net share activity associated with the 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 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. Global supply chains and product availability remain highly challenged and ongoing global events in Eastern Europe and the Middle East have only exacerbated an already difficult operating environment. These factors, combined with fluctuating interest rates and a highly competitive labor market, have created an inflationary environment and cost pressures.

We continue to monitor macroeconomic trends and uncertainties and changes in international trade relations and trade policy, including those related to tariffs. The U.S. government continues to announce new and additional tariffs on goods imported into the United States, which has prompted retaliatory tariffs from other countries. Incremental tariffs and changed trade policies did not have a significant impact on our financial results through the first three quarters of 2025, but could adversely impact our results in the future. As a result of the U.S. tariffs, and potential tariff modifications or the imposition of tariffs or export controls by other countries, we anticipate increased supply chain challenges, commodity cost volatility, economic uncertainty, and economic pressures on customers and consumers as a result of the challenges of high inflation combined with the effects of increased tariffs. While we are implementing measures to mitigate these potential impacts, we are continuing to evaluate these factors and their potential effects on our profitability for the remainder of fiscal 2025.

Inflation rates in the markets in which we operate have increased and may continue to rise. 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. We have generally been able to offset increases in these costs through various productivity and cost reduction initiatives, as well as adjusting our prices to pass through some of these higher costs to our customers; however, our

ability to raise our prices depends on market conditions and competitive dynamics. Given the timing of our actions compared to the timing of these inflationary pressures, there may be periods during which we are unable to fully recover the increases in our costs.

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			Nine Months Ended		
	September 27, 2025	September 28, 2024	Change	September 27, 2025	September 28, 2024	Change
Revenues	100.0 %	100.0 %	— %	100.0 %	100.0 %	— %
Costs and expenses:						
Operating	64.2	62.7	1.5	64.8	64.5	.3
Selling	17.3	17.6	(.3)	17.5	17.3	.2
General and administrative	7.5	7.7	(.2)	8.1	8.3	(.2)
Depreciation and amortization	3.9	3.7	.2	4.0	3.8	.2
Gain on sale of assets, net	(.4)	(.2)	(.2)	(.3)	(.3)	—
Income from operations	7.5	8.5	(1.0)	5.9	6.4	(.5)
Other income (expense):						
Interest expense	(1.0)	(1.1)	.1	(1.0)	(1.1)	.1
Interest income	.1	.2	(.1)	.1	.2	(.1)
Other, net	(.4)	(.2)	(.2)	(.2)	(.3)	.1
Income before income taxes	6.2	7.4	(1.2)	4.8	5.2	(.4)
Income taxes	1.9	2.0	(.1)	1.3	1.3	—
Net income	4.3 %	5.4 %	(1.1)%	3.5 %	3.9 %	(.4)%

Third Quarter—Three Months Ended September 27, 2025 Compared to Three Months Ended September 28, 2024

Our results of operations for the three months ended September 27, 2025 compared to the three months ended September 28, 2024 were as follows:

	Three Months Ended			
	September 27, 2025	September 28, 2024	Change	Percentage Change
Revenues	\$ 500,666	\$ 479,440	\$ 21,226	4.4 %
Costs and expenses:				
Operating	321,065	300,535	20,530	6.8
Selling	86,813	84,319	2,494	3.0
General and administrative	37,309	36,956	353	1.0
Depreciation and amortization	19,969	17,860	2,109	11.8
Gain on sale of assets, net	(2,008)	(1,190)	(818)	68.7
	<u>463,148</u>	<u>438,480</u>	<u>24,668</u>	<u>5.6</u>
Income from operations	37,518	40,960	(3,442)	(8.4)
Other income (expense):				
Interest expense	(5,066)	(5,319)	253	(4.8)
Interest income	568	970	(402)	(41.4)
Other, net	<u>(2,041)</u>	<u>(1,111)</u>	<u>(930)</u>	<u>83.7</u>
Income before income taxes	30,979	35,500	(4,521)	(12.7)
Income taxes	<u>9,365</u>	<u>9,476</u>	<u>(111)</u>	<u>(1.2)</u>
Net income	<u>\$ 21,614</u>	<u>\$ 26,024</u>	<u>\$ (4,410)</u>	<u>(16.9)%</u>

Revenues--Revenues of \$500,666 increased \$21,226 compared with \$479,440 in the third quarter of 2024. Utility Services increased \$11,919 or 4.6% compared with the third quarter of 2024. The increase was attributable to new accounts as well as price increases on existing accounts, partially offset by lower storm damage revenue. Residential and Commercial Services increased \$10,824 or 4.9% from the third quarter of 2024. Increases were primarily in grounds maintenance revenue and tree and plant care revenues, partially offset by lower storm damage revenue.

Operating Expenses--Operating expenses of \$321,065 increased \$20,530 compared with the third quarter of 2024. Utility Services increased \$13,515 or 7.1% compared with the third quarter of 2024 and, as a percentage of revenue, increased to 75.0% from 73.3%. The increase was attributable to additional expenses for subcontractor expenses, materials expenses and labor and benefits expenses. Residential and Commercial Services increased \$7,490 or 6.8% compared with the third quarter of 2024 and, as a percentage of revenue, increased to 51.6% from 50.7%. The increase was attributable to increases in labor and benefits expenses and materials expenses.

