vestis

Uniforms and Workplace Supplies℠

Second Quarter 2025 Results

May 6, 2025



Forward Looking Statements

This presentation contains "forward-looking statements" within the meaning of the securities laws. All statements that reflect our expectations, assumptions or projections about the future, other than statements of historical fact, are forward-looking statements, including, without limitation, statements relating to future operations and financial performance and statements regarding our strategy for growth, future product development, regulatory approvals, competitive position and expenditures. In some cases, forward-looking statements can be identified by words such as "continue to," "strategy," "guidance," "opportunities," "focus," "expect," "will be," "believe," and other words and terms of similar meaning or the negative versions of such words. These forward-looking statements are subject to risks and uncertainties that may change at any time, and actual results or outcomes may differ materially from those that we expected. Forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties, and changes in circumstances that are difficult to predict including, but not limited to: unfavorable economic conditions; increases in fuel and energy costs; the failure to retain current customers, renew existing customer contracts and obtain new customer contracts; natural disasters, global calamities, climate change, pandemics, strikes and other adverse incidents; competition in our industry; increased operating costs and obstacles to cost recovery due to the pricing and cancellation terms of our support services contracts; our leverage and reliance on an accounts receivable securitization facility; a determination by our customers to reduce their outsourcing or use of preferred vendors; risks associated with suppliers from whom our products are sourced; challenge of contracts by our customers; our expansion strategy and our ability to successfully integrate the businesses we acquire and costs and timing related thereto; currency risks and other risks associated with international operations; our inability to hire and retain key or sufficient qualified personnel or increases in labor costs; continued or further unionization of our workforce; liability resulting from our participation in multiemployer-defined benefit pension plans; liability associated with noncompliance with applicable law or other governmental regulations; laws and governmental regulations including those relating to the environment, wage and hour and government contracting; increases or changes in income tax rates or tax-related laws; risks related to recent U.S. tariff announcements; new interpretations of or changes in the enforcement of the government regulatory framework; a cybersecurity incident or other disruptions in the availability of our computer systems or privacy breaches; stakeholder expectations relating to environmental, social and governance considerations; any failure by Aramark to perform its obligations under the various separation agreements entered into in connection with the separation and distribution; a determination by the IRS that the distribution or certain related transactions are taxable; and the timing and occurrence (or non-occurrence) of other transactions, events and circumstances which may be beyond our control. The above list of factors is not exhaustive or necessarily in order of importance. For additional information on identifying factors that may cause actual results to vary materially from those stated in forward-looking statements, see Vestis' filings with the Securities and Exchange Commission. Any forward-looking statement speaks only as of the date on which it is made, and we assume no obligation to update or revise such statement, whether as a result of new information, future events or otherwise, except as required by applicable law.

Q2 2025 Results Summary

($ millions, except per share data)

	Q2 2025	Q1 2025	Q/Q	Q2 2024	Y/Y
Revenue	**665**	**684**	(3%)	**705**	(6%)
Gross Profit	**175**	**189**	(7%)	**201**	(13%)
Gross Margin	26.3%	27.6%	(130) bps	28.5%	(220) bps
Adj EBITDA	48	81	(41%)	87	(45%)
Adj EBITDA ex bad debt[1]	**63**	**81**	(23%)	**87**	(28%)
Adj EBITDA Margin	9.4%	11.9%	(250) bps	12.4%	(300) bps
Adj EPS	($0.05)	$0.14	(136%)	$0.13	(138%)
Adj EPS ex bad debt[1]	**$0.05**	**$0.14**	(64%)	**$0.13**	(62%)
Free Cash Flow	**(7)**	**(11)**		**63**	

See Appendix for reconciliation of GAAP to non-GAAP financial measures

(1) "Adj EBITDA ex bad debt" and "Adj EPS ex bad debt" exclude $15M one-time bad debt expense.

