

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended: June 30, 2024

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number: 001-14543



TrueBlue, Inc.

(Exact name of registrant as specified in its charter)

Washington

91-1287341

(State of incorporation)

(I.R.S. employer identification no.)

1015 A Street , Tacoma , Washington 98402

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: **(253) 383-9101**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, no par value	TBI	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>	Non-accelerated filer	<input type="checkbox"/>
Smaller reporting company	<input type="checkbox"/>	Emerging growth company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark if the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of July 28, 2024, there were 29,827,117 shares of the registrant's common stock outstanding.

TrueBlue, Inc.
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PART I. FINANCIAL INFORMATION

Item 1. CONSOLIDATED FINANCIAL STATEMENTS

TRUEBLUE, INC. CONSOLIDATED BALANCE SHEETS (unaudited)

<i>(in thousands, except par value and share count data)</i>	June 30, 2024	December 31, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 26,400	\$ 61,885
Accounts receivable, net of allowance of \$ 849 and \$ 2,005	231,064	252,538
Prepaid expenses and other current assets	32,567	28,894
Income tax receivable	10,613	11,676
Total current assets	300,644	354,993
Property and equipment, net	92,100	104,906
Restricted cash, cash equivalents and investments	183,352	192,985
Deferred income taxes, net	1,381	35,465
Goodwill	24,914	84,114
Intangible assets, net	7,027	10,525
Operating lease right-of-use assets, net	50,241	49,819
Workers' compensation claims receivable, net	50,367	53,841
Other assets, net	13,667	12,735
Total assets	\$ 723,693	\$ 899,383
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and other accrued expenses	\$ 36,107	\$ 56,401
Accrued wages and benefits	65,774	80,120
Income tax payable	—	439
Current portion of workers' compensation claims reserve	38,728	44,866
Current operating lease liabilities	11,976	11,902
Other current liabilities	5,404	10,371
Total current liabilities	157,989	204,099
Workers' compensation claims reserve, less current portion	139,251	151,649
Long-term deferred compensation liabilities	37,502	35,205
Long-term operating lease liabilities	49,848	49,434
Other long-term liabilities	1,339	1,123
Total liabilities	385,929	441,510
Commitments and contingencies (Note 9)		
Shareholders' equity:		
Preferred stock, \$ 0.131 par value, 20,000,000 shares authorized; No shares issued and outstanding	—	—
Common stock, no par value, 100,000,000 shares authorized; 29,959,143 and 31,245,732 shares issued and outstanding	1	1
Accumulated other comprehensive loss	(20,549)	(20,712)
Retained earnings	358,312	478,584
Total shareholders' equity	337,764	457,873
Total liabilities and shareholders' equity	\$ 723,693	\$ 899,383

See accompanying notes to consolidated financial statements

TRUEBLUE, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
(unaudited)

	Thirteen weeks ended		Twenty-six weeks ended	
	June 30, 2024	June 25, 2023	June 30, 2024	June 25, 2023
<i>(in thousands, except per share data)</i>				
Revenue from services	\$ 396,230	\$ 475,588	\$ 799,083	\$ 940,876
Cost of services	291,807	345,097	595,274	687,272
Gross profit	104,423	130,491	203,809	253,604
Selling, general and administrative expense	97,018	121,282	203,955	243,927
Depreciation and amortization	7,691	6,280	15,649	12,691
Goodwill and intangible asset impairment charge	59,674	9,485	59,674	9,485
Income (loss) from operations	(59,960)	(6,556)	(75,469)	(12,499)
Interest and other income (expense), net	1,741	578	3,340	1,592
Income (loss) before tax expense	(58,219)	(5,978)	(72,129)	(10,907)
Income tax expense	46,491	1,345	34,279	705
Net income (loss)	\$ (104,710)	\$ (7,323)	\$ (106,408)	\$ (11,612)
Net income (loss) per common share:				
Basic	\$ (3.45)	\$ (0.24)	\$ (3.46)	\$ (0.37)
Diluted	\$ (3.45)	\$ (0.24)	\$ (3.46)	\$ (0.37)
Weighted average shares outstanding:				
Basic	30,349	30,966	30,725	31,629
Diluted	30,349	30,966	30,725	31,629
Other comprehensive income (loss):				
Foreign currency translation adjustment	\$ 221	\$ 506	\$ 163	\$ 253
Comprehensive income (loss)	\$ (104,489)	\$ (6,817)	\$ (106,245)	\$ (11,359)

See accompanying notes to consolidated financial statements

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

	Twenty-six weeks ended	
	June 30, 2024	June 25, 2023
<i>(in thousands)</i>		
Cash flows from operating activities:		
Net income (loss)	\$ (106,408)	\$ (11,612)
Adjustments to reconcile net income (loss) to net cash (used in) provided by operating activities:		
Depreciation and amortization	15,649	12,691
Goodwill and intangible asset impairment charge	59,674	9,485
Provision for credit losses	630	2,408
Stock-based compensation	4,844	5,294
Deferred income taxes	33,997	(22)
Non-cash lease expense	6,200	6,249
Other operating activities	(3,118)	(1,099)
Changes in operating assets and liabilities:		
Accounts receivable	21,061	43,915
Income taxes receivable and payable	430	(3,039)
Other assets	8,246	15,053
Accounts payable and other accrued expenses	(18,849)	(26,968)
Accrued wages and benefits	(14,753)	(9,277)
Workers' compensation claims reserve	(18,537)	(19,899)
Operating lease liabilities	(6,139)	(6,295)
Other liabilities	1,011	3,980
Net cash (used in) provided by operating activities	(16,062)	20,864
Cash flows from investing activities:		
Capital expenditures	(13,279)	(15,738)
Proceeds from business divestiture, net	2,928	—
Payments for company-owned life insurance	(4,000)	(2,347)
Purchases of restricted held-to-maturity investments	(10,180)	(9,955)
Maturities of restricted held-to-maturity investments	19,220	15,613
Net cash used in investing activities	(5,311)	(12,427)
Cash flows from financing activities:		
Purchases and retirement of common stock	(16,986)	(34,200)
Net proceeds from employee stock purchase plans	417	509
Common stock repurchases for taxes upon vesting of restricted stock	(2,143)	(2,514)
Other	(1,807)	(91)
Net cash used in financing activities	(20,519)	(36,296)
Effect of exchange rate changes on cash, cash equivalents and restricted cash and cash equivalents	(557)	(20)
Net change in cash, cash equivalents and restricted cash and cash equivalents	(42,449)	(27,879)
Cash, cash equivalents and restricted cash and cash equivalents, beginning of period	99,306	135,631
Cash, cash equivalents and restricted cash and cash equivalents, end of period	\$ 56,857	\$ 107,752
Supplemental disclosure of cash flow information:		
Cash paid (received) during the period for:		
Interest	\$ 498	\$ 453
Income taxes	\$ (199)	\$ 3,760
Operating lease liabilities	\$ 7,635	\$ 7,793
Non-cash transactions:		
Property and equipment purchased but not yet paid	\$ 1,864	\$ 3,345
Divestiture non-cash consideration	\$ 600	\$ —
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 6,654	\$ 8,124

See accompanying notes to consolidated financial statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial statement preparation

The accompanying unaudited consolidated financial statements ("financial statements") of TrueBlue, Inc. (the "company," "TrueBlue," "we," "us," and "our") are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and rules and regulations of the Securities and Exchange Commission ("SEC") for interim financial information. Accordingly, certain information and footnote disclosures usually found in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted. The financial statements reflect all adjustments which, in the opinion of management, are necessary to fairly state the financial statements for the interim periods presented. We follow the same accounting policies for preparing both quarterly and annual financial statements.

The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

These financial statements should be read in conjunction with the audited consolidated financial statements and related notes included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023. The results of operations for the twenty-six weeks ended June 30, 2024 are not necessarily indicative of the results expected for the full fiscal year nor for any other fiscal period.

Goodwill and indefinite-lived intangible assets

We evaluate goodwill and indefinite-lived intangible assets for impairment on an annual basis as of the first day of our fiscal second quarter, or whenever events or circumstances make it more likely than not that an impairment may have occurred. These events or circumstances could include a significant change in general economic conditions, deterioration in industry environment, changes in cost factors, declining operating performance indicators, legal factors, competition, client engagement, changes in the carrying amount of net assets, sale or disposition of a significant portion of a reporting unit, or a sustained decrease in stock price. We monitor the existence of potential impairment indicators throughout the fiscal year.

Goodwill

We test for goodwill impairment at the reporting unit level. We consider our operating segments to be our reporting units for goodwill impairment testing. Our reporting units with remaining goodwill as of the first day of our fiscal second quarter were PeopleReady, Centerline, PeopleScout RPO and PeopleScout MSP.

When evaluating goodwill for impairment, we may first assess qualitative factors to determine whether it is more likely than not the fair value of a reporting unit is less than its carrying amount. Qualitative factors include macroeconomic conditions, industry and market conditions and overall company financial performance. If, after assessing the totality of events and circumstances, we determine that it is more likely than not the fair value of the reporting unit is greater than its carrying amount, the quantitative impairment test is unnecessary.

The quantitative impairment test, if necessary, involves comparing the fair value of each reporting unit to its carrying value, including goodwill. Fair value reflects the price a market participant would be willing to pay in a potential sale of the reporting unit. If the fair value exceeds the carrying value, we conclude that no goodwill impairment has occurred. If the carrying value of the reporting unit exceeds its fair value, we recognize an impairment loss in an amount equal to the excess, not to exceed the carrying value of the goodwill. We consider a reporting unit's fair value to be substantially in excess of its carrying value at a 20 % premium or greater.

We performed an interim impairment test as of the last day of the first fiscal quarter of 2024, as well as a qualitative assessment for our annual impairment test one day later, which did not result in impairment of goodwill for any reporting unit. During the second fiscal quarter of 2024, management determined that a triggering event had occurred as a result of additional decline in demand for our services, prolonged economic uncertainty, and a further decrease in our stock price. Therefore, we performed an additional interim impairment test as of the last day of fiscal May 2024. Refer to Note 6: *Goodwill and Intangible Assets* for additional details on the interim impairment test, valuation methodologies, and inputs used in the fair value measurements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

Indefinite-lived intangible assets

We have indefinite-lived intangible assets for trade names/trademarks related to businesses within our PeopleScout and PeopleManagement segments. We evaluate our indefinite-lived intangible assets for impairment on an annual basis as of the first day of our fiscal second quarter, or whenever events or circumstances make it more likely than not that an impairment may have occurred. These events or circumstances could include significant change in general economic conditions, deterioration in industry environment, changes in cost factors, declining operating performance indicators, legal factors, competition, client engagement, or sale or disposition of a significant portion of the business. We monitor the existence of potential impairment indicators throughout the fiscal year.

When evaluating indefinite-lived intangible assets for impairment, we may first assess qualitative factors to determine whether it is more likely than not the fair value of the indefinite-lived intangible asset is less than its carrying amount. Qualitative factors include macroeconomic conditions, industry and market conditions and overall company financial performance. If, after assessing the totality of events and circumstances, we determine that it is more likely than not the fair value of the indefinite-lived intangible asset is greater than its carrying amount, the quantitative impairment test is unnecessary.

The quantitative impairment test, if necessary, utilizes the relief from royalty method to determine the fair value of each of our trade names. If the carrying value exceeds the fair value, we recognize an impairment loss in an amount equal to the excess, not to exceed the carrying value.

During the fiscal second quarter of 2024, we performed an impairment test for indefinite-lived intangible assets. Refer to Note 6: *Goodwill and Intangible Assets* for additional details on the impairment test, valuation methodologies, and inputs used in the fair value measurements.

Government assistance

As there is limited U.S. GAAP accounting guidance for for-profit business entities that receive government assistance, we have elected to analogize to International Financial Reporting Standards ("IFRS"), specifically International Accounting Standards ("IAS") 20, *Accounting for Government Grants and Disclosures of Government Assistance*. Following IAS 20, we recognize government assistance on a systematic basis over the periods in which we recognize the related costs for which the grant is intended to compensate, but only when there is reasonable assurance we will comply with all conditions attached to the grant and there is reasonable assurance the assistance will be received. We have interpreted "reasonable assurance" to mean "probable," as defined in loss contingencies guidance in U.S. GAAP.

During the second fiscal quarter of 2024, management determined the reasonable assurance criteria was met for certain payroll tax credits for which recognition was previously deferred. As a result, \$ 2.9 million and \$ 7.6 million were recognized within cost of services and selling, general and administrative ("SG&A") expense, respectively, on the Consolidated Statements of Operations and Comprehensive Income (Loss) for the thirteen and twenty-six weeks ended June 30, 2024. Also, this resulted in a reversal of previously accrued interest related to these benefits of \$ 1.1 million, offset by recognition of related professional fees of \$ 0.8 million, which were recorded within interest and other income (expense), net and SG&A expense, respectively, on the Consolidated Statements of Operations and Comprehensive Income (Loss) for the thirteen and twenty-six weeks ended June 30, 2024.

As of June 30, 2024, we have \$ 15.1 million within accrued wages and benefits on our Consolidated Balance Sheets related to deferred recognition of certain payroll tax credits, including accrued interest, until recognition becomes probable.

Recently adopted accounting standards

There were no new accounting standards adopted during the twenty-six weeks ended June 30, 2024 that had a material impact on our financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

Recently issued accounting standards and disclosure rules not yet adopted

Segments

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-07, "Segment Reporting (Topic 280): *Improvements to Reportable Segment Disclosures*," which requires disclosure of incremental segment information on an interim and annual basis, primarily regarding significant segment expenses and information used to assess segment performance. This ASU is effective for fiscal years beginning after December 15, 2023 (fiscal 2024 for TrueBlue), and interim periods beginning after December 15, 2024 (Q1 2025 for TrueBlue). Retrospective application is required for all periods presented. We are currently evaluating the impact of this ASU on our required disclosures.

Income Taxes

In December 2023, the FASB issued ASU 2023-09, "Income Taxes (Topic 740) - *Improvements to Income Tax Disclosures*," which requires enhancements and further transparency to certain income tax disclosures, primarily to the tax rate reconciliation and income taxes paid. This ASU is effective for fiscal years beginning after December 15, 2024 (fiscal 2025 for TrueBlue), on a prospective basis with retrospective application permitted. We are currently evaluating the impact of this ASU on our required disclosures.

Climate

In March 2024, the SEC issued its final climate disclosure rule, which requires the disclosure of Scope 1 and Scope 2 greenhouse gas emissions and other climate-related topics in annual reports and registration statements, when material. Disclosure requirements will begin phasing in for fiscal years beginning on or after January 1, 2025. While the SEC issued an order to stay the final rule in April 2024 due to certain legal challenges, we continue to evaluate the impact of this new rule on our required disclosures.

There are no other accounting standards which have not yet been adopted that are expected to have a significant impact on our financial statements and related disclosures.

NOTE 2: DIVESTITURE

Effective February 26, 2024, we entered into a share purchase agreement (the "Agreement") to sell Labour Ready Temporary Services, Ltd. ("PeopleReady Canada") to Vertical Staffing Resources ("Vertical") for a preliminary sale price of \$ 4.3 million, plus contingent consideration of up to \$ 2.5 million based on the achievement of the results of the business as specified in the Agreement. The sale price is subject to adjustment based on the closing working capital of the divested business. We received cash proceeds of \$ 2.9 million, net of \$ 0.8 million of transaction costs and \$ 0.6 million held in escrow until finalization of the closing working capital and expiration of the indemnification period. We recognized a pre-tax gain on the divestiture of \$ 0.7 million, which is included in interest and other income (expense), net on the Consolidated Statements of Operations and Comprehensive Income (Loss) for the twenty-six weeks ended June 30, 2024. The operating results for PeopleReady Canada were reported in the PeopleReady reportable segment through the closing date, including \$ 2.6 million in revenue. The divestiture of PeopleReady Canada did not represent a strategic shift with a major effect on the company's operations and financial results and, therefore was not reported as a discontinued operation, nor was it an individually significant component of the company.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

NOTE 3: FAIR VALUE MEASUREMENT

Assets measured at fair value on a recurring basis

Our assets measured at fair value on a recurring basis consisted of the following:

(in thousands)	June 30, 2024			
	Total fair value	Quoted prices in active markets for identical assets (level 1)	Significant other observable inputs (level 2)	Significant unobservable inputs (level 3)
Cash and cash equivalents	\$ 26,400	\$ 26,400	\$ —	\$ —
Restricted cash and cash equivalents	30,457	30,457	—	—
Cash, cash equivalents and restricted cash and cash equivalents (1)	\$ 56,857	\$ 56,857	\$ —	\$ —
Municipal debt securities	\$ 28,834	\$ —	\$ 28,834	\$ —
Corporate debt securities	69,537	—	69,537	—
Agency mortgage-backed securities	11,843	—	11,843	—
U.S. government and agency securities	957	—	957	—
Restricted investments classified as held-to-maturity (2)	\$ 111,171	\$ —	\$ 111,171	\$ —

(in thousands)	December 31, 2023			
	Total fair value	Quoted prices in active markets for identical assets (level 1)	Significant other observable inputs (level 2)	Significant unobservable inputs (level 3)
Cash and cash equivalents	\$ 61,885	\$ 61,885	\$ —	\$ —
Restricted cash and cash equivalents	37,421	37,421	—	—
Cash, cash equivalents and restricted cash and cash equivalents (1)	\$ 99,306	\$ 99,306	\$ —	\$ —
Municipal debt securities	\$ 31,804	\$ —	\$ 31,804	\$ —
Corporate debt securities	74,912	—	74,912	—
Agency mortgage-backed securities	13,235	—	13,235	—
U.S. government and agency securities	962	—	962	—
Restricted investments classified as held-to-maturity (2)	\$ 120,913	\$ —	\$ 120,913	\$ —

(1) Cash, cash equivalents and restricted cash and cash equivalents include money market funds and deposits.

(2) Refer to Note 4: *Restricted Cash, Cash Equivalents and Investments* for additional details on our held-to-maturity debt securities.

Assets measured at fair value on a nonrecurring basis

In addition to assets that are recorded at fair value on a recurring basis, annual and interim impairment tests may subject our reporting units with goodwill and other intangible assets to nonrecurring fair value measurement. We performed impairment tests for goodwill and indefinite-lived intangible assets during our fiscal second quarter of 2024. Refer to Note 6: *Goodwill and Intangible Assets* for additional details on the impairment charges, valuation methodologies, and inputs used in the fair value measurements.

For our interim goodwill impairment test as of the last day of fiscal May 2024, the fair value of each reporting unit was estimated using an equal weighting of the income and market approaches, except for PeopleScout MSP, which relied only on the income approach. The various inputs to these fair value models are considered Level 3. As a result of the test, goodwill with a carrying value of \$ 59.1 million associated with the PeopleReady reporting unit was impaired, and an impairment charge of \$ 59.1 million was recognized on our Consolidated Statements of Operations and Comprehensive Income (Loss) for the thirteen and twenty-six weeks ended June 30, 2024.

For our indefinite-lived intangible asset impairment test performed during the fiscal second quarter of 2024, the fair value of our trade names/trademarks were estimated utilizing the relief from royalty method. The various inputs to this fair value model are considered Level 3. As a result of the test, one of our trade names/trademarks with a carrying value of \$ 3.3 million was

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

written down to its fair value, and an impairment charge of \$0.6 million was recognized on our Consolidated Statements of Operations and Comprehensive Income (Loss) for the thirteen and twenty-six weeks ended June 30, 2024.

NOTE 4: RESTRICTED CASH, CASH EQUIVALENTS AND INVESTMENTS

The following is a summary of the carrying value of our restricted cash, cash equivalents and investments:

		June 30, 2024	December 31, 2023
<i>(in thousands)</i>			
Cash collateral held by insurance carriers	\$	23,896	\$ 23,598
Cash and cash equivalents held in Trust		5,816	12,703
Investments held in Trust		113,268	122,659
Company-owned life insurance policies		39,627	32,905
Other restricted cash and cash equivalents		745	1,120
Total restricted cash, cash equivalents and investments	\$	183,352	\$ 192,985

Held-to-maturity

Restricted cash, cash equivalents and investments include collateral that has been provided or pledged to insurance carriers for workers' compensation and state workers' compensation programs. Our insurance carriers and certain state workers' compensation programs require us to collateralize a portion of our workers' compensation obligation. The collateral typically takes the form of cash and cash equivalents and highly rated investment grade securities, primarily in debt and asset-backed securities. The majority of our collateral obligations are held in a trust at the Bank of New York Mellon ("Trust").

The amortized cost and estimated fair value of our held-to-maturity investments held in Trust, aggregated by investment category as of June 30, 2024 and December 31, 2023, were as follows:

		June 30, 2024			
		Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
<i>(in thousands)</i>					
Municipal debt securities	\$	29,150	\$ —	\$ (316)	\$ 28,834
Corporate debt securities		71,296	71	(1,830)	69,537
Agency mortgage-backed securities		11,823	53	(33)	11,843
U.S. government and agency securities		999	—	(42)	957
Total held-to-maturity investments	\$	113,268	\$ 124	\$ (2,221)	\$ 111,171

		December 31, 2023			
		Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
<i>(in thousands)</i>					
Municipal debt securities	\$	32,042	\$ 4	\$ (242)	\$ 31,804
Corporate debt securities		76,578	333	(1,999)	74,912
Agency mortgage-backed securities		13,039	196	—	13,235
U.S. government and agency securities		1,000	—	(38)	962
Total held-to-maturity investments	\$	122,659	\$ 533	\$ (2,279)	\$ 120,913

The amortized cost and fair value by contractual maturity of our held-to-maturity investments are as follows:

		June 30, 2024	
		Amortized cost	Fair value
<i>(in thousands)</i>			
Due in one year or less	\$	26,153	\$ 25,810
Due after one year through five years		74,731	73,005
Due after five years through ten years		6,207	6,145
Due after ten years		6,177	6,211
Total held-to-maturity investments	\$	113,268	\$ 111,171

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

Actual maturities may differ from contractual maturities because the issuers of certain debt securities have the right to call or prepay their obligations without penalty. We have no significant concentrations of counterparties in our held-to-maturity investment portfolio.

Company-owned life insurance policies

We hold company-owned life insurance policies to support our deferred compensation liability. Unrealized gains and losses related to investments still held at June 30, 2024 and June 25, 2023, which are included in SG&A expense on our Consolidated Statements of Operations and Comprehensive Income (Loss), were as follows:

(in thousands)	Thirteen weeks ended		Twenty-six weeks ended	
	June 30, 2024	June 25, 2023	June 30, 2024	June 25, 2023
Unrealized gains (losses)	\$ 303	\$ 1,558	\$ 2,722	\$ 1,975

NOTE 5: SUPPLEMENTAL BALANCE SHEET INFORMATION

Accounts receivable allowance for credit losses

The activity related to the accounts receivable allowance for credit losses was as follows:

(in thousands)	Twenty-six weeks ended	
	June 30, 2024	June 25, 2023
Beginning balance	\$ 2,005	\$ 3,212
Current period provision	630	2,408
Write-offs	(1,785)	(2,130)
Foreign currency translation	(1)	3
Ending balance	\$ 849	\$ 3,493

Prepaid expenses and other current assets

The balance of prepaid expenses and other current assets was made up of the following:

(in thousands)	June 30, 2024	December 31, 2023
Prepaid software agreements	\$ 9,666	\$ 8,435
Other prepaid expenses	6,023	9,355
Assets held-for-sale	11,785	4,845
Other current assets	5,093	6,259
Prepaid expenses and other current assets	\$ 32,567	\$ 28,894

Assets held-for-sale

On April 11, 2024, following an evaluation of our office space and business requirements, management, with approval from the Board of Directors, entered into an agreement to sell our Tacoma headquarters building for \$ 15.0 million. The sale is expected to be finalized within one year, subject to customary closing conditions. As a result, during the fiscal second quarter ending June 30, 2024, we classified these assets as held-for-sale and ceased recording depreciation. As the estimated fair value of the disposal group, less costs to sell, exceeded its carrying value of \$ 11.8 million, no impairment loss was recorded for the thirteen or twenty-six weeks ended June 30, 2024.

Assets held-for-sale as of December 31, 2023 represented the assets included as part of the disposal group related to the eventual divestiture of Labour Ready Temporary Services, Ltd., which was finalized during the fiscal first quarter of 2024. Refer to Note 2: *Divestiture* for additional details.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

NOTE 6: GOODWILL AND INTANGIBLE ASSETS

Goodwill

The following table reflects changes in the carrying amount of goodwill during the period by reportable segment:

<i>(in thousands)</i>	PeopleReady	PeopleScout	PeopleManagement	Total company
Balance at December 31, 2023				
Goodwill before impairment	\$ 105,284	\$ 142,191	\$ 81,092	\$ 328,567
Accumulated impairment charge	(46,210)	(118,642)	(79,601)	(244,453)
Goodwill, net	59,074	23,549	1,491	84,114
Impairment charge	(59,074)	—	—	(59,074)
Foreign currency translation	—	(126)	—	(126)
Balance at June 30, 2024				
Goodwill before impairment	105,284	142,065	81,092	328,441
Accumulated impairment charge	(105,284)	(118,642)	(79,601)	(303,527)
Goodwill, net	\$ —	\$ 23,423	\$ 1,491	\$ 24,914

Annual impairment test

We performed an interim impairment test as of the last day of the fiscal first quarter of 2024 as management determined that a triggering event had occurred as a result of continued decline for our services, overall economic uncertainty, and a sustained decrease in our stock price, which did not result in impairment of goodwill for any reporting unit. Given the proximity of our first quarter interim impairment measurement date to our annual goodwill impairment measurement date (first day of the fiscal second quarter), we performed a qualitative assessment to determine whether it was more likely than not that the fair value of any of our reporting units was less than the carrying value. We considered the current and expected future economic and market conditions and concluded it was unlikely the goodwill associated with our reporting units was impaired as of the first day of our fiscal second quarter.

Interim impairment test

During the fiscal second quarter of 2024, subsequent to our annual test as of the first day of our fiscal second quarter, management determined that a triggering event had occurred as a result of additional decline in demand for our services, prolonged economic uncertainty, and a further decrease in our stock price. Therefore, we performed an interim impairment test as of the last day of fiscal May 2024 for our reporting units with remaining goodwill.

The fair value of each reporting unit was estimated using a weighting of the income and market valuation approaches. The income approach applied a fair value methodology to each reporting unit based on discounted cash flows. This analysis requires significant judgments, including estimation of future cash flows, which is dependent on internally-developed forecasts of revenue and profitability, estimation of the long-term rate of growth for our business, estimation of the useful life over which cash flows will occur, and determination of our weighted average cost of capital, which is risk-adjusted to reflect the specific risk profile of the reporting unit being tested. The weighted average cost of capital used in our most recent impairment test ranged from 13.5 % to 14.5 %. We also applied a market approach, which develops a value correlation based on the market capitalization of similar publicly traded companies, referred to as a multiple, to apply to the operating results of the reporting units. The primary market multiples used are revenue and earnings before interest, taxes, depreciation, and amortization. The income and market approaches were equally weighted in our most recent annual impairment test, except for PeopleScout MSP which relied only on the income approach.

The combined fair values for all reporting units were then reconciled to our aggregate market value of our shares of common stock on the date of valuation, while considering a reasonable control premium. We consider a reporting unit's fair value to be substantially in excess of its carrying value at a 20 % premium or greater. Based on our most recent impairment test, all of our reporting units' fair values were substantially in excess of their respective carrying values, except PeopleReady.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

As a result of our May 2024 interim impairment test, we concluded that the carrying amount of the PeopleReady reporting unit exceeded its estimated fair value. Thus, we recorded a non-cash goodwill impairment charge of \$ 59.1 million, representing the remaining goodwill balance for PeopleReady, which was included in goodwill and intangible asset impairment charge on our Consolidated Statements of Operations and Comprehensive Income (Loss) for the thirteen and twenty-six weeks ended June 30, 2024. The goodwill impairment was primarily driven by recent performance of the PeopleReady reporting unit and the temporary industrial staffing industry since our annual impairment testing date, as well as a delay in the projected timing of recovery.

Additionally, following performance of the interim impairment test as of the last day of fiscal May 2024 we did not identify any events or conditions that make it more likely than not that an additional impairment may have occurred during the thirteen weeks ended June 30, 2024. Accordingly, no further impairment charge was recognized during the thirteen weeks ended June 30, 2024.

Indefinite-lived intangible assets

We held indefinite-lived trade names/trademarks of \$ 4.8 million and \$ 5.4 million as of June 30, 2024 and December 31, 2023, respectively, related to businesses within our PeopleScout and PeopleManagement segments.

During the fiscal second quarter of 2024, we concluded that the carrying amount of a trade name/trademark related to the PeopleManagement segment exceeded its estimated fair value and we recorded a non-cash impairment charge of \$ 0.6 million, which was included in goodwill and intangible asset impairment charge on our Consolidated Statements of Operations and Comprehensive Income (Loss) for the thirteen and twenty-six weeks ended June 30, 2024. The charge was primarily driven by recent revenue performance of the related business given a decline in demand and overall economic uncertainty. The remaining balance for this trade name/trademark was \$ 2.7 million as of June 30, 2024. The fair value of the trade name/trademark related to the PeopleScout segment was substantially in excess of its carrying amount of \$ 2.1 million as of June 30, 2024, and therefore did not result in an impairment.

NOTE 7: WORKERS' COMPENSATION INSURANCE AND RESERVES

We provide workers' compensation insurance for our associates and permanent employees. The majority of our current workers' compensation insurance policies cover claims for a particular event above our \$ 5.0 million deductible limit, on a "per occurrence" basis. This results in our business being substantially self-insured.

Our workers' compensation reserve for claims below the deductible limit is discounted to its estimated net present value. The discount rates used to estimate net present value are based on average returns of "risk-free" U.S. Treasury instruments available during the year in which the liability was incurred and the weighted average duration of the payments against the self-insured claims. Payments made against self-insured claims are made over a weighted average period of approximately 5.5 years as of June 30, 2024. The weighted average discount rate was 2.6 % and 2.4 % at June 30, 2024 and December 31, 2023, respectively.

The following table presents a reconciliation of the undiscounted workers' compensation reserve to the discounted workers' compensation reserve for the periods presented:

<i>(in thousands)</i>	June 30, 2024	December 31, 2023
Undiscounted workers' compensation reserve	\$ 195,364	\$ 214,611
Less discount on workers' compensation reserve	17,385	18,096
Workers' compensation reserve, net of discount	177,979	196,515
Less current portion	38,728	44,866
Long-term portion	\$ 139,251	\$ 151,649

Payments made against self-insured claims were \$ 21.6 million and \$ 22.4 million for the twenty-six weeks ended June 30, 2024 and June 25, 2023, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

Our workers' compensation reserve includes estimated expenses related to claims above our self-insured limits ("excess claims"), and we record a corresponding receivable for the insurance coverage on excess claims based on the contractual policy agreements we have with insurance carriers. We discount this reserve and corresponding receivable to its estimated net present value using the discount rates based on average returns of "risk-free" U.S. Treasury instruments available during the year in which the liability was incurred and the weighted average duration of the payments against the excess claims. The claim payments are made and the corresponding reimbursements from our insurance carriers are received over an estimated weighted average period of approximately 18 years. The rates used to discount excess claims incurred during the twenty-six weeks ended June 30, 2024 and fifty-three weeks ended December 31, 2023 were 4.5 % and 4.1 %, respectively. The discounted workers' compensation reserve for excess claims was \$ 51.2 million and \$ 54.9 million as of June 30, 2024 and December 31, 2023, respectively. The discounted receivables from insurance companies, net of valuation allowance, were \$ 50.4 million and \$ 53.8 million as of June 30, 2024 and December 31, 2023, respectively.

Workers' compensation cost consists primarily of changes in self-insurance reserves net of changes in discount, monopolistic jurisdictions' premiums, insurance premiums and other miscellaneous expenses. Workers' compensation cost of \$ 4.8 million and \$ 5.9 million was recorded in cost of services on our Consolidated Statements of Operations and Comprehensive Income (Loss) for the thirteen weeks ended June 30, 2024 and June 25, 2023, respectively, and \$ 10.1 million and \$ 10.7 million for the twenty-six weeks ended June 30, 2024 and June 25, 2023, respectively.

NOTE 8: LONG-TERM DEBT

We have a revolving credit agreement with Bank of America, N.A., PNC Bank, N.A., HSBC Bank USA, N.A., Wells Fargo Bank, N.A., and Key Bank, N.A. dated as of February 9, 2024 (the "Revolving Credit Facility"). The Revolving Credit Facility provides for a revolving line of credit of up to \$ 255.0 million, and matures on February 9, 2029. We have an option to increase the amount to \$ 405.0 million, subject to lender approval. Included in the Revolving Credit Facility is a \$ 25.0 million sub-limit for "Swingline" loans and a \$ 25.0 million sub-limit for letters of credit. As of June 30, 2024, \$ 6.2 million was utilized by outstanding standby letters of credit, leaving \$ 248.8 million unused under the Revolving Credit Facility, which is constrained by our most restrictive covenant, making \$ 132.5 million available for additional borrowing. As of December 31, 2023, \$ 6.2 million was utilized by outstanding standby letters of credit.

Under the terms of the Revolving Credit Facility, we pay a variable rate of interest on funds borrowed under the revolving line of credit in excess of the Swingline loans, based on the Secured Overnight Financing Rate, plus an adjustment of 0.10 %, plus an applicable spread between 1.75 % and 3.50 %. Alternatively, at our option, we may pay interest based on a base rate plus an applicable spread between 0.75 % and 2.50 %. The base rate is the greater of the prime rate (as announced by Bank of America), or the federal funds rate plus 0.50 %. The applicable spread is determined by the consolidated leverage ratio, as defined in the Revolving Credit Facility.

Under the terms of the Revolving Credit Facility, we are required to pay a variable rate of interest on funds borrowed under the Swingline loan based on the base rate plus applicable spread between 0.75 % and 2.50 %, as described above.

A commitment fee between 0.35 % and 0.50 % is applied against the Revolving Credit Facility's unused borrowing capacity, with the specific rate determined by the consolidated leverage ratio, as defined in the Revolving Credit Facility. Letters of credit are priced at a margin between 1.50 % and 3.25 %, plus a fronting fee of 0.25 %.

Obligations under the Revolving Credit Facility are guaranteed by TrueBlue and material U.S. domestic subsidiaries, and are secured by substantially all of the assets of TrueBlue and material U.S. domestic subsidiaries. The Revolving Credit Facility contains customary representations and warranties, events of default, and affirmative and negative covenants, including, among others, financial covenants.

The following financial covenants, as defined in the Revolving Credit Facility, were in effect as of June 30, 2024:

- Consolidated fixed charge coverage ratio greater than 1.25, defined as the trailing twelve months bank-adjusted cash flow divided by cash interest expense. As of June 30, 2024, our consolidated fixed charge coverage ratio was 8.72.
- Asset coverage ratio of greater than 1.00, defined as the ratio of (a) 60 % of accounts receivable to (b) total debt outstanding less unrestricted cash in excess of \$ 50.0 million, subject to certain minimums. Under this covenant we are limited to \$ 25.0 million in aggregate share repurchases in any twelve-month period. As of June 30, 2024, our asset coverage ratio was 22.43.

The following financial covenant, as defined in the Revolving Credit Facility, will replace the asset coverage ratio beginning the fiscal first quarter of 2026, or earlier at our discretion, subject to the terms of the agreement:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

- Consolidated leverage ratio less than 3.00 , defined as our funded indebtedness divided by trailing twelve months consolidated EBITDA, as defined in the Revolving Credit Facility.

As of June 30, 2024, we were in compliance with all effective covenants related to the Revolving Credit Facility.

NOTE 9: COMMITMENTS AND CONTINGENCIES***Workers' compensation commitments***

We have provided our insurance carriers and certain states with commitments in the form and amounts listed below:

<i>(in thousands)</i>	June 30, 2024	December 31, 2023
Cash collateral held by workers' compensation insurance carriers	\$ 18,030	\$ 17,737
Cash and cash equivalents held in Trust	5,816	12,703
Investments held in Trust	113,268	122,659
Letters of credit (1)	6,077	6,077
Surety bonds (2)	20,725	20,725
Total collateral commitments	\$ 163,916	\$ 179,901

(1) We have agreements with certain financial institutions to issue letters of credit as collateral.

(2) Our surety bonds are issued by independent insurance companies on our behalf and bear annual fees based on a percentage of the bond, which are determined by each independent surety carrier. These fees do not exceed 2.0 % of the bond amount, subject to a minimum charge. The terms of these bonds are subject to review and renewal every one to four years and most bonds can be canceled by the sureties with as little as 60 days' notice.

Legal contingencies and developments

We are involved in various proceedings arising in the normal course of conducting business. We believe the liabilities included in our financial statements reflect the probable loss that can be reasonably estimated and are immaterial. We also believe that the aggregate range of reasonably possible losses for the Company's exposure in excess of the amount accrued is expected to be immaterial to the Company. It remains possible that despite our current belief, material differences in actual outcomes or changes in management's evaluation or predictions could arise that could have a material effect on the Company's financial condition, results of operations or cash flows.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

NOTE 10: SHAREHOLDERS' EQUITY

Changes in the balance of each component of shareholders' equity during the reporting periods were as follows:

(in thousands)	Thirteen weeks ended		Twenty-six weeks ended	
	June 30, 2024	June 25, 2023	June 30, 2024	June 25, 2023
Common stock shares				
Beginning balance	30,554	31,507	31,246	32,730
Purchases and retirement of common stock	(632)	(520)	(1,489)	(1,877)
Net issuance under equity plans, including tax benefits	37	9	202	143
Stock-based compensation	—	—	—	—
Ending balance	29,959	30,996	29,959	30,996
Common stock amount				
Beginning balance	\$ 1	\$ 1	\$ 1	\$ 1
Current period activity	—	—	—	—
Ending balance	1	1	1	1
Retained earnings				
Beginning balance	467,133	487,893	478,584	516,332
Net income (loss)	(104,710)	(7,323)	(106,408)	(11,612)
Purchases and retirement of common stock (1)	(6,919)	(9,482)	(16,986)	(34,200)
Net issuance under equity plans, including tax benefits	66	57	(1,722)	(2,005)
Stock-based compensation	2,742	2,664	4,844	5,294
Ending balance	358,312	473,809	358,312	473,809
Accumulated other comprehensive income (loss)				
Beginning balance, net of tax	(20,770)	(20,271)	(20,712)	(20,018)
Foreign currency translation adjustment before reclassification	221	506	1,136	253
Reclassified from accumulated other comprehensive income (loss) (2)	—	—	(973)	—
Foreign currency translation adjustment	221	506	163	253
Ending balance, net of tax	(20,549)	(19,765)	(20,549)	(19,765)
Total shareholders' equity ending balance	\$ 337,764	\$ 454,045	\$ 337,764	\$ 454,045

- (1) Under applicable Washington State law, shares purchased are not displayed separately as treasury stock on our Consolidated Balance Sheets and are treated as authorized but unissued shares. It is our accounting policy to first record these purchases and the related excise tax as a reduction to our common stock account. Once the common stock account has been reduced to a nominal balance, remaining purchases are recorded as a reduction to our retained earnings. Furthermore, activity in our common stock account related to stock-based compensation is also recorded to retained earnings until such time as the reduction to retained earnings due to stock repurchases has been recovered.
- (2) Foreign currency translation adjustments related to Labour Ready Temporary Services, Ltd. that were recognized through net income (loss) upon the divestiture of the business during the twenty-six weeks ended June 30, 2024.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

NOTE 11: INCOME TAXES

Our income tax provision for interim periods is determined using an estimate of our annual effective tax rate, adjusted for any discrete items that are taken into account in the relevant period. Each quarter we update our estimate of the annual effective tax rate and, if our estimated tax rate changes, we make a cumulative adjustment. Our quarterly tax provision and quarterly estimate of our annual effective tax rate are subject to variation due to several factors, including variability in accurately predicting our full year pre-tax income or loss by jurisdiction, tax credits, government audit developments, changes in laws, regulations and administrative practices, valuation allowances recorded on deferred tax assets, and relative changes in expenses or losses for which tax benefits are not recognized. Additionally, our effective tax rate can be more or less volatile based on the amount of pre-tax income or loss. For example, the impact of discrete items, tax credits, and non-deductible expenses on our effective tax rate is greater when our pre-tax income or loss is lower.

We recognize deferred tax assets to the extent we believe it is more likely than not the asset will be realized. Quarterly, management assesses the available positive and negative evidence to estimate whether sufficient future taxable income will be generated to permit the use of existing deferred tax assets, including future reversals of existing taxable temporary differences, projected taxable income, tax-planning strategies, carryback potential if permitted, and the results of recent operations. A significant piece of objective negative evidence is the existence of a three-year cumulative loss. Such objective negative evidence limits the ability of management to consider other subjective evidence, such as projected taxable income. When appropriate, we record a valuation allowance to reduce deferred tax assets to the amount that is more likely than not to be realized.

Based on our assessment performed as of June 30, 2024, we determined that a full valuation allowance was appropriate against our U.S. federal and state deferred tax assets. This resulted in an increase in our income tax expense of approximately \$55 million for the twenty-six weeks ended June 30, 2024. Our conclusion was driven by actual U.S. pre-tax losses beginning in 2023, combined with the significant non-cash goodwill impairment charge of \$ 59.1 million recorded during the twenty-six weeks ended June 30, 2024.

Our effective income tax rate for the twenty-six weeks ended June 30, 2024 was (47.5)%. The difference between the statutory federal income tax rate of 21.0 % and our effective tax rate was primarily due to the valuation allowance against our U.S. federal and state deferred tax assets.

NOTE 12: NET INCOME (LOSS) PER SHARE

Diluted common shares were calculated as follows:

	Thirteen weeks ended		Twenty-six weeks ended	
	June 30, 2024	June 25, 2023	June 30, 2024	June 25, 2023
<i>(in thousands, except per share data)</i>				
Net income (loss)	\$ (104,710)	\$ (7,323)	\$ (106,408)	\$ (11,612)
Weighted average number of common shares used in basic net income (loss) per common share	30,349	30,966	30,725	31,629
Dilutive effect of non-vested stock-based awards	—	—	—	—
Weighted average number of common shares used in diluted net income (loss) per common share	30,349	30,966	30,725	31,629
Net income (loss) per common share:				
Basic	\$ (3.45)	\$ (0.24)	\$ (3.46)	\$ (0.37)
Diluted	\$ (3.45)	\$ (0.24)	\$ (3.46)	\$ (0.37)
Anti-dilutive shares	1,530	967	1,399	1,020

NOTE 13: SEGMENT INFORMATION

Our operating segments and reportable segments are described below:

Our **PeopleReady** reportable segment provides blue-collar, contingent staffing through the PeopleReady operating segment. PeopleReady provides on-demand and skilled labor in a broad range of industries that include construction, transportation, manufacturing, retail, hospitality and renewable energy.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

Our **PeopleScout** reportable segment provides high-volume, permanent employee recruitment process outsourcing, employer branding services and management of outsourced labor service providers through the following operating segments, which we have aggregated into one reportable segment in accordance with U.S. GAAP:

- *PeopleScout RPO*: Outsourced recruitment of permanent employees on behalf of clients and employer branding services; and
- *PeopleScout MSP*: Management of multiple third-party staffing vendors on behalf of clients.

Our **PeopleManagement** reportable segment provides contingent labor and outsourced industrial workforce solutions, primarily on-site at the client's facility, through the following operating segments, which we have aggregated into one reportable segment in accordance with U.S. GAAP:

- *On-Site*: On-site management and recruitment for the contingent industrial workforce of manufacturing, warehousing and distribution facilities; and
- *Centerline*: Recruitment and management of contingent and dedicated commercial drivers to the transportation and distribution industries.

The following table presents our revenue disaggregated by major source and segment and a reconciliation of segment revenue from services to total company revenue:

	Thirteen weeks ended		Twenty-six weeks ended	
	June 30, 2024	June 25, 2023	June 30, 2024	June 25, 2023
<i>(in thousands)</i>				
Revenue from services:				
Contingent staffing				
PeopleReady	\$ 223,409	\$ 275,318	\$ 446,070	\$ 527,946
PeopleManagement	131,751	140,560	265,611	283,744
Human resource outsourcing				
PeopleScout	41,070	59,710	87,402	129,186
Total company	\$ 396,230	\$ 475,588	\$ 799,083	\$ 940,876

The following table presents a reconciliation of segment profit to income (loss) before tax expense:

	Thirteen weeks ended		Twenty-six weeks ended	
	June 30, 2024	June 25, 2023	June 30, 2024	June 25, 2023
<i>(in thousands)</i>				
Segment profit (loss):				
PeopleReady	\$ 394	\$ 8,158	\$ (4,664)	\$ 9,030
PeopleManagement	3,395	2,250	6,146	2,048
PeopleScout	3,430	8,817	8,309	17,740
Total segment profit	7,219	19,225	9,791	28,818
Corporate unallocated expense	(6,150)	(8,215)	(12,202)	(14,923)
Third-party processing fees for hiring tax credits	(90)	(110)	(180)	(230)
Amortization of software as a service assets	(1,452)	(952)	(2,795)	(1,820)
Goodwill and intangible asset impairment charge	(59,674)	(9,485)	(59,674)	(9,485)
PeopleReady technology upgrade costs	(39)	(174)	(424)	(206)
COVID-19 government subsidies, net of fees	9,696	—	9,652	—
Other benefits (costs)	(1,779)	(565)	(3,988)	(1,962)
Depreciation and amortization	(7,691)	(6,280)	(15,649)	(12,691)
Income (loss) from operations	(59,960)	(6,556)	(75,469)	(12,499)
Interest and other income (expense), net	1,741	578	3,340	1,592
Income (loss) before tax expense	\$ (58,219)	\$ (5,978)	\$ (72,129)	\$ (10,907)

Asset information by reportable segment is not presented as we do not manage our segments on a balance sheet basis.

Item 2.**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS****COMMENT ON FORWARD-LOOKING STATEMENTS**

Certain statements in this Form 10-Q, other than purely historical information, including estimates, projections, statements relating to our business plans, objectives and expected operating results, and the assumptions upon which those statements are based, are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements involve risks and uncertainties, and future events and circumstances could differ significantly from those anticipated in the forward-looking statements. These forward-looking statements generally are identified by the words "believe," "project," "expect," "anticipate," "estimate," "intend," "strategy," "future," "opportunity," "goal," "plan," "may," "should," "will," "would," "will be," "will continue," "will likely result," and similar expressions. Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties that may cause actual results to differ materially from those expressed or implied in our forward-looking statements, including the risks and uncertainties described in "Management's Discussion and Analysis of Financial Condition and Results of Operations" (Part I, Item 2 of this Form 10-Q), "Quantitative and Qualitative Disclosures about Market Risk" (Part I, Item 3 of this Form 10-Q), and "Risk Factors" (Part II, Item 1A of this Form 10-Q). Except as required by law, we undertake no duty to update or revise publicly any of the forward-looking statements after the date of this report or to conform such statements to actual results or to changes in our expectations, whether because of new information, future events, or otherwise.

BUSINESS OVERVIEW

TrueBlue, Inc. (the "company," "TrueBlue," "we," "us" and "our") is a leading provider of specialized workforce solutions that help our clients improve productivity and grow their businesses. Client demand for contingent workforce solutions and outsourced recruiting services is cyclical and dependent on the overall strength of the economy and labor market, as well as trends in workforce flexibility. During periods of rising economic uncertainty, clients reduce their contingent labor in response to lower volumes and reduced appetite for expanding production or inventory, which reduces the demand for our services. That environment also reduces demand for permanent placement recruiting, whether outsourced or in-house. However, as the economy emerges from periods of uncertainty, contingent labor providers are uniquely positioned to respond quickly to increasing demand for labor and rapidly fill new or temporary positions, replace absent employees, and convert fixed labor costs to variable costs. Similarly, companies turn to hybrid or fully outsourced recruiting models during periods of rapid re-hiring and high employee turnover. Our business strategy is focused on growth in each of our business segments by accelerating our digital transformation, expanding in attractive end markets and simplifying our organizational structure, which will enable us to capture market share, deliver more sustainable growth, and enhance our long-term profitability.

PeopleReady

PeopleReady provides clients with dependable access to qualified associates for their on-demand, contingent general and skilled labor needs to supplement their permanent workforce. Our services range from providing one associate to hundreds, and are generally short-term in nature as they are filling the contingent staffing needs of our clients. PeopleReady connects people with work in a broad range of industries through our network of branches across all 50 states in the United States ("U.S.") and Puerto Rico. Augmenting our branch network and consolidated service centers is our industry-leading mobile app, JobStack®, which connects people with work 24 hours a day, seven days a week. JobStack creates a digital exchange between our associates and clients, competitively differentiates us, and allows our branch resources to expand their sales, recruiting and service delivery efforts. Our primary focus at PeopleReady is the continued roll-out of our new, proprietary version of the JobStack app, and expansion in attractive end markets including renewable energy.

MANAGEMENT'S DISCUSSION AND ANALYSIS

PeopleScout

PeopleScout offers recruitment process outsourcing ("RPO"), managed service provider ("MSP") solutions and talent advisory services to a wide variety of industries, primarily in the U.S., Canada, the United Kingdom and Australia. Our RPO solutions are generally multi-year in duration, highly scalable and provide clients the support they need as their hiring volumes fluctuate. Our services are designed to lower client recruiting costs while improving the candidate experience by creating strategies that facilitate our clients' talent acquisition, development and retention goals. We tailor our services based on individual client needs by offering multiple solutions, including full-cycle RPO, project RPO, recruiter on demand, and talent advisory. Our proprietary technology platform (Affinix®) uses machine learning to rapidly source a qualified talent pool within minutes, and further engages candidates through a seamless digital experience. Our MSP business manages our clients' contingent labor programs, including vendor selection, performance management, compliance monitoring and risk management. Our primary focus at PeopleScout is leveraging our strong brand reputation, flexible solutions, international footprint, and using Affinix technology to continue to gain market share in high-growth sectors.

PeopleManagement

PeopleManagement, through our On-Site business, provides and manages contingent associates at clients' facilities throughout the U.S., Canada and Puerto Rico. Our client engagements are generally multi-location and multi-year, and include scalable recruiting, screening, hiring and management of the contingent workforce. We deploy dedicated management and service teams that work side-by-side with a client's full-time workforce. Our teams are an integral part of the production and logistics process, and specialize in labor-intensive manufacturing, warehousing and distribution. Our proprietary hiring and workforce management software (Stafftrack®) enables us to recruit and connect the best candidates with on-site assignments. PeopleManagement also provides dedicated and contingent commercial drivers to the transportation and distribution industries through our Centerline Drivers ("Centerline") brand. Centerline matches drivers to each client's specific needs, allowing them to improve productivity, control costs, ensure compliance and deliver improved service. Our primary focus at PeopleManagement is growing our client base across the transportation, manufacturing, professional services and retail sectors, while creating efficiencies in our operating model.

Fiscal second quarter of 2024 summary

Total company revenue declined 16.7% to \$396.2 million for the thirteen weeks ended June 30, 2024, compared to the same period in the prior year. The decline was primarily driven by continued uncertainty around interest rates, inflation and other factors which impacted demand trends across all three segments.

Total company gross profit as a percentage of revenue for the thirteen weeks ended June 30, 2024 decreased to 26.4%, compared to 27.4% for the same period in the prior year. This decrease was primarily driven by changes in revenue mix towards our lower margin staffing businesses.

Total company selling, general and administrative ("SG&A") expense decreased 20.0% to \$97.0 million for the thirteen weeks ended June 30, 2024, compared to the same period in the prior year. SG&A expense decreased as a result of continued operational cost management actions in response to the decline in demand for our services, and simplification of our organizational structure in line with our strategic plan. In addition, the current period included a benefit, net of related fees, of \$6.8 million for recognition of certain COVID-19 government subsidies.

We recorded goodwill and intangible asset impairment charges of \$59.7 million during the thirteen weeks ended June 30, 2024, primarily related to our PeopleReady reporting unit. We also recorded a full valuation allowance on our deferred tax assets driven by actual U.S. pre-tax losses beginning in 2023, combined with the significant non-cash goodwill impairment charges, which increased our income tax expense by approximately \$55 million.

The items above resulted in net loss of \$104.7 million for the thirteen weeks ended June 30, 2024, compared to net loss of \$7.3 million for the same period in the prior year.

As of June 30, 2024, we had cash and cash equivalents of \$26.4 million, no debt, and \$132.5 million available under the most restrictive covenant of our revolving credit agreement ("Revolving Credit Facility"), for total liquidity of \$158.9 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS

RESULTS OF OPERATIONS

Total company results

The following table presents selected financial data:

(in thousands, except percentages and per share data)	Thirteen weeks ended				Twenty-six weeks ended			
	Jun 30, 2024	% of revenue	Jun 25, 2023	% of revenue	Jun 30, 2024	% of revenue	Jun 25, 2023	% of revenue
Revenue from services	\$ 396,230		\$ 475,588		\$ 799,083		\$ 940,876	
Gross profit	\$ 104,423	26.4 %	\$ 130,491	27.4 %	\$ 203,809	25.5 %	\$ 253,604	27.0 %
Selling, general and administrative expense	97,018	24.5	121,282	25.5	203,955	25.5	243,927	25.9
Depreciation and amortization	7,691	1.9	6,280	1.3	15,649	2.0	12,691	1.3
Goodwill and intangible asset impairment charge	59,674	15.1	9,485	2.0	59,674	7.4	9,485	1.0
Income (loss) from operations	(59,960)	(15.1)%	(6,556)	(1.4)%	(75,469)	(9.4)%	(12,499)	(1.3)%
Interest and other income (expense), net	1,741		578		3,340		1,592	
Income (loss) before tax expense	(58,219)		(5,978)		(72,129)		(10,907)	
Income tax expense	46,491		1,345		34,279		705	
Net income (loss)	\$ (104,710)	(26.4)%	\$ (7,323)	(1.5)%	\$ (106,408)	(13.3)%	\$ (11,612)	(1.2)%
Net income (loss) per diluted share	\$ (3.45)		\$ (0.24)		\$ (3.46)		\$ (0.37)	

Revenue from services

(in thousands, except percentages)	Thirteen weeks ended					Twenty-six weeks ended				
	Jun 30, 2024	Growth (decline) %	Segment % of total	Jun 25, 2023	Segment % of total	Jun 30, 2024	Growth (decline) %	Segment % of total	Jun 25, 2023	Segment % of total
Revenue from services:										
PeopleReady	\$ 223,409	(18.9)%	56.4 %	\$ 275,318	57.9 %	\$ 446,070	(15.5)%	55.8 %	\$ 527,946	56.1 %
PeopleScout	41,070	(31.2)%	10.4	59,710	12.6	87,402	(32.3)%	10.9	129,186	13.7
PeopleManagement	131,751	(6.3)%	33.2	140,560	29.5	265,611	(6.4)%	33.3	283,744	30.2
Total company	\$ 396,230	(16.7)%	100.0 %	\$ 475,588	100.0 %	\$ 799,083	(15.1)%	100.0 %	\$ 940,876	100.0 %

Total company revenue declined 16.7% to \$396.2 million for the thirteen weeks ended June 30, 2024, and declined 15.1% to \$799.1 million for the twenty-six weeks ended June 30, 2024, compared to the same periods in the prior year. The decline was primarily driven by continued uncertainty around interest rates, inflation and other factors which impacted demand trends across all three segments. Our contingent staffing clients continue to focus on managing their costs as they adjust to lower demand for consumer goods and services, and as a result they are reducing their need for outsourced labor providers. Similarly, our RPO clients continue to face uncertain future workforce needs and have reduced volumes in an attempt to manage costs.

PeopleReady

PeopleReady revenue declined 18.9% to \$223.4 million for the thirteen weeks ended June 30, 2024, and declined 15.5% to \$446.1 million for the twenty-six weeks ended June 30, 2024, compared to the same periods in the prior year. PeopleReady revenue declined as a result of continued economic uncertainty, leading our clients to reduce their dependence on contingent labor to supplement their core workforce in order to manage their costs. Declines in demand were seen across most industries and geographies, but were partially offset by increased demand in the renewable energy industry.

MANAGEMENT'S DISCUSSION AND ANALYSIS

PeopleScout

PeopleScout revenue declined 31.2% to \$41.1 million for the thirteen weeks ended June 30, 2024, and declined 32.3% to \$87.4 million for the twenty-six weeks ended June 30, 2024, compared to the same periods in the prior year. PeopleScout revenue declined as clients are experiencing less employee turnover, and economic conditions are leading to uncertainty about future workforce needs. This has resulted in clients reducing hiring volumes, sourcing candidates with internal resources, and initiating hiring freezes to control costs.

PeopleManagement

PeopleManagement revenue declined 6.3% to \$131.8 million for the thirteen weeks ended June 30, 2024, and declined 6.4% to \$265.6 million for the twenty-six weeks ended June 30, 2024, compared to the same periods in the prior year. PeopleManagement revenue declined as clients in our on-site business continued to respond to economic uncertainty by reducing dependence on variable labor, primarily within the retail industry, partially offset by growth within our commercial driving business.

Gross profit

(in thousands, except percentages)	Thirteen weeks ended		Twenty-six weeks ended	
	Jun 30, 2024	Jun 25, 2023	Jun 30, 2024	Jun 25, 2023
Gross profit	\$ 104,423	\$ 130,491	\$ 203,809	\$ 253,604
Percentage of revenue	26.4 %	27.4 %	25.5 %	27.0 %

Gross profit as a percentage of revenue declined 100 basis points to 26.4% for the thirteen weeks ended June 30, 2024, compared to 27.4% for the same period in the prior year. Changes in revenue mix resulted in a contraction of 120 basis points, driven in part by revenue growth from renewable energy clients within PeopleReady, which have lower margins than average PeopleReady clients due to pass-through travel costs, as well as the decline in revenue in our highest margin business, PeopleScout. Our staffing businesses contributed an additional 50 basis points of contraction as a result of pricing pressure typical of a low demand environment, partially offset by expansion of 70 basis points from recognition of certain COVID-19 government subsidies.

Gross profit as a percentage of revenue declined 150 basis points to 25.5% for the twenty-six weeks ended June 30, 2024, compared to 27.0% for the same period in the prior year. Changes in revenue mix resulted in a contraction of 150 basis points driven by revenue growth from renewable energy clients within PeopleReady, as well as the decline in revenue in our highest margin business, PeopleScout. Our staffing businesses contributed an additional 30 basis points of contraction as a result of pricing pressure typical of a low demand environment, offset by expansion of 30 basis points from recognition of certain COVID-19 government subsidies.

SG&A expense

(in thousands, except percentages)	Thirteen weeks ended		Twenty-six weeks ended	
	Jun 30, 2024	Jun 25, 2023	Jun 30, 2024	Jun 25, 2023
Selling, general and administrative expense	\$ 97,018	\$ 121,282	\$ 203,955	\$ 243,927
Percentage of revenue	24.5 %	25.5 %	25.5 %	25.9 %

Total company SG&A expense decreased by \$24.3 million, or 20.0% for the thirteen weeks ended June 30, 2024, and decreased by \$40.0 million, or 16.4% for the twenty-six weeks ended June 30, 2024, compared to the same periods in the prior year. We have continued to execute operational cost management actions in response to the decline in demand for our services, and simplification of our organizational structure in line with our strategic plan. In addition, the thirteen and twenty-six weeks ended June 30, 2024 included a benefit, net of related fees, of \$6.8 million for recognition of certain COVID-19 government subsidies.

Depreciation and amortization

(in thousands, except percentages)	Thirteen weeks ended		Twenty-six weeks ended	
	Jun 30, 2024	Jun 25, 2023	Jun 30, 2024	Jun 25, 2023
Depreciation and amortization	\$ 7,691	\$ 6,280	\$ 15,649	\$ 12,691
Percentage of revenue	1.9 %	1.3 %	2.0 %	1.3 %

MANAGEMENT'S DISCUSSION AND ANALYSIS

Depreciation and amortization increased for the thirteen weeks and twenty-six weeks ended June 30, 2024, compared to the same periods in the prior year, due to assets being placed into service at the end of 2023, primarily related to PeopleReady technology.

Goodwill and intangible asset impairment charge

A summary of the goodwill and intangible asset impairment charge for the twenty-six weeks ended June 30, 2024, by reportable segment, is as follows:

<i>(in thousands)</i>	PeopleReady	PeopleScout	PeopleManagement	Total company
Goodwill	\$ 59,074	\$ —	\$ —	\$ 59,074
Trade names/trademark	—	—	600	600
Total	\$ 59,074	\$ —	\$ 600	\$ 59,674

Goodwill

We performed an interim impairment test as of the last day of fiscal May 2024 following the determination by management that a triggering event had occurred. As a result of this impairment test, we concluded that the carrying amount of our PeopleReady reporting unit exceeded its fair value and we recorded a non-cash goodwill impairment charge of \$59.1 million, which was included in goodwill and intangible asset impairment charge on our Consolidated Statements of Operations and Comprehensive Income (Loss) for the thirteen and twenty-six weeks ended June 30, 2024. As a result of this impairment charge, the goodwill carrying value of \$59.1 million for PeopleReady was fully impaired. The goodwill impairment was primarily driven by recent performance of the PeopleReady reporting unit and the temporary industrial staffing industry since our annual impairment testing date, as well as a delay in the projected timing of recovery. No further impairment loss was recognized during the thirteen weeks ended June 30, 2024. See Note 6: *Goodwill and Intangible Assets*, to our consolidated financial statements found in Item 1 of this Quarterly Report on Form 10-Q, for additional details.

Indefinite-lived intangible assets

We performed an impairment test during our fiscal second quarter of 2024. As a result of this impairment test, we concluded that a trade name/trademark related to our PeopleManagement segment exceeded its estimated fair value and we recorded a non-cash impairment charge of \$0.6 million, which was included in goodwill and intangible asset impairment charge on our Consolidated Statements of Operations and Comprehensive Income (Loss) for the thirteen and twenty-six weeks ended June 30, 2024. The charge was primarily driven by recent revenue performance of the related business given a decline in demand and overall economic uncertainty. The remaining balance for this trade name/trademark was \$2.7 million as of June 30, 2024.

Income tax expense

<i>(in thousands, except percentages)</i>	Thirteen weeks ended		Twenty-six weeks ended	
	Jun 30, 2024	Jun 25, 2023	Jun 30, 2024	Jun 25, 2023
Income tax expense	\$ 46,491	\$ 1,345	\$ 34,279	\$ 705
Effective income tax rate	(79.9)%	(22.5)%	(47.5)%	(6.5)%

Our tax provision and our effective tax rate are subject to variation due to several factors, including variability in accurately predicting our full year pre-tax income or loss by jurisdiction, tax credits, government audit developments, changes in laws, regulations and administrative practices, valuation allowances recorded on deferred tax assets, and relative changes in expenses or losses for which tax benefits are not recognized. Additionally, our effective tax rate can be more or less volatile based on the amount of pre-tax income or loss. For example, the impact of discrete items, tax credits, and non-deductible expenses on our effective tax rate is greater when our pre-tax income or loss is lower.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The items creating a difference between income taxes computed at the statutory federal income tax rate and income taxes reported on the Consolidated Statements of Operations and Comprehensive Income (Loss) are as follows:

(in thousands, except percentages)	Thirteen weeks ended				Twenty-six weeks ended			
	Jun 30, 2024	%	Jun 25, 2023	%	Jun 30, 2024	%	Jun 25, 2023	%
Income (loss) before tax expense	\$ (58,219)		\$ (5,978)		\$ (72,129)		\$ (10,907)	
Federal income tax expense (benefit) at statutory rate	\$ (12,226)	21.0%	\$ (1,254)	21.0%	\$ (15,147)	21.0%	\$ (2,290)	21.0%
Increase (decrease) resulting from:								
State income taxes, net of federal benefit	704	(1.2)	(325)	5.4	177	(0.2)	(549)	5.0
Non-deductible goodwill impairment charge	—	—	2,287	(38.3)	—	—	2,287	(21.0)
Valuation allowance, federal and state	52,255	(89.8)	—	—	52,774	(73.2)	—	—
Hiring tax credits, net	6,829	(11.7)	536	(9.0)	(2,920)	4.0	1,301	(11.9)
Non-deductible and non-taxable items	366	(0.6)	38	(0.6)	(196)	0.3	(166)	1.5
Stock-based compensation	41	(0.1)	37	(0.6)	727	(1.0)	234	(2.1)
Other, net	(1,478)	2.5	26	(0.4)	(1,136)	1.6	(112)	1.0
Income tax expense	\$ 46,491	(79.9)%	\$ 1,345	(22.5)%	\$ 34,279	(47.5)%	\$ 705	(6.5)%

Significant fluctuations in our effective tax rate are primarily due to changes in the valuation allowance against our U.S. federal and state deferred tax assets, as well as tax benefits from hiring credits and non-deductible goodwill impairment charges.

Based on our deferred tax asset realizability assessment performed as of June 30, 2024, we recorded a full valuation allowance against our U.S. federal and state deferred tax assets. This resulted in an increase in our income tax expense of approximately \$55 million for the twenty-six weeks ended June 30, 2024. Our conclusion was driven by actual U.S. pre-tax losses beginning in 2023, combined with the significant non-cash goodwill impairment charge of \$59.1 million recorded during the twenty-six weeks ended June 30, 2024.

The federal Work Opportunity Tax Credit ("WOTC"), our primary hiring tax credit, is designed to encourage employers to hire workers from certain targeted groups with higher than average unemployment rates. WOTC is generally calculated as a percentage of wages over a twelve-month period up to worker maximums by targeted groups. Based on historical results and business trends, we estimate the amount of WOTC we expect to earn related to wages of the current year. However, the estimate is subject to variation because 1) a small percentage of our workers qualify for one or more of the many targeted groups; 2) the targeted groups are subject to different incentive credit rates and limitations; 3) credits fluctuate depending on economic conditions and qualified worker retention periods; and 4) state and federal offices can delay their credit certification processing and have inconsistent certification rates. We recognize an adjustment to prior year hiring tax credits if credits certified by government offices differ from original estimates. The U.S. Congress has approved the WOTC program through the end of 2025.

Segment performance

We evaluate performance based on segment revenue and segment profit (loss). Segment profit (loss) includes revenue, related cost of services, and ongoing operating expenses directly attributable to the reportable segment. Segment profit (loss) excludes goodwill and intangible asset impairment charges, depreciation and amortization expense, unallocated corporate general and administrative expense, interest expense, other income and expense, income taxes, and other costs and benefits not considered to be ongoing. See Note 13: *Segment Information*, to our consolidated financial statements found in Item 1 of this Quarterly Report on Form 10-Q, for additional details on our reportable segments, as well as a reconciliation of segment profit to income (loss) before tax expense.

Segment profit should not be considered a measure of financial performance in isolation or as an alternative to net income (loss) on the Consolidated Statements of Operations and Comprehensive Income (Loss) calculated in accordance with accounting principles generally accepted in the United States of America, and may not be comparable to similarly titled measures of other companies.

MANAGEMENT'S DISCUSSION AND ANALYSIS

PeopleReady segment performance was as follows:

(in thousands, except percentages)	Thirteen weeks ended		Twenty-six weeks ended	
	Jun 30, 2024	Jun 25, 2023	Jun 30, 2024	Jun 25, 2023
Revenue from services	\$ 223,409	\$ 275,318	\$ 446,070	\$ 527,946
Segment profit (loss)	\$ 394	\$ 8,158	\$ (4,664)	\$ 9,030
Percentage of revenue	0.2 %	3.0 %	(1.0)%	1.7 %

PeopleReady segment profit declined \$7.8 million and \$13.7 million for the thirteen and twenty-six weeks ended June 30, 2024, and also declined as a percentage of revenue, compared to the same periods in the prior year, respectively. These declines were primarily due to the decline in revenue and the relatively high level of fixed versus variable costs within SG&A expense which resulted in lower operating leverage.

PeopleScout segment performance was as follows:

(in thousands, except percentages)	Thirteen weeks ended		Twenty-six weeks ended	
	Jun 30, 2024	Jun 25, 2023	Jun 30, 2024	Jun 25, 2023
Revenue from services	\$ 41,070	\$ 59,710	\$ 87,402	\$ 129,186
Segment profit	\$ 3,430	\$ 8,817	\$ 8,309	\$ 17,740
Percentage of revenue	8.4 %	14.8 %	9.5 %	13.7 %

PeopleScout segment profit declined \$5.4 million and \$9.4 million for the thirteen and twenty-six weeks ended June 30, 2024, and also declined as a percentage of revenue, compared to the same periods in the prior year, respectively. These declines were a result of the decline in revenue, the effects of which were softened by our cost management actions.

PeopleManagement segment performance was as follows:

(in thousands, except percentages)	Thirteen weeks ended		Twenty-six weeks ended	
	Jun 30, 2024	Jun 25, 2023	Jun 30, 2024	Jun 25, 2023
Revenue from services	\$ 131,751	\$ 140,560	\$ 265,611	\$ 283,744
Segment profit	\$ 3,395	\$ 2,250	\$ 6,146	\$ 2,048
Percentage of revenue	2.6 %	1.6 %	2.3 %	0.7 %

PeopleManagement segment profit grew \$1.1 million and \$4.1 million for the thirteen and twenty-six weeks ended June 30, 2024, and also grew as a percentage of revenue, compared to the same periods in the prior year, respectively. This growth was primarily due to disciplined cost management actions to better align our cost structure with client demand.

FUTURE OUTLOOK

The following highlights represent our operating outlook. These expectations are subject to revision as our business changes with the overall economy. As part of our strategic plan to simplify our organizational structure, create efficiencies and bring our teams closer to our clients and associates, we continue to consolidate administrative, recruiting and support costs that serve our broader commercial staffing businesses, further leverage existing systems, and refocus our team on sales efforts to deliver future growth. Commercial staffing includes contingent on-demand, skilled and on-site industrial staffing, as well as commercial driving services.

Operating outlook

- We expect total revenue for the fiscal third quarter of 2024 to decline between 20% and 14% as compared to the same period in the prior year, which assumes current market conditions continue.
- We anticipate gross profit as a percentage of revenue to decline between 60 and 20 basis points for the fiscal third quarter of 2024, compared to the same period in the prior year, due to changes to business mix.
- For the fiscal third quarter of 2024, we anticipate SG&A expense to be between \$99 million and \$103 million, representing a decline compared to the same period in the prior year due to ongoing cost management efforts.

MANAGEMENT'S DISCUSSION AND ANALYSIS

- We expect basic weighted average shares outstanding to be approximately 30 million for the fiscal third quarter of 2024. This expectation does not include the impact of potential share repurchases.
- We expect our effective income tax rate for fiscal 2024 to be between (35)% and (40)% due to the valuation allowance recorded during the fiscal second quarter of 2024 and minimal income tax expense or benefit expected for the second half of the year.

Liquidity outlook

- Capital expenditures and spending for software as a service assets are expected to be between \$23 million and \$27 million for fiscal 2024. Approximately \$3 million relates to spending for software as a service assets for fiscal 2024.

LIQUIDITY AND CAPITAL RESOURCES

We believe we have a strong financial position and sufficient sources of funding to meet our short- and long-term obligations. As of June 30, 2024, we had \$26.4 million in cash and cash equivalents and no debt outstanding. Under the Revolving Credit Facility, \$6.2 million was utilized by outstanding standby letters of credit, leaving \$248.8 million unused, which is constrained by our most restrictive covenant making \$132.5 million available for additional borrowing. We have an option to increase the total line of credit amount under the Revolving Credit Facility from \$255.0 million to \$405.0 million, subject to lender approval.

Cash generated through our core operations is generally our primary source of liquidity. Our principal ongoing cash needs are to finance working capital, fund capital expenditures, repay outstanding Revolving Credit Facility balances, and execute share repurchases. We manage working capital through timely collection of accounts receivable, which we achieve through focused collection efforts and tightly monitoring trends in days sales outstanding. While client payment terms are generally 90 days or less, we pay our associates weekly, so additional financing through the use of our Revolving Credit Facility is sometimes necessary to support working capital needs in times of revenue growth. We also manage working capital through efficient cost management and strategically timing payments of accounts payable.

We continue to make investments in online and mobile apps to increase the competitive differentiation of our services long-term and improve the efficiency of our service delivery model. In addition, we continue to transition our back-office technology from on-premise software platforms to cloud-based software solutions to increase automation and the efficiency of running our business.

Outside of ongoing cash needed to support core operations, our insurance carriers and certain state workers' compensation programs require us to collateralize a portion of our workers' compensation obligation, for which they become responsible should we become insolvent. On a regular basis, these entities assess the amount of collateral they will require from us relative to our workers' compensation obligation. Such amounts can increase or decrease independent of our assessments and reserves. We continue to have risk that these collateral requirements may be increased by our insurers due to our loss history and market dynamics. We generally anticipate that our collateral commitments will continue to grow as we grow our business. We pay our premiums and deposit our collateral, if required, in installments. The collateral typically takes the form of cash and cash-backed instruments, highly rated investment grade securities, letters of credit, and surety bonds. Restricted cash, cash equivalents and investments supporting our self-insured workers' compensation obligation are held in a trust at the Bank of New York Mellon ("Trust") and are used to pay workers' compensation claims as they are filed. See Note 7: *Workers' Compensation Insurance and Reserves*, and Note 4: *Restricted Cash, Cash Equivalents and Investments*, to our consolidated financial statements found in Item 1 of this Quarterly Report on Form 10-Q, for details on our workers' compensation program as well as the restricted cash, cash equivalents and investments held in Trust.

We have established investment policy directives for the Trust with the first priority to preserve capital, second to ensure sufficient liquidity to pay workers' compensation claims, third to diversify the investment portfolio and fourth to maximize after-tax returns. Trust investments must meet minimum acceptable quality standards. The primary investments include U.S. Treasury securities, U.S. agency debentures, U.S. agency mortgages, corporate securities and municipal securities. For those investments rated by nationally recognized statistical rating organizations the minimum ratings at time of purchase are:

	S&P	Moody's	Fitch
Short-term rating	A-1/SP-1	P-1/MIG-1	F-1
Long-term rating	A	A2	A

MANAGEMENT'S DISCUSSION AND ANALYSIS

Total collateral commitments decreased \$16.0 million during the twenty-six-week period ended June 30, 2024, primarily due to the use of collateral to satisfy workers' compensation claims. See Note 9: *Commitments and Contingencies*, to our consolidated financial statements found in Item 1 of this Quarterly Report on Form 10-Q, for additional details on our workers' compensation commitments. We continue to actively manage workers' compensation cost by focusing on improving our associate safety programs, and actively control costs with our network of service providers. These actions have had a positive impact creating favorable adjustments to workers' compensation liabilities recorded in the prior periods. Continued favorable adjustments to our prior year workers' compensation liabilities are dependent on our ability to continue to aggressively lower accident rates and costs of our claims. Due to our progress in worker safety improvements and the resulting reduction in the frequency and severity of accident rates, we expect diminishing favorable adjustments to our workers' compensation liabilities going forward.

Restricted cash, cash equivalents and investments also includes collateral to support our non-qualified deferred compensation plan in the form of company-owned life insurance policies. Our non-qualified deferred compensation plan is managed by a third-party service provider, and the investments backing the company-owned life insurance policies align with the amount and timing of payments based on employee elections.

A summary of our cash flows for each period are as follows:

(in thousands)	Twenty-six weeks ended	
	Jun 30, 2024	Jun 25, 2023
Net cash (used in) provided by operating activities	\$ (16,062)	\$ 20,864
Net cash used in investing activities	(5,311)	(12,427)
Net cash used in financing activities	(20,519)	(36,296)
Effect of exchange rate changes on cash, cash equivalents and restricted cash and cash equivalents	(557)	(20)
Net change in cash, cash equivalents and restricted cash and cash equivalents	\$ (42,449)	\$ (27,879)

Cash flows from operating activities

Operating cash flows consist of net income (loss) adjusted for non-cash benefits and expenses, and changes in operating assets and liabilities.

As client demand declines, the result is a deleveraging of accounts receivable and accounts payable. Accrued wages and benefits can fluctuate based on whether the period end requires the accrual of one or two weeks of payroll, the amount and timing of bonus payments, and timing of payroll tax payments.

Net cash provided by accounts receivable collections through deleveraging during the twenty-six weeks ended June 30, 2024 was partially offset by an increase in days sales outstanding of approximately six days for fiscal second quarter of 2024 compared to fiscal fourth quarter of 2023, primarily due to a higher percentage of receivables with longer payment terms. Net cash used for payments on accounts payable and accrued expenses was primarily related to timing of payments to vendors as well as a decrease in certain accrued expenses that fluctuate with revenue. In addition, our workers' compensation claims reserve for estimated claims decreases as contingent labor services decline, as was the case in the current period.

Cash flows from investing activities

Investing cash flows consist of capital expenditures, net proceeds from divestiture, and purchases, sales, and maturities of restricted investments, which are managed in line with our workers' compensation collateral funding requirements and timing of claim payments.

Capital expenditures for the twenty-six weeks ended June 30, 2024 included continued investments to upgrade our PeopleReady technology platform. Our capital expenditures were partially offset by proceeds from the divestiture of Labour Ready Temporary Services, Ltd., net of transaction costs, as well as cash provided by maturities of restricted investments to pay workers' compensation claims exceeding purchases of new restricted investments.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Cash flows from financing activities

Financing cash flows consist primarily of repurchases of common stock as part of our publicly announced share repurchase program, amounts to satisfy employee tax withholding obligations upon the vesting of restricted stock, the net change in our Revolving Credit Facility, and proceeds from the sale of common stock through our employee stock purchase plan.

Net cash used in financing activities during the twenty-six weeks ended June 30, 2024 was primarily due to the repurchase of \$17.0 million of our common stock in the open market, including excise tax. As of June 30, 2024, \$37.8 million remains available for repurchase under existing authorizations.

SUMMARY OF CRITICAL ACCOUNTING ESTIMATES

Our critical accounting estimates are discussed in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations; Summary of Critical Accounting Estimates" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023. The following has been updated to reflect the result of our interim goodwill impairment analysis.

Goodwill and indefinite-lived intangible assets

We evaluate goodwill and indefinite-lived intangible assets for impairment on an annual basis as of the first day of our fiscal second quarter, or whenever events or circumstances make it more likely than not that an impairment may have occurred. These events or circumstances could include a significant change in general economic conditions, deterioration in industry environment, changes in cost factors, declining operating performance indicators, legal factors, competition, client engagement, changes in the carrying amount of net assets, sale or disposition of a significant portion of a reporting unit, or a sustained decrease in stock price. We monitor the existence of potential impairment indicators throughout the fiscal year.

Goodwill

We test for goodwill impairment at the reporting unit level. We consider our operating segments to be our reporting units for goodwill impairment testing. Our reporting units with remaining goodwill as of the first day of our fiscal second quarter were PeopleReady, Centerline, PeopleScout RPO and PeopleScout MSP.

When evaluating goodwill for impairment, we may first assess qualitative factors to determine whether it is more likely than not the fair value of a reporting unit is less than its carrying amount. Qualitative factors include economic conditions, industry and market conditions and overall company financial performance. If, after assessing the totality of events and circumstances, we determine that it is more likely than not the fair value of the reporting unit is greater than its carrying amount, the quantitative impairment test is unnecessary.

The quantitative impairment test, if necessary, involves comparing the fair value of each reporting unit to its carrying value, including goodwill. Fair value reflects the price a market participant would be willing to pay in a potential sale of the reporting unit. If the fair value exceeds the carrying value, we conclude that no goodwill impairment has occurred. If the carrying value of the reporting unit exceeds its fair value, we recognize an impairment charge in an amount equal to the excess, not to exceed the carrying value of the goodwill. We consider a reporting unit's fair value to be substantially in excess of its carrying value at a 20% premium or greater.

Determining the fair value of a reporting unit when performing a quantitative impairment test involves the use of significant estimates and assumptions to evaluate the impact of operational and economic changes on each reporting unit. We estimate the fair value of each reporting unit using a weighting of the income and market valuation approaches. The income approach applies a fair value methodology to each reporting unit based on discounted cash flows. This analysis requires significant estimates and judgments, including estimation of future cash flows, which is dependent on internal forecasts, estimation of the long-term rate of growth for our business, estimation of the useful life over which cash flows will occur, and determination of our weighted average cost of capital, which is risk-adjusted to reflect the specific risk profile of the reporting unit being tested. We also apply a market approach, which develops a value correlation based on the market capitalization of similar publicly traded companies, referred to as a multiple, to apply to the operating results of the reporting units. The primary market multiples to which we compare are revenue and earnings before interest, taxes, depreciation, and amortization.

We base fair value estimates on assumptions we believe to be reasonable but that are unpredictable and inherently uncertain. Actual future results may differ from those estimates. We confirm the reasonableness of the valuation conclusions by comparing the indicated values of all the reporting units to the overall company value indicated by the stock price and outstanding shares as of the valuation date, or market capitalization.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Impairment test

During the fiscal second quarter of 2024, management determined that a triggering event had occurred as a result of additional decline in demand for our services, prolonged economic uncertainty, and a further decrease in our stock price. Therefore, we performed an interim impairment test as of the last day of fiscal May 2024. The weighted average cost of capital used in our most recent impairment test was risk-adjusted to reflect the specific risk profile of the reporting units and ranged from 13.5% to 14.5%. The combined fair values for all reporting units were then reconciled to our aggregate market value of our shares of common stock on the date of valuation.

Based on the results of our interim impairment test, we concluded that the carrying amount of goodwill for the PeopleReady reporting unit exceeded the estimated fair value and we recorded a non-cash impairment charge of \$59.1 million, which was included in goodwill and intangible asset impairment charge on our Consolidated Statements of Operations and Comprehensive Income (Loss) for the thirteen and twenty-six weeks ended June 30, 2024. As a result of this impairment charge, the total goodwill carrying value of \$59.1 million for PeopleReady was fully impaired. The goodwill impairment was primarily driven by recent performance of the PeopleReady reporting unit and the temporary industrial staffing industry since our annual impairment testing date, as well as a delay in the projected timing of recovery.

All other reporting units' fair values were substantially in excess of their respective carrying values. Accordingly, no impairment loss was recognized for the PeopleScout or PeopleManagement segments for the twenty-six weeks ended June 30, 2024.

Indefinite-lived intangible assets

We have indefinite-lived intangible assets for trade names/trademarks related to business within our PeopleManagement and PeopleScout segments. We evaluate our indefinite-lived intangible assets for impairment on an annual basis as of the first day of our fiscal second quarter, or whenever events or circumstances make it more likely than not that an impairment may have occurred. These events or circumstances could include significant change in general economic conditions, deterioration in industry environment, changes in cost factors, declining operating performance indicators, legal factors, competition, client engagement, or sale or disposition of a significant portion of the business. We monitor the existence of potential impairment indicators throughout the fiscal year.

When evaluating indefinite-lived intangible assets for impairment, we may first assess qualitative factors to determine whether it is more likely than not the fair value of the indefinite-lived intangible asset is less than its carrying amount. Qualitative factors include macroeconomic conditions, industry and market conditions and overall company financial performance. If, after assessing the totality of events and circumstances, we determine that it is more likely than not the fair value of the indefinite-lived intangible asset is greater than its carrying amount, the quantitative impairment test is unnecessary.

The quantitative impairment test, if necessary, utilizes the relief from royalty method to determine the fair value of each of our trade names. If the carrying value exceeds the fair value, we recognize an impairment charge in an amount equal to the excess, not to exceed the carrying value. Management uses considerable judgment to determine key assumptions, including projected revenue, royalty rates and appropriate discount rates.

Impairment test

We performed an indefinite-lived intangible asset impairment test during our fiscal second quarter of 2024. As a result of this impairment test, we concluded that a trade name/trademark related to the PeopleManagement segment exceeded its estimated fair value and we recorded a non-cash impairment charge of \$0.6 million, which was included in goodwill and intangible asset impairment charge on our Consolidated Statements of Operations and Comprehensive Income (Loss) for the thirteen and twenty-six weeks ended June 30, 2024. The charge was primarily driven by recent revenue performance of the related business given a decline in demand and overall economic uncertainty. The remaining balance for this trade name/trademark was \$2.7 million as of June 30, 2024. The fair value of the trade name/trademark related to the PeopleScout segment was substantially in excess of its carrying amount of \$2.1 million as of June 30, 2024, and therefore did not result in an impairment.

Additionally, following performance of the impairment test, we did not identify any events or conditions that make it more likely than not that a further impairment may have occurred during the thirteen weeks ended June 30, 2024.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Income taxes and related valuation allowances

We account for income taxes by recording taxes payable or receivable for the current year and deferred tax assets and liabilities for the future tax consequences of events that have been recognized in our financial statements or tax returns. These expected future tax consequences are measured based on provisions of tax law as currently enacted; the effects of future changes in tax laws are not anticipated. We recognize deferred tax assets to the extent we believe it is more likely than not the asset will be realized. We consider available positive and negative evidence when making such determination, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, carryback potential if permitted, and results of recent operations. When appropriate, we record a valuation allowance against deferred tax assets to reduce deferred tax assets to the amount that is more likely than not to be realized.

Interim Periods

Our income tax provision for interim periods is determined using an estimate of our annual effective tax rate, adjusted for any discrete items that are taken into account in the relevant period. Each quarter we update our estimate of the annual effective tax rate and, if our estimated tax rate changes, we make a cumulative adjustment. Our quarterly tax provision and quarterly estimate of our annual effective tax rate are subject to variation due to several factors, including variability in accurately predicting our full year pre-tax income or loss by jurisdiction, tax credits, government audit developments, changes in laws, regulations and administrative practices, valuation allowances recorded on deferred tax assets, and relative changes in expenses or losses for which tax benefits are not recognized. Additionally, our effective tax rate can be more or less volatile based on the amount of pre-tax income or loss. For example, the impact of discrete items, tax credits, and non-deductible expenses on our effective tax rate is greater when our pre-tax income or loss is lower.

We recognize deferred tax assets to the extent we believe it is more likely than not the asset will be realized. Quarterly, management assesses the available positive and negative evidence to estimate whether sufficient future taxable income will be generated to permit the use of existing deferred tax assets, including future reversals of existing taxable temporary differences, projected taxable income, tax-planning strategies, carryback potential if permitted, and the results of recent operations. A significant piece of objective negative evidence is the existence of a three-year cumulative loss. Such objective negative evidence limits the ability of management to consider other subjective evidence, such as projected taxable income. When appropriate, we record a valuation allowance to reduce deferred tax assets to the amount that is more likely than not to be realized.

Based on our interim deferred tax asset realizability analysis, we determined that a full valuation allowance was appropriate against our U.S. federal and state deferred tax assets as of June 30, 2024. See Note 11: *Income Taxes*, to our consolidated financial statements found in Item 1 of this Quarterly Report on Form 10-Q, for further details.

NEW ACCOUNTING STANDARDS

See Note 1: *Summary of Significant Accounting Policies*, to our consolidated financial statements found in Item 1 of this Quarterly Report on Form 10-Q.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our quantitative and qualitative disclosures about market risk are discussed in Part II, Item 7A, "Quantitative and Qualitative Disclosures About Market Risk" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023, and have not changed materially.

Item 4. CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our periodic reports filed or submitted under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. Our disclosure controls and procedures are also designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

During the fiscal second quarter of 2024, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures at a reasonable assurance level, as defined in Rules 13a-15(e) and 15d-15(e)

under the Exchange Act. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at a reasonable assurance level, as of June 30, 2024.

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) during our most recently completed fiscal quarter that materially affected or are reasonably likely to materially affect our internal control over financial reporting.

The certifications required by Rule 13a-14 of the Exchange Act are filed as exhibits 31.1 and 31.2, respectively, to this Quarterly Report on Form 10-Q.

PART II. OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

See Note 9: *Commitments and Contingencies*, to our consolidated financial statements found in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Item 1A. RISK FACTORS

There have been no material changes in the Company's risk factors previously disclosed in Part I, Item 1A of the Company's Annual Report filed on Form 10-K for the year ended December 31, 2023.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The table below includes repurchases of our common stock pursuant to publicly announced plans or programs and those not made pursuant to publicly announced plans or programs during the thirteen weeks ended June 30, 2024.

Period	Total number of shares purchased (1)	Weighted average price paid per share (2)	Total number of shares purchased as part of publicly announced plans or programs	Approximate dollar value that may yet be purchased under plans or programs at period end (3)
04/01/2024 through 04/28/2024	711	\$12.23	—	\$45.1 million
04/29/2024 through 05/26/2024	193,994	\$11.08	193,594	\$42.6 million
05/27/2024 through 06/30/2024	439,097	\$10.71	438,309	\$37.8 million
Total	633,802	\$10.83	631,903	

(1) Includes 1,899 shares we purchased in order to satisfy employee tax withholding obligations upon the vesting of restricted stock. These shares were not acquired pursuant to our publicly announced share repurchase program.

(2) Weighted average price paid per share does not include any adjustments for commissions or excise tax on share repurchases.

(3) On January 31, 2022, our Board of Directors authorized a \$100.0 million addition to our share repurchase program of our outstanding common stock. The share repurchase program does not obligate us to acquire any particular amount of common stock and does not have an expiration date. As of June 30, 2024, \$37.8 million remains available for repurchase under the existing authorization.

Item 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

Item 4. MINE SAFETY DISCLOSURES

Not applicable.

Item 5. OTHER INFORMATION

Trading plans

During the fiscal second quarter of 2024, none of our directors or executive officers adopted or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement," as such terms are defined in paragraphs (a) and (c), respectively, of Item 408 of Regulation S-K promulgated under the Securities Act of 1933, as amended.

Item 6. INDEX TO EXHIBITS

Exhibit number	Exhibit description	Filed herewith	Incorporated by reference		
			Form	File no.	Date of first filing
3.1	Amended and Restated Articles of Incorporation.		8-K	001-14543	05/12/2016
3.2	Amended and Restated Bylaws.		10-Q	001-14543	10/30/2017
10.1*	2016 Omnibus Incentive Plan, as amended and restated, effective May 15, 2024.	X			
31.1	Certification of Taryn R. Owen, Chief Executive Officer of TrueBlue, Inc., Pursuant to Rule 13a-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	X			
31.2	Certification of Carl R. Schweihs, Chief Financial Officer of TrueBlue, Inc., Pursuant to Rule 13a-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	X			
32.1	Certification of Taryn R. Owen, Chief Executive Officer of TrueBlue, Inc. and Carl R. Schweihs, Chief Financial Officer of TrueBlue, Inc., Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	X			
101	The following financial statements from the Company's 10-Q, formatted as Inline XBRL: (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations and Comprehensive Income (Loss), (iii) Consolidated Statements of Cash Flows, and (iv) Notes to consolidated financial statements.	X			
104	Cover page interactive data file - The cover page from this Quarterly Report on Form 10-Q is formatted as Inline XBRL	X			

* Indicates a management contract or compensatory plan or arrangement

Copies of Exhibits may be obtained upon request directed to Mr. Garrett Ferencz, TrueBlue, Inc., PO Box 2910, Tacoma, Washington, 98401 and many are available at the SEC's website found at www.sec.gov.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TrueBlue, Inc.

<u>/s/ Taryn R. Owen</u>	<u>8/5/2024</u>
Signature	Date

By: Taryn R. Owen, Chief Executive Officer and President

<u>/s/ Carl R. Schweih</u>	<u>8/5/2024</u>
Signature	Date

By: Carl R. Schweih, Chief Financial Officer and Executive Vice President

<u>/s/ Richard B. Christensen</u>	<u>8/5/2024</u>
Signature	Date

By: Richard B. Christensen, Chief Accounting Officer, Treasurer and Senior Vice President

TRUEBLUE, INC.

**2016 OMNIBUS INCENTIVE PLAN
As Amended and Restated Effective May 15, 2024**

TrueBlue, Inc., a Washington corporation, sets forth herein the terms of its 2016 Omnibus Incentive Plan, as amended and restated effective May 15, 2024, as follows:

1. PURPOSE

The Plan is intended to enhance the Company's and its Affiliates' ability to attract and retain highly compensated Employees, Consultants, and Non-Employee Directors, and to motivate such Employees, Consultants, and Non-Employee Directors to serve the Company and its Affiliates and to expend maximum effort to improve the business results and earnings of the Company, by providing to such persons an opportunity to acquire or increase a direct proprietary interest in the operations and future success of the Company. To this end, the Plan provides for the grant of stock options, stock appreciation rights, restricted stock, restricted stock units, and cash awards. Any of these awards may, but need not, be made as performance incentives to reward attainment of performance goals in accordance with the terms hereof. Stock options granted under the Plan may be non-qualified stock options or incentive stock options, as provided herein. Upon originally becoming effective, the Plan replaced, and no further awards shall be made under, the Predecessor Plan.

2. DEFINITIONS

For purposes of interpreting the Plan and related documents (including Award Agreements), the following definitions shall apply:

2.1. "Affiliate" means any company or other trade or business that "controls," is "controlled by" or is "under common control" with the Company within the meaning of Rule 405 of Regulation C under the Securities Act, including, without limitation, any Subsidiary.

2.2. "Annual Incentive Award" means a cash-based Performance Award with a performance period that is the Company's fiscal year or other 12-month (or shorter) performance period as specified under the terms of the Award as approved by the Committee.

2.3. "Award" means a grant of an Option, Stock Appreciation Right, Restricted Stock, Restricted Stock Unit, Other Stock-based Award, or cash award under the Plan.

2.4. "Award Agreement" means a written agreement between the Company and a Grantee or notice from the Company or an Affiliate to a Grantee that evidences and sets out the terms and conditions of an Award.

2.5. "Board" means the Board of Directors of the Company.

2.6. "Cause" means that, unless otherwise defined in an Employee's Change in Control Agreement, prior to any termination:

- (i) The Employee is convicted of or takes a plea of *nolo contendere* to a crime involving dishonesty, fraud or moral turpitude;
 - (ii) The Employee has engaged in fraud, embezzlement, theft or other dishonest acts;
-

(iii) The Employee materially violates a significant Company policy, such as policies required by the Sarbanes-Oxley Act of 2002, the Company's Drug Free Workplace Policy or Company's policy against harassment, and does not cure such violation (if curable) within ten (10) days after written notice from the Company; or

(iv) The Employee intentionally takes any action that materially damages the assets (including tangible and intangible assets, such as name or reputation) of the Company.

For purposes of **Section 2.2.6.(iv)**, no act or failure to act on the part of the Employee will be deemed "intentional" if it was due primarily to an error in judgment or ordinary negligence but will be deemed "intentional" only if done or omitted to be done by the Employee not in good faith and without reasonable belief that the Employee's action or omission was in the best interest of the Company.

2.7. "Change in Control" means that any of the following events occurs:

(i) any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) is or becomes the beneficial owner (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of more than 33 1/3% of the combined voting power of the then-outstanding securities entitled to vote in the election of directors for the Company;

(ii) a majority of the Board ceases to be comprised of Incumbent Directors, defined below; or

(iii) the consummation of a reorganization, merger, consolidation, plan of liquidation or dissolution, recapitalization or sale or other disposition of all or substantially all of the assets of the Company or the acquisition of the stock or assets of another corporation, or other transaction (each, a **"Business Transaction"**), and as a result of which less than fifty percent (50%) of the outstanding voting interests or securities of the surviving or resulting entity immediately after the Business Transaction are owned in the aggregate by the former shareholders of the Company, as the same shall have existed immediately prior to such Business Transaction, in substantially the same proportions as their ownership before such Business Transaction.

2.8. "Code" means the Internal Revenue Code of 1986, as now in effect or as hereafter amended. References to the Code shall include the valid and binding governmental regulations, court decisions, and other regulatory and judicial authority issued or rendered thereunder.

2.9. "Committee" means the Compensation Committee of the Board or any committee or other person or persons designated by the Board to administer the Plan. The Board will cause the Committee to satisfy the applicable requirements of any stock exchange on which the Common Stock may then be listed. For purposes of Awards to Grantees who are subject to Section 16 of the Exchange Act, Committee means all of the members of the Committee who are "non-employee directors" within the meaning of Rule 16b-3 adopted under the Exchange Act. All references in the Plan to the Board shall mean such Committee or the Board.

2.10. "Company" means TrueBlue, Inc., a Washington corporation, or any successor corporation.

2.11. "Common Stock" or "Stock" means a share of common stock of the Company, no par value per share.

2.12. "Consultant" means any person, except an Employee or Non-Employee Director, engaged by the Company or any Subsidiary, to render personal services to such entity, including as an advisor, pursuant to the terms of a written agreement.

2.13. "Disability" means disability that would qualify as such under the Company's long-term disability plan.

2.14. "Effective Date" means May 11, 2016, the date the Plan was approved by the Company's stockholders. **"Restatement Effective Date"** means May 15, 2024, the date this amendment and restatement of the Plan was approved by the Company's stockholders.

2.15. "Employee" means any person, including an officer, who is a common law employee of, receives remuneration for personal services to, is reflected on the official human resources database as an employee of, and is on the payroll of the Company or any Subsidiary. A person is on the payroll if he or she is paid from or at the direction of the payroll department of the Company or any Subsidiary. Persons providing services to the Company, or to any Subsidiary, pursuant to an agreement with a staff leasing organization, temporary workers engaged through or employed by temporary or leasing agencies and workers who hold themselves out to the Company, or a Subsidiary to which they are providing services as being independent contractors, or as being employed by or engaged through another company while providing the services, and persons covered by a collective bargaining agreement (unless the collective bargaining agreement applicable to the person specifically provides for participation in this Plan) are not Employees for purposes of this Plan and do not and cannot participate in this Plan, whether or not such persons are, or may be reclassified by the courts, the Internal Revenue Service, the U. S. Department of Labor, or other person or entity, as common law employees of the Company, or any Subsidiary, either solely or jointly with another person or entity.

2.16. "Exchange Act" means the Securities Exchange Act of 1934, as now in effect or as hereafter amended.

2.17. "Fair Market Value" of a share of Common Stock as of a particular date shall mean (i) if the Common Stock is listed on a national securities exchange, the closing or last price of the Common Stock on the composite tape or other comparable reporting system for the applicable date, or if the applicable date is not a trading day, the trading day immediately preceding the applicable date, or (ii) if the shares of Common Stock are not then listed on a national securities exchange, the closing or last price of the Common Stock quoted by an established quotation service for over-the-counter securities, or (iii) if the shares of Common Stock are not then listed on a national securities exchange or quoted by an established quotation service for over-the-counter securities, or the value of such shares is not otherwise determinable, such value as determined by the Board in good faith in its sole discretion.

2.18. "Family Member" means a person who is a spouse, former spouse, child, stepchild, grandchild, parent, stepparent, grandparent, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother, sister, brother-in-law, or sister-in-law, including adoptive relationships, of the applicable individual, any person sharing the applicable individual's household (other than a tenant or employee), a trust in which any one or more of these persons have more than fifty percent of the beneficial interest, a foundation in which any

one or more of these persons (or the applicable individual) control the management of assets, and any other entity in which one or more of these persons (or the applicable individual) own more than fifty percent of the voting interests.

2.19. "Good Reason" means, unless otherwise defined in an Employee's Change in Control Agreement, the occurrence of one or more of the following events:

(i) Failure of the Company to remedy any of the following within 10 calendar days after receipt by the Company of written notice thereof from the Employee: (A) a significant adverse change in the nature or scope of the authorities, powers or functions attached to the position with the Company which the Employee held immediately prior to the Change in Control, (B) a reduction in the Employee's base pay, (C) a reduction in the Employee's incentive or bonus pay opportunity, assuming 100% achievement of the quantitatively measurable conditions to receipt of such incentive or bonus pay, and all such qualitative conditions, in each case as applicable to the Employee immediately prior to the Change in Control, or (D) the termination or denial of the Employee's rights to Employee Benefits or a reduction in the scope or value thereof, unless such termination or reduction referred to in clauses (B), (C) or (D) applies on a substantially similar basis to all executive officers of the Company and its parent entities; or

(ii) If the Employee's principal residence at the time in question is within 35 miles of the Company's headquarters, the Company requires the Employee to have Employee's principal location of work changed to any location that is in excess of 50 miles from such residence without Employee's prior written consent.

A termination of employment by the Employee for one of the reasons set forth in clauses (i) - (ii) above will not constitute "Good Reason" unless, within the 60-day period immediately following the occurrence of such Good Reason event, the Employee has given written notice to the Company specifying in reasonable detail the event or events relied upon for such termination and the Company has not remedied such event or events within 10 days of the receipt of such notice. The Company and the Employee may mutually waive in writing any of the foregoing provisions with respect to an event or events that otherwise would constitute Good Reason

2.20. "Grant Date" means, as determined by the Board, the latest to occur of (i) the date as of which the Board approves an Award, (ii) the date on which the recipient of an Award first becomes eligible to receive an Award under **Section 6** hereof, or (iii) such other date as may be specified by the Board in the Award Agreement.

2.21. "Grantee" means a person who receives or holds an Award under the Plan.

2.22. "Incentive Stock Option" means an "incentive stock option" within the meaning of Section 422 of the Code, or the corresponding provision of any subsequently enacted tax statute, as amended from time to time.

2.23. "Incumbent Directors" means the individuals who, as of the date hereof, are Directors of the Company and any individual becoming a Director subsequent to the date hereof whose election, nomination for election by the Company's shareholders, or appointment, was approved by a vote of at least two-thirds of the then Incumbent Directors (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a

nominee for director, without objection to such nomination); provided, however, that an individual shall not be an Incumbent Director if such individual's election or appointment to the Board occurs as a result of an actual or threatened election contest (as described in Rule 14a-12(c) of the Exchange Act) with respect to the election or removal of Directors or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Board.

2.24. "Non-Employee Director" means a member of the Board who is not an Employee.

2.25. "Non-qualified Stock Option" means an Option that is not an Incentive Stock Option.

2.26. "Option" means an option to purchase one or more shares of Stock pursuant to the Plan.

2.27. "Option Price" means the exercise price for each share of Stock subject to an Option.

2.28. "Other Stock-based Award" means an award of non-restricted Stock to a Non-Employee Director as part of the annual retainer under the Non-Employee Director compensation program.

2.29. "Performance Award" means an Award made subject to the attainment of performance goals (as described in **Section 12**) over a performance period established by the Committee and includes an Annual Incentive Award.

2.30. "Plan" means this TrueBlue, Inc. 2016 Omnibus Incentive Plan, as amended from time to time.

2.31. "Predecessor Plan" means the TrueBlue, Inc. 2005 Long-Term Equity Incentive Plan.

2.32. "Purchase Price" means the purchase price for each share of Stock pursuant to a grant of Restricted Stock.

2.33. "Restricted Period" shall have the meaning set forth in **Section 10.1**.

2.34. "Restricted Stock" means shares of Stock, awarded to a Grantee pursuant to **Section 10** hereof.

2.35. "Restricted Stock Unit" means a bookkeeping entry representing the equivalent of shares of Stock, awarded to a Grantee pursuant to **Section 10** hereof. The Award of a Restricted Stock Unit represents the mere promise of the Company to deliver a share of Stock or the appropriate amount of cash, as applicable, upon satisfaction of all applicable vesting conditions (or such later date as provided by the Award Agreement) in accordance with and subject to the terms and conditions of the applicable Award Agreement and is not intended to constitute a transfer of "property" within the meaning of Section 83 of the Code.

2.36. "SAR Exercise Price" means the per share exercise price of a SAR granted to a Grantee under **Section 9** hereof.

2.37. **"SEC"** means the United States Securities and Exchange Commission.

2.38. **"Section 409A"** means Section 409A of the Code.

2.39. **"Securities Act"** means the Securities Act of 1933, as now in effect or as hereafter amended.

2.40. **"Separation from Service"** means a termination of Service by a Service Provider, as determined by the Board, which determination shall be final, binding, and conclusive; provided if any Award governed by Section 409A is to be distributed on a Separation from Service, then the definition of Separation from Service for such purposes shall comply with the definition provided in Section 409A.

2.41. **"Service"** means service as a Service Provider to the Company or an Affiliate. Unless otherwise stated in the applicable Award Agreement, a Grantee's change in position or duties shall not result in interrupted or terminated Service, so long as such Grantee continues to be a Service Provider to the Company or an Affiliate.

2.42. **"Service Provider"** means an Employee, Non-Employee Director, or Consultant.

2.43. **"Stock Appreciation Right" or "SAR"** means a right granted to a Grantee under **Section 9** hereof.

2.44. **"Subsidiary"** means any "subsidiary corporation" of the Company within the meaning of Section 424(f) of the Code.

2.45. **"Substitute Award"** means any Award granted in assumption of or in substitution for an award of a company or business acquired by the Company or a Subsidiary or with which the Company or an Affiliate combines.

2.46. **"Ten Percent Stockholder"** means an individual who owns more than ten percent (10%) of the total combined voting power of all classes of outstanding stock of the Company, its parent or any of its Subsidiaries. In determining stock ownership, the attribution rules of Section 424(d) of the Code shall be applied.

2.47. **"Termination Date"** means the date that is ten (10) years after the Restatement Effective Date, unless the Plan is earlier terminated by the Board under **Section 5.2** hereof.

3. ADMINISTRATION OF THE PLAN

3.1. General.

The Board shall have such powers and authorities related to the administration of the Plan as are consistent with the Company's articles of incorporation and bylaws and applicable law. The Board shall have the power and authority to delegate its powers and responsibilities hereunder to the Committee, which shall have full authority to act in accordance with its charter, and with respect to the authority of the Board to act hereunder, all references to the Board shall be deemed to include a reference to the Committee, to the extent such power or responsibilities have been delegated. Except as specifically provided in **Section 13** or as otherwise may be required by applicable law, regulatory requirement or the certificate of incorporation or the bylaws of the Company, the Board shall have full power and authority to take all actions and to make all determinations required or provided for under the Plan, any Award or any Award

Agreement, and shall have full power and authority to take all such other actions and make all such other determinations not inconsistent with the specific terms and provisions of the Plan that the Board deems to be necessary or appropriate to the administration of the Plan. The Committee shall administer the Plan; provided that, the Board shall retain the right to exercise the authority of the Committee to the extent consistent with applicable law and the applicable requirements of any securities exchange on which the Common Stock may then be listed. The interpretation and construction by the Board of any provision of the Plan, any Award or any Award Agreement shall be final, binding, and conclusive. Without limitation, the Board shall have full and final authority, subject to the other terms and conditions of the Plan, to:

1. designate Grantees;
2. determine the type or types of Awards to be made to a Grantee;
3. determine the number of shares of Stock to be subject to an Award;
4. establish the terms and conditions of each Award (including, but not limited to, the Option Price of any Option, the nature and duration of any restriction or condition (or provision for lapse thereof) relating to the vesting, exercise, transfer, or forfeiture of an Award or the shares of Stock subject thereto, and any terms or conditions that may be necessary to qualify Options as Incentive Stock Options);
5. prescribe the form of each Award Agreement; and
6. amend, modify, or supplement the terms of any outstanding Award including the authority, in order to effectuate the purposes of the Plan, to modify Awards to foreign nationals or individuals who are employed outside the United States to recognize differences in local law, tax policy, or custom.

To the extent permitted by applicable law, the Board may delegate its authority as identified herein to any individual or committee of individuals (who need not be directors), including without limitation the authority to make Awards to Grantees who are not subject to Section 16 of the Exchange Act or who are not Covered Employees. To the extent that the Board delegates its authority to make Awards as provided by this **Section 3.1**, all references in the Plan to the Board's authority to make Awards and determinations with respect thereto shall be deemed to include the Board's delegate. Any such delegate shall serve at the pleasure of, and may be removed at any time by, the Board.

3.2. No Repricing.

Notwithstanding any provision herein to the contrary, the repricing of Options or SARs is prohibited without prior approval of the Company's stockholders. For this purpose, a "repricing" means any of the following (or any other action that has the same effect as any of the following): (i) changing the terms of an Option or SAR to lower its Option Price or SAR Exercise Price; (ii) any other action that is treated as a "repricing" under generally accepted accounting principles; and (iii) repurchasing for cash or canceling an Option or SAR at a time when its Option Price or SAR Exercise Price is greater than the Fair Market Value of the underlying shares in exchange for another Award, unless the cancellation and exchange occurs in connection with a change in capitalization or similar change under **Section 14**. A cancellation and exchange under clause (iii) would be considered a "repricing" regardless of whether it is treated as a "repricing" under

generally accepted accounting principles and regardless of whether it is voluntary on the part of the Grantee.

3.3. Award Agreements; Clawbacks.

The grant of any Award may be contingent upon the Grantee executing the appropriate Award Agreement. The Company may retain the right in an Award Agreement to cause a forfeiture of the gain realized by a Grantee on account of actions taken by the Grantee in violation or breach of or in conflict with any employment agreement, non-competition agreement, any agreement prohibiting solicitation of employees or clients of the Company or any Affiliate thereof, or any confidentiality obligation with respect to the Company or any Affiliate thereof, or otherwise in competition with the Company or any Affiliate thereof. Furthermore, the Company may annul an Award if the Grantee is terminated for "Cause."

Awards shall be subject to the requirements of (i) Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (regarding recovery of erroneously awarded compensation) and any implementing rules and regulations thereunder; (ii) similar rules under the laws of any other jurisdiction; (iii) any compensation recovery policies adopted by the Company to implement any such requirements; or (iv) any other compensation recovery policies as may be adopted from time to time by the Company, all to the extent determined by the Committee in its discretion to be applicable to a Grantee.

3.4. Deferral Arrangement.

The Board may permit or require the deferral of any Award payment into a deferred compensation arrangement, subject to such rules and procedures as it may establish and in accordance with Section 409A, which may include provisions for the payment or crediting of interest or dividend equivalents, including converting such credits into deferred Stock units.

3.5. No Liability.

No member of the Board or of the Committee shall be liable for any action or determination made in good faith with respect to the Plan, any Award, or Award Agreement.

3.6. Minimum Vesting Requirements.

Notwithstanding any other provision of the Plan to the contrary, except as provided in **Sections 14.2 and 16.13** of this Plan or in the event of a Grantee's qualified retirement under the Company's Retirement Policy as approved by the Committee, equity-based Awards granted under the Plan shall vest no earlier than the first anniversary of the date the Award is granted (excluding, for this purpose, any (i) Substitute Awards, (ii) shares delivered in lieu of fully vested cash Awards, (iii) Other Stock-based Awards to Non-Employee Directors (including any such Awards that are deferred under the Company's deferred compensation plan for Non-Employee Directors); and (iv) other Awards to Non-employee Directors that vest on the earlier of the one year anniversary of the date of grant or the next annual meeting of stockholders); provided, that, the Board may grant equity-based Awards without regard to the foregoing minimum vesting requirement with respect to a maximum of five percent (5%) of the available share reserve authorized for issuance under the Plan pursuant to **Section 4.1** (subject to adjustment under **Section 14**).

3.7. Book Entry.

Notwithstanding any other provision of this Plan to the contrary, the Company may elect to satisfy any requirement under this Plan for the delivery of stock certificates through the use of book-entry.

4. STOCK SUBJECT TO THE PLAN

4.1. Authorized Number of Shares

Subject to adjustment under **Section 14**, the total number of shares of Common Stock authorized to be awarded under the Plan shall not exceed the sum of (A) 1,542,944, the number of shares of Common Stock available for the grant of awards as of the Effective Date under the Predecessor Plan; (B) effective upon approval of the Company's stockholders at the 2018 annual meeting of stockholders 1,800,000 shares; (C) effective upon approval of the Company's stockholders at the 2023 annual meeting of stockholders 695,000 shares; and (D) effective upon approval of the Company's stockholders at the 2024 annual meeting of stockholders 840,000 shares. In addition, shares of Common Stock underlying any outstanding award granted under the Predecessor Plan that, following the Effective Date, expires, or is terminated, surrendered, or forfeited for any reason without issuance of such shares shall be available for the grant of new Awards under this Plan. As provided in **Section 1**, no new awards shall be granted under the Predecessor Plan following the Effective Date. Shares issued under the Plan may consist in whole or in part of authorized but unissued shares, treasury shares, or shares purchased on the open market or otherwise, all as determined by the Company from time to time.

4.2. Share Counting

4.2.1. General

Each share of Common Stock granted in connection with an Award shall be counted as one share against the limit in **Section 4.1**, subject to the provisions of this **Section 4.2**. Share-based Performance Awards shall be counted assuming maximum performance results (if applicable) until such time as actual performance results can be determined.

4.2.2. Cash-Settled Awards

Any Award settled in cash shall not be counted as shares of Common Stock for any purpose under this Plan.

4.2.3. Expired or Terminated Awards

If any Award under the Plan expires, or is terminated, surrendered, or forfeited, in whole or in part, the unissued Common Stock covered by such Award shall again be available for the grant of Awards under the Plan.

4.2.4. Payment of Option Price or Tax Withholding in Shares

The full number of shares of Common Stock with respect to which an Option or SAR is granted shall count against the aggregate number of shares available for grant under the Plan. Accordingly, (i) if in accordance with the terms of the Plan, a Grantee pays the Option Price for an Option by either tendering previously owned shares or having the Company withhold shares, then such shares surrendered to pay the Option Price shall continue to count against the aggregate number of shares available for grant under the Plan set forth in **Section 4.1** above; and (ii) for a share-settled SAR, the gross number of shares with respect to which the SAR is granted

shall be counted against the limit in Section 4.1 (i.e., not just the net shares actually issued upon exercise of the SAR). In addition, if in accordance with the terms of the Plan, a Grantee satisfies any tax withholding requirement with respect to any taxable event arising as a result of this Plan by either tendering previously owned shares or having the Company withhold shares, then such shares surrendered to satisfy such tax withholding requirements shall continue to count against the aggregate number of shares available for grant under the Plan set forth in **Section 4.1** above.

4.2.5. Substitute Awards

In the case of any Substitute Award, such Substitute Award shall not be counted against the number of shares reserved under the Plan.

4.3. Award Limits

4.3.1. Incentive Stock Options.

Subject to adjustment under **Section 14**, 4 million shares of Common Stock available for issuance under the Plan shall be available for issuance under Incentive Stock Options.

4.3.2. Individual Award Limits - Share-Based Awards.

Subject to adjustment under **Section 14**, the maximum number of each type of Award (other than cash-based Performance Awards) granted to any Grantee in any calendar year shall not exceed the following number of shares of Common Stock: (i) Options and SARs: 1 million shares; and (ii) all share-based Performance Awards (including Restricted Stock and Restricted Stock Units that are Performance Awards): 1 million shares.

4.3.3. Individual Award Limits - Cash-Based Awards.

The maximum amount of cash-based Performance Awards granted to any Grantee in any calendar year shall not exceed the following: (i) Annual Incentive Award: \$5 million; and (ii) all other cash-based Performance Awards: \$5 million.

4.3.4. Limits on Awards to Non-Employee Directors.

No more than \$500,000 may be granted in share-based Awards under the Plan during any one year to a Grantee who is a Non-Employee Director (based on the Fair Market Value of the shares of Common Stock underlying the Award as of the applicable Grant Date in the case of Restricted Stock, Restricted Stock Units, or Other Stock-based Awards, and based on the applicable grant date fair value for accounting purposes in the case of Options or SARs); *provided, however*, that share-based Awards made to a Grantee who is a Non-Employee Director at such Grantee's election in lieu of all or a portion of his or her cash retainer or fees for service on the Board and any Board committee shall not be counted towards the limit under this **Section 4.3.4**.

5. EFFECTIVE DATE, DURATION AND AMENDMENTS

5.1. Term.

The Plan shall be effective as of the Effective Date, provided that it has been approved by the Company's stockholders. The Plan shall terminate automatically on the ten (10) year anniversary of the Restatement Effective Date and may be terminated on any earlier date as provided in **Section 5.2**.

5.2. Amendment and Termination of the Plan.

The Board may, at any time and from time to time, amend, suspend, or terminate the Plan as to any Awards which have not been made. An amendment shall be contingent on approval of the Company's stockholders to the extent stated by the Board, required by applicable law, or required by applicable stock exchange listing requirements. Notwithstanding the foregoing, any amendment to **Section 3.2** shall be contingent upon the approval of the Company's stockholders. No Awards shall be made after the Termination Date. The applicable terms of the Plan, and any terms and conditions applicable to Awards granted prior to the Termination Date shall survive the termination of the Plan and continue to apply to such Awards. No amendment, suspension, or termination of the Plan shall, without the consent of the Grantee, materially impair rights or obligations under any Award theretofore awarded.

6. AWARD ELIGIBILITY AND LIMITATIONS

6.1. Service Providers.

Subject to this **Section 6.1**, Awards may be made to any Service Provider as the Board shall determine and designate from time to time in its discretion.

6.2. Successive Awards.

An eligible person may receive more than one Award, subject to such restrictions as are provided herein.

6.3. Stand-Alone, Additional, Tandem, and Substitute Awards.

Awards may, in the discretion of the Board, be granted either alone or in addition to, in tandem with, or in substitution or exchange for, any other Award or any award granted under another plan of the Company, any Affiliate, or any business entity to be acquired by the Company or an Affiliate, or any other right of a Grantee to receive payment from the Company or any Affiliate. Such additional, tandem, and substitute or exchange Awards may be granted at any time. If an Award is granted in substitution or exchange for another Award, the Board shall have the right to require the surrender of such other Award in consideration for the grant of the new Award. Subject to **Section 3.2**, the Board shall have the right, in its discretion, to make Awards in substitution or exchange for any other award under another plan of the Company, any Affiliate, or any business entity to be acquired by the Company or an Affiliate. In addition, Awards may be granted in lieu of cash compensation, including in lieu of cash amounts payable under other plans of the Company or any Affiliate, in which the value of Stock subject to the Award is equivalent in value to the cash compensation (for example, Restricted Stock Units or Restricted Stock).

7. AWARD AGREEMENT

Each Award shall be evidenced by an Award Agreement, in such form or forms as the Board shall from time to time determine. Without limiting the foregoing, an Award Agreement may be provided in the form of a notice which provides that acceptance of the Award constitutes acceptance of all terms of the Plan and the notice. Award Agreements granted from time to time or at the same time need not contain similar provisions but shall be consistent with the terms of the Plan. Each Award Agreement evidencing an Award of Options shall specify whether such

Options are intended to be Non-qualified Stock Options or Incentive Stock Options, and in the absence of such specification such options shall be deemed Non-qualified Stock Options.

8. TERMS AND CONDITIONS OF OPTIONS

8.1. Option Price.

The Option Price of each Option shall be fixed by the Board and stated in the related Award Agreement. The Option Price of each Option (except those that constitute Substitute Awards) shall be at least the Fair Market Value on the Grant Date of a share of Stock; *provided, however*, that in the event that a Grantee is a Ten Percent Stockholder as of the Grant Date, the Option Price of an Option granted to such Grantee that is intended to be an Incentive Stock Option shall be not less than 110 percent of the Fair Market Value of a share of Stock on the Grant Date. In no case shall the Option Price of any Option be less than the par value of a share of Stock.

8.2. Vesting.

Subject to **Section 8.3** hereof, each Option shall become exercisable at such times and under such conditions (including, without limitation, performance requirements) as shall be determined by the Board and stated in the Award Agreement.

8.3. Term.

Each Option shall terminate, and all rights to purchase shares of Stock thereunder shall cease, upon the expiration of a period not to exceed ten (10) years from the Grant Date, or under such circumstances and on such date prior thereto as is set forth in the Plan or as may be fixed by the Board and stated in the related Award Agreement; *provided, however*, that in the event that the Grantee is a Ten Percent Stockholder, an Option granted to such Grantee that is intended to be an Incentive Stock Option at the Grant Date shall not be exercisable after the expiration of five (5) years from its Grant Date.

8.4. Limitations on Exercise of Option.

Notwithstanding any other provision of the Plan, in no event may any Option be exercised, in whole or in part, (i) prior to the date the Plan is approved by the stockholders of the Company as provided herein or (ii) after the occurrence of an event which results in termination of the Option.

8.5. Method of Exercise.

An Option that is exercisable may be exercised by the Grantee's delivery of a notice of exercise to the Company, setting forth the number of shares of Stock with respect to which the Option is to be exercised, accompanied by full payment for the shares. To be effective, notice of exercise must be made in accordance with procedures established by the Company from time to time.

8.6. Rights of Holders of Options.

Unless otherwise stated in the related Award Agreement, an individual holding or exercising an Option shall have none of the rights of a stockholder (for example, the right to receive cash or dividend payments or distributions attributable to the subject shares of Stock or to

direct the voting of the subject shares of Stock) until the shares of Stock covered thereby are fully paid and issued to him. Except as provided in **Section 14** hereof or the related Award Agreement, no adjustment shall be made for dividends, distributions, or other rights for which the record date is prior to the date of such issuance.

8.7. Limitations on Incentive Stock Options.

An Option shall constitute an Incentive Stock Option only (i) if the Grantee of such Option is an employee of the Company or any Subsidiary of the Company; (ii) to the extent specifically provided in the related Award Agreement; and (iii) to the extent that the aggregate Fair Market Value (determined at the time the Option is granted) of the shares of Stock with respect to which all Incentive Stock Options held by such Grantee become exercisable for the first time during any calendar year (under the Plan and all other plans of the Grantee's employer and its Affiliates) does not exceed \$100,000. This limitation shall be applied by taking Options into account in the order in which they were granted.

9. TERMS AND CONDITIONS OF STOCK APPRECIATION RIGHTS

9.1. Right to Payment.

A SAR shall confer on the Grantee a right to receive, upon exercise thereof, the excess of (i) the Fair Market Value of one share of Stock on the date of exercise over (ii) the SAR Exercise Price, as determined by the Board. The Award Agreement for a SAR (except those that constitute Substitute Awards) shall specify the SAR Exercise Price, which shall be fixed on the Grant Date as not less than the Fair Market Value of a share of Stock on that date. SARs may be granted alone or in conjunction with all or part of an Option or at any subsequent time during the term of such Option or in conjunction with all or part of any other Award. A SAR granted in tandem with an outstanding Option following the Grant Date of such Option shall have a SAR Exercise Price that is equal to the Option Price; *provided, however*, that the SAR Exercise Price may not be less than the Fair Market Value of a share of Stock on the Grant Date of the SAR to the extent required by Section 409A.

9.2. Other Terms.

The Board shall determine at the Grant Date, the time or times at which and the circumstances under which a SAR may be exercised in whole or in part (including based on achievement of performance goals and/or future service requirements), the time or times at which SARs shall cease to be or become exercisable following Separation from Service or upon other conditions, the method of exercise, whether or not a SAR shall be in tandem or in combination with any other Award, and any other terms and conditions of any SAR.

9.3. Term of SARs.

The term of a SAR granted under the Plan shall be determined by the Board, in its sole discretion *provided, however*, that such term shall not exceed ten (10) years.

9.4. Payment of SAR Amount.

Upon exercise of a SAR, a Grantee shall be entitled to receive payment from the Company (in cash or Stock, as determined by the Board) in an amount determined by multiplying:

(i) the difference between the Fair Market Value of a share of Stock on the date of exercise over the SAR Exercise Price; by

(ii) the number of shares of Stock with respect to which the SAR is exercised.

10. TERMS AND CONDITIONS OF RESTRICTED STOCK, RESTRICTED STOCK UNITS, AND OTHER STOCK-BASED AWARDS

10.1. Restrictions.

At the time of grant, the Board may, in its sole discretion, establish a period of time (a **Restricted Period**) and any additional restrictions including the satisfaction of corporate or individual performance objectives applicable to an Award of Restricted Stock or Restricted Stock Units in accordance with **Section 12**. Each Award of Restricted Stock or Restricted Stock Units may be subject to a different Restricted Period and additional restrictions. Neither Restricted Stock nor Restricted Stock Units may be sold, transferred, assigned, pledged, or otherwise encumbered or disposed of during the Restricted Period or prior to the satisfaction of any other applicable restrictions. The Board may also grant Other Stock-based Awards to Non-Employee Directors, which Awards may be subject to deferral under the terms of the Company's deferred compensation plan for Non-Employee Directors (as in effect from time to time), in which case such Other Stock-Based Awards shall be considered to be fully vested Restricted Stock Units.

10.2. Restricted Stock Certificates.

The Company shall issue stock, in the name of each Grantee to whom Restricted Stock has been granted, stock certificates or other evidence of ownership representing the total number of shares of Restricted Stock granted to the Grantee, as soon as reasonably practicable after the Grant Date.

10.3. Rights of Holders of Restricted Stock.

Unless the Board otherwise provides in an Award Agreement and subject to **Section 16.12**, holders of Restricted Stock shall have rights as stockholders of the Company, including voting and dividend rights.

10.4. Rights of Holders of Restricted Stock Units.

10.4.1. Settlement of Restricted Stock Units.

Restricted Stock Units may be settled in cash or Stock, as determined by the Board, and set forth in the Award Agreement. The Award Agreement shall also set forth whether the Restricted Stock Units shall be settled (i) within the time period specified for "short term deferrals" under Section 409A or (ii) otherwise within the requirements of Section 409A, in which case the Award Agreement shall specify upon which events such Restricted Stock Units shall be settled.

10.4.2. Voting and Dividend Rights.

Unless otherwise stated in the applicable Award Agreement and subject to **Section 16.12**, holders of Restricted Stock Units shall not have rights as stockholders of the Company, including no voting or dividend or dividend equivalents rights.

10.4.3. Creditor's Rights.

A holder of Restricted Stock Units shall have no rights other than those of a general creditor of the Company. Restricted Stock Units represent an unfunded and unsecured obligation of the Company, subject to the terms and conditions of the applicable Award Agreement.

10.5. Purchase of Restricted Stock.

The Grantee shall be required, to the extent required by applicable law, to purchase the Restricted Stock from the Company at a Purchase Price equal to the greater of (i) the aggregate par value of the shares of Stock represented by such Restricted Stock or (ii) the Purchase Price, if any, specified in the related Award Agreement. If specified in the Award Agreement, the Purchase Price may be deemed paid by Services already rendered. The Purchase Price shall be payable in a form described in **Section 11** or, in the discretion of the Board, in consideration for past Services rendered.

10.6. Delivery of Stock.

Upon the expiration or termination of any Restricted Period and the satisfaction of any other conditions prescribed by the Board, the restrictions applicable to shares of Restricted Stock or Restricted Stock Units settled in Stock shall lapse, and, unless otherwise provided in the Award Agreement, a stock certificate for such shares shall be delivered, free of all such restrictions, to the Grantee or the Grantee's beneficiary or estate, as the case may be.

11. FORM OF PAYMENT FOR OPTIONS AND RESTRICTED STOCK

11.1. General Rule.

Payment of the Option Price for the shares purchased pursuant to the exercise of an Option or the Purchase Price for Restricted Stock shall be made in cash or in cash equivalents acceptable to the Company, except as provided in this **Section 11**.

11.2. Surrender of Stock.

To the extent the Award Agreement so provides, payment of the Option Price for shares purchased pursuant to the exercise of an Option or the Purchase Price for Restricted Stock may be made all or in part through the tender to the Company of shares of Stock, which shares shall be valued, for purposes of determining the extent to which the Option Price or Purchase Price for Restricted Stock has been paid thereby, at their Fair Market Value on the date of exercise or surrender. Notwithstanding the foregoing, in the case of an Incentive Stock Option, the right to make payment in the form of already owned shares of Stock may be authorized only at the time of grant.

11.3. Cashless Exercise.

With respect to an Option only (and not with respect to Restricted Stock), to the extent permitted by law and to the extent the Award Agreement so provides, payment of the Option Price may be made all or in part by delivery (on a form acceptable to the Company) of an irrevocable direction to a licensed securities broker acceptable to the Company to sell shares of Stock and to deliver all or part of the sales proceeds to the Company in payment of the Option Price and any withholding taxes described in **Section 16.3**.

11.4. Other Forms of Payment.

To the extent the Award Agreement so provides, payment of the Option Price or the Purchase Price for Restricted Stock may be made in any other form that is consistent with applicable laws, regulations, and rules, including, but not limited to, the Company's withholding of shares of Stock otherwise due to the exercising Grantee.

12. TERMS AND CONDITIONS OF PERFORMANCE AWARDS**12.1. Performance Conditions.**

The Committee may grant Performance Awards subject to such performance conditions as may be specified by the Committee. The Committee may use such business criteria, other measures of performance, or other terms and conditions as it may deem appropriate in establishing any performance goals. Performance goals may differ for Performance Awards granted to any one Grantee or to different Grantees.

12.2. Settlement of Performance Awards.

Settlement of Performance Awards shall be in cash, Stock, other Awards, or other property, in the discretion of the Committee. The Committee may, in its discretion, adjust the amount of a settlement otherwise to be made in connection with Performance Awards.

13. REQUIREMENTS OF LAW**13.1. General.**

The Company shall not be required to sell or issue any shares of Stock under any Award if the sale or issuance of such shares would constitute a violation by the Grantee, any other individual exercising an Option, or the Company of any provision of any law or regulation of any governmental authority, including without limitation any federal or state securities laws or regulations. If at any time the Company shall determine, in its discretion, that the listing, registration or qualification of any shares subject to an Award upon any securities exchange or under any governmental regulatory body is necessary or desirable as a condition of, or in connection with, the issuance or purchase of shares hereunder, no shares of Stock may be issued or sold to the Grantee or any other individual exercising an Option pursuant to such Award unless such listing, registration, qualification, consent, or approval shall have been effected or obtained free of any conditions not acceptable to the Company, and any delay caused thereby shall in no way affect the date of termination of the Award. Specifically, in connection with the Securities Act, upon the exercise of any Option or the delivery of any shares of Stock underlying an Award, unless a registration statement under such Act is in effect with respect to the shares of Stock covered by such Award, the Company shall not be required to sell or issue such shares unless the Board has received evidence satisfactory to it that the Grantee or any other individual exercising an Option may acquire such shares pursuant to an exemption from registration under the Securities Act. Any determination in this connection by the Board shall be final, binding, and conclusive. The Company may, but shall in no event be obligated to, register any securities covered hereby pursuant to the Securities Act. The Company shall not be obligated to take any affirmative action in order to cause the exercise of an Option or the issuance of shares of Stock pursuant to the Plan to comply with any law or regulation of any governmental authority. As to any jurisdiction that expressly imposes the requirement that an Option shall not be exercisable until the shares of Stock covered by such Option are registered or are exempt from registration,

the exercise of such Option (when the laws of such jurisdiction apply) shall be deemed conditioned upon the effectiveness of such registration or the availability of such an exemption.

13.2. Rule 16b-3.

During any time when the Company has a class of equity security registered under Section 12 of the Exchange Act, it is the intent of the Company that Awards and the exercise of Options granted to officers and directors hereunder will qualify for the exemption provided by Rule 16b-3 under the Exchange Act. To the extent that any provision of the Plan or action by the Board or Committee does not comply with the requirements of Rule 16b-3, it shall be deemed inoperative to the extent permitted by law and deemed advisable by the Board and shall not affect the validity of the Plan. In the event that Rule 16b-3 is revised or replaced, the Board may exercise its discretion to modify this Plan in any respect necessary to satisfy the requirements of, or to take advantage of any features of, the revised exemption or its replacement.

14. EFFECT OF CHANGES IN CAPITALIZATION

14.1. Changes in Stock.

If (i) the number of outstanding shares of Stock is increased or decreased or the shares of Stock are changed into or exchanged for a different number or kind of shares or other securities of the Company on account of any recapitalization, reclassification, stock split, reverse split, combination of shares, exchange of shares, stock dividend, or other distribution payable in capital stock, or other increase or decrease in such shares effected without receipt of consideration by the Company occurring after the Effective Date, or (ii) there occurs any spin-off, split-up, extraordinary cash dividend, or other distribution of assets by the Company, the number and kinds of shares for which grants of Awards may be made under the Plan (including the maximums set forth in **Section 4.3**) shall be equitably adjusted by the Company; provided that any such adjustment shall comply with Section 409A. In addition, in the event of any such increase or decrease in the number of outstanding shares or other transaction described in clause (ii) above, the number and kind of shares for which Awards are outstanding and the Option Price per share of outstanding Options and SAR Exercise Price per share of outstanding SARs shall be equitably adjusted, provided that any such adjustment shall comply with Section 409A. Adjustments under this **Section 14.1** related to shares of Stock or securities of the Company shall be made by the Board, whose determination in that respect shall be final, binding, and conclusive. No fractional shares or other securities shall be issued pursuant to any such adjustment, and any fractions resulting from any such adjustment shall be eliminated in each case by