

TrueBlue Q3 2025 Financial Results

Conference Call, November 3, 2025

PREPARED REMARKS

INTRODUCTION

Operator

Greetings and welcome to the TrueBlue third quarter 2025 earnings Call. [Operator Instructions] As a reminder, this conference is being recorded.

At this time, I want to remind everyone that today's call and slide presentation contain forward-looking statements, all of which are subject to risks and uncertainties, and management assumes no obligation to update or revise any forward-looking statements. These risks and uncertainties, some of which are described in today's press release and SEC filings, could cause actual results to differ materially from those in the forward-looking statements.

Management uses non-GAAP measures when presenting financial results. You are encouraged to review the non-GAAP reconciliations in today's earnings release, or at trueblue.com under the investor relations section, for a complete understanding of these terms, and their purpose.

Any comparisons made today are based on a comparison to the same period in the prior year, unless otherwise stated. Lastly, a copy of the Company's prepared remarks will be provided on TrueBlue's investor website at the conclusion of today's call, and a full transcript and audio replay will be available soon after the call.

It is now my pleasure to turn the call over to Taryn Owen, President and Chief Executive Officer.

OVERVIEW AND STRATEGY

Taryn Owen, President and Chief Executive Officer, TrueBlue:

Thank you, operator, and welcome everyone to today's call. I am joined by our Chief Financial Officer, Carl Schweih.

Our third quarter performance exceeded expectations as business trends continued to stabilize and we gained traction with our strategic focus. We've made meaningful progress advancing our growth strategy—including enhanced performance in attractive end markets, most notably within our skilled businesses.

Energy sector revenue more than doubled this quarter, reflecting our continued success and strong position in this growing market. Our commercial driver business delivered its fifth consecutive quarter of double-digit growth. This growth is driven by our decades of commercial driver industry experience and deep expertise in the skilled trades labor market where we are helping to address structural labor shortages and serving rising demand that is aligned with strong secular growth drivers.

Our results demonstrate our commitment to realizing improved profitability. We continue to execute with operational discipline—driving efficiencies, leveraging technology to scale, and positioning the business for sustainable margin expansion. These efforts are delivering results:

we reduced our operating costs while growing revenue as our targeted actions to streamline our cost structure are translating into stronger leverage and enhanced profitability.

We continue to lead on the digital front. Across the enterprise, we are integrating enhancements to our full suite of proprietary technology platforms to deliver faster, more precise, and transparent workforce solutions. This progress has earned us strong industry recognition and third-party validation for our intuitive, high-performing digital platforms, which are focused on improving engagement across the client and talent life cycle. One recent enhancement I'd like to highlight is the price estimate feature we enabled within our PeopleReady JobStack platform. This feature allows existing customers to view and accept a price quote directly in the app when placing new orders, enhancing transparency and improving efficiency of the overall workflow. The new functionality has been well received by our existing customer base, and we are expanding this feature to new customers later this quarter as we continue to elevate the user experience. Advancing our digital ecosystem remains a priority, positioning us to meet the evolving needs of employers and talent while driving higher engagement, satisfaction, and retention.

Alongside our digital transformation, we continue to optimize and expand our sales function to accelerate growth and capture demand. In our on-demand staffing business, our transition to a territory-based, go-to-market structure with expanded sales resources is driving improved results, enabling us to pursue opportunities in priority markets more effectively and to accelerate new client acquisition. By reorganizing our sales model, we have been able to expand our sales capacity in the field by 50% and deploy localized sales strategies while maintaining operational excellence and discipline. This investment in local sales is driving favorable progress with our on-demand business showing improved sequential trends at both the state and regional level.

We continue to see momentum in our enterprise-wide strategic partnership program and cross-selling initiatives as well. Our recently announced, strategic partnership with a leading group purchasing organization is unlocking new client acquisition channels and generating opportunities across our brands. The robust pipeline includes several multi-brand prospects and has already resulted in multiple new business wins. Greater enterprise alignment and collaboration is also building stronger partnerships across our brand portfolio. For example, collaboration between our PeopleReady and commercial driver business teams recently helped secure a multi-million-dollar deal with a leading energy solutions manufacturer, strengthening our enterprise relationship and fueling future growth.

As we continue to build on this momentum, we are also successfully expanding our share in high-growth and underpenetrated markets. Since our acquisition of Healthcare Staffing Professionals earlier this year, we have continued to strengthen our position and expertise in the U.S. healthcare market. As a TrueBlue brand, HSP has expanded into three new states, highlighting the growth potential when backed by TrueBlue's extensive reach, technology, and recruitment agility. Healthcare remains a significant long-term market opportunity with strong secular tailwinds, and we are scaling this business thoughtfully to capture sustained demand. We are also capturing market share with our commercial driver business in underpenetrated and growing geographies while our RPO solutions continue to expand coverage in attractive verticals such as engineering and technology through higher-skilled roles. For example, after implementing an RPO engagement earlier this year with a large, U.S. industrial distributor for engineering roles, we have now expanded to encompass 100% of their hiring needs—driven by our team's exceptional service and execution. This reflects the transformative value of our specialized and scalable workforce solutions.

In summary, this quarter underscores the progress we're making on our long-term enterprise strategy, as TrueBlue continues to strengthen performance, anticipate market shifts, and advance toward sustainable, profitable growth. Our key priorities are taking hold as we further expand in high-growth markets, accelerate our digital transformation and optimize our sales function. The staffing market is large and highly fragmented with significant, untapped potential, and TrueBlue is well-positioned to capitalize on these growth opportunities and deliver greater shareholder value as the market rebounds.

I will now pass the call over to Carl, who will share further details around our financial results and outlook.