Q2 Financial Results

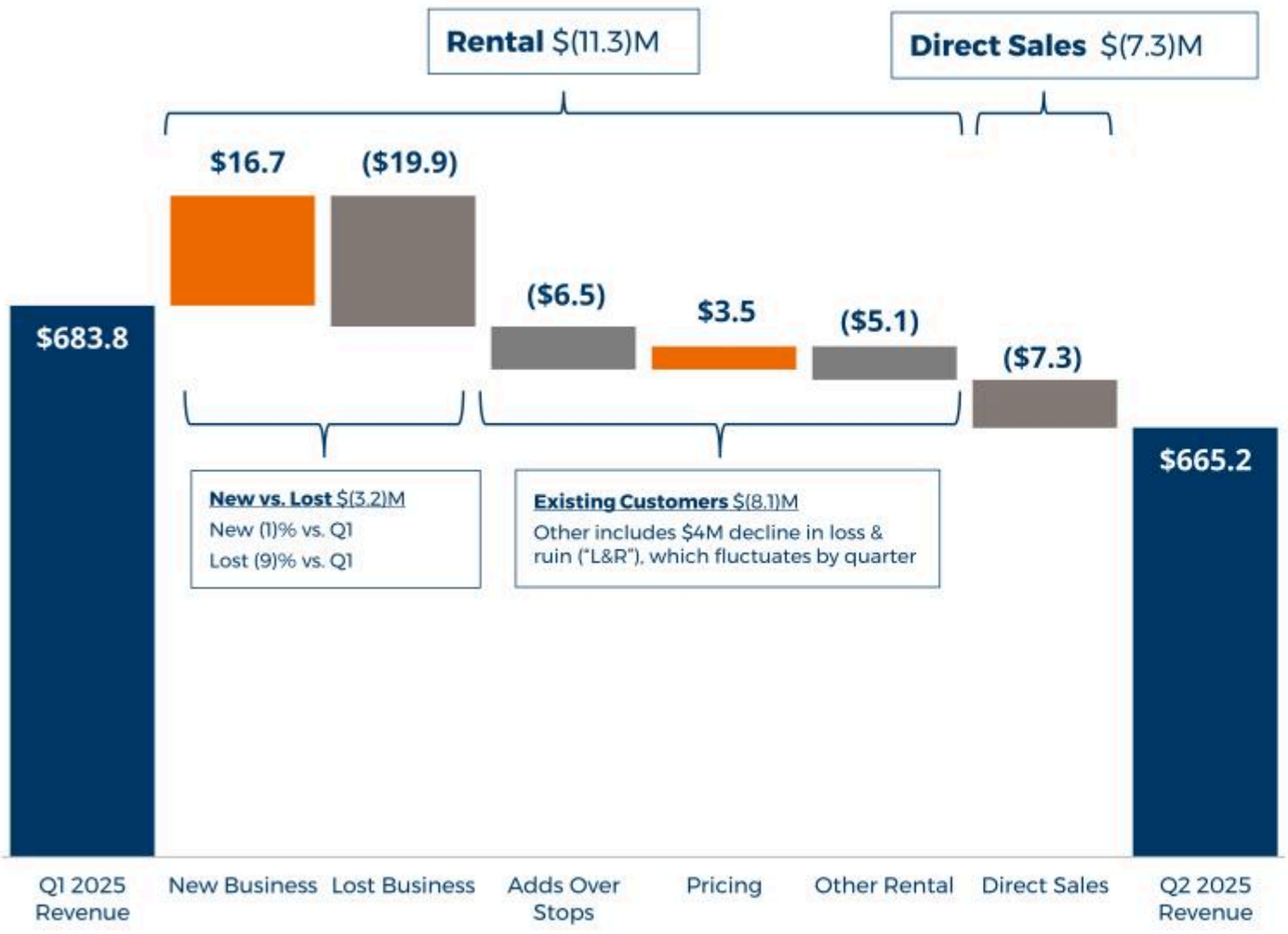
- Y/Y revenue drivers:
  - $(18)M lost business in excess of growth from new customers
  - $(6)M volume with existing customers (adds over stops)
  - $(7)M direct sales
  - $(5)M 1x customer exit billings
- Revenue improved each month in Q2, with continued improvement in April

Q3 Guidance

- Revenue $674M to $682M
- Adjusted EBITDA at least $63M, representing growth versus Q2

Q2 2025 Results Drivers

($ millions)



(1) Reflects rounding of rental and direct sales components. Total revenue change was $18.6 million

Revenue

- ~$18M[1] sequential revenue decline:
  - $(11)M rental
  - $(7)M direct sales
- Rental decline was primarily driven by weaker existing customer volume (adds over stops) in January
- Since January, we have recovered the majority of this volume, and we are also taking additional actions that are improving our revenue run-rate in April
- Narrowing gap between new and lost business, with lost business down 9% vs. Q1

Adjusted EBITDA

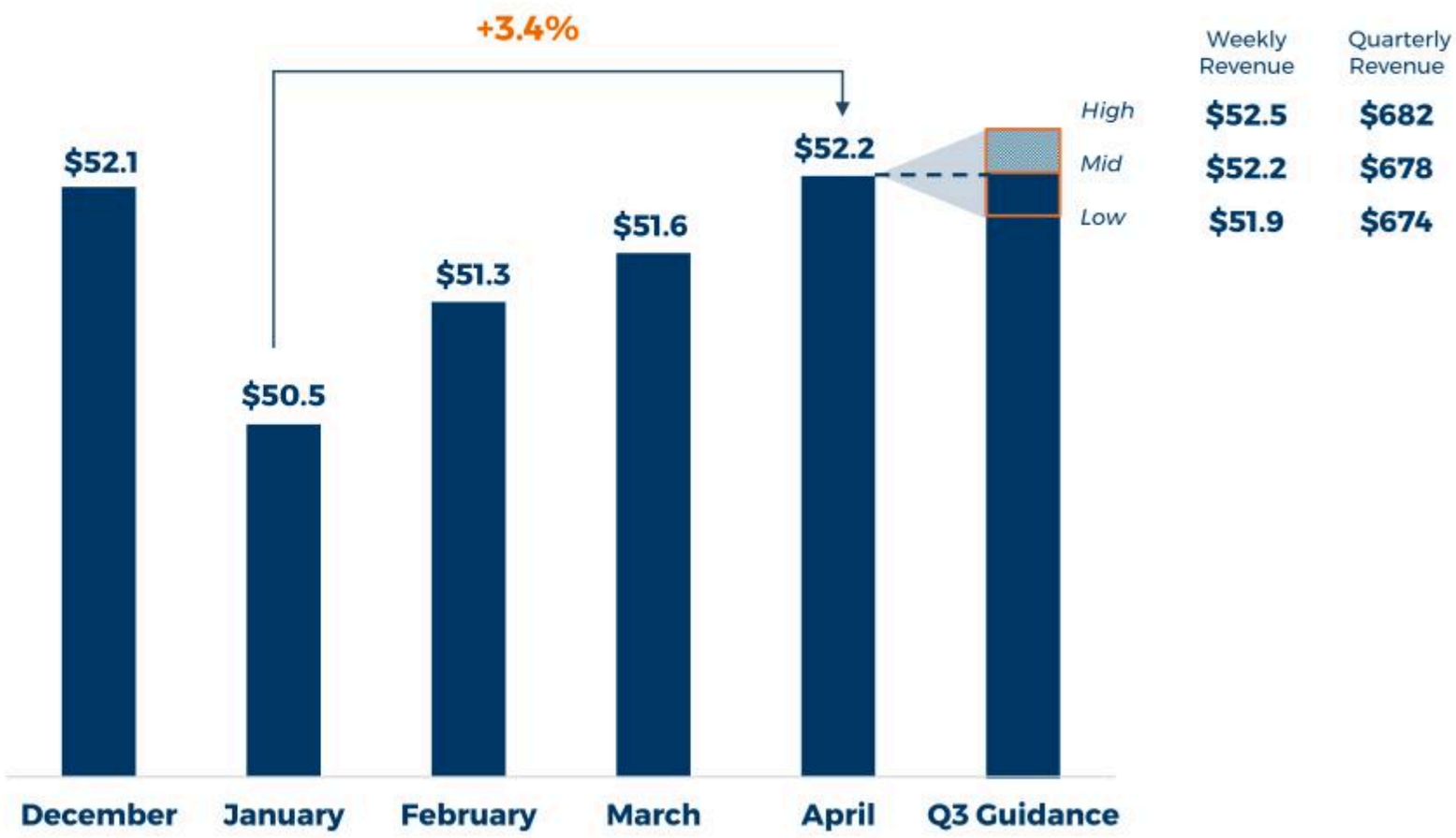
- Adjusted EBITDA is sensitive to revenue changes given the relatively fixed cost structure
- Higher SG&A, primarily reflecting investments in field sales team

