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 March 29, 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

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 40,191,703 Common Shares, $.50 par value, outstanding as of May 2, 2025. The registrant's Common Shares are not traded on a public market.

The Davey Tree Expert Company
Quarterly Report on Form 10-Q
March 29, 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)

	March 29, 2025	December 31, 2024
Assets		
Current assets:		
Cash	$ 11,744	$ 17,471
Accounts receivable, net	392,805	397,077
Operating supplies	19,606	15,995
Other current assets	100,280	108,410
Total current assets	524,435	538,953
Property and equipment, net	420,691	400,661
Right-of-use assets - operating leases	82,890	90,516
Marketable securities and other investments	35,837	41,686
Insurance receivable	209,578	209,351
Other assets	13,194	13,204
Intangible assets, net	16,980	18,301
Goodwill	94,895	94,879
Total assets	$ 1,398,500	$ 1,407,551
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable	$ 63,641	$ 57,560
Accrued expenses	70,643	96,860
Current portion of long-term debt and finance lease liabilities	64,938	73,448
Other current liabilities	91,467	94,613
Total current liabilities	290,689	322,481
Long-term debt	378,044	338,655
Lease liabilities - finance leases	13,892	12,221
Lease liabilities - operating leases	49,741	55,565
Self-insurance accruals	81,122	86,092
Litigation accruals	209,578	209,351
Other noncurrent liabilities	14,276	14,046
Total liabilities	1,037,342	1,038,411
Commitments and contingencies (Note P)		
Redeemable common shares related to 401KSOP and Employee Stock Ownership Plan (ESOP) 8,251 and 8,114 shares at redemption value as of March 29, 2025 and December 31, 2024	198,847	195,551
Common shareholders' equity:		
Common shares, $.50 par value, per share; 96,000 shares authorized; 77,577 and 77,713 shares issued and outstanding before deducting treasury shares and which excludes 8,251 and 8,114 shares subject to redemption as of March 29, 2025 and December 31, 2024	38,788	38,857
Additional paid-in capital	221,872	225,846
Common shares subscribed, unissued	20,810	21,100
Retained earnings	371,223	375,525
Accumulated other comprehensive loss	(6,545)	(6,773)
	646,148	654,555
Less: Cost of common shares held in treasury; 45,172 shares at March 29, 2025 and 45,353 shares at December 31, 2024	471,443	468,132
Common shares subscription receivable	12,394	12,834
Total common shareholders' equity	162,311	173,589
Total liabilities and shareholders' equity	$ 1,398,500	$ 1,407,551

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	
	March 29, 2025	March 30, 2024
Revenues	$ 434,836	$ 404,809
Costs and expenses:		
Operating	295,932	280,779
Selling	81,353	69,976
General and administrative	40,600	38,491
Depreciation and amortization	18,568	16,408
Gain on sale of assets, net	(33)	(1,079)
Total costs and expenses	436,420	404,575
(Loss) income from operations	(1,584)	234
Other income (expense):		
Interest expense	(4,382)	(4,067)
Interest income	552	526
Other, net	(1,716)	(1,364)
Loss before income taxes	(7,130)	(4,671)
Income tax benefit	(3,872)	(2,396)
Net loss	$ (3,258)	$ (2,275)
Net loss per share--basic and diluted	$ (.08)	$ (.05)
Weighted-average shares outstanding--basic and diluted	40,871	41,832

See notes to condensed consolidated financial statements (unaudited).

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

	Three Months Ended	
	March 29, 2025	**March 30, 2024**
Net loss	$ (3,258)	$ (2,275)
Components of other comprehensive income (loss), net of tax:		
Foreign currency translation adjustments gains (losses)	143	(581)
Unrealized gain (loss) on available-for-sale securities	85	(136)
Other comprehensive income (loss), net of tax	228	(717)
Comprehensive loss	$ (3,030)	$ (2,992)

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 January 1, 2025	$ 38,857	$ 225,846	$ 21,100	$ 375,525	$ (6,773)	$ (468,132)	$ (12,834)	$ 173,589
Net loss	—	—	—	(3,258)	—	—	—	(3,258)
Change in 401KSOP and ESOP related shares	(69)	(3,228)	—	—	—	—	—	(3,297)
Shares sold to employees	—	1,950	—	—	—	1,496	—	3,446
Options exercised	—	(1,099)	—	—	—	3,936	—	2,837
Subscription shares	—	85	(290)	—	—	113	440	348
Stock-based compensation	—	(1,682)	—	—	—	—	—	(1,682)
Dividends, $.025 per share	—	—	—	(1,044)	—	—	—	(1,044)
Other comprehensive income	—	—	—	—	228	—	—	228
Shares purchased	—	—	—	—	—	(8,856)	—	(8,856)
Balances at March 29, 2025	$ 38,788	$ 221,872	$ 20,810	$ 371,223	$ (6,545)	$ (471,443)	$ (12,394)	$ 162,311

	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 January 1, 2024	$ 39,308	$ 197,962	$ 22,832	$ 330,436	$ (4,785)	$ (416,616)	$ (16,663)	$ 152,474
Net loss	—	—	—	(2,275)	—	—	—	(2,275)
Change in 401KSOP and ESOP related shares	(147)	(3,090)	—	—	—	—	—	(3,237)
Shares sold to employees	—	2,097	—	—	—	1,568	—	3,665
Options exercised	—	(149)	—	—	—	3,466	—	3,317
Subscription shares	—	18	(36)	—	—	18	287	287
Stock-based compensation	—	(1,356)	—	—	—	—	—	(1,356)
Dividends $.025 per share	—	—	—	(1,070)	—	—	—	(1,070)
Other comprehensive loss	—	—	—	—	(717)	—	—	(717)
Shares purchased	—	—	—	—	—	(8,533)	—	(8,533)
Balances at March 30, 2024	$ 39,161	$ 195,482	$ 22,796	$ 327,091	$ (5,502)	$ (420,097)	$ (16,376)	$ 142,555

See notes to condensed consolidated financial statements (unaudited).

