

July 25, 2022



TrueBlue Reports Second Quarter 2022 Results

Revenue growth and segment profit margin expansion across all segments drive strong results

TACOMA, Wash.--(BUSINESS WIRE)-- TrueBlue (NYSE:TBI) today announced its second quarter results for 2022.

Second quarter revenue was \$569 million, an increase of 10 percent compared to revenue of \$516 million in the second quarter of 2021. Net income per diluted share was \$0.72 compared to net income per diluted share of \$0.45 in the second quarter of 2021. Second quarter adjusted net income¹ per diluted share was \$0.82 compared to adjusted net income per diluted share of \$0.47 in the second quarter of 2021.

"We have a talented management team and the right strategies to position us for long-term growth," said Steve Cooper, President and CEO of TrueBlue. "I'm impressed with the exceptional level of execution and engagement I see across our teams in providing quality workforce solutions to meet the needs of our clients."

"We experienced another quarter of favorable demand as businesses continue to struggle with a record number of job openings," said Mr. Cooper. "Positive spreads between bill and pay rate inflation and a higher mix of recruitment process outsourcing business contributed to meaningful operating margin expansion."

"Demand patterns were somewhat mixed during the quarter," Mr. Cooper continued. "PeopleScout demand was exceptionally strong throughout the quarter as clients sought more help in addressing high employee turnover associated with tight labor pools. At PeopleReady, demand tapered during the quarter as customers reassessed their labor needs on new projects given the current economic climate, and PeopleManagement demand held steady."

Mr. Cooper concluded, "Our differentiated service offerings combined with our digital and operating strategies have us well-positioned to gain market share and generate 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 second quarter 2022 results on a webcast at 2:30 p.m. PT (5:30 p.m. ET), today, Monday, **Jul. 25, 2022**. The webcast can be accessed on TrueBlue's website: 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.

¹ Refer to the financial statements accompanying this release for more information regarding non-GAAP terms.

Forward-looking statements and non-GAAP financial measures

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, and expected growth from our digital investments, 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 under the Investor Relations section or the SEC's website at 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 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 | | 26 weeks ended | |
|--|------------------|------------------|------------------|------------------|
| | Jun 26, 2022 | Jun 27, 2021 | Jun 26, 2022 | Jun 27, 2021 |
| Revenue from services | \$ 569,253 | \$ 515,955 | \$ 1,120,768 | \$ 974,661 |
| Cost of services | 410,722 | 379,487 | 822,392 | 727,619 |
| Gross profit | 158,531 | 136,468 | 298,376 | 247,042 |
| Selling, general and administrative expense | 122,034 | 110,508 | 242,602 | 207,909 |
| Depreciation and amortization | 7,245 | 7,017 | 14,532 | 13,979 |
| Income from operations | 29,252 | 18,943 | 41,242 | 25,154 |
| Interest expense and other income, net | (110) | 724 | 395 | 1,299 |
| Income before tax expense | 29,142 | 19,667 | 41,637 | 26,453 |
| Income tax expense | 5,129 | 3,783 | 7,105 | 3,671 |
| Net income | \$ 24,013 | \$ 15,884 | \$ 34,532 | \$ 22,782 |

Net income per common share:

| | | | | |
|---------|---------|---------|---------|---------|
| Basic | \$ 0.73 | \$ 0.46 | \$ 1.04 | \$ 0.66 |
| Diluted | \$ 0.72 | \$ 0.45 | \$ 1.02 | \$ 0.65 |

Weighted average shares outstanding:

| | | | | |
|---------|--------|--------|--------|--------|
| Basic | 32,707 | 34,818 | 33,318 | 34,746 |
| Diluted | 33,149 | 35,352 | 33,832 | 35,205 |

TRUEBLUE, INC.
SUMMARY CONSOLIDATED BALANCE SHEETS
(Unaudited)

| <i>(in thousands)</i> | Jun 26, 2022 | Dec 26, 2021 |
|--|-------------------|---------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 32,432 | \$ 49,896 |
| Accounts receivable, net | 338,800 | 353,882 |
| Other current assets | 35,102 | 41,295 |
| Total current assets | 406,334 | 445,073 |
| Property and equipment, net | 90,091 | 88,090 |
| Restricted cash and investments | 205,769 | 221,026 |
| Goodwill and intangible assets, net | 112,993 | 116,749 |
| Other assets, net | 175,823 | 162,288 |
| Total assets | \$ 991,010 | \$ 1,033,226 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Accounts payable and other accrued expenses | \$ 66,396 | \$ 77,172 |
| Accrued wages and benefits | 85,543 | 100,173 |
| Current portion of workers' compensation claims reserve | 56,024 | 61,596 |
| Other current liabilities | 24,858 | 19,605 |
| Total current liabilities | 232,821 | 258,546 |
| Workers' compensation claims reserve, less current portion | 211,574 | 194,598 |
| Other long-term liabilities | 80,662 | 87,015 |
| Total liabilities | 525,057 | 540,159 |
| Shareholders' equity | 465,953 | 493,067 |
| Total liabilities and shareholders' equity | \$ 991,010 | \$ 1,033,226 |