Improving Revenue Run-Rate

($ millions)

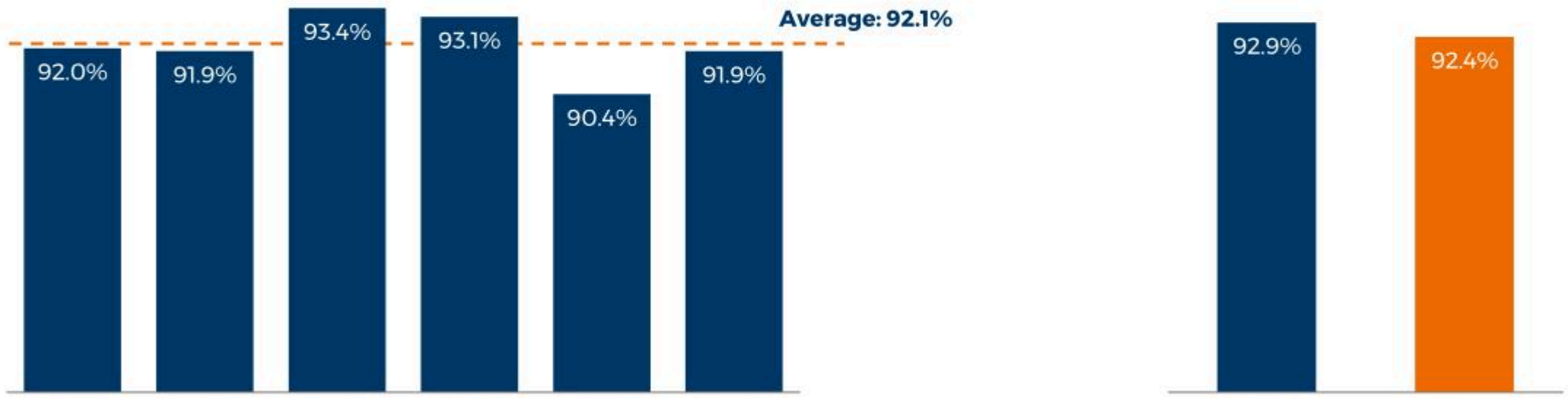
- Average weekly revenue has improved each month since January
  - Recovered the majority of volume decline from existing customers
  - Benefitting from initiatives to reduce credits issued to customers
  - Installed recurring revenue from new customers +10% Q/Q and +35% Y/Y, skewed toward second half of Q2
- Month-over-month growth accelerated in April relative to March
- Midpoint of revenue guidance is in-line with April run-rate

Average Weekly Revenue



Customer Retention

Rolling 12-Month Recurring Revenue Customer Retention[1]