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

	Three Months Ended	
	March 29, 2025	March 30, 2024
Operating activities		
Net loss	$ (3,258)	$ (2,275)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	18,568	16,408
Other	390	746
Changes in operating assets and liabilities, net of assets acquired:		
Accounts receivable	4,388	14,954
Accounts payable and accrued expenses	(18,913)	(20,800)
Self-insurance accruals	(6,359)	5,346
Prepaid expenses	8,769	13,534
Mitigation bank credit inventory	(497)	3,749
Income taxes receivable	(1,592)	(3,545)
Other, net	(5,887)	(4,996)
	(1,133)	25,396
Net cash (used in) provided by operating activities	(4,391)	23,121
Investing activities		
Capital expenditures:		
Equipment	(22,915)	(30,714)
Land and buildings	(12,255)	(7,245)
Proceeds from sales of property and equipment	1,021	1,687
Purchases of marketable securities	(9,346)	(10,157)
Proceeds from sale of marketable securities	17,075	11,131
Net cash used in investing activities	(26,420)	(35,298)
Financing activities		
Revolving credit facility borrowings	175,352	171,764
Revolving credit facility payments	(134,649)	(144,723)
Purchase of common shares for treasury	(8,856)	(8,533)
Sale of common shares from treasury	6,631	7,268
Dividends paid	(1,044)	(1,070)
Proceeds from notes payable	13,842	19,629
Payments of notes payable	(24,480)	(26,939)
Payments of finance leases	(1,747)	(1,148)
Net cash provided by financing activities	25,049	16,248
Effect of exchange rate changes on cash	35	(42)
(Decrease) Increase in cash	(5,727)	4,029
Cash, beginning of period	17,471	11,070
Cash, end of period	$ 11,744	$ 15,099
Supplemental cash flow information follows:		
Interest paid	$ 8,059	$ 5,261
Income taxes (refunded) paid	(13)	1,445

See notes to condensed consolidated financial statements (unaudited).

The Davey Tree Expert Company
Notes to Condensed Consolidated Financial Statements (Unaudited)
March 29, 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 March 29, 2025 is referred to as the first quarter of 2025, and the fiscal quarter ended March 30, 2024 is referred to as the first 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 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 is currently evaluating this guidance to determine the impact it may have on its disclosures.

(Amounts in thousands, except share data)

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.

B. Seasonality of Business

Due to the seasonality of our business, our operating results for the three months ended March 29, 2025 are not indicative of results that may be expected for any other interim period or for the year ending December 31, 2025. Our 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 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:

Accounts receivable, net	**March 29, 2025**	**December 31, 2024**
Accounts receivable	$ 274,919	$ 286,796
Unbilled receivables[1]	126,366	116,491
	401,285	403,287
Less allowances for credit losses	8,480	6,210
Accounts receivable, net	$ 392,805	$ 397,077

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

The Davey Tree Expert Company
Notes to Condensed Consolidated Financial Statements (Unaudited)
March 29, 2025
(Amounts in thousands, except share data)

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

Other current assets	**March 29, 2025**	**December 31, 2024**
Refundable income taxes	$ 1,683	$ 91
Prepaid expenses	30,762	39,517
Mitigation bank credit inventory	29,812	29,315
Assets invested for self-insurance	27,306	29,212
Payroll taxes refundable	9,721	10,131
Other	996	144
Total	$ 100,280	$ 108,410

Property and equipment, net	**March 29, 2025**	**December 31, 2024**
Land and land improvements	$ 30,867	$ 30,041
Buildings and leasehold improvements	153,021	141,445
Equipment	761,365	741,098
	945,253	912,584
Less accumulated depreciation	524,562	511,923
Total	$ 420,691	$ 400,661

Other assets, noncurrent	**March 29, 2025**	**December 31, 2024**
Investment--cost-method affiliate	$ 1,406	$ 1,406
Deferred income taxes	3,758	3,780
Cloud computing arrangements	233	191
Other	7,797	7,827
Total	$ 13,194	$ 13,204

Accrued expenses	**March 29, 2025**	**December 31, 2024**
Employee compensation	$ 25,306	$ 46,197
Accrued compensated absences	15,927	16,175
Self-insured medical claims	2,183	2,359
Income tax payable	1,640	3,948
Customer advances, deposits	3,701	1,449
Taxes, other than income	10,634	10,497
Other	11,252	16,235
Total	$ 70,643	$ 96,860

Other current liabilities	**March 29, 2025**	**December 31, 2024**
Notes payable	$ 194	$ 276
Current portion of:		
Lease liability-operating leases	34,153	35,828
Self-insurance accruals	57,120	58,509
Total	$ 91,467	$ 94,613

(Amounts in thousands, except share data)

Other noncurrent liabilities	March 29, 2025	December 31, 2024
Non-qualified retirement plans	$ 6,213	$ 6,060
Other	8,063	7,986
Total	$ 14,276	$ 14,046

D. Business Combinations

We had no cash investments in businesses during the first three months of 2025. During the year ended December 31, 2024, our cash investments in businesses was $18,865 and debt issued, in the form of notes payable to the sellers, was $6,351. The results of operations of acquired business have been included in the condensed consolidated statements of operations beginning as of the effective dates of acquisition.