FINANCIAL RESULTS AND OUTLOOK

Carl Schweih, Executive Vice President and Chief Financial Officer, TrueBlue:

Thank you, Taryn.

Total revenue for the quarter was \$431 million, up 13 percent and exceeding our outlook, driven in large part by our skilled businesses, which continue to outperform the broader market with double-digit growth. Overall, business conditions continued to stabilize with our on-demand, on-site and RPO businesses all showing improved, sequential trends. Our recently acquired HSP business drove 4 percentage points of year-over-year growth with solid momentum going into the fourth quarter. These are all encouraging signs that our strong value position is enabling us to both capture demand, and to build on this momentum as we finish out the year and enter 2026.

Gross margin was 22.7% for the quarter, down from 26.2% in the prior year period, primarily due to the changes in revenue mix and less favorability in prior year workers' compensation reserve adjustments. The revenue mix impact stems from more favorable trends in our lower margin staffing businesses and outsized growth in PeopleReady renewable energy work. As a reminder, renewable energy work carries a lower gross margin than the general PeopleReady business due to the pass-through travel costs involved. As for the workers' compensation impact, you may recall last year's gross margin benefited from a significant reduction in workers' compensation costs due to a favorable development of prior year reserves. As expected, that degree of favorability did not repeat this year. Certain software depreciation now being reported in cost of services also contributed to the margin decline. Keep in mind, software depreciation is non-cash and excluded from our EBITDA and adjusted EBITDA calculations.

As Taryn mentioned, even while revenue grew double digits this quarter, we successfully reduced our SG&A by 8%. This improved leverage demonstrates our continued discipline in managing costs and driving efficiencies. We have made significant progress in creating greater flexibility to scale and are well-positioned to drive enhanced profitability with our simplified cost structure and improved efficiencies as industry demand rebounds.

We reported a net loss of \$2 million this quarter, which included a small amount of income tax expense primarily associated with our foreign operations and essentially zero income tax benefit on U.S. operations due to the valuation allowance in effect on our U.S. deferred tax assets. As a reminder, the valuation allowance has no impact on our operations or liquidity. Adjusted net income was \$1 million, while adjusted EBITDA was \$11 million.

Now, let's turn to the segments.

PeopleReady grew 17%, driven by heightened demand in the energy sector. Revenue more than doubled in the energy vertical as we continue to leverage our deep expertise and strong client relationships to capture demand. Our on-demand business is also showing improved trends with sequential growth during the quarter and the eastern region of the U.S. returning to year-over-year growth as we exited Q3. PeopleReady segment profit margin was up 180 basis points as our disciplined cost management and increased efficiencies drove improved operating leverage.

PeopleManagement grew for the third consecutive quarter, with revenue up 2%. This growth was driven by continued outperformance with our commercial driver business, which delivered its fifth consecutive quarter of double-digit growth. While on-site client volumes declined for the quarter, our team continues to outperform the prior year in new business wins, securing \$27 million of annualized wins during the quarter, and positioning the business for a strong start to 2026. PeopleManagement's segment profit margin was up 90 basis points as our disciplined cost management actions continue to drive improved efficiencies and greater operating leverage.

PeopleSolutions revenue grew 28%, with HSP performing in line with expectations and contributing 39 percentage points of growth, offsetting the segment's organic decline of 11%. While overall hiring volumes remain subdued, our teams are doing a great job of adding new clients to our portfolio and expanding existing relationships, especially with higher skilled roles and serving attractive end markets such as healthcare, engineering, and technology. As customers' hiring volumes return, the scale of these engagements positions us well to drive further revenue expansion aligned with long-term secular trends. PeopleSolutions segment profit margin was up 200 basis points, largely driven by cost actions to deliver efficiencies and greater scalability.

Now, let's turn to the balance sheet. We finished the quarter with \$20 million in cash, \$68 million of debt, and \$75 million of borrowing availability, resulting in total liquidity of \$95 million. During the quarter, we increased our working capital by \$19 million, demonstrating our continued focus on operational efficiency and enhanced financial flexibility. We maintain a very focused capital strategy, managing a strong liquidity position and financial foundation to ensure we are well-positioned to capitalize as market demand rebounds.

Looking ahead to the fourth quarter, we expect revenue growth of 4 to 10 percent year-over-year as we continue to build on the progress achieved in the third quarter. Our recently acquired HSP business is expected to grow sequentially from the third quarter, contributing 4 percentage points of growth in the fourth quarter and positioning us well going into 2026.

I also want to provide additional details around the sublease agreement for our Chicago support center referenced in our 10-Q filed today. Our extensive national footprint differentiates us in the market, and we are always evaluating our real estate portfolio for opportunities to maximize our reach, which includes both our branch locations and support offices. While there will be a non-cash expense to align our right-of-use and leasehold improvement assets with the sublease terms, this reduction in corporate office space unlocks over \$30 million of cash flow over the remaining 10 years of the lease. By continuing to optimize our fixed cost structure, we are better able to invest in the markets with the greatest opportunities for growth.

Additional information on our outlook can be found in our earnings presentation shared on our website today.

Before we open up the call for questions, I want to turn it back over to Taryn for some closing remarks.

CLOSING PREPARED REMARKS

Taryn Owen, President and Chief Executive Officer, TrueBlue:

Thank you, Carl.

As you have heard from us today, our strategic focus is driving meaningful results—strengthening our market position and unlocking new avenues for growth. Our digitally enabled, specialized workforce solutions are uniquely positioned to help businesses solve complex talent challenges with precision, scale, and agility. By continuing to execute our long-term strategy, we're not only accelerating growth and enhancing shareholder value, but also advancing our mission to connect people and work.

This concludes our prepared remarks. Operator, please open the call now for questions.