Fuel costs of \$12,488 decreased \$767, or 5.8%, from the \$13,255 incurred in the third quarter of 2024 and impacted operating expenses within all segments. The \$767 decrease included usage decreases approximating \$18 and price decreases approximating \$749.

Selling Expenses--Selling expenses of \$86,813 increased \$2,494 compared with the third quarter of 2024 but, as a percentage of revenue, decreased to 17.3% from 17.6%. Utility Services decreased \$387 or 1.3% compared to the third quarter of 2024 and, as a percentage of revenue, decreased to 10.6% from 11.2%. The decrease was primarily attributable to a decrease in wages and benefits expenses. Residential and Commercial Services increased \$3,320 or 5.9% from the third quarter of 2024 and, as a percentage of revenue, increased to 25.9% from 25.7%. The increase was primarily attributable to increases in wages and benefits expenses and advertising expenses.

General and Administrative Expenses--General and administrative expenses of \$37,309 increased \$353 from \$36,956 in the third quarter of 2024. The increase was primarily attributable to increases in salary and benefits expenses and personnel development expenses which were partially offset by a decrease in professional services expenses.

Depreciation and Amortization Expense--Depreciation and amortization expense of \$19,969 increased \$2,109 from \$17,860 incurred in the third quarter of 2024 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 \$2,008 for the third quarter of 2025 increased \$818 from the \$1,190 gain in the third quarter of 2024. We sold more units of equipment at a higher average gain per unit in the third quarter of 2025 as compared with the third quarter of 2024.

Interest Expense--Interest expense of \$5,066 decreased \$253 from the \$5,319 incurred in the third quarter of 2024. The decrease was attributable to increased interest capitalization on capital projects and a lower overall weighted average interest rate on long-term debt partially offset by higher average borrowing during the third quarter of 2025, as compared with the third quarter of 2024.

Other, Net--Other expense, net, of \$2,041 increased \$930 from the \$1,111 of other expense incurred in the third quarter of 2024 and consisted of nonoperating income and expense, including gains and losses on marketable securities, pension expense and foreign currency transaction adjustments.

Income Taxes--Income taxes for the third quarter of 2025 were \$9,365, as compared to \$9,476 for the third quarter of 2024. 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 third quarter of 2025 was 30.2% as compared with the third quarter of 2024 effective tax rate of 26.7%.

Nine Months—Nine Months Ended September 27, 2025 Compared to Nine Months Ended September 28, 2024

Our results of operations for the nine months ended September 27, 2025 compared to the nine months ended September 28, 2024 were as follows:

	Nine Months Ended			
	September 27, 2025	September 28, 2024	Change	Percentage Change
Revenues	\$ 1,447,947	\$ 1,365,903	\$ 82,044	6.0 %
Costs and expenses:				
Operating	938,318	881,620	56,698	6.4
Selling	253,769	235,806	17,963	7.6
General and administrative	116,945	112,817	4,128	3.7
Depreciation and amortization	57,870	51,639	6,231	12.1
Gain on sale of assets, net	(4,023)	(3,651)	(372)	10.2
	<u>1,362,879</u>	<u>1,278,231</u>	<u>84,648</u>	<u>6.6</u>
Income from operations	85,068	87,672	(2,604)	(3.0)
Other income (expense):				
Interest expense	(14,428)	(14,608)	180	(1.2)
Interest income	1,876	2,494	(618)	(24.8)
Other, net	<u>(3,333)</u>	<u>(4,644)</u>	<u>1,311</u>	<u>(28.2)</u>
Income before income taxes	69,183	70,914	(1,731)	(2.4)
Income taxes	<u>18,057</u>	<u>17,445</u>	<u>612</u>	<u>3.5</u>
Net income	<u>\$ 51,126</u>	<u>\$ 53,469</u>	<u>\$ (2,343)</u>	<u>(4.4)%</u>

Revenues--Revenues of \$1,447,947 increased \$82,044 compared with \$1,365,903 in the first nine months of 2024. Utility Services increased \$38,726 or 5.1% compared with the first nine months of 2024. The increase was attributable to new accounts as well as price increases on existing accounts along with higher storm damage revenue, partially offset by a decline in consulting and other services. Residential and Commercial Services increased \$45,512 or 7.5% compared with the first nine months of 2024. Increases were primarily in tree and plant care revenue, grounds maintenance revenue and storm damage service and were partially offset by a decrease in consulting and other services.

Operating Expenses--Operating expenses of \$938,318 increased \$56,698 compared with the first nine months of 2024 and, as a percentage of revenue, increased to 64.8% from 64.5%. Utility Services increased \$29,408 or 5.3% compared with the first nine months of 2024 but, as a percentage of revenue, remained at 74.2% for both periods. The increase was attributable to increases in subcontractor expenses, labor and benefits expenses and materials expenses. Residential and Commercial Services increased \$27,283 or 8.5% compared with the first nine months of 2024 and, as a percentage of revenue, increased to 53.4% from 53.0%. The increase was primarily attributable to increases in labor and benefits expense, subcontractor expenses and materials expenses partially offset by a decrease in professional services expenses.