E. Marketable Securities

The following table summarizes available-for-sale debt securities held at March 29, 2025 and December 31, 2024 by asset type:

	Available-For-Sale Debt Securities			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value (Net Carrying Amount)
March 29, 2025				
Fixed maturity:				
United States Government and agency securities	$ 44,699	$ 740	$ (16)	$ 45,423
Total available-for-sale debt securities	$ 44,699	$ 740	$ (16)	$ 45,423
December 31, 2024				
Fixed maturity:				
United States Government and agency securities	$ 45,701	$ 565	$ (86)	$ 46,180
Total available-for-sale debt securities	$ 45,701	$ 565	$ (86)	$ 46,180

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

Available-for-sale debt securities are included in other current assets and marketable securities and other investments totaling $45,423 and $46,180 at March 29, 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.

The Davey Tree Expert Company
Notes to Condensed Consolidated Financial Statements (Unaudited)
March 29, 2025
(Amounts in thousands, except share data)

We held $14,221 and $21,218 in marketable equity securities as of March 29, 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 March 29, 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.

	Amortized Cost	Fair Value
Due:		
Less than one year	$ 23,979	$ 24,296
One year through five years	20,720	21,127
Six years through ten years	—	—
After ten years	—	—
Total	$ 44,699	$ 45,423

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:

	March 29, 2025		December 31, 2024	
	Carrying Amount	Accumulated Amortization	Carrying Amount	Accumulated Amortization
Amortized intangible assets:				
Customer lists/relationships	$ 43,714	$ 33,238	$ 43,713	$ 32,452
Employment-related	13,881	11,396	13,880	11,127
Tradenames	13,466	9,447	13,465	9,178
Amortized intangible assets	71,061	$ 54,081	71,058	$ 52,757
Less accumulated amortization	54,081		52,757	
Identified intangible assets, net	$ 16,980		$ 18,301	
Goodwill	$ 94,895		$ 94,879	

The Davey Tree Expert Company
Notes to Condensed Consolidated Financial Statements (Unaudited)
March 29, 2025
(Amounts in thousands, except share data)

The changes in the carrying amounts of goodwill, by segment, for the three months ended March 29, 2025 and the year ended December 31, 2024 were as follows:

	Balance at January 1, 2025	Acquisitions	Translation and Other Adjustments	Balance at March 29, 2025
Utility	$ 4,941	$ —	$ —	$ 4,941
Residential and Commercial	89,938	—	16	89,954
Total	$ 94,879	$ —	$ 16	$ 94,895

	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	$ 84,800	$ 10,893	$ (814)	$ 94,879

***Estimated future aggregate amortization expense of intangible assets*--**The estimated future aggregate amortization expense of intangible assets, as of March 29, 2025, was as follows:

	Estimated Future Amortization Expense
Remaining nine months of 2025	$ 3,576
2026	4,063
2027	3,479
2028	2,684
2029	2,161
2030	808
Thereafter	209
	$ 16,980

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

We have short-term lines of credit with several banks totaling $11,048. At March 29, 2025, we had $10,530 available under the lines of credit with $194 borrowings outstanding and $324 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%.

The Davey Tree Expert Company
Notes to Condensed Consolidated Financial Statements (Unaudited)
March 29, 2025
(Amounts in thousands, except share data)

Our long-term debt consisted of the following:

	March 29, 2025	December 31, 2024
Revolving credit facility:		
Swing-line borrowings	$ 29,577	$ 13,873
SOFR borrowings	225,000	200,000
	254,577	213,873
Senior unsecured notes:		
3.99% Senior unsecured notes	40,000	40,000
4.00% Senior unsecured notes	20,000	20,000
6.19% Senior unsecured notes	75,000	75,000
	135,000	135,000
Term loans	48,508	59,063
	438,085	407,936
Less debt issuance costs	1,220	1,290
Less current portion	58,821	67,991
	$ 378,044	$ 338,655

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. As of March 29, 2025, we had unused commitments under the facility approximating $142,849, with $257,151 committed, consisting of borrowings of $254,577 and issued letters of credit of $2,574.

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.

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

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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. As the Company has previously issued notes with an aggregate amount outstanding of $135,000 under the Note Purchase and Shelf Agreement, as of March 29, 2025, it has the capacity to issue subsequent series of promissory notes pursuant to the Note Purchase and Shelf Agreement in the amount of $115,000.

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.

The net proceeds of all senior notes were used to pay down borrowings under our revolving credit facility.

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

Aggregate Maturities of Long-Term Debt--Aggregate maturities of long-term debt for the five years subsequent to March 29, 2025 were as follows:

	Amount
Remaining nine months of 2025	$ 58,686
2026	32,877
2027	46,945
2028	45,000
2029	254,577
	$ 438,085

Accounts Receivable Securitization Facility--In July 2024, the Company amended its Accounts Receivable Securitization Facility (as amended, the “AR Securitization program”) to extend the scheduled termination date for an additional one year period, to July 20, 2025. In addition to extending the termination date for another year, the amendment increased the limit of the AR Securitization program to $125,000 and provided that the lender may issue loans, in addition to letters of credit, under the AR Securitization program.

The AR Securitization program has a limit of $125,000, of which $97,104 was issued for letters of credit ("LCs") and loans were issued in the amount of $25,000 as of both March 29, 2025 and December 31, 2024.

