

TrueBlue Q2 2026 Financial Results

Conference Call, August 4, 2026

PREPARED REMARKS

INTRODUCTION

Operator

Greetings and welcome to the TrueBlue second quarter 2026 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.

We delivered a strong second quarter, exceeding expectations and continuing to build momentum through disciplined execution. We achieved double-digit, top-line growth for the quarter with continued expansion in skilled verticals and a return to growth in our general, on-demand business as our strategy takes hold in a meaningful way.

Behind this performance is a clear set of strategic priorities we have been steadily advancing across the business. Our focus is straightforward - strengthening our sales model, expanding in attractive markets, and driving efficiency through technology and disciplined operations to deliver sustainable, profitable growth.

Strengthening our sales function continues to be a top priority and we are seeing positive momentum with the improved trends across our portfolio, including a return to growth in our on-demand business. We have transitioned our on-demand operating model to a more effective, territory-based structure and invested in sales resources throughout the business to expand our reach in priority markets. We continue to strategically increase sales capacity to enable more

targeted, localized sales strategies and deeper client engagement. Together, these actions are strengthening execution and positioning us to drive further, scalable growth.

Enterprise-wide partnerships and cross-selling initiatives are creating a practical growth advantage. Our strategic partnership program continues to open new client channels with a strong multi-brand pipeline, while greater collaboration across our enterprise is driving more cross-selling opportunities to deepen relationships and expand with existing clients. These efforts are allowing us to better leverage the full breadth and strength of our workforce solutions to support continued growth.

Our strategic focus on attractive end market expansion continues to deliver strong results. We are capturing demand in skilled verticals supported by our strong market position and deep expertise. Our revenue in the energy sector nearly doubled, marking a fifth consecutive quarter of growth while our commercial driver business grew for the tenth consecutive quarter. This sustained growth speaks to our success capturing share in target markets with powerful growth drivers that play to our strengths. We see additional opportunity ahead as structural labor shortages and growing secular forces signal further growth potential, especially as we expand into adjacent sub-sectors like data centers and energy storage facilities.

As we pursue more resilient, higher-value demand, the government and healthcare verticals represent attractive long-term growth opportunities to further diversify our business. We are making meaningful progress in the government sector as we continue to build momentum and expand our market share. In the U.S. healthcare market, we are thoughtfully scaling as we leverage our deep expertise, recruitment agility and sophisticated technology to capture sustained demand.

While advancing our strategic priorities for top-line growth, we are equally focused on delivering improved profitability. We are operating with discipline - managing costs, driving efficiencies and leveraging technology to scale. These efforts are producing results as we reduced total operating costs even as revenue grew double-digits for the quarter and all three segments delivered increased profitability with expanded margins. This improved operating leverage combined with continued cost discipline, positions us well for sustainable margin expansion as we advance our growth strategies.

Our portfolio of proprietary technology platforms is a key enabler of our ability to drive efficiency and extend our reach. We continue to enhance our digital ecosystem with AI-powered features across the talent lifecycle, allowing us to connect people and work with speed, precision and transparency. Continued innovation and advancement of our digital transformation remains a priority, positioning us to deliver greater value to the customers and talent we serve with a differentiated experience, while supporting operational efficiency as we accelerate growth.

The progress we are seeing today reflects our disciplined execution of our strategy and while we are encouraged by the results, there is still more work ahead. We remain committed to realizing long-term, sustainable value for our shareholders and we are confident our strategic plan to enhance our sales model, expand our share in attractive end-markets, and unlock efficiencies with technology and operational excellence positions us well to capitalize on the growth opportunities ahead.

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 \$443 million, up 12% and exceeding our outlook range due to outperformance of our skilled businesses. Our teams continue to capture share in high-demand, skilled verticals - delivering a fifth consecutive quarter of double-digit growth. As demand for skilled trades remains strong, we are encouraged to see broader demand trends continue to stabilize and our strategic focus taking hold with our on-demand business returning to growth this quarter, and driving solid momentum as we enter the back half of the year.

Gross margin was 20.7% for the quarter, down from 23.6% in the prior year period, primarily due to the known workers' compensation and government subsidy benefits in the prior year as well as anticipated changes in revenue mix. You may recall that last year's gross margin benefited from a significant reduction in workers' compensation costs due to favorable development of prior year reserves. As expected, that degree of favorability did not repeat this year. The prior year margin also included a non-recurring government subsidies benefit of \$3 million. The revenue mix impact stems from outsized growth in PeopleReady energy work. As a reminder, the underlying margin for energy work is consistent with other large PeopleReady accounts but the pass-through travel costs involved result in lower reported gross margin.

We successfully reduced SG&A by 7% while revenue grew 12% for the quarter, demonstrating improved operating leverage and our continued focus on delivering enhanced profitability. We have made significant progress and continue to effectively manage costs, drive efficiencies, and create greater flexibility to scale. This operational discipline positions us well to deliver strong, incremental margins as industry demand improves and we continue to advance our growth initiatives.

We reported a net loss of \$3 million this quarter, which included a \$3 million non-cash write-down of our Tacoma headquarters as a result of the challenging commercial real estate market. Our results also 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 asset write-down and valuation allowance have no impact on our operations or liquidity. Adjusted net income was \$2 million compared to a loss of \$2 million in the prior year, and adjusted EBITDA was \$11 million for the quarter, up from \$3 million in the prior year.

Now, let's turn to our segments.

PeopleReady revenue grew 23%, largely driven by outperformance in the energy vertical. Revenue in the energy sector nearly doubled this quarter as we continued to capture share in this growing market. While demand in skilled verticals has continued to rise, we were also encouraged to see our on-demand business return to growth this quarter. These improved trends in our on-demand business speak to the momentum building behind our growth strategy as we continue to invest in sales resources and expand our market reach. Despite the prior year benefiting from significant favorability in workers' compensation adjustments, PeopleReady segment profit margin was up 260 basis points year-over-year driven by targeted cost actions and improved operating leverage as revenue increased.

PeopleManagement revenue was flat to the prior year as growth in commercial driving services was offset by lower on-site volumes. Our commercial driver business continued to outperform the broader market, leveraging strong client relationships and deep expertise to deliver its tenth consecutive quarter of growth. While on-site client volumes declined for the quarter, trends improved each month with a return to growth in June as new business wins and customer expansions built momentum, positioning the business well entering the back half of the year. PeopleManagement segment profit margin was up 60 basis points due to disciplined cost management actions to drive improved efficiencies and greater scalability.

PeopleSolutions revenue declined 5% as broader market conditions continued to curb hiring trends. While hiring volumes remain subdued, we are adding new clients and expanding existing relationships, particularly in higher skilled roles and growing end markets with long-term secular tailwinds. We were encouraged to see signs of stabilization with improved trends as we exited the quarter, along with growing momentum in new business, positioning us well to accelerate growth as clients' hiring volumes return. PeopleSolutions segment profit margin returned to double-digits this quarter, up 510 basis points from the prior year driven by deliberate cost actions to deliver efficiencies and improved profitability.

Now, let's turn to the balance sheet. We finished the quarter with \$23 million in cash, \$82 million of debt, and \$56 million unused on our borrowing base, resulting in total liquidity of \$79 million. During the quarter, stronger than anticipated revenue growth drove an increase in working capital of \$22 million while our expanded profitability led to an improved leverage ratio, demonstrating the strength of our operating model in driving enhanced financial flexibility. We remain committed to managing a strong liquidity position and financial foundation to ensure we are well-positioned to capitalize on growth opportunities ahead.

Looking ahead to the third quarter, we expect revenue growth of 7 to 11 percent year-over-year as we continue to build momentum with improved trends across all three segments and sustained growth in our skilled businesses. We expect steady sequential gross margin and disciplined cost management to continue driving improved profitability.

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've heard today, we are seeing meaningful progress across each of our strategic pillars, translating into improved results. We are strengthening our sales model, expanding in attractive markets and driving efficiency through technology and disciplined operations to deliver sustainable, profitable growth. As we continue to execute with focus and consistency, I am confident in our path forward and our team's ability to deliver results and advance our mission to connect people and work.

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