Fuel costs of \$36,452 decreased \$1,552, or 4.1%, from the \$38,004 incurred in the first nine months of 2024 and impacted operating expenses within all segments. The \$1,552 decrease included usage increases approximating \$899 and price decreases approximating \$2,451.

Selling Expenses--Selling expenses of \$253,769 increased \$17,963 compared with the first nine months of 2024 and, as a percentage of revenue, increased to 17.5% from 17.3%. Utility Services increased \$1,712 or 2.0% compared to the first nine months of 2024 but, as a percentage of revenue, decreased to 11.1% from 11.4%. The increase was primarily attributable to an increase in wages and benefits expenses. Residential and Commercial Services experienced an increase of \$17,150 or 11.2% compared to the first nine months of 2024 and, as a percentage of revenue, increased to 26.0% from 25.1%. The increase was primarily attributable to an increase in wages and benefits expenses, advertising expenses, professional services expenses and office rent expenses.

General and Administrative Expenses--General and administrative expenses of \$116,945 increased \$4,128 from \$112,817 in the first nine months of 2024. The increase was primarily attributable to increases in salary and benefits expenses, information technology infrastructure related expenses and personnel development expenses.

Depreciation and Amortization Expense--Depreciation and amortization expense of \$57,870 increased \$6,231 from \$51,639 incurred in the first nine months of 2024, 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 \$4,023 for the first nine months of 2025 increased \$372 from the \$3,651 gain in the first nine months of 2024. We sold fewer units of equipment but at a higher average gain during the first nine months of 2025 as compared with the first nine months of 2024.

Interest Expense--Interest expense of \$14,428 decreased \$180 from the \$14,608 incurred in the first nine months of 2024. The decrease was attributable to increased interest capitalization on capital projects and a lower overall weighted average interest rate on long-term debt partially offset by higher average borrowing during the first nine months of 2025, as compared with the first nine months of 2024.

Other, Net--Other expense, net, of \$3,333 decreased \$1,311 from the \$4,644 expense incurred in the first nine months of 2024 and consisted of nonoperating income and expense, including gains and losses on marketable securities, pension expense and foreign currency transaction adjustments.

Income Taxes--Income taxes for the first nine months of 2025 were \$18,057, as compared to \$17,445 for the first nine months of 2024. 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 nine months of 2025 was 26.1%. Our actual effective tax rate for the first nine months of 2024 was 24.6%. 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 lower taxable income in the first nine 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 nine months ended September 27, 2025 and September 28, 2024 were as follows:

	Nine Months Ended	
	September 27, 2025	September 28, 2024
Cash provided by (used in):		
Operating activities	\$ 74,472	\$ 109,831
Investing activities	(90,794)	(132,408)
Financing activities	20,582	29,171
Effect of exchange rate changes on cash	140	(41)
Increase in cash	<u>\$ 4,400</u>	<u>\$ 6,553</u>

Cash Provided By Operating Activities--Cash provided by operating activities was \$74,472 for the first nine months of 2025, a change of \$35,359 when compared to the first nine months of 2024. The \$35,359 decrease in operating cash flow was primarily attributable to the change of \$15,245 in accounts payable and accrued expenses, the change of \$10,328 related to self-insurance accruals, the change of \$6,721 related to prepaid expenses, the change of \$5,846 in other operating assets and liabilities and the change of \$1,321 related to mitigation credit inventories partially offset by the change of \$2,791 related to accounts receivable.

Overall, accounts receivable increased \$19,747 during the first nine months of 2025, as compared to an increase of \$22,538 during the first nine months of 2024. 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 nine months of 2025 increased by 5 days to 76 days, when compared to 71 days at the end of the first nine months of 2024. 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 increased \$1,379 in the first nine months of 2025, a change of \$15,245 compared to the \$16,624 increase in the first nine months of 2024. The change was primarily related to estimated income tax payments and the timing of medical claims and accrued compensated absences, partially offset by accounts payable. Self-insurance accruals increased \$157 in the first nine months of 2025, which is a change of \$10,328 from the increase of \$10,485 experienced in the first nine months of 2024. The smaller increase in the first nine months of 2025 was mainly attributable to the settlement of claims.

Mitigation bank credit inventory increased \$665 in the first nine months of 2025, a change of \$1,321 compared to the decrease of \$656 in the first nine months of 2024. Mitigation bank credit inventory levels are affected by the timing of credit inventory sales. This service involves the creation of mitigation credits that are available to sell to third parties through remediation of properties such as stream or wetland restoration.

Prepaid expenses increased \$8,086 in the first nine months of 2025, a change of \$6,721 compared to the \$1,365 increase in the first nine months of 2024. The change was primarily related to prepaid insurance premiums.