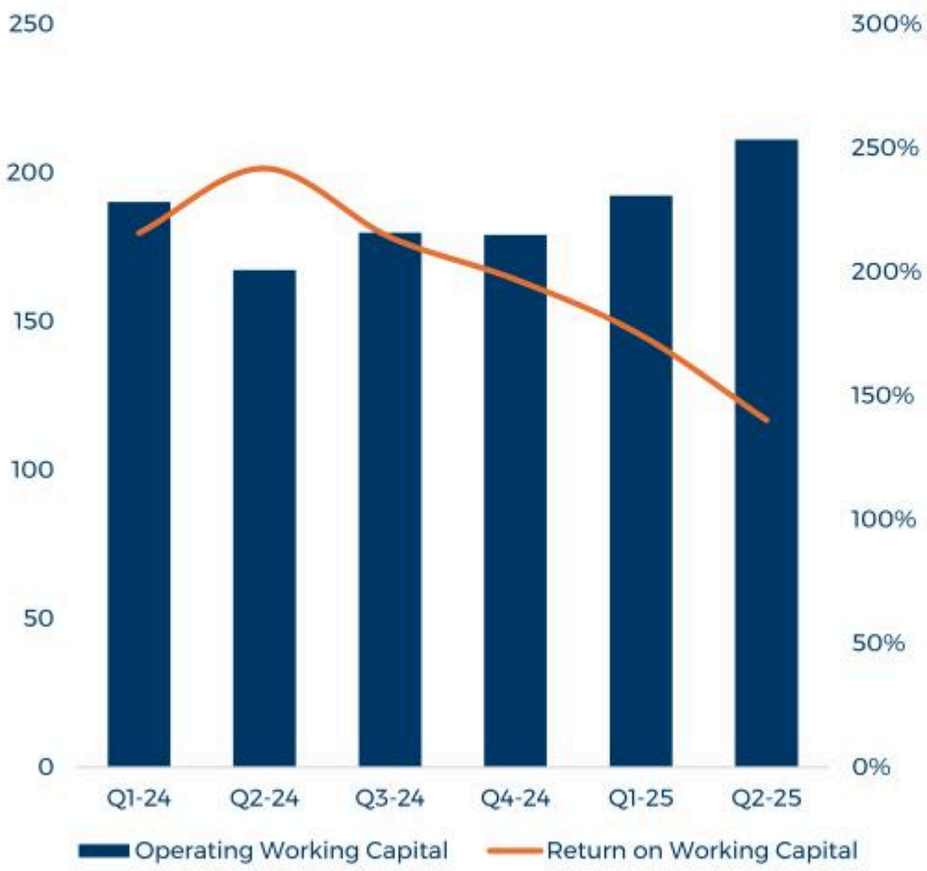
1) Retention is defined as lost annualized recurring revenue for the period reported divided by total company recurring revenue for the trailing 52 weeks. This metric takes the full annualized impact of a lost customer in the period it is reported.

Operating Working Capital

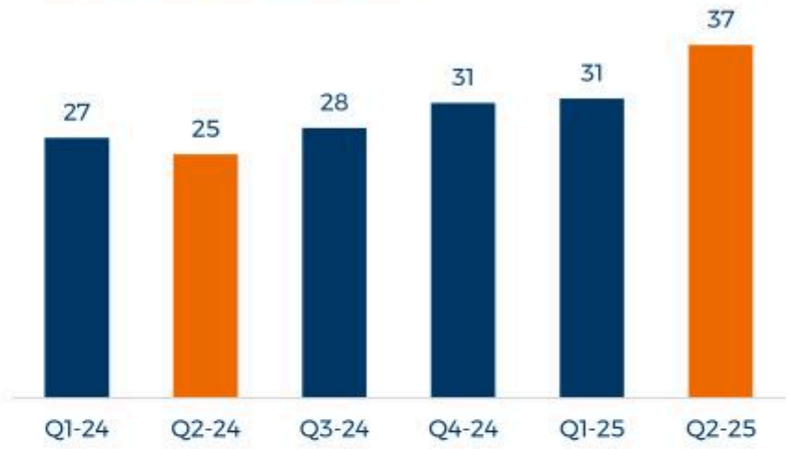
($ millions)

- DSI has increased Y/Y and Q/Q due to inventory investments to support new customer installations and improve customer service
- $6M of inventory increase in Q2 due to purchases in anticipation of tariffs
- At current inventory levels we do not anticipate the need to continue to make significant inventory investments for the balance of FY25

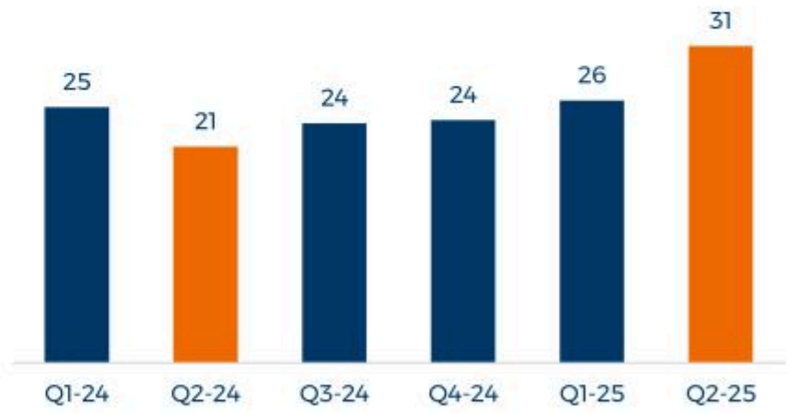
Operating Working Capital[1]



Days Sales of Inventory



Cash Cycle Days[2]