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

| <i>(in thousands)</i> | 26 weeks ended | |
|--|------------------|-------------------|
| | Jun 26, 2022 | Jun 27, 2021 |
| Cash flows from operating activities: | | |
| Net income | \$ 34,532 | \$ 22,782 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 14,532 | 13,979 |
| Provision for credit losses | 2,572 | 2,094 |
| Stock-based compensation | 4,487 | 6,916 |
| Deferred income taxes | 2,117 | 652 |
| Non-cash lease expense | 6,518 | 7,853 |
| Other operating activities | 6,752 | (1,473) |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | 12,524 | (16,486) |
| Income tax receivable | (3,549) | 1,103 |
| Operating lease right-of-use-asset | — | 6,135 |
| Other assets | (8,486) | (2,495) |
| Accounts payable and other accrued expenses | (10,629) | (6,952) |
| Accrued wages and benefits | (14,638) | 11,208 |
| Deferred employer payroll taxes | — | 2,810 |
| Workers' compensation claims reserve | 11,404 | (598) |
| Operating lease liabilities | (6,441) | (6,729) |
| Other liabilities | 1,407 | 6,563 |
| Net cash provided by operating activities | 53,102 | 47,362 |
| Cash flows from investing activities: | | |
| Capital expenditures | (13,992) | (19,868) |
| Purchases of restricted available-for-sale investments | — | (14) |
| Sales of restricted available-for-sale investments | — | 452 |
| Purchases of restricted held-to-maturity investments | (4,950) | — |
| Maturities of restricted held-to-maturity investments | 17,826 | 15,143 |
| Net cash used in investing activities | (1,116) | (4,287) |
| Cash flows from financing activities: | | |
| Purchases and retirement of common stock | (60,939) | — |
| Net proceeds from employee stock purchase plans | 536 | 538 |
| Common stock repurchases for taxes upon vesting of restricted stock | (4,132) | (2,686) |
| Other | (147) | (188) |
| Net cash used in financing activities | (64,682) | (2,336) |
| Effect of exchange rate changes on cash, cash equivalents and restricted cash | (494) | 319 |
| Net change in cash, cash equivalents, and restricted cash | (13,190) | 41,058 |
| Cash, cash equivalents and restricted cash, beginning of period | 103,185 | 118,612 |
| Cash, cash equivalents and restricted cash, end of period | \$ 89,995 | \$ 159,670 |

TRUEBLUE, INC.
SEGMENT DATA
(Unaudited)

| <i>(in thousands)</i> | 13 weeks ended | |
|-------------------------------|-------------------|-------------------|
| | Jun 26, 2022 | Jun 27, 2021 |
| Revenue from services: | | |
| PeopleReady | \$ 317,943 | \$ 299,316 |
| PeopleManagement | 161,938 | 152,356 |
| PeopleScout | 89,372 | 64,283 |
| Total company | \$ 569,253 | \$ 515,955 |
| Segment profit (1): | | |
| PeopleReady | \$ 20,325 | \$ 18,437 |
| PeopleManagement | 4,228 | 3,221 |
| PeopleScout | 20,593 | 10,857 |
| Total segment profit | 45,146 | 32,515 |
| Corporate unallocated expense | (6,531) | (7,307) |

| | | |
|--|------------------|------------------|
| Total company Adjusted EBITDA (2) | 38,615 | 25,208 |
| Third-party processing fees for hiring tax credits (3) | (162) | (30) |
| Amortization of software as a service assets (4) | (699) | (646) |
| PeopleReady technology implementation costs (5) | (1,748) | — |
| COVID-19 government subsidies | — | 2,296 |
| Other adjustments, net (6) | 491 | (868) |
| EBITDA (2) | 36,497 | 25,960 |
| Depreciation and amortization | (7,245) | (7,017) |
| Interest expense and other income, net | (110) | 724 |
| Income before tax expense | 29,142 | 19,667 |
| Income tax expense | (5,129) | (3,783) |
| Net income | \$ 24,013 | \$ 15,884 |

- (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) Implementation costs associated with upgrading legacy PeopleReady technology with a new platform.
- (6) Other adjustments for the 13 weeks ended June 26, 2022 include a benefit of \$1.4 million from forfeited stock awards associated with the CEO transition that were expensed in prior years, partially offset by \$0.8 million incurred to transition to a new third party claims administrator for workers' compensation. Other adjustments for the 13 weeks ended June 27, 2021 primarily include costs of \$0.8 million incurred while transitioning into our new Chicago office.

