

February 2, 2022



# TrueBlue Reports Fourth Quarter and Full-Year 2021 Results

## *Fourth quarter results exceed pre-pandemic 2019 levels*

TACOMA, Wash.--(BUSINESS WIRE)-- TrueBlue (NYSE:TBI) today announced its fourth quarter and full-year results for 2021.

Fourth quarter revenue was \$622 million, an increase of 20 percent compared to revenue of \$519 million in the fourth quarter of 2020 and an increase of 5 percent compared to revenue of \$591 million in the fourth quarter of 2019<sup>1</sup>. Net income per diluted share was \$0.57 compared to net income per diluted share of \$0.23 in the fourth quarters of 2020 and 2019. Fourth quarter adjusted net income<sup>2</sup> per diluted share was \$0.69 compared to adjusted net income per diluted share of \$0.33 in the fourth quarter of 2020 and \$0.39 in the fourth quarter of 2019.

Full-year revenue was \$2.2 billion, an increase of 18 percent compared to 2020 and a decline of 8 percent compared to 2019. Net income per diluted share was \$1.74 compared to net loss per diluted share of \$4.01 in 2020 and net income per diluted share of \$1.61 in 2019. Adjusted net income per diluted share was \$2.00 compared to adjusted net income per diluted share of \$0.43 in 2020 and \$2.05 in 2019.

“We are pleased to announce that fourth quarter results surpassed the comparable 2019 period,” said Patrick Beharelle, CEO of TrueBlue. “Our digital investments are differentiating us from the competition and are helping us capitalize on the rising demand for our services as businesses turn to flexible solutions to solve their workforce challenges. Numerous operating enhancements made over the last two years have lowered the cost of delivering our services and increased our agility in responding to customer needs.

“The fourth quarter marked the third consecutive quarter of double-digit revenue growth,” Mr. Beharelle continued. “PeopleReady’s revenue growth accelerated throughout the quarter driven by improving worker supply and strong results within the retail sector, while same customer demand and new customer wins continued to produce impressive PeopleScout results. Momentum from our finish to the year has TrueBlue well-positioned in 2022 and beyond.”

The company also announced that its Board of Directors authorized \$100 million of share repurchases which the company intends to complete over the next three years. “Our balance sheet is in great shape and the business is producing strong cash flow,” said Derrek Gafford, CFO of TrueBlue. “This authorization reflects confidence in our growth prospects and ability to create long-term value for our shareholders.”

## **2022 Outlook**

TrueBlue is providing certain forward-looking information to help investors form their own estimates, which can be found in the quarterly earnings presentation filed today.

Management will discuss fourth quarter and full-year 2021 results on a webcast at 2:30 p.m. PT (5:30 p.m. ET), today, Wednesday, **Feb. 2, 2022**. The webcast can be accessed on TrueBlue's website: [www.trueblue.com](http://www.trueblue.com).

## **About TrueBlue**

TrueBlue (NYSE: TBI) is a leading provider of specialized workforce solutions that help clients achieve business growth and improve productivity. In 2021, TrueBlue connected approximately 615,000 people with work. Its PeopleReady segment offers on-demand, industrial staffing, PeopleManagement offers contingent, on-site industrial staffing and commercial driver services, and PeopleScout offers recruitment process outsourcing (RPO) and managed service provider (MSP) solutions to a wide variety of industries. Learn more at [www.trueblue.com](http://www.trueblue.com).

<sup>1</sup> Refer to our previously filed reports on Forms 10-K and 8-K for the 2019 consolidated statements of operations.

<sup>2</sup> Refer to the financial statements accompanying this release and the company's website for more information regarding non-GAAP terms.