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 March 29, 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 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 March 29, 2025, total commitments related to issued LCs were $100,002, of which $2,574 were issued under the revolving credit facility, $97,104 were issued under the AR Securitization program, and $324 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 March 29, 2025, we were in compliance with all debt covenants.

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H. Leases

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

	Condensed Consolidated Balance Sheet Classification	March 29, 2025	December 31, 2024
Assets			
Operating lease assets	Right-of-use assets - operating leases	$ 82,890	$ 90,516
Finance lease assets	Property and equipment, net	19,853	17,567
Total lease assets		$ 102,743	$ 108,083
Liabilities			
Current operating lease liabilities	Other current liabilities	$ 34,153	$ 35,828
Non-current operating lease liabilities	Lease liabilities - operating leases	49,741	55,565
Total operating lease liabilities		83,894	91,393
Current portion of finance lease liabilities	Current portion of long-term debt and finance lease liabilities	6,117	5,457
Non-current finance lease liabilities	Lease liabilities - finance leases	13,892	12,221
Total finance lease liabilities		20,009	17,678
Total lease liabilities		$ 103,903	$ 109,071

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

	Condensed Consolidated Statements of Operations Classification	Three Months Ended March 29, 2025	Three Months Ended March 30, 2024
Operating lease cost	Operating expense	$ 7,235	$ 5,934
Operating lease cost	Selling expense	2,800	2,648
Operating lease cost	General and administrative expense	278	261
Finance lease cost:			
Amortization of right-of-use assets	Depreciation and amortization	1,591	1,419
Interest expense on lease liabilities	Interest expense	201	200
Other lease cost [1]	Operating expense	3,103	1,943
Other lease cost [1]	Selling expense	545	375
Other lease cost [1]	General and administrative expense	13	(42)
Total lease cost		$ 15,766	$ 12,738

[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 March 29, 2025 was 3.3 years for operating leases and 3.9 years for finance leases.

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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 March 29, 2025 were 4.32% for operating leases and 4.91% for finance leases.

Supplemental Cash Flow Information Related to Leases	**Three Months Ended**	
	March 29, 2025	**March 30, 2024**
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ (10,885)	$ (11,919)
Operating cash flows from finance leases	(201)	(200)
Financing cash flows from finance leases	(1,747)	(1,148)
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	2,934	13,266
Finance leases	4,078	2,995

Maturity Analysis of Lease Liabilities	**As of March 29, 2025**	
	Operating Leases	**Finance Leases**
Remaining nine months of 2025	$ 28,935	$ 5,204
2026	27,810	6,244
2027	16,566	4,232
2028	8,438	3,220
2029	4,090	1,701
2030	1,303	1,013
Thereafter	2,745	335
Total lease payments	89,887	21,949
Less interest	5,993	1,940
Total	$ 83,894	$ 20,009

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.

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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	
	March 29, 2025	March 30, 2024
Compensation expense, all share-based payment plans	$ 2,352	$ 1,907

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 $577 being recognized for the three months ended March 29, 2025 and $487 for the three months ended March 30, 2024.

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 $20 for the three months ended March 29, 2025 and $39 for the three months ended March 30, 2024. 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 three months ended March 29, 2025, the Compensation Committee awarded 88,450 PRSUs to certain management employees. The Compensation Committee made similar awards in prior periods. The awards vest over specified periods. The following table summarizes PRSUs and RSUs as of March 29, 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	88,450	23.75			
Forfeited	—	—			
Vested	(387,934)	16.49			
Unvested, March 29, 2025	468,348	$ 20.86	1.8 years	$ 5,650	$ 11,287
Employee PRSUs	434,870	$ 20.99	1.9 years	$ 5,414	$ 10,480
Nonemployee Director RSUs	33,478	$ 19.08	0.8 years	$ 236	$ 807

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 $1,755 for the three months ended March 29, 2025 and $1,381 for the three months ended March 30, 2024.

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

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

	Three Months Ended	
	March 29, 2025	**March 30, 2024**
Volatility rate	9.4 %	9.5 %
Risk-free interest rate	4.0 %	4.3 %
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 three months ended March 29, 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	(24,286)	8.14		
Forfeited	—	—		
Outstanding, March 29, 2025	1,254,512	$ 9.59	2.8 years	$ 18,203
Exercisable, March 29, 2025	1,184,553	$ 9.44	2.7 years	$ 17,366

As of March 29, 2025, there was approximately $16 of unrecognized compensation cost related to stock options outstanding. The cost is expected to be recognized over a weighted-average period of 0.3 years. “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.

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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 three months ended March 29, 2025 was 29.5%. Our actual effective tax rate was 54.3% and 51.3% for the three months ended March 29, 2025 and March 30, 2024, respectively. The change in the effective tax rate from statutory tax rates was primarily due to the impact of favorable discrete items which are a set amount and therefore have a larger impact on the rate based on our net loss before tax in the first three months compared to the impact they will have on the rate for the full year.

As of March 29, 2025, we had unrecognized tax benefits of $2,149, of which $386 would affect our effective rate if recognized, and accrued interest expense related to unrecognized benefits of $53. 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 2019. As of March 29, 2025, we believe it is reasonably possible that the total amount of unrecognized tax benefits will not significantly increase or decrease.