Other operating assets and liabilities, net used cash of \$7,629 in the first nine months of 2025, or \$5,846 more than the \$1,783 of cash used in the first nine months of 2024. The change was primarily related to a lower amount of payroll taxes refundable collected in the first half of 2025 compared to the amount collected in the first half of 2024 partially offset by a change in deposits.

Cash Used In Investing Activities--Cash used in investing activities for the first nine months of 2025 was \$90,794, a \$41,614 decrease when compared to the first nine months of 2024. The decrease was primarily the result of a decrease in capital expenditures for equipment of \$17,303, a decrease in purchases of businesses of \$12,628, an increase in net proceeds from sale of marketable securities of \$8,686 and a decrease in capital expenditures for land and buildings of \$3,427.

Cash Provided By Financing Activities--Cash provided by financing activities was \$20,582 during the first nine months of 2025, a decrease of \$8,589 as compared with the \$29,171 provided during the first nine months of 2024. Our net payments on our revolving credit facility were \$90,901 during the first nine months of 2025 as compared with \$62,950 net borrowings during the first nine months of 2024. We use the credit facility primarily for capital expenditures, redemptions of shares and payments of notes payable related to acquisitions. Notes payable, net increased \$144,186 during the first nine months of 2025, a change of \$152,941 when compared to the \$8,755 net decrease in the first nine months of 2024. Treasury share transactions (purchases and sales) used \$23,604 for the first nine months of 2025, \$6,794 more than the \$16,810 used in the first nine months of 2024. Dividends paid of \$3,296 during the first nine months of 2025 increased \$130 as compared with \$3,166 paid in the first nine months of 2024.

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 \$16,230 and \$11,905 during the nine months ended September 27, 2025 and September 28, 2024, respectively. Share repurchases, other than redeemable common shares, approximated \$44,249 and \$37,095 during the nine months ended September 27, 2025 and September 28, 2024, respectively.

Contractual Obligations Summary and Commercial Commitments

As of September 27, 2025, total commitments related to issued letters of credit were \$101,778, of which \$2,375 were issued under the revolving credit facility, \$99,071 were issued under the AR Securitization program, and \$332 were issued under short-term lines of credit. As of December 31, 2024, total commitments related to issued letters of credit were \$100,050, of which \$2,624 were issued under the revolving credit facility, \$97,104 were issued under the AR Securitization program, and \$322 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 2025 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 September 27, 2025, we had working capital of \$180,501, availability under short-term lines of credit approximating \$10,744 and \$274,632 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.

As discussed in our 2024 Annual Report, we believe that our policies related to revenue recognition, the allowance for credit losses, stock 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; and self-insurance accruals. 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. Our critical accounting policies have not changed materially from those discussed in our 2024 Annual Report.

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,” “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. 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 include: an overall decline in the health of the economy or our industry, including as a result of high inflation or fluctuating interest rates, tariffs and other trade barriers and restrictions, instability in the global banking system, geopolitical conditions, the possibility of an economic recession, a prolonged shutdown of the U.S. federal government, or public health crises; 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; 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; the impact of wildfires in California and other areas, as well as other severe weather events and natural disasters, which events may worsen or

increase due to the effects of climate change; 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 in fuel prices for extended periods of time, and volatility arising from the effects of the Russia-Ukraine conflict and conflicts in the Middle East; disruptions, delays or price increases within our supply chain (including tariffs); our ability to withstand intense competition; the potential impact of acquisitions or other strategic transactions; 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; the impact of global climate change and related regulations; fluctuations in our quarterly results due to the seasonal nature of our business or changes in general and local economic conditions, among other factors; being contractually bound to an unprofitable contract; a disruption in our information technology systems, or in third-party information systems upon which we rely, including a disruption related to cybersecurity, 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; limitations on our shareholders' ability to sell their common shares due to the lack of a public market for such shares; our ability to continue to declare cash dividends; 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; uncertainties in the credit and financial markets, including the negative impacts of the Russia-Ukraine conflict and conflicts in the Middle East, supply chain shortages and disruptions, fluctuating interest rates, labor shortages and inflationary cost pressures, impacts of tariffs and other trade barriers and restrictions, among other factors, potentially limiting our access to capital; the impact of U.S. trade tensions, including increased tariffs and retaliatory measures imposed by foreign governments; fluctuations in foreign currency exchange rates; significant increases in health care costs; the impact of corporate citizenship and environmental, social and governance matters and/or our reporting of such matters; our ability to successfully implement our new enterprise resource planning system in a cost-effective and timely manner; 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; and our inability to properly verify the employment eligibility of our employees.

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 2024 Annual Report and in this Quarterly Report on Form 10-Q.

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

While we have experienced inflationary pressures during 2025, there have been no material changes in our reported market risks or risk management policies since the filing of our 2024 Annual Report on Form 10-K, which was filed with the Securities and Exchange Commission on March 10, 2025.