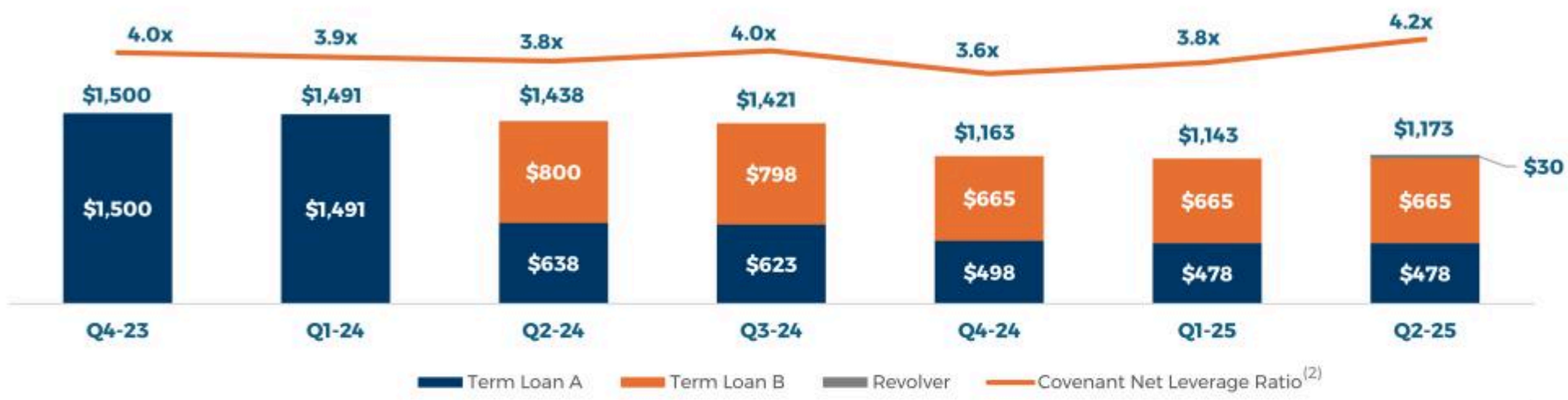


1) Operating working capital includes accounts receivable, inventory, and accounts payable. Accounts receivable prior to Q3-24 adjusted for $233M impact of A/R facility
2) Cash cycle days = Days sales outstanding plus days sales of inventory less days payable outstanding. Accounts receivable prior to Q3-24 adjusted for $233M impact of A/R facility

Debt and Cash Flow

($ millions)

Bank Debt Outstanding and Net Leverage Ratio[1]



Free Cash Flow Generation

	Q1-24	Q2-24	Q3-24	Q4-24	Q1-25	Q2-25
Adj EBITDA	**98.4**	**87.2**	**86.8**	**80.5**	**81.2**	**47.6**
Cash interest[3]	(29.4)	(22.7)	(27.6)	(18.8)	(26.6)	(23.7)
Cash tax	(0.5)	(14.9)	(3.4)	(0.3)	(5.6)	(0.7)
W/C[4]	9.9	22.8	(12.6)	0.8	(13.2)	(18.9)
Other	(26.9)	3.6	5.5	0.4	(32.0)	2.3
Adj OCF[5]	**51.5**	**76.0**	**48.7**	**62.6**	**3.8**	**6.6**
Capex	(16.9)	(12.9)	(21.0)	(28.1)	(14.7)	(13.5)
FCF	**34.6**	**63.1**	**27.7**	**34.5**	**(10.9)**	**(6.9)**

- $327M reduction in principal debt outstanding since Q4-23
- Increase in leverage primarily reflects decline in LTM EBITDA
- Executed credit amendment in April – covenant leverage 5.25x through Q2-26
- Due to timing, Q2-25 included two quarterly dividend payments totaling $9.2M – no additional dividend payments going forward

1) Includes finance lease
2) Leverage calculated in accordance with amended credit agreement, which includes a $15M allowance for bad debt expense in Q2-25
3) Cash interest on bank debt plus A/R facility fees
4) Operating working capital includes accounts receivable, inventory, and accounts payable. Excludes $233M one-time A/R facility impact in Q4-24
5) Adjusted Operating Cash Flow excludes $233M one-time A/R facility impact in Q4-24

Liquidity

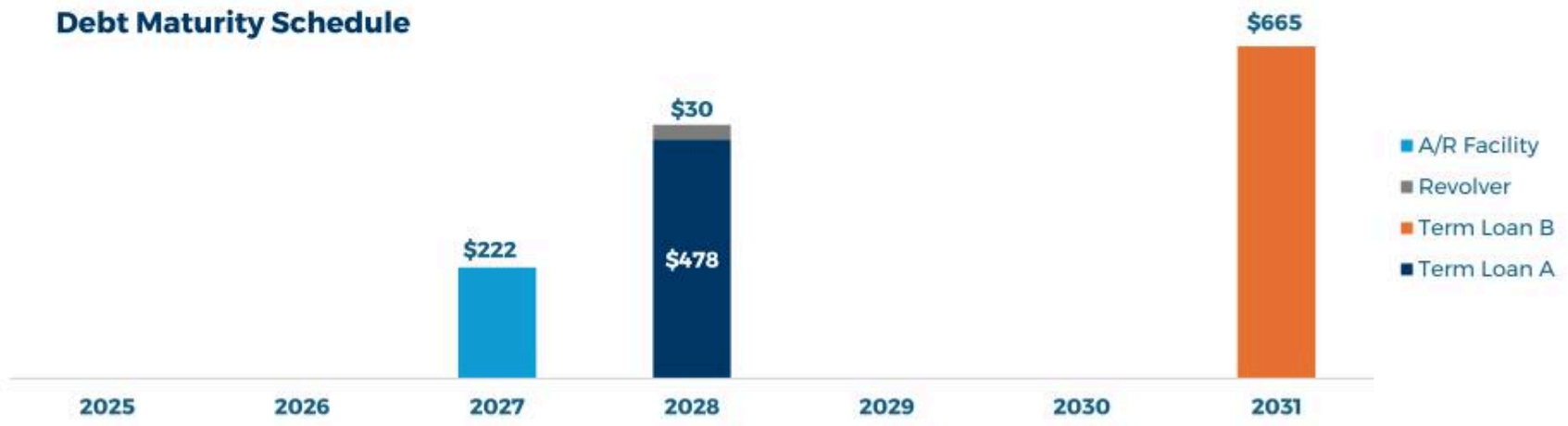
($ millions)