K. Accumulated Other Comprehensive Income (Loss)

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

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The following summarizes the components of other comprehensive income (loss) accumulated in shareholders' equity for the three months ended March 29, 2025 and March 30, 2024:

Three Months Ended March 29, 2025	Foreign Currency Translation Adjustments	Available-for-Sale Securities	Defined Benefit Pension Plans	Accumulated Other Comprehensive Income (Loss)
Balance at January 1, 2025	$ (6,881)	$ 10	$ 98	$ (6,773)
Other comprehensive income (loss) before reclassifications				
Foreign currency translation adjustments	$ 143	$ —	$ —	$ 143
Unrealized gain on available-for-sale securities	—	108	—	108
Tax effect	—	(23)	—	(23)
Net of tax amount	143	85	—	228
Balance at March 29, 2025	$ (6,738)	$ 95	$ 98	$ (6,545)

Three Months Ended March 30, 2024	Foreign Currency Translation Adjustments	Available-for-Sale Securities	Defined Benefit Pension Plans	Accumulated Other Comprehensive Income (Loss)
Balance at January 1, 2024	$ (4,922)	$ 92	$ 45	$ (4,785)
Other comprehensive income (loss) before reclassifications				
Foreign currency translation adjustments	$ (581)	$ —	$ —	$ (581)
Unrealized loss on available-for-sale securities	—	(152)	—	(152)
Tax effect	—	16	—	16
Net of tax amount	(581)	(136)	—	(717)
Balance at March 30, 2024	$ (5,503)	$ (44)	$ 45	$ (5,502)

There were no changes in defined benefit pension plans for either the three months ended March 29, 2025 or March 30, 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	
	March 29, 2025	**March 30, 2024**
Income available to common shareholders:		
Net loss	$ (3,258)	$ (2,275)
Weighted-average shares (in thousands):		
Basic:		
Outstanding	40,584	41,517
Partially-paid share subscriptions	287	315
Basic weighted-average shares	40,871	41,832
Diluted:		
Diluted weighted-average shares	40,871	41,832
Net loss per share--basic and diluted	$ (.08)	$ (.05)
Antidilutive amounts excluded from calculation:		
Exercise of stock subscription purchase rights	92	72
Exercise of stock options and awards	1,423	1,802

The potentially dilutive shares were excluded from the calculation of diluted net loss per share for the three months ended March 29, 2025 and March 30, 2024 because their effect would have been anti-dilutive.

Common and Redeemable Shares Outstanding--A summary of the activity of the common and redeemable shares outstanding for the three months ended March 29, 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	(350,183)	(17,646)	(367,829)
Shares sold	220	154,426	154,646
Stock subscription offering -- cash purchases	10,943	—	10,943
Options and awards exercised	382,636	—	382,636
Shares outstanding at March 29, 2025	32,404,264	8,250,914	40,655,178

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On March 29, 2025, we had 40,655,178 common and redeemable shares outstanding, employee options exercisable to purchase 1,184,553 common shares, partially-paid subscriptions for 1,149,550 common shares and purchase rights outstanding for 401,623 common shares.

2022 Subscription Offering

Beginning April 2022, the Company offered to eligible employees and nonemployee 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.

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.

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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 March 29, 2025					
Revenues	$ 255,107	$ 179,130	$ 434,237	$ 599	$ 434,836
Less:					
Payroll expense	108,044	75,210			
Equipment and fuel expense	17,239	13,933			
Subcontractor expense	27,924	24,608			
Other segment expenses [a]	83,316	69,841		10,960	
Income (loss) from operations, reportable segments	$ 18,584	$ (4,462)	$ 14,122	$ (10,361)	$ 3,761
Unallocated costs [b]					(5,345)
Loss from operations					(1,584)
Interest expense					(4,382)
Interest income					552
Other income (expense), net					(1,716)
Loss before income taxes					$ (7,130)
Segment assets, total	$ 386,588	$ 399,772	$ 786,360	$ 612,140 [c]	$ 1,398,500

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	Utility Services	Residential Commercial Services	Total Reportable Segments	All Other	Consolidated
Three Months Ended March 30, 2024					
Revenues	$ 241,336	$ 162,850	$ 404,186	$ 623	$ 404,809
Less:					
Payroll expense	104,316	68,620			
Equipment and fuel expense	16,616	13,348			
Subcontractor expense	25,651	18,276			
Other segment expenses [(a)]	81,443	65,211		8,154	
Income (loss) from operations, reportable segments	$ 13,310	$ (2,605)	$ 10,705	$ (7,531)	$ 3,174
Unallocated costs [(b)]					(2,940)
Income from operations					234
Interest expense					(4,067)
Interest income					526
Other income (expense), net					(1,364)
Loss before income taxes					$ (4,671)
Segment assets, total	$ 369,416	$ 377,319	$ 746,735	$ 534,935 [(c)]	$ 1,281,670

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) Reclassification of depreciation expense and allocation of 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.

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

Disaggregation of Revenue

The following tables disaggregate our revenue for the three months ended March 29, 2025 and March 30, 2024 by major sources:

Three Months Ended March 29, 2025	Utility	Residential and Commercial	All Other	Consolidated
Type of service:				
Tree and plant care	$ 164,796	$ 86,259	$ (389)	$ 250,666
Grounds maintenance	—	39,409	—	39,409
Storm damage services	18,457	17,578	—	36,035
Consulting and other	71,854	35,884	988	108,726
Total revenues	$ 255,107	$ 179,130	$ 599	$ 434,836
Geography:				
United States	$ 244,442	$ 170,685	$ 599	$ 415,726
Canada	10,665	8,445	—	19,110
Total revenues	$ 255,107	$ 179,130	$ 599	$ 434,836