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 September 27, 2025 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 Suit

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 employee, a Wolf Tree employee, and two former Wolf Tree employees. That complaint, as subsequently amended, alleges various acts of negligence and seeks 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, a related survival action was filed in Savannah, Georgia by the deceased's estate against Davey Tree, its subsidiary, Wolf Tree, and four current and former employees, which arises out of the same allegations, seeks compensatory and punitive damages and also includes three Racketeer Influenced and Corrupt Organizations Act ("RICO") claims under Georgia law seeking treble damages. The 2018 case was removed to the United States District Court for the Southern District of Georgia, Savannah Division ("Federal Court"), on August 2, 2018.

The cases were mediated unsuccessfully in December 2018 and the State Court case was originally set for trial on January 22, 2019. However, as discussed below, the two civil cases were ultimately stayed for more than four years.

On December 6, 2018, a former Wolf Tree employee pled guilty to conspiracy to conceal, harbor, and shield illegal aliens. On December 21, 2018, the United States Department of Justice ("DOJ") filed a motion to stay both 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 conspiracy to murder the deceased. The State Court case was stayed on December 28, 2018 and the Federal Court case was stayed on January 8, 2019. On January 29, 2019, the State Court ordered the parties to return to mediation, which occurred on April 17, 2019, but was unsuccessful in resolving the matters.

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 criminal defendants have now been sentenced.

Previously, on December 17, 2018, the United States Attorney's Office for the Southern District of Georgia ("United States Attorney") informed the Company and Wolf Tree that they are also under investigation for potential civil or other violations of immigration and other laws relating to the subject matters 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 have 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 will 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 certain immigration code provisions. The 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.

During the pendency of the criminal cases, the civil cases were stayed. Once the individual defendants' criminal matters resolved, the State Court permitted limited additional discovery and amended motions for summary judgment. On March 6, 2024, the State Court granted the plaintiff's motion to drop less than all parties from the lawsuit. As a result, Davey Tree was the only remaining defendant in the State Court case. The State Court had also set a civil jury trial for the week of July 29 to August 2, 2024. The Company filed a Third Motion for

Summary Judgment after the dismissal of the other defendants, and the Court granted the Company's Third Motion for Summary Judgment in part and denied it in part on June 25, 2024. Due to the significant change to the claims in the case, the Court further vacated the previously set trial date of July 29, 2024. A new trial date was set for June 2, 2025. The trial was held and eight days later, 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, and specifically apportioned 90% of the fault to the Company and 10% of the fault to the Plaintiff's Decedent. On June 23, 2025, based on the jury's findings and Georgia law, the Court entered a verdict against the Company in the amount of \$4,906,180, which the Company has fully accrued for as of September 27, 2025. On July 9, 2025, Plaintiff filed a Combined Motion to Set Aside Judgment, Motion for New Trial and Motion for Judgment Notwithstanding the Verdict. The Company also filed its own Motion Notwithstanding the Verdict on July 23, 2025. The Company is currently evaluating all its post-trial options, including any appeal of the verdict.

The stay in the Federal Court case was lifted on April 4, 2023. The Company moved to dismiss the alleged civil RICO claims, further filed a motion to stay the case until the motion to dismiss was decided, and moved for partial summary judgment on certain state law claims. The Federal Court granted the Company's motion to stay discovery pending resolution of the motion to dismiss. On March 27, 2024, the Federal Court ordered the plaintiff to refile a deficient RICO statement, dismissed the Company's motion to dismiss without prejudice and leave to refile once the plaintiff's RICO statement has been refiled, and set a briefing schedule. The Company then refiled its Motion to Dismiss in early summer 2024 and that Motion to Dismiss was granted on March 3, 2025, dismissing all RICO related claims against the moving defendants. The Federal Court has not yet set a trial date.

The Company and Wolf Tree have denied all liability and are vigorously defending against all allegations and claims in the Federal Court civil case.

Northern California Wildfires

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 Patrick 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 31, 2025, the Court vacated the trial date and set a status conference date for April 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.

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 \$220,000,000. 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 September 27, 2025.

Item 1A. Risk Factors.

Our 2024 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 2024 Annual Report during the nine months ended September 27, 2025, except as set forth below.

Changes in U.S. trade policy and the impact of tariffs may impact our customers, our industry, and our business.

Changes in U.S. trade policy and the impact of tariffs may continue to adversely impact our customers, our industry and our business. Even though we primarily sell our services to U.S. customers and our suppliers are primarily domestic, we still rely on imported materials,

components, or finished goods. The U.S. government has made significant changes in U.S. trade policy, including the imposition of a baseline tariff on product imports from almost all countries and the potential for individualized higher tariffs on certain other countries. Certain foreign governments either have taken or are threatening to take retaliatory actions in response. Tariffs or other trade restrictions have resulted in and may continue to cause uncertainty and volatility in U.S. and global financial and economic conditions, declining consumer confidence, inflation or an economic slowdown. These tariffs or other trade restrictions, including corresponding actions taken by other countries in response to U.S. governmental actions or continuing uncertainty around the timing or scale of tariffs, could decrease demand for our services or could increase the cost to us of equipment, goods and materials used in our business, which could have a material adverse effect on our financial condition, results of operations, liquidity and cash flows. While we intend to take steps to mitigate any impacts of tariffs or other impacts resulting from changes in trade policy, our ability to do so may be limited by operational and supply chain constraints, especially in the short term.