- Strong liquidity position totaling $293M
- $264M excess availability on revolving credit facility
- No near-term debt maturities

Total Liquidity – Cash and Excess Availability[1]



Debt Maturity Schedule



1) Undrawn revolver capacity less letters of credit issued

Focus Areas Going Forward



Strengthen Core, then Grow

Prioritize customer retention and maintain existing volume, while driving high-quality growth with new customers

- Deliver high-quality service and customer experience to retain existing customers
- Evolve product focus and grow uniforms
- Continue to invest in field sales team and drive per seller productivity
- Selectively grow with new and existing national account customers
- Cross-sell existing customers
- Enhance pricing capabilities



Efficient Operations

Enhance workforce productivity, optimize network & logistics, and strategically manage costs and merchandise inventory

- Continue to execute network & logistics optimization roadmap
- Continue to drive merchandise efficiencies through garment re-use and more streamlined product offerings
- Changes to plant operations and field structure
- Evaluate footprint for consolidation
- Overhead efficiencies



Disciplined Capital Allocation

Seek to operate within a target net leverage range, maintain a flexible financial position and invest in high return opportunities

- Eliminating dividend to shift more cash generation toward deleveraging
- Targeting <3.0x net leverage ratio
- Continue to preserve strong liquidity position – $293M of available liquidity at the end of Q2
- Credit Agreement amendment increases net leverage covenant ratio through the end of fiscal 2026; 5.25x through Q2-26
- Working capital management initiatives


Q&A
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Blake


APPENDIX
Jackie
DORSEY
MANUFACTURING
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Q2 Revenue Disaggregation

($ millions)

	Q2 2025	%	Q1 2025	Q/Q	Q2 2024	Y/Y
U.S.	**606.1**	**91%**	**621.7**	(3%)	**642.1**	(6%)
Uniforms	233.1		245.8	(5%)	263.4	(11%)
Workplace Supplies	372.9		375.9	(1%)	378.7	(2%)
Canada	**59.2**	**9%**	**62.1**	(5%)	**63.3**	(7%)
Uniforms	21.7		23.2	(7%)	24.2	(10%)
Workplace Supplies	37.5		38.9	(4%)	39.1	(4%)
Total Revenue	**665.2**		**683.8**	(3%)	**705.4**	(6%)

	Q2 2025	%	Q1 2025	Q/Q	Q2 2024	Y/Y
Uniforms	**254.8**	**38%**	**269.0**	(5%)	**287.6**	(11%)
Workplace Supplies	**410.4**	**62%**	**414.8**	(1%)	**417.8**	(2%)
Total Revenue	**665.2**		**683.8**	(3%)	**705.4**	(6%)

New Business and Lost Business – Sequential Revenue Contribution

($ millions)

Revenue Contribution versus Prior Quarter

	Q2 2025	Q1 2025	Q/Q
New Business	16.7	16.8	(1%)
Lost Business	(19.9)	(21.8)	(9%)
Net New Business	**(3.2)**	**(5.0)**	(36%)

Credit Amendment

Net Leverage Covenant Ratio (Net Debt to EBITDA)

	Q2-25	Q3-25	Q4-25	Q1-26	Q2-26	Q3-26	Q4-26	Q1-27
Pre-Amendment	5.25x	4.50x	4.50x	4.50x	4.50x	4.50x	4.50x	4.50x
Post-Amendment	**5.25x**	**5.25x**	**5.25x**	**5.25x**	**5.25x**	**5.00x**	**4.75x**	**4.50x**
Delta	-	0.75x	0.75x	0.75x	0.75x	0.50x	0.25x	-

Note: Net leverage covenant calculation includes allowance for one-time $15M bad debt expense EBITDA adjustment in fiscal Q2 2025

Non-GAAP Definitions

This presentation could include certain non-GAAP financial measures, such as Organic Revenue Growth, Adjusted Revenue, Adjusted Operating Income, Adjusted Operating Income Margin, Adjusted EBITDA, Adjusted EBITDA Margin and Free Cash Flow. Vestis utilizes these measures when monitoring and evaluating operating performance. The non-GAAP financial measures presented herein are supplemental measures of Vestis' performance that Vestis believes help investors because they enable better comparisons of Vestis' historical results and allow Vestis' investors to evaluate its performance based on the same metrics that Vestis uses to evaluate its performance and trends in its results. Vestis' presentation of these metrics has limitations as an analytical tool and should not be considered in isolation or as a substitute for analysis of Vestis' results as reported under U.S. GAAP. Because of their limitations, these non-GAAP financial measures should not be considered as measures of cash available to Vestis to invest in the growth of Vestis' business or that will be available to Vestis to meet its obligations. Vestis compensates for these limitations by using these non-GAAP financial measures along with other comparative tools, together with U.S. GAAP financial measures, to assist in the evaluation of operating performance. You should not consider these measures as alternatives to revenue, operating income, operating income margin, net income, net income margin or net cash provided by operating activities determined in accordance with U.S. GAAP. Vestis believes that these non-GAAP financial measures, in addition to the corresponding U.S. GAAP financial measures, are important supplemental measures which exclude non-cash or other items that may not be indicative of or are unrelated to Vestis' core operating results and the overall health of Vestis. Non-GAAP financial measures as presented by Vestis may not be comparable to other similarly titled measures of other companies because not all companies use identical calculations.