Three Months Ended March 30, 2024	Utility	Residential and Commercial	All Other	Consolidated
Type of service:				
Tree and plant care	$ 149,419	$ 82,752	$ (480)	$ 231,691
Grounds maintenance	—	32,745	—	32,745
Storm damage services	4,932	2,737	—	7,669
Consulting and other	86,985	44,616	1,103	132,704
Total revenues	$ 241,336	$ 162,850	$ 623	$ 404,809
Geography:				
United States	$ 228,007	$ 153,449	$ 623	$ 382,079
Canada	13,329	9,401	—	22,730
Total revenues	$ 241,336	$ 162,850	$ 623	$ 404,809

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Contract Balances

Our contract liabilities consist of advance payments and billings in excess of costs incurred and deferred revenue. The Company recognized $1,325 of revenue for the three months ended March 29, 2025, that was included in the contract liability balance at December 31, 2024 and $1,201 of revenue for the three months ended March 30, 2024, that was included in the contract liability balance at December 31, 2023. Net contract liabilities consisted of the following:

	March 29, 2025	December 31, 2024
Contract liabilities - current	$ 6,049	$ 3,756
Contract liabilities - noncurrent	4,598	4,655
Net contract liabilities	$ 10,647	$ 8,411

O. Fair Value Measurements and Financial Instruments

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

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

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

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

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

(Amounts in thousands, except share data)

Our assets and liabilities measured at fair value on a recurring basis at March 29, 2025 were as follows:

Assets and Liabilities Recorded at Fair Value on a Recurring Basis	Total Carrying Value at March 29, 2025	Fair Value Measurements at March 29, 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				
Certificates of deposits, current	$ 3,000	$ 3,000	$ —	$ —
Certificates of deposits, noncurrent	500	500	—	—
Available-for-sale debt securities:				
United States Government and agency securities	45,423	45,423	—	—
Total available-for-sale debt securities	45,423	45,423	—	—
Marketable equity securities:				
Mutual funds	12,564	12,564	—	—
Exchange traded funds	1,657	1,657	—	—
Total marketable equity securities	14,221	14,221	—	—
Liabilities:				
Deferred compensation	$ 1,583	$ —	$ —	$ 1,583

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				
Certificates of deposits, current	$ 2,750	$ 2,750	$ —	$ —
Certificates of deposits, noncurrent	750	750	—	—
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

The assets invested for self-insurance are certificates of deposit, 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.

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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 March 29, 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 common shares and determined that due to significant unobservable inputs used in the independent stock valuation, the shares are categorized as Level 3 investments.

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:

	March 29, 2025		December 31, 2024	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets:				
Available-for-sale debt securities	$ 45,423	$ 45,423	$ 46,180	$ 46,180
Marketable equity securities	14,221	14,221	21,218	21,218
Liabilities:				
Revolving credit facility, noncurrent	$ 254,577	$ 254,577	$ 213,873	$ 213,873
Senior unsecured notes, noncurrent	120,000	119,860	120,000	117,486
Term loans, noncurrent	4,687	4,738	6,072	6,065
Total	$ 379,264	$ 379,175	$ 339,945	$ 337,424

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.

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. 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.

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 is 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 has been set for June 2, 2025.

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.

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.

The civil cases in the State Court of Chatham County in Georgia and the United States District Court for the Southern District of Georgia, Savannah Division relating to the same subject matter, remain pending. The civil case in the State Court of Chatham County, Georgia has set a trial date of June 2, 2025. No trial date has been set in the Federal Court civil case. In both civil cases, the Company and Wolf Tree have denied all liability and are vigorously defending against the actions. The Company also has retained separate counsel for some of the individual defendants, each of whom has denied all liability and also are vigorously defending the actions.

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 a mandatory settlement conference has been set for July 3, 2025.

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 recoverable within our Condensed Consolidated Balance Sheet as of March 29, 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 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 $1,859 and $2,018 as of March 29, 2025 and December 31, 2024, respectively. The fair value of the shares held in the Davey 401KSOP and ESOP totaled $196,988 and $193,533 as of March 29, 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 $198,847 and $195,551 as of March 29, 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, as well as the Israel-Hamas war, have only exacerbated an already difficult operating environment. These factors, combined with higher 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 has recently announced a series of additional tariffs on goods imported into the United States, which prompted retaliatory tariffs from other countries. Incremental tariffs and changed trade policies did not have a significant impact on our financial results for the first quarter 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		
	March 29, 2025	March 30, 2024	Change
Revenues	100.0 %	100.0 %	— %
Costs and expenses:			
Operating	68.1	69.4	(1.3)
Selling	18.7	17.3	1.4
General and administrative	9.3	9.5	(.2)
Depreciation and amortization	4.3	4.0	.3
Gain on sale of assets, net	—	(.3)	.3
(Loss) Income from operations	(.4)	.1	(.5)
Other income (expense):			
Interest expense	(1.0)	(1.0)	—
Interest income	.1	.1	—
Other, net	(.4)	(.3)	(.1)
Loss before income taxes	(1.6)	(1.2)	(.4)
Income tax benefit	(.9)	(.6)	(.3)
Net loss	(.7)%	(.6)%	(.1)%

First Three Months—Three Months Ended March 29, 2025 Compared to Three Months Ended March 30, 2024

Our results of operations for the three months ended March 29, 2025 compared to the three months ended March 30, 2024 were as follows:

	Three Months Ended			
	March 29, 2025	March 30, 2024	Change	Percentage Change
Revenues	$ 434,836	$ 404,809	$ 30,027	7.4 %
Costs and expenses:				
Operating	295,932	280,779	15,153	5.4
Selling	81,353	69,976	11,377	16.3
General and administrative	40,600	38,491	2,109	5.5
Depreciation and amortization	18,568	16,408	2,160	13.2
Gain on sale of assets, net	(33)	(1,079)	1,046	(96.9)
	436,420	404,575	31,845	7.9
(Loss) Income from operations	(1,584)	234	(1,818)	(776.9)
Other income (expense):				
Interest expense	(4,382)	(4,067)	(315)	7.7
Interest income	552	526	26	4.9
Other, net	(1,716)	(1,364)	(352)	25.8
Loss before income taxes	(7,130)	(4,671)	(2,459)	52.6
Income tax benefit	(3,872)	(2,396)	(1,476)	61.6
Net loss	$ (3,258)	$ (2,275)	$ (983)	43.2 %

Revenues--Revenues of $434,836 increased $30,027 compared with $404,809 in the first three months of 2024. Utility Services increased $13,771 or 5.7% compared with the first three months of 2024. The increase was primarily attributable to new accounts, as well as increased work year-over-year on accounts and price increases on existing accounts within both our U.S. and Canadian operations. Residential and Commercial Services increased $16,280 or 10.0% compared with the first three 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 $295,932 increased $15,153 compared with the first three months of 2024 but, as a percentage of revenue, decreased to 68.1% from 69.4%. Utility Services increased $5,326 or 2.9% compared with the first three months of 2024 but, as a percentage of revenue, decreased to 74.1% from 76.0%. The increase was attributable to increases in labor and benefits expense and subcontractor expense, which were partially offset by decreases in equipment expense and travel expense. Residential and Commercial Services increased $8,724 or 8.9% compared with the first three months of 2024 but, as a percentage of revenue, decreased to 59.7% from 60.2%. The increase was primarily attributable to increases in labor and benefits expense, material expense and subcontractor expense.

Fuel costs of $11,172 decreased $121, or 1.1%, from the $11,293 incurred in the first three months of 2024 and impacted operating expenses within all segments. The $121 decrease included usage increases approximating $866 and price decreases approximating $987.

Selling Expenses--Selling expenses of $81,353 increased $11,377 compared with the first three months of 2024 and, as a percentage of revenue, increased to 18.7% from 17.3%. Utility Services increased $3,062 or 11.1% compared to the first three months of 2024 and, as a percentage of revenue, increased to 12.0% from 11.5%. The increase was primarily attributable to increases in field management wages, advertising, professional services and field management travel expense. Residential and Commercial Services experienced an increase of $8,481 or 19.5% compared to the first three months of 2024 and, as a percentage of revenue, increased to 29.0% from 26.7%. The increase was primarily attributable to an increase in field management wages.

General and Administrative Expenses--General and administrative expenses of $40,600 increased $2,109 from $38,491 in the first three months of 2024. The increase was primarily attributable to increases in salary and incentive expense and professional services.

Depreciation and Amortization Expense--Depreciation and amortization expense of $18,568 increased $2,160 from $16,408 incurred in the first three months of 2024, which was primarily attributable to an increase in purchasing certain trucks rather than leasing them.

Gain on the Sale of Assets, Net--Gain on the sale of assets of $33 for the first three months of 2025 decreased $1,046 from the $1,079 gain in the first three months of 2024. We sold fewer units of equipment at a lower average gain per unit during the first three months of 2025 as compared with the first three months of 2024.

Interest Expense--Interest expense of $4,382 increased $315 from the $4,067 incurred in the first three months of 2024. The increase was attributable to higher average borrowing and increased interest rates during the first three months of 2025, as compared with the first three months of 2024.

Other, Net--Other expense, net, of $1,716 increased $352 from the $1,364 expense incurred in the first three months of 2024 and consisted of nonoperating income and expense, including gains and losses on marketable securities, pension expense and foreign currency translation adjustments.

Income Tax Benefit--Income tax benefit for the first three months of 2025 was $3,872, as compared to $2,396 for the first three 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 three months of 2025 was 54.3%. Our actual effective tax rate for the first three months of 2024 was 51.3%. The change in the effective tax rate from statutory tax rates was primarily due to the impact of favorable discrete items which are a set amount and therefore have a larger impact on the rate based on our net loss before tax in the first three months compared to the impact they will have on the rate for the full year.

Net Loss--Net loss of $3,258 for the first three months of 2025 was $983 more than the net loss of $2,275 for the first three months of 2024.

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 three months ended March 29, 2025 and March 30, 2024 were as follows:

	Three Months Ended	
	March 29, 2025	**March 30, 2024**
Cash provided by (used in):		
Operating activities	$ (4,391)	$ 23,121
Investing activities	(26,420)	(35,298)
Financing activities	25,049	16,248
Effect of exchange rate changes on cash	35	(42)
(Decrease) Increase in cash	$ (5,727)	$ 4,029

Cash (Used In) Provided By Operating Activities--Cash used in operating activities was $4,391 for the first three months of 2025, a change of $27,512 when compared to the first three months of 2024. The $27,512 decrease in operating cash flow was primarily attributable to the change of $10,566 related to accounts receivable, the change of $11,705 related to self-insurance accruals, the change of $4,246 related to mitigation credit inventories and the change of $4,765 related to prepaid expenses, a $1,887 difference in the change in accounts payable and accrued expenses.

Overall, accounts receivable decreased $4,388 during the first three months of 2025, as compared to a decrease of $14,954 during the first three 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 three months of 2025 increased by 8 days to 82 days, when compared to 74 days at the end of the first three 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 decreased $18,913 in the first three months of 2025, a change of $1,887 compared to the $20,800 decrease in the first three months of 2024. The change was primarily related to compensation which was offset by the timing of estimated income tax payments. Self-insurance accruals decreased $6,359 in the first three months of 2025, which is a change of $11,705 from the increase of $5,346 experienced in the first three months of 2024. The decrease in the first three months of 2025 was attributable to the settlement of claims.