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 |
|--|---|--|
| Adjusted net income and Adjusted net income per diluted share | <p>Net income and net income per diluted share, excluding:</p> <ul style="list-style-type: none"> – amortization of intangibles, – amortization of software as a service assets, – accelerated depreciation, – PeopleReady technology implementation costs, – COVID-19 government subsidies, – other adjustments, net, and – tax effect of each adjustment to U.S. GAAP. | <ul style="list-style-type: none"> – Enhances comparability on a consistent basis and provides investors with useful insight into the underlying trends of the business. – Used by management to assess performance and effectiveness of our business strategies. – Provides a measure, among others, used in the determination of incentive compensation for management. |

**EBITDA and
Adjusted EBITDA**

EBITDA excludes from net income:
– interest expense and other income, net,
– income taxes, and
– depreciation and amortization.

– Enhances comparability on a consistent basis and provides investors with useful insight into the underlying trends of the business.

Adjusted EBITDA, further excludes:

– third-party processing fees for hiring tax credits,
– amortization of software as a service assets,
– PeopleReady technology implementation costs,
– COVID-19 government subsidies, and
– other adjustments, net.

– Used by management to assess performance and effectiveness of our business strategies.

– Provides a measure, among others, used in the determination of incentive compensation for management.

Adjusted SG&A expense

Selling, general and administrative expense excluding:
– third-party processing fees for hiring tax credits,
– amortization of software as a service assets,
– PeopleReady technology implementation costs,
– COVID-19 government subsidies, and
– other adjustments, net.

– Enhances comparability on a consistent basis and provides investors with useful insight into the underlying trends of the business.

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

| <i>(in thousands, except for per share data)</i> | 13 weeks ended | |
|--|------------------|------------------|
| | Jun 26, 2022 | Jun 27, 2021 |
| Net income | \$ 24,013 | \$ 15,884 |
| Amortization of intangible assets | 1,495 | 1,810 |
| Amortization of software as a service assets (1) | 699 | 646 |
| Accelerated depreciation (2) | 540 | — |
| PeopleReady technology implementation costs (3) | 1,748 | — |
| COVID-19 government subsidies | — | (2,296) |
| Other adjustments, net (4) | (491) | 868 |
| Tax effect of adjustments to net income (5) | (749) | (449) |
| Adjusted net income | \$ 27,255 | \$ 16,463 |
| Adjusted net income per diluted share | \$ 0.82 | \$ 0.47 |
| Diluted weighted average shares outstanding | 33,149 | 35,352 |

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

| <i>(in thousands)</i> | 13 weeks ended | |
|--|------------------|------------------|
| | Jun 26, 2022 | Jun 27, 2021 |
| Net income | \$ 24,013 | \$ 15,884 |
| Income tax expense | 5,129 | 3,783 |
| Interest expense and other (income), net | 110 | (724) |
| Depreciation and amortization | 7,245 | 7,017 |
| EBITDA | 36,497 | 25,960 |
| Third-party processing fees for hiring tax credits (6) | 162 | 30 |
| Amortization of software as a service assets (1) | 699 | 646 |
| PeopleReady technology implementation costs (3) | 1,748 | — |
| COVID-19 government subsidies | — | (2,296) |
| Other adjustments, net (4) | (491) | 868 |
| Adjusted EBITDA | \$ 38,615 | \$ 25,208 |

Margin / % of revenue:

| | | |
|-----------------|------|------|
| Net income | 4.2% | 3.1% |
| Adjusted EBITDA | 6.8% | 4.9% |

**3. RECONCILIATION OF U.S. GAAP SELLING, GENERAL AND ADMINISTRATIVE EXPENSE TO
ADJUSTED SG&A EXPENSE
(Unaudited)**

| <i>(in thousands)</i> | 13 weeks ended | |
|--|-------------------|-------------------|
| | Jun 26, 2022 | Jun 27, 2021 |
| Selling, general and administrative expense | \$ 122,034 | \$ 110,508 |
| Third-party processing fees for hiring tax credits (6) | (162) | (30) |
| Amortization of software as a service assets (1) | (699) | (646) |
| PeopleReady technology implementation costs (3) | (1,748) | — |
| COVID-19 government subsidies | — | 2,296 |
| Other adjustments, net (4) | 491 | (868) |
| Adjusted SG&A expense | \$ 119,916 | \$ 111,260 |

- (1) Amortization of software as a service assets is reported in selling, general and administrative expense.
- (2) Accelerated depreciation for the existing systems being replaced by the new PeopleReady technology platform.
- (3) Implementation costs associated with upgrading legacy PeopleReady technology with a new platform.
- (4) Other adjustments for the 13 weeks ended June 26, 2022 include a benefit of \$1.4 million from forfeited stock awards associated with the CEO transition that were expensed in prior years, partially offset by \$0.8 million incurred to transition to a new third party claims administrator for workers' compensation. Other adjustments for the 13 weeks ended June 27, 2021 primarily include costs of \$0.8 million incurred while transitioning into our new Chicago office.
- (5) Total tax effect of each of the adjustments to U.S. GAAP net income using the effective income tax rate for the respective periods.
- (6) These third-party processing fees are associated with generating hiring tax credits.

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<https://www.businesswire.com/news/home/20220725005213/en/>

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Source: TrueBlue