Organic Revenue Growth

Organic revenue growth measures our revenue growth trends excluding the impact of acquisitions and foreign currency, and we believe it is useful for investors to understand growth through internal efforts. We define "organic revenue growth" as the growth in revenues, excluding (i) Acquisitions and (ii) the impact of foreign currency exchange rate changes, (iii) the impact of the 53rd week, when applicable.

Adjusted Revenue

Adjusted Revenue represents revenue as determined in accordance with U.S. GAAP, adjusted to eliminate the impact of the 53rd Week, when applicable.

Adjusted Operating Income

Adjusted Operating Income represents Operating Income adjusted for Amortization Expense of Acquired Intangibles; Share-based Compensation Expense; Severance and Other Charges; Merger and Integration Related Charges; Separation Related Charges; Estimated Impact of 53rd Week, when applicable; and Gain, Losses, Settlements and Other Items impacting comparability. Adjusted results are presented in order to reflect the results in a manner that allows a better understanding of operational activities separate from the financial impact of decisions made for the long-term benefit of the company and other items impacting comparability between periods. Similar adjustments have been recorded in earlier periods and similar types of adjustments can reasonably be expected to be recorded in future periods.

Adjusted Operating Income Margin

Adjusted Operating Income Margin represents Adjusted Operating Income as a percentage of Adjusted Revenue.

Adjusted EBITDA

Adjusted EBITDA represents Net Income adjusted for Provision for Income Taxes; Interest Expense and Other, net; and Depreciation and Amortization (EBITDA), further adjusted for Share-based Compensation Expense; Severance and Other Charges; Merger and Integration Charges; Separation Related Charges; Estimated Impact of 53rd Week (when applicable); Gains, Losses, Settlements; and other items impacting comparability. Adjusted results are presented in order to reflect the results in a manner that allows a better understanding of operational activities separate from the financial impact of decisions made for the long-term benefit of the company and other items impacting comparability between periods. Similar adjustments have been recorded in earlier periods and similar types of adjustments can reasonably be expected to be recorded in future periods.

Adjusted EBITDA Margin is Adjusted EBITDA as a percentage of Adjusted Revenue.

Free Cash Flow

Free Cash Flow represents Net cash provided by operating activities adjusted for Purchases of Property and Equipment and Other and Disposals of property and equipment.

Forward Looking Non-GAAP Information

This presentation includes certain non-GAAP financial information that is forward-looking in nature, including without limitation third quarter fiscal 2025 revenue and adjusted EBITDA. Vestis believes that a quantitative reconciliation of such forward-looking information to the most comparable financial measure calculated and presented in accordance with GAAP cannot be made available without unreasonable efforts. A reconciliation of these non-GAAP financial measures would require Vestis to predict the timing and likelihood of among other things future acquisitions and divestitures, restructurings, asset impairments, other charges and other factors not within Vestis' control. Neither these forward-looking measures, nor their probable significance, can be quantified with a reasonable degree of accuracy. Accordingly, the most directly comparable forward-looking GAAP measures are not provided. Forward-looking non-GAAP financial measures provided without the most directly comparable GAAP financial measures may vary materially from the corresponding GAAP financial measures. The estimates of third quarter fiscal 2025 revenue and adjusted EBITDA do not attempt to forecast currency fluctuations and, accordingly, reflect an assumption of constant currency.

Non-GAAP Reconciliations / Adjusted EBITDA and Adjusted EBITDA Margin

($ thousands)

	Consolidated Three Months Ended		Consolidated Six Months Ended		Consolidated Trailing Twelve Months Ended	
	March 28, 2025	March 29, 2024	March 28, 2025	March 29, 2024	March 28, 2025	March 29, 2024
Net Income (Loss)	$ (27,830)	$ 5,965	$ (26,998)	$ 18,233	$ (24,261)	$ 161,068
Adjustments:						
Depreciation and Amortization	35,882	35,213	72,818	70,575	143,024	139,572
Provision (Benefit) for Income Taxes	(6,362)	2,376	(5,654)	6,934	(1,528)	39,710
Interest Expense	22,329	35,326	45,426	66,857	105,132	69,317
Share-Based Compensation	7,977	4,731	13,157	9,447	20,046	15,964
Severance and Other Charges	7,558	(603)	11,951	(170)	16,563	(770)
Separation Related Charges	3,665	4,074	8,283	13,049	17,836	37,275
Gains, Losses, Settlements and Other	4,399	88	9,780	607	19,335	(57,355)
Adjusted EBITDA (Non-GAAP)	$ 47,618	$ 87,170	$ 128,763	$ 185,532	$ 296,147	$ 404,781
Bad Debt Expense Adjustment	15,000	$ —	$ 15,000	$ —	$ 15,000	$ —
Operational Adjusted EBITDA (Non-GAAP) [1]	$ 62,618	$ 87,170	$ 143,763	$ 185,532	$ 311,147	$ 404,781
Revenue (as reported)	$ 665,249	$ 705,368	$ 1,349,029	$ 1,423,291	$ 2,731,558	$ 2,848,575
Adjusted EBITDA Margin (Non-GAAP)	7.2 %	12.4 %	9.5 %	13.0 %	10.8 %	14.2 %
Operational Adjusted EBITDA Margin (Non-GAAP)	9.4 %	12.4 %	10.7 %	13.0 %	11.4 %	14.2 %

(1) Operational Adjusted EBITDA includes an allowance for a one-time, $15 million Bad Debt Expense Adjustment, as permitted by the May 1, 2025 Amendment to our Credit Agreement.