## **Forward-looking statements**

This document contains forward-looking statements relating to our plans and expectations including, without limitation, statements regarding the future performance and operations of our business, expected growth from our digital investments, and the expected amount and timing of any share repurchases, all of which are subject to risks and uncertainties. Such statements are based on management's expectations and assumptions as of the date of this release and involve many risks and uncertainties that could cause actual results to differ materially from those expressed or implied in our forward-looking statements including: (1) national and global economic conditions, (2) the continued impact of COVID-19 and related economic impact and governmental response, (3) our ability to attract sufficient qualified candidates and employees to meet the needs of our clients, (4) our ability to attract and retain clients, (5) our ability to maintain profit margins, (6) our ability to successfully execute on business strategies to further digitalize our business model, (7) the timing and amount of common stock repurchases, if any, which will be determined at management's discretion and depend upon several factors, including market and business conditions, the trading price of our common stock and the nature of other investment opportunities, (8) new laws, regulations, and government incentives that could affect our operations or financial results, (9) our ability to access sufficient capital to finance our operations, including our ability to comply with covenants contained in our revolving credit facility, and (10) any reduction or change in tax credits we utilize, including the Work Opportunity Tax Credit. Other information regarding factors that could affect our results is included in our Securities Exchange Commission (SEC) filings, including the company's most recent reports on Forms 10-K and 10-Q, copies of which may be obtained by visiting our website at [www.trueblue.com](http://www.trueblue.com) under the Investor Relations section or the SEC's website at [www.sec.gov](http://www.sec.gov). We assume no obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise, except as required by

law. Any other references to future financial estimates are included for informational purposes only and subject to risk factors discussed in our most recent filings with the SEC.

In addition, we use several non-GAAP financial measures when presenting our financial results in this document. Please refer to the reconciliations between our GAAP and non-GAAP financial measures in the appendix to this document and on our website at [www.trueblue.com](http://www.trueblue.com) under the Investor Relations section for additional information on both current and historical periods. The presentation of these non-GAAP financial measures is used to enhance the understanding of certain aspects of our financial performance. It is not meant to be considered in isolation, superior to, or as a substitute for the directly comparable financial measures prepared in accordance with U.S. GAAP, and may not be comparable to similarly titled measures of other companies.

**TRUEBLUE, INC.**  
**SUMMARY CONSOLIDATED STATEMENTS OF OPERATIONS**  
*(Unaudited)*

| <i>(in thousands, except per share data)</i>      | 13 weeks ended   |                 | 52 weeks ended   |                     |
|---|------------------|-----------------|------------------|---------------------|
|   | Dec 26, 2021     | Dec 27, 2020    | Dec 26, 2021     | Dec 27, 2020        |
| Revenue from services                             | \$ 621,930       | \$ 518,634      | \$ 2,173,622     | \$ 1,846,360        |
| Cost of services                                  | 455,154          | 397,837         | 1,613,302        | 1,405,715           |
| <b>Gross profit</b>                               | <b>166,776</b>   | <b>120,797</b>  | <b>560,320</b>   | <b>440,645</b>      |
| Selling, general and administrative expense       | 137,665          | 103,626         | 464,322          | 408,307             |
| Depreciation and amortization                     | 7,151            | 8,029           | 27,556           | 32,031              |
| Goodwill and intangible asset impairment charge   | —                | —               | —                | 175,189             |
| <b>Income (loss) from operations</b>              | <b>21,960</b>    | <b>9,142</b>    | <b>68,442</b>    | <b>(174,882)</b>    |
| Interest expense and other income, net            | 3,528            | 1,943           | 5,408            | 1,620               |
| <b>Income (loss) before tax expense (benefit)</b> | <b>25,488</b>    | <b>11,085</b>   | <b>73,850</b>    | <b>(173,262)</b>    |
| Income tax expense (benefit)                      | 5,278            | 3,059           | 12,216           | (31,421)            |
| <b>Net income (loss)</b>                          | <b>\$ 20,210</b> | <b>\$ 8,026</b> | <b>\$ 61,634</b> | <b>\$ (141,841)</b> |

**Net income (loss) per common share:**

|         |         |         |         |           |
|---------|---------|---------|---------|-----------|
| Basic   | \$ 0.58 | \$ 0.23 | \$ 1.77 | \$ (4.01) |
| Diluted | \$ 0.57 | \$ 0.23 | \$ 1.74 | \$ (4.01) |