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 nine months of 2025.

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 2025				
January 1 to January 25	5,000	\$ 22.80	—	2,280,037
January 26 to February 22	1,718	22.80	—	2,280,037
February 23 to March 29	361,111	24.10	—	2,280,037
Total First Quarter	367,829	24.08	—	
March 30 to April 26	854,050	24.10	—	2,280,037
April 27 to May 24	376,820	24.10	—	2,280,037
May 25 to June 28	426,389	24.10	85,219	2,194,818
Total Second Quarter	1,657,259	24.10	85,219	
June 29 to July 26	777	24.10	—	2,194,818
July 27 to August 23	120,699	25.50	—	2,194,818
August 24 to September 27	288,997	25.50	—	2,194,818
Total Third Quarter	410,473	25.50	—	
Total Year-to-Date	2,435,561	\$ 24.33	85,219	

⁽¹⁾ During the nine months ended September 27, 2025, the Company purchased 2,350,342 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, 2,194,818 remained available under the program, as of September 27, 2025. 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 September 27, 2025, 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	Receivables Financing Agreement Amendment No. 13, dated July 18, 2025, by and among The Davey Tree Expert Company, Davey Receivables LLC, PNC Bank, National Association and the other lenders party thereto (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on July 23, 2025).	
10.2	Joinder Agreement, dated July 18, 2025, by and among DTS California, LLC, Davey Rail Services, LLC, DRG Grid Reliability, LLC, Davey RC, LLC, Davey Receivables LLC, and PNC Bank, National Association, to the Receivables Purchase Agreement, dated May 9, 2016 (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with Securities and Exchange Commission on July 23, 2025).	
10.3 *	Receivables Financing Agreement Amendment No. 14, dated October 16, 2025, 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 September 27, 2025, 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: November 3, 2025

By: /s/ Joseph R. Paul

Joseph R. Paul

Executive Vice President, Chief Financial Officer and Assistant Secretary
(Principal Financial Officer)

Date: November 3, 2025

By: /s/ Thea R. Sears

Thea R. Sears

Senior Vice President and Controller
(Principal Accounting Officer)

RECEIVABLES FINANCING AGREEMENT AMENDMENT NO. 14

This Receivables Financing Agreement Amendment No. 14 (this “*Amendment*”), dated as of October 16, 2025, among DAVEY RECEIVABLES LLC, an Ohio limited liability company, as Borrower (together with its successors and assigns, the “*Borrower*”); THE DAVEY TREE EXPERT COMPANY, an Ohio corporation, in its individual capacity (“*Davey Tree*”) and as Servicer (in such capacity, together with its successors and assigns in such capacity, the “*Servicer*”); PNC BANK, NATIONAL ASSOCIATION, as LC Bank (in such capacity, together with its successors and assigns in such capacity, the “*LC Bank*”) and as a Lender, the other Lenders party hereto; and PNC BANK, NATIONAL ASSOCIATION (“*PNC*”), as Administrative Agent (in such capacity together with its successors and assigns in such capacity, the “*Administrative Agent*”).

WITNESSETH:

WHEREAS, the Borrower, the Servicer, the Lenders, the LC Bank and the Administrative Agent are party to that certain Receivables Financing Agreement dated as of May 9, 2016 (as amended prior to the date hereof, the “*Financing Agreement*”).

WHEREAS, the Borrower, the Servicer, the LC Bank, the Lenders and the Administrative Agent hereby agree to make certain amendments to the Financing Agreement pursuant to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual agreements herein contained and other good and valuable consideration, receipt and sufficiency of which are hereby acknowledged by the parties, the Borrower, the Servicer, the LC Bank, the Lenders and the Administrative Agent hereto agree as follows:

SECTION 1. DEFINITIONS. Capitalized terms not otherwise defined herein shall have the meanings given to them in the Financing Agreement.

SECTION 2. AMENDMENTS.

Subject to the satisfaction of the conditions precedent set forth in Section 4 below, the Financing Agreement, including the Exhibits thereto, shall hereby be amended to delete the stricken text (indicated textually in the same manner as the following example: ~~stricken-text~~) and to add the underlined text (indicated textually in the same manner as the following example: double underlined text) as set forth in the pages of the amended Financing Agreement attached as **Exhibit A** hereto.

SECTION 3. REPRESENTATIONS OF THE BORROWER AND THE SERVICER. Each of the Borrower and the Servicer hereby represent and warrant to the parties hereto that as of the date hereof each of the representations and warranties contained in Article VII of the Financing Agreement and any other Transaction Documents to which it is a party are true and correct as of the date hereof and after giving effect to this Amendment (except to the extent that

such representations and warranties expressly refer to an earlier date, in which case they are true and correct as of such earlier date).