Non-GAAP Reconciliations / Adjusted Net Income and Adjusted EPS

($ thousands)

	Consolidated		Consolidated	
	Three Months Ended		Six Months Ended	
	March 28, 2025	March 29, 2024	March 28, 2025	March 29, 2024
Net Income (Loss)	$ (27,830)	$ 5,965	$ (26,998)	$ 18,233
Adjustments:				
Amortization Expense	6,568	6,502	13,333	13,003
Share-Based Compensation	7,977	4,731	13,157	9,447
Severance and Other Charges	7,558	(603)	11,951	(170)
Separation Related Charges	3,665	4,074	8,283	13,049
Gains, Losses, and Settlements	1,107	701	724	1,976
Loss on Sale of Equity Investment	—	—	2,150	—
Tax Impact of Reconciling Items Above	(5,000)	(3,955)	(8,589)	(9,551)
Adjusted Net Income (Loss) (Non-GAAP)	$ (5,955)	$ 17,415	$ 14,011	$ 45,987
Basic weighted-average shares outstanding	131,751	131,524	131,672	131,457
Diluted weighted-average shares outstanding	131,751	131,893	132,338	131,788
Basic (Loss) Earnings Per Share	$ (0.21)	$ 0.05	$ (0.21)	$ 0.14
Diluted (Loss) Earnings Per Share	$ (0.21)	$ 0.05	$ (0.21)	$ 0.14
Adjusted Basic (Loss) Earnings Per Share	$ (0.05)	$ 0.13	$ 0.11	$ 0.35
Adjusted Diluted (Loss) Earnings Per Share	$ (0.05)	$ 0.13	$ 0.11	$ 0.35

Non-GAAP Reconciliations / Operational Adjusted Net Income and EPS

($ thousands)

	Consolidated Three Months Ended		Consolidated Six Months Ended	
	March 28, 2025	March 29, 2024	March 28, 2025	March 29, 2024
Net Income (Loss)	$ (27,830)	$ 5,965	$ (26,998)	$ 18,233
Adjustments:				
Amortization Expense	6,568	6,502	13,333	13,003
Share-Based Compensation	7,977	4,731	13,157	9,447
Severance and Other Charges	7,558	(603)	11,951	(170)
Separation Related Charges	3,665	4,074	8,283	13,049
Gains, Losses, and Settlements	1,107	701	724	1,976
Loss on Sale of Equity Investment	-	-	2,150	-
Tax Impact of Reconciling Items Above	(5,000)	(3,955)	(8,589)	(9,551)
Adjusted Net Income (Loss) (Non-GAAP)	$ (5,955)	$ 17,415	$ 14,011	$ 45,987
Bad Debt Expense Adjustment	15,000	-	15,000	-
Tax Impact	(2,791)	-	(2,597)	-
Operational Adjusted Net Income (Loss) (Non-GAAP)	$ 6,254	$ 17,415	$ 26,414	$ 45,987
Basic weighted-average shares outstanding	131,751	131,524	131,672	131,457
Diluted weighted-average shares outstanding	132,408	131,893	132,338	131,788
Basic (Loss) Earnings Per Share	$ (0.21)	$ 0.05	$ (0.21)	$ 0.14
Diluted (Loss) Earnings Per Share	$ (0.21)	$ 0.05	$ (0.21)	$ 0.14
Operational Adjusted Basic (Loss) Earnings Per Share	$ 0.05	$ 0.13	$ 0.20	$ 0.35
Operational Adjusted Diluted (Loss) Earnings Per Share	$ 0.05	$ 0.13	$ 0.20	$ 0.35

Non-GAAP Reconciliations / Free Cash Flow, Net Debt, and Net Leverage

($ thousands)

	Three months ended		Six Months Ended	
	March 28, 2025	March 29, 2024	March 28, 2025	March 29, 2024
Net cash provided by operating activities	$ 6,658	$ 76,037	$ 10,438	$ 127,542
Purchases of property and equipment and other	(13,510)	(12,876)	(28,242)	(29,825)
Free Cash Flow (Non-GAAP)	$ (6,852)	$ 63,161	$ (17,804)	$ 97,717

	As of	
	March 28, 2025	September 27, 2024
Total principal debt outstanding	$ 1,172,500	$ 1,162,500
Finance lease obligations	151,256	146,672
Less: Cash and cash equivalents	(28,806)	(31,010)
Net Debt (Non-GAAP)	$ 1,294,950	$ 1,278,162
Trailing Twelve Months Adjusted EBITDA (Non-GAAP)	$ 296,147	$ 352,916
Bad Debt Expense Adjustment [1]	15,000	—
Trailing Twelve Months Operational Adjusted EBITDA (Non-GAAP)	$ 311,147	$ 352,916
Net Leverage (Non-GAAP) [1]	4.16	3.62

(1) For the Trailing Twelve Months Ended March 28, 2025, Net Leverage includes an allowance for a one-time, $15 million Bad Debt Expense Adjustment, as permitted by the May 1, 2025 Amendment to our Credit Agreement.