**Weighted average shares outstanding:**

|         |        |        |        |        |
|---------|--------|--------|--------|--------|
| Basic   | 34,809 | 34,529 | 34,798 | 35,365 |
| Diluted | 35,621 | 34,954 | 35,434 | 35,365 |

**TRUEBLUE, INC.**  
**SUMMARY CONSOLIDATED BALANCE SHEETS**  
*(Unaudited)*

| <i>(in thousands)</i>               | Dec 26, 2021        | Dec 27, 2020      |
|-------------------------------------|---------------------|-------------------|
| <b>ASSETS</b>                       |                     |                   |
| Cash and cash equivalents           | \$ 49,896           | \$ 62,507         |
| Accounts receivable, net            | 353,882             | 278,343           |
| Other current assets                | 41,295              | 38,035            |
| <b>Total current assets</b>         | <b>445,073</b>      | <b>378,885</b>    |
| Property and equipment, net         | 88,090              | 71,734            |
| Restricted cash and investments     | 221,026             | 240,534           |
| Goodwill and intangible assets, net | 116,749             | 123,802           |
| Other assets, net                   | 162,288             | 165,622           |
| <b>Total assets</b>                 | <b>\$ 1,033,226</b> | <b>\$ 980,577</b> |

**LIABILITIES AND SHAREHOLDERS' EQUITY**

|   |           |           |
|---|-----------|-----------|
| Accounts payable and other accrued expenses | \$ 77,172 | \$ 58,447 |
| Accrued wages and benefits                  | 100,173   | 122,657   |

|  |                     |                   |
|--|---------------------|-------------------|
| Current portion of workers' compensation claims reserve    | 61,596              | 66,007            |
| Other current liabilities                                  | 19,605              | 21,856            |
| <b>Total current liabilities</b>                           | <b>258,546</b>      | <b>268,967</b>    |
| Workers' compensation claims reserve, less current portion | 194,598             | 189,486           |
| Other long-term liabilities                                | 87,015              | 84,934            |
| <b>Total liabilities</b>                                   | <b>540,159</b>      | <b>543,387</b>    |
| Shareholders' equity                                       | 493,067             | 437,190           |
| <b>Total liabilities and shareholders' equity</b>          | <b>\$ 1,033,226</b> | <b>\$ 980,577</b> |

TRUEBLUE, INC.  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
*(Unaudited)*