SECTION 4. CONDITIONS PRECEDENT. This Amendment shall become effective and be deemed effective as of the date first written above upon the satisfaction of the following conditions precedent:

(a) the Administrative Agent shall have received a fully executed counterpart of this Amendment;

(b) each representation and warranty of the Borrower and the Servicer contained herein or in any other Transaction Document (after giving effect to this Amendment) shall be true and correct (except to the extent that such representations and warranties expressly refer to an earlier date, in which case they are true and correct as of such earlier date); and

(c) no Unmatured Event of Default or Event of Default shall have occurred and be continuing.

SECTION 5. [RESERVED].

SECTION 6. COUNTERPARTS. This Amendment may be executed by the parties in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

SECTION 7. ELECTRONIC SIGNATURES. Each party agrees that this Amendment and any documents to be delivered in connection herewith may be electronically signed, and that any electronic signatures appearing on this Amendment and such other documents are the same as handwritten signatures for the purposes of validity, enforceability, and admissibility.

SECTION 8. SEVERABILITY. Any provision of this Amendment which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 9. GOVERNING LAW AND JURISDICTION. The provisions of the Financing Agreement with respect to governing law, jurisdiction, and agent for service of process are incorporated in this Amendment by reference as if such provisions were set forth herein.

SECTION 10. MISCELLANEOUS. For the avoidance of doubt, this Amendment shall constitute a Transaction Document.

[Signatures appear on following page.]

IN WITNESS WHEREOF, the parties hereto have each caused this Amendment to be duly executed by their respective duly authorized officers as of the day and year first above written.

DAVEY RECEIVABLES LLC

By: /s/ Christopher J. Bast
Name: Christopher J. Bast
Title: Senior Vice President and Treasurer

THE DAVEY TREE EXPERT COMPANY,
as the Servicer

By: /s/ Christopher J. Bast
Name: Christopher J. Bast
Title: Senior Vice President, Treasurer
and Operations Support

PNC BANK, NATIONAL ASSOCIATION,
as Administrative Agent

By: /s/ Michael Ferragonio

Name: Michael Ferragonio

Title: Senior Vice President

PNC BANK, NATIONAL ASSOCIATION,
as LC Bank and a Lender

By: /s/ Michael Ferragonio

Name: Michael Ferragonio

Title: Senior Vice President

WELLS FARGO BANK, N.A.,
as a Lender

By: /s/ Ryan Tozier

Name: Ryan Tozier

Title: Executive Director

Exhibit A

RECEIVABLES FINANCING AGREEMENT

Dated as of May 9, 2016

by and among

DAVEY RECEIVABLES LLC,
as Borrower,

PNC BANK, NATIONAL ASSOCIATION,
as Lender,

PNC BANK, NATIONAL ASSOCIATION,
as LC Bank,

PNC BANK, NATIONAL ASSOCIATION,
as Administrative Agent,

THE DAVEY TREE EXPERT COMPANY,
as initial Servicer

and

PNC CAPITAL MARKETS LLC,
as Structuring Agent

transaction (including production payments (excluding royalties), installment purchase agreements, forward sale or purchase agreements, capitalized leases and conditional sales agreements) having the commercial effect of a borrowing of money entered into by such Person to finance its operations or capital requirements (but not including accounts payable incurred in the ordinary course of such Person's business payable on terms customary in the trade), (v) all net obligations of such Person in respect of interest rate or currency hedges or (vi) any Guaranty of any such Debt.

"Deemed Collections" has the meaning set forth in Section 4.01(d).

"Default Ratio" means the ratio (expressed as a percentage and rounded to the nearest 1/100 of 1%, with 5/1000th of 1% rounded upward) computed as of the last day of each Fiscal Month by dividing: (a) the aggregate Outstanding Balance of all Pool Receivables (other than Specified Obligor Receivables or Subject Receivables) that became Defaulted Receivables during such Fiscal Month, by (b) the aggregate initial Outstanding Balance of all Pool Receivables (other than Unbilled Receivables) originated by the Originators during the Fiscal Month that is eight (8) Fiscal Months before such month.

"Defaulted Receivable" means a Receivable:

- (a) as to which any payment, or part thereof, remains unpaid for 241 days or more from the original invoice date for such payment;
- (b) as to which any payment, or part thereof, remains unpaid for less than or equal to 240 days from the original invoice date for such payment and consistent with the Credit and Collection Policy, has been or should be written off the applicable Originator's or the Borrower's books as uncollectible; or
- (c) without duplication, as to which an Insolvency Proceeding shall have occurred with respect to the Obligor thereof or any other Person obligated thereon or owning any Related Security with respect thereto unless such Receivable is an Eligible Chapter 11 Receivable;

provided, however, that in each case above such amount shall be calculated without giving effect to any netting of credits that have not been matched to a particular Receivable for the purposes of aged trial balance reporting.

"Defaulting Lender" means, subject to Section 2.06(b), any Lender that (a) has failed to (i) fund all or any portion of its Loans within two (2) Business Days of the date such Loans were required to be funded hereunder unless such Lender notifies the Administrative Agent and the Borrower in writing that such failure is the result of such Lender's determination that one or more conditions precedent to funding (each of which conditions precedent, together with any applicable default, shall be specifically identified in such writing) has not been satisfied, or (ii) pay to the Administrative Agent or any other Lender any other amount required to be paid by it hereunder within two (2) Business Days of the date when due, (b) has notified the Borrower or the Administrative Agent in writing that it does not intend to comply with its funding obligations hereunder, or has made a public statement to that effect (unless such writing or public statement relates to such Lender's obligation to fund a Loan hereunder and states that such position is based

after giving due consideration to the prevailing practice in the industry in which such Person is engaged.

“Specified Obligor” means, from time to time, each Obligor identified on Schedule V, as such Schedule may be amended, modified or supplemented from time to time with the written consent of the Borrower and the Administrative Agent.

“Specified Obligor Receivable” means a Pool Receivable other than an Eligible Chapter 11 Receivable the related Obligor of which is a Specified Obligor.

“Structuring Agent” means PNC Capital Markets LLC, a Pennsylvania limited liability company.

“Subject Receivables” means any Receivables, the Obligor of which is Duke Energy, or any of its Affiliates or Subsidiaries, which became Defaulted Receivables during the Fiscal Month ending July 2025.

“Subordinated Note” has the meaning set forth in the Receivables Purchase Agreement.

“Sub-Servicer” has the meaning set forth in Section 9.01(d).

“Subsidiary” means, as to any Person, a corporation, partnership, limited liability company or other entity of which shares of stock of each class or other interests having ordinary voting power (other than stock or other interests having such power only by reason of the happening of a contingency) to elect a majority of the Board of Directors or other managers of such entity are at the time owned, or management of which is otherwise controlled: (a) by such Person, (b) by one or more Subsidiaries of such Person or (c) by such Person and one or more Subsidiaries of such Person.

“Taxes” means any and all present or future taxes, levies, imposts, duties, deductions, charges or withholdings imposed by any Governmental Authority and all interest, penalties, additions to tax and any similar liabilities with respect thereto.

“Term SOFR Administrator” means CME Group Benchmark Administration Limited (CBA) (or a successor administrator of the Term SOFR Reference Rate selected by the Administrative Agent in its reasonable discretion).

“Term SOFR Rate” means the interest rate per annum determined by the Administrative Agent by dividing (the resulting quotient rounded upwards, at the Administrative Agent’s discretion, to the nearest 1/100th of 1%) (A) the Term SOFR Reference Rate for a one (1) month period, as such rate is published by the Term SOFR Administrator on the day (the *“Term SOFR Determination Date”*) that is two (2) Business Days prior to the first day of such one month period of determination, by (B) a number equal to 1.00 minus the SOFR Reserve Percentage. If the Term SOFR Reference Rate for the applicable tenor has not been published or replaced with a Benchmark Replacement by 5:00 p.m. (New York City time) on the Term SOFR Determination Date, then the Term SOFR Reference Rate, for purposes of clause (A) in the preceding sentence, shall be the Term SOFR Reference Rate for such tenor on the first Business Day preceding such Term SOFR Determination Date for which such Term SOFR Reference Rate for such tenor was

**REAFFIRMATION, ACKNOWLEDGEMENT, AND CONSENT OF
PERFORMANCE GUARANTOR**

October 16, 2025

The undersigned, THE DAVEY TREE EXPERT COMPANY, an Ohio corporation, heretofore executed and delivered to PNC BANK, N.A., as administrative agent a Performance Guaranty dated as of May 9, 2016 (the "*Performance Guaranty*"). Capitalized terms used but not otherwise defined herein have the respective meanings assigned thereto in, or by reference in, the Performance Guaranty. The undersigned hereby (i) acknowledges and consents to the Receivables Financing Agreement Amendment No. 14 (the "*RFA Amendment*"), dated as of the date hereof, and (ii) confirms that its Performance Guaranty, and all obligations of the undersigned thereunder, remain in full force and effect. The undersigned further agrees that the consent of the undersigned to any other amendment or modification to the Financing Agreement (as defined in the RFA Amendment) or any of the other Transaction Documents referred to therein (each as existing on the date hereof) shall not be required as a result of this consent having been obtained. The undersigned acknowledges that the Administrative Agent and the Lenders are relying on the assurances provided herein in entering into the RFA Amendment set forth above.

THE DAVEY TREE EXPERT COMPANY,

By: /s/ Christopher J. Bast

Name: Christopher J. Bast

Title: Senior Vice President, Treasurer and
Operations Support

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: November 3, 2025 /s/ Patrick M. Covey

Patrick M. Covey

Chairman, President and Chief Executive Officer

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: November 3, 2025 /s/ Joseph R. Paul

Joseph R. Paul

Executive Vice President, Chief Financial Officer and Assistant Secretary

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 September 27, 2025 (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: November 3, 2025

/s/ Patrick M. Covey

Patrick M. Covey

Chairman, President and Chief Executive Officer

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 September 27, 2025 (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: November 3, 2025

/s/ Joseph R. Paul

Joseph R. Paul

Executive Vice President, Chief Financial Officer and Assistant Secretary