Mitigation bank credit inventory increased $497 in the first three months of 2025, a change of $4,246 compared to the decrease of $3,749 in the first three 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 decreased $8,769 in the first three months of 2025, a change of $4,765 compared to the $13,534 decrease in the first three months of 2024. The change was primarily related to prepaid insurance premiums and cloud computing costs.

Cash Used In Investing Activities--Cash used in investing activities for the first three months of 2025 was $26,420, a $8,878 decrease when compared to the first three months of 2024. The decrease was primarily the result of decreases in capital expenditures for equipment of $7,799 and an increase in net proceeds from sale of marketable securities of $6,755, which was partially offset by an increase in capital expenditures for land and buildings of $5,010.

Cash Provided By Financing Activities--Cash provided by financing activities was $25,049 during the first three months of 2025, an increase of $8,801 as compared with the $16,248 provided during the first three months of 2024. During the first three months of 2025, our revolving credit facility, net provided $40,703 in cash as compared with $27,041 provided during the first three 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 decreased $10,638 during the first three months of 2025, a change of $3,328 when compared to the $7,310 decrease in the first three months of 2024. Treasury share transactions (purchases and sales) used $2,225 for the first three months of 2025, $960 less than the $1,265 used in the first three months of 2024. Dividends paid of $1,044 during the first three months of 2025 decreased $26 as compared with $1,070 paid in the first three 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 $75 and $133 during the three months ended March 29, 2025 and March 30, 2024, respectively. Share repurchases, other than redeemable common shares, approximated $8,781 and $8,400 during the three months ended March 29, 2025 and March 30, 2024, respectively.

Contractual Obligations Summary and Commercial Commitments

As of March 29, 2025, total commitments related to issued letters of credit were $100,002, of which $2,574 were issued under the revolving credit facility, $97,104 were issued under the AR Securitization program, and $324 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.

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 March 29, 2025, we had working capital of $233,746, availability under short-term lines of credit approximating $10,530 and $142,849 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, 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 recent volatility arising from the effects of the Russia-Ukraine conflict and the Israel-

Hamas war; 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 the Israel-Hamas war, 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.

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 March 29, 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.

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 is 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 has been set for June 2, 2025.

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.

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.

The civil cases in the State Court of Chatham County in Georgia and the United States District Court for the Southern District of Georgia, Savannah Division relating to the same subject matter, remain pending. The civil case in the State Court of Chatham County, Georgia has set a trial date of June 2, 2025. No trial date has been set in the Federal Court civil case. In both civil cases, the Company and Wolf Tree have denied all liability and are vigorously defending against the actions. The Company also has retained separate counsel for some of the individual defendants, each of whom has denied all liability and also are vigorously defending the actions.

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 a mandatory settlement conference has been set for July 3, 2025.

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 recoverable within our Condensed Consolidated Balance Sheet as of March 29, 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 three months ended March 29, 2025, except as set forth below.

Changes in trade policies, including tariffs, could cause adverse impacts to our business.

In first three months of 2025, we observed a significant shift in U.S. trade policy, with increased tariffs and the imposition of new tariffs that could impact our supply chain and our business. While certain of such tariffs have been paused, ultimately trade policy decisions are outside of our control and may have consequences for our business. Changes in trade policies, such as new tariffs or increases in tariffs, or reactionary measures including retaliatory tariffs, legal challenges, or currency manipulation, could adversely impact us. 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, and if tariffs increase, our supply chain costs may rise, adversely affecting our business, results of operations and cash flows. Additionally, retaliatory measures, or prolonged uncertainty in trade relationships could result in supply chain disruptions, delayed shipments, or increased operational complexity, which could also adversely affect our business, results of operations 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 three 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 23	1,718		22.80	—	2,280,037
February 24 to March 29	361,111		24.10	—	2,280,037
Total First Quarter	367,829		24.08	—	
Total Year-to-Date	367,829	$	24.08	—	

[(1)] During the three months ended March 29, 2025, the Company purchased 367,829 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, 2,280,037 remained available under the program, as of March 29, 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 March 29, 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	
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 March 29, 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

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: May 6, 2025	By:	/s/ Joseph R. Paul
		Joseph R. Paul Executive Vice President, Chief Financial Officer and Assistant Secretary (Principal Financial Officer)
Date: May 6, 2025	By:	/s/ Thea R. Sears
		Thea R. Sears Senior Vice President and Controller (Principal Accounting Officer)

Exhibit 31.1

Certification

Certification of Chief Executive Officer

I, Patrick M. Covey, certify that:

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

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, 2025 /s/ Patrick M. Covey

Patrick M. Covey
Chairman, President and Chief Executive Officer

Exhibit 31.2

Certification

Certification of Chief Financial Officer

I, Joseph R. Paul, certify that:

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

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: May 6, 2025

/s/ Joseph R. Paul

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

Exhibit 32.1

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

Certification of Chief Executive Officer

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

1. The Quarterly Report on Form 10-Q of the Company for the period ended March 29, 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: May 6, 2025

/s/ Patrick M. Covey

Patrick M. Covey
Chairman, President and Chief Executive Officer

Exhibit 32.2

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

Certification of Chief Financial Officer

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

1. The Quarterly Report on Form 10-Q of the Company for the period ended March 29, 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: May 6, 2025 /s/ Joseph R. Paul

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