| <i>(in thousands)</i>   | 52 weeks ended    |                   |
|---|-------------------|-------------------|
|   | Dec 26, 2021      | Dec 27, 2020      |
| <b>Cash flows from operating activities:</b>  |                   |                   |
| Net income (loss)   | \$ 61,634         | \$ (141,841)      |
| <b>Adjustments to reconcile net income (loss) to net cash provided by operating activities:</b> |                   |                   |
| Depreciation and amortization   | 27,556            | 32,031            |
| Goodwill and intangible asset impairment charge   | —                 | 175,189           |
| Provision for credit losses   | 6,493             | 6,300             |
| Stock-based compensation  | 13,943            | 9,113             |
| Deferred income taxes   | 752               | (26,791)          |
| Non-cash lease expense  | 14,446            | 15,195            |
| Other operating activities  | (1,968)           | (686)             |
| <b>Changes in operating assets and liabilities:</b>   |                   |                   |
| Accounts receivable   | (81,616)          | 57,146            |
| Income tax receivable   | 1,602             | (1,122)           |
| Operating lease right-of-use-asset  | 8,080             | —                 |
| Other assets  | (13,715)          | (2,124)           |
| Accounts payable and other accrued expenses   | 16,425            | (6,561)           |
| Other accrued wages and benefits  | 34,581            | (2,012)           |
| Deferred employer payroll taxes   | (57,065)          | 57,065            |
| Workers' compensation claims reserve  | 701               | (125)             |
| Operating lease liabilities   | (13,457)          | (14,562)          |
| Other liabilities   | 2,048             | (3,684)           |
| <b>Net cash provided by operating activities</b>  | <b>20,440</b>     | <b>152,531</b>    |
| <b>Cash flows from investing activities:</b>  |                   |                   |
| Capital expenditures  | (35,006)          | (27,066)          |
| Payments for company-owned life insurance   | (4,000)           | (12,031)          |
| Proceeds from company-owned life insurance  | 832               | —                 |
| Purchases of restricted available-for-sale investments  | (43)              | (2,896)           |
| Sales of restricted available-for-sale investments  | 7,333             | 12,311            |
| Purchases of restricted held-to-maturity investments  | (9,411)           | (32,495)          |
| Maturities of restricted held-to-maturity investments   | 23,935            | 27,561            |
| Other   | 140               | 205               |
| <b>Net cash used in investing activities</b>  | <b>(16,220)</b>   | <b>(34,411)</b>   |
| <b>Cash flows from financing activities:</b>  |                   |                   |
| Purchases and retirement of common stock  | (16,678)          | (52,346)          |
| Net proceeds from employee stock purchase plans   | 1,135             | 922               |
| Common stock repurchases for taxes upon vesting of restricted stock                             | (3,238)           | (2,438)           |
| Net change in revolving credit facility   | —                 | (37,100)          |
| Other   | (345)             | (1,540)           |
| <b>Net cash used in financing activities</b>  | <b>(19,126)</b>   | <b>(92,502)</b>   |
| Effect of exchange rate changes on cash, cash equivalents and restricted cash                   | (521)             | 623               |
| <b>Net change in cash, cash equivalents, and restricted cash</b>                                | <b>(15,427)</b>   | <b>26,241</b>     |
| <b>Cash, cash equivalents and restricted cash, beginning of period</b>                          | <b>118,612</b>    | <b>92,371</b>     |
| <b>Cash, cash equivalents and restricted cash, end of period</b>                                | <b>\$ 103,185</b> | <b>\$ 118,612</b> |

TRUEBLUE, INC.  
**SEGMENT DATA**

(Unaudited)

| (in thousands)   | 13 weeks ended    |                   | 52 weeks ended      |                     |
|--|-------------------|-------------------|---------------------|---------------------|
|  | Dec 26, 2021      | Dec 27, 2020      | Dec 26, 2021        | Dec 27, 2020        |
| <b>Revenue from services:</b>                          |                   |                   |                     |                     |
| PeopleReady  | \$ 362,164        | \$ 297,471        | \$ 1,270,928        | \$ 1,099,462        |
| PeopleManagement                                       | 177,842           | 179,306           | 639,741             | 586,822             |
| PeopleScout  | 81,924            | 41,857            | 262,953             | 160,076             |
| <b>Total company</b>                                   | <b>\$ 621,930</b> | <b>\$ 518,634</b> | <b>\$ 2,173,622</b> | <b>\$ 1,846,360</b> |
| <b>Segment profit (1):</b>                             |                   |                   |                     |                     |
| PeopleReady  | \$ 27,411         | \$ 16,198         | \$ 82,398           | \$ 43,200           |
| PeopleManagement                                       | 4,499             | 5,654             | 13,196              | 11,717              |
| PeopleScout  | 11,491            | 4,450             | 36,163              | 4,525               |
| <b>Total segment profit</b>                            | <b>43,401</b>     | <b>26,302</b>     | <b>131,757</b>      | <b>59,442</b>       |
| Corporate unallocated expense                          | (7,344)           | (4,608)           | (27,937)            | (20,714)            |
| <b>Total company Adjusted EBITDA (2)</b>               | <b>36,057</b>     | <b>21,694</b>     | <b>103,820</b>      | <b>38,728</b>       |
| Third-party processing fees for hiring tax credits (3) | (150)             | (186)             | (734)               | (495)               |
| Amortization of software as a service assets (4)       | (720)             | (615)             | (2,709)             | (2,307)             |
| Goodwill and intangible asset impairment charge        | —                 | —                 | —                   | (175,189)           |
| Gain on deferred compensation assets (5)               | (2,897)           | (1,725)           | (2,897)             | (1,725)             |
| Workforce reduction costs (6)                          | (1,799)           | 19                | (1,993)             | (12,570)            |
| COVID-19 government subsidies, net (7)                 | 91                | (964)             | 4,222               | 6,211               |
| Other adjustments, net (8)                             | (1,471)           | (1,052)           | (3,711)             | 4,496               |
| <b>EBITDA (2)</b>                                      | <b>29,111</b>     | <b>17,171</b>     | <b>95,998</b>       | <b>(142,851)</b>    |
| Depreciation and amortization                          | (7,151)           | (8,029)           | (27,556)            | (32,031)            |
| Interest expense and other income, net                 | 3,528             | 1,943             | 5,408               | 1,620               |
| Income before tax expense                              | 25,488            | 11,085            | 73,850              | (173,262)           |
| Income tax expense (benefit)                           | (5,278)           | (3,059)           | (12,216)            | 31,421              |
| <b>Net income</b>                                      | <b>\$ 20,210</b>  | <b>\$ 8,026</b>   | <b>\$ 61,634</b>    | <b>\$ (141,841)</b> |

(1) We evaluate performance based on segment revenue and segment profit. Segment profit includes revenue, related cost of services, and ongoing operating expenses directly attributable to the reportable segment. Segment profit excludes depreciation and amortization expense, unallocated corporate general and administrative expense, interest expense, other income, income taxes, and other adjustments not considered to be ongoing.

(2) See the Non-GAAP Financial Measures table on the next page for definitions of EBITDA and Adjusted EBITDA.

(3) These third-party processing fees are associated with generating hiring tax credits.

(4) Amortization of software as a service assets is reported in selling, general and administrative expense.

(5) Gain realized on sale of deferred compensation mutual funds to purchase corporate owned life insurance policies.

(6) Workforce reduction costs for the 13 and 52 weeks ended December 26, 2021 in selling, general and administrative expense primarily include costs to streamline our delivery teams within our PeopleReady and PeopleScout segments. Workforce reduction costs for the 13 and 52 weeks ended December 27, 2020 were primarily due to employee reductions as part of our cost management actions in response to COVID-19 (\$3.7 million in cost of services and \$8.9 million in selling, general and administrative expense for the full-year).

(7) Net impact of COVID-19 related government subsidies. For the 13 and 52 weeks ended December 27, 2020, we received government subsidies of \$2.7 million and \$9.9 million, respectively. We elected to distribute a portion of the total benefit for the year to our employees in the form of a \$3.7 million bonus, resulting in a net cost of \$1.0 million for Q4 and a net benefit of \$6.2 million for the fiscal year. These subsidies extended into 2021, providing a benefit of \$4.2 million for the 52 weeks ended December 26, 2021.

(8) Other adjustments for the 13 and 52 weeks ended December 26, 2021 primarily include implementation costs for cloud-based systems of \$1.4 million and \$1.7 million, respectively and costs incurred while transitioning into our new Chicago office of \$0.1 million and \$1.8 million, respectively. Other adjustments for the 13 and 52 weeks ended December 27, 2020 primarily include costs of \$0.7 million incurred while transitioning into our new Chicago office and implementation costs for cloud-based systems of \$0.1 million and \$0.9 million, respectively. For the 52 weeks ended December 27, 2020, these expenses were offset by a \$6.3 million benefit from a reduction in expected costs to comply with the Affordable Care Act.

TRUEBLUE, INC.

NON-GAAP FINANCIAL MEASURES AND NON-GAAP RECONCILIATIONS

In addition to financial measures presented in accordance with U.S. GAAP, we monitor certain non-GAAP key financial measures. The presentation of these non-GAAP financial measures is used to enhance the understanding of certain aspects of our financial performance. It is not meant to be considered in isolation, superior to, or as a substitute for the directly comparable financial measures prepared in accordance with U.S. GAAP, and may not be comparable to similarly titled measures of other companies.

| Non-GAAP measure   | Definition  | Purpose of adjusted measures   |
|--|---|--|
| <b>EBITDA and Adjusted EBITDA</b>                                    | EBITDA excludes from net income (loss):<br>- interest expense and other income, net,<br>- income taxes, and<br>- depreciation and amortization.<br><br>Adjusted EBITDA, further excludes:<br>- third-party processing fees for hiring tax credits,<br>- amortization of software as a service assets,<br>- goodwill and intangible asset impairment charge,<br>- gain on deferred compensation assets,<br>- workforce reductions costs,<br>- COVID-19 government subsidies, net, and<br>- other adjustments, net. | - Enhances comparability on a consistent basis and provides investors with useful insight into the underlying trends of the business.<br><br>- Used by management to assess performance and effectiveness of our business strategies.<br><br>- Provides a measure, among others, used in the determination of incentive compensation for management. |
| <b>Adjusted net income and Adjusted net income per diluted share</b> | Net income (loss) and net income (loss) per diluted share, excluding:<br>- amortization of intangibles of acquired businesses,<br>- amortization of software as a service assets,<br>- goodwill and intangible asset impairment charge,<br>- workforce reduction costs,<br>- COVID-19 government subsidies, net,<br>- other adjustments, net,<br>- tax effect of each adjustment to U.S. GAAP, and<br>- adjustment of income taxes to normalized effective rate for periods prior to Q2 2020.                     | - Enhances comparability on a consistent basis and provides investors with useful insight into the underlying trends of the business.<br><br>- Used by management to assess performance and effectiveness of our business strategies.  |

**1. RECONCILIATION OF U.S. GAAP NET INCOME (LOSS) TO ADJUSTED NET INCOME AND ADJUSTED NET INCOME PER DILUTED SHARE**  
(Unaudited)

|   | Q4 2021          | Q4 2020          | Q4 2019          |
|---|------------------|------------------|------------------|
|   | 13 weeks ended   |                  |                  |
| (in thousands, except for per share data)                   | Dec 26, 2021     | Dec 27, 2020     | Dec 29, 2019     |
| Net income  | \$ 20,210        | \$ 8,026         | \$ 8,715         |
| Amortization of intangible assets of acquired businesses    | 1,503            | 2,028            | 4,003            |
| Amortization of software as a service assets (1)            | 720              | 615              | 513              |
| Acquisition/integration costs                               | —                | —                | (50)             |
| Workforce reduction costs (2)                               | 1,799            | (19)             | 2,829            |
| COVID-19 government subsidies, net (3)                      | (91)             | 964              | —                |
| Other adjustments, net (4)                                  | 1,471            | 1,052            | 571              |
| Tax effect of adjustments to net income (5)                 | (1,014)          | (1,280)          | (1,102)          |
| Adjustment of income taxes to normalized effective rate (6) | —                | —                | (671)            |
| <b>Adjusted net income</b>                                  | <b>\$ 24,598</b> | <b>\$ 11,386</b> | <b>\$ 14,808</b> |
| <b>Adjusted net income per diluted share</b>                | <b>\$ 0.69</b>   | <b>\$ 0.33</b>   | <b>\$ 0.39</b>   |
| <b>Diluted weighted average shares outstanding</b>          | <b>35,621</b>    | <b>34,954</b>    | <b>38,348</b>    |
|   | 2021             | 2020             | 2019             |
|   | 52 weeks ended   |                  |                  |
| (in thousands, except for per share data)                   | Dec 26, 2021     | Dec 27, 2020     | Dec 29, 2019     |
| Net income (loss)   | \$ 61,634        | \$ (141,841)     | \$ 63,073        |

|   |                  |                  |                  |
|---|------------------|------------------|------------------|
| Amortization of intangible assets of acquired businesses    | 6,704            | 10,144           | 17,899           |
| Amortization of software as a service assets (1)            | 2,709            | 2,307            | 1,624            |
| Acquisition/integration costs                               | —                | —                | 1,562            |
| Goodwill and intangible asset impairment charge             | —                | 175,189          | —                |
| Workforce reduction costs (2)                               | 1,993            | 12,570           | 3,301            |
| COVID-19 government subsidies, net (3)                      | (4,222)          | (6,211)          | —                |
| Other adjustments, net (4)                                  | 3,711            | (4,496)          | (1,010)          |
| Tax effect of adjustments to net income (loss) (5)          | (1,802)          | (28,729)         | (3,273)          |
| Adjustment of income taxes to normalized effective rate (6) | —                | (3,719)          | (2,835)          |
| <b>Adjusted net income</b>                                  | <b>\$ 70,727</b> | <b>\$ 15,214</b> | <b>\$ 80,341</b> |
| <b>Adjusted net income per diluted share</b>                | <b>\$ 2.00</b>   | <b>\$ 0.43</b>   | <b>\$ 2.05</b>   |
| <b>Diluted weighted average shares outstanding</b>          | <b>35,429</b>    | <b>35,658</b>    | <b>39,179</b>    |

## 2. RECONCILIATION OF U.S. GAAP NET INCOME (LOSS) TO EBITDA AND ADJUSTED EBITDA (Unaudited)

|  | Q4 2021          | Q4 2020          | Q4 2019          |
|--|------------------|------------------|------------------|
|  | 13 weeks ended   |                  |                  |
| (in thousands)   | Dec 26, 2021     | Dec 27, 2020     | Dec 29, 2019     |
| Net income   | \$ 20,210        | \$ 8,026         | \$ 8,715         |
| Income tax expense                                     | 5,278            | 3,059            | 638              |
| Interest expense and other (income), net               | (3,528)          | (1,943)          | (2,014)          |
| Depreciation and amortization                          | 7,151            | 8,029            | 9,021            |
| <b>EBITDA</b>  | <b>29,111</b>    | <b>17,171</b>    | <b>16,360</b>    |
| Third-party processing fees for hiring tax credits (7) | 150              | 186              | 240              |
| Amortization of software as a service assets (1)       | 720              | 615              | 513              |
| Acquisition/integration costs                          | —                | —                | (50)             |
| Gain on deferred compensation assets (8)               | 2,897            | 1,725            | 495              |
| Workforce reduction costs (2)                          | 1,799            | (19)             | 2,829            |
| COVID-19 government subsidies, net (3)                 | (91)             | 964              | —                |
| Other adjustments, net (4)                             | 1,471            | 1,052            | 571              |
| <b>Adjusted EBITDA</b>                                 | <b>\$ 36,057</b> | <b>\$ 21,694</b> | <b>\$ 20,958</b> |

### Margin / % of revenue:

|                 |      |      |      |
|-----------------|------|------|------|
| Net income      | 3.2% | 1.5% | 1.5% |
| Adjusted EBITDA | 5.8% | 4.2% | 3.5% |

|  | 2021              | 2020             | 2019              |
|--|-------------------|------------------|-------------------|
|  | 52 weeks ended    |                  |                   |
| (in thousands)   | Dec 26, 2021      | Dec 27, 2020     | Dec 29, 2019      |
| Net income (loss)                                      | \$ 61,634         | \$(141,841)      | \$ 63,073         |
| Income tax expense (benefit)                           | 12,216            | (31,421)         | 6,971             |
| Interest expense and other (income), net               | (5,408)           | (1,620)          | (3,865)           |
| Depreciation and amortization                          | 27,556            | 32,031           | 37,549            |
| <b>EBITDA</b>  | <b>95,998</b>     | <b>(142,851)</b> | <b>103,728</b>    |
| Third-party processing fees for hiring tax credits (7) | 734               | 495              | 960               |
| Amortization of software as a service assets (1)       | 2,709             | 2,307            | 1,624             |
| Acquisition/integration costs                          | —                 | —                | 1,562             |
| Goodwill and intangible asset impairment charge        | —                 | 175,189          | —                 |
| Gain on deferred compensation assets (8)               | 2,897             | 1,725            | 495               |
| Workforce reduction costs (2)                          | 1,993             | 12,570           | 3,301             |
| COVID-19 government subsidies, net (3)                 | (4,222)           | (6,211)          | —                 |
| Other adjustments, net (4)                             | 3,711             | (4,496)          | (1,010)           |
| <b>Adjusted EBITDA</b>                                 | <b>\$ 103,820</b> | <b>\$ 38,728</b> | <b>\$ 110,660</b> |

### Margin / % of revenue:

|                   |      |         |      |
|-------------------|------|---------|------|
| Net income (loss) | 2.8% | (7.7) % | 2.7% |
| Adjusted EBITDA   | 4.8% | 2.1%    | 4.7% |

- (1) Amortization of software as a service assets is reported in selling, general and administrative expense.
- (2) Workforce reduction costs for the 13 and 52 weeks ended December 26, 2021 in selling, general and administrative expense primarily include costs to streamline our delivery teams within our PeopleReady and PeopleScout segments. Workforce reduction costs for the 13 and 52 weeks ended December 27, 2020 were primarily due to employee reductions as part of our cost management actions in response to COVID-19 (\$3.7 million in cost of services and \$8.9 million in selling, general and administrative expense for the full-year). Workforce reduction costs for the 13 and 52 weeks ended December 29, 2019 were primarily associated with employee reductions in the PeopleReady business.
- (3) Net impact of COVID-19 related government subsidies. For the 13 and 52 weeks ended December 27, 2020, we received government subsidies of \$2.7 million and \$9.9 million, respectively. We elected to distribute a portion of the total benefit for the year to our employees in the form of a \$3.7 million bonus, resulting in a net cost of \$1.0 million for Q4 and a net benefit of \$6.2 million for the fiscal year. These subsidies extended into 2021, providing a benefit of \$4.2 million for the 52 weeks ended December 26, 2021.
- (4) Other adjustments for the 13 and 52 weeks ended December 26, 2021 primarily include implementation costs for cloud-based systems of \$1.4 million and \$1.7 million, respectively and costs incurred while transitioning into our new Chicago office of \$0.1 million and \$1.8 million, respectively. Other adjustments for the 13 and 52 weeks ended December 27, 2020 primarily include costs of \$0.7 million incurred while transitioning into our new Chicago office and implementation costs for cloud-based systems of \$0.1 million and \$0.9 million, respectively. For the 52 weeks ended December 27, 2020, these expenses were offset by a \$6.3 million benefit from a reduction in expected costs to comply with the Affordable Care Act. Other adjustments for the 13 and 52 weeks ended December 29, 2019 primarily include implementation costs for cloud-based systems of \$0.6 million and \$3.2 million, respectively. For the 52 weeks ended December 29, 2019, these expenses were offset by \$3.9 million of workers' compensation benefit related to additional insurance coverage associated with former workers' compensation carriers in liquidation.
- (5) Total tax effect of each of the adjustments to U.S. GAAP net income (loss) using the effective income tax rate for the respective periods in 2021 and 2020, and the expected long-term ongoing rate of 14 percent for Q4 and fiscal year 2019.
- (6) Beginning in Q2 2020, we decided not to adjust our GAAP tax rate to an expected long-term ongoing rate in our adjusted net income calculation. Thus the adjustment for fiscal year 2020 relates to the Q1 2020 adjustment of the effective income tax rate to the long-term ongoing rate of 12 percent expected at that time. The adjustment for Q4 and fiscal year 2019 reflects the adjustment of the effective income tax rate to the long-term ongoing rate of 14 percent expected at that time.
- (7) These third-party processing fees are associated with generating hiring tax credits.
- (8) Gain realized on sale of deferred compensation mutual funds to purchase corporate owned life insurance policies.

View source version on businesswire.com:

<https://www.businesswire.com/news/home/20220202005256/en/>

Derrek Gafford, Executive Vice President and CFO  
253-680-8214

Source: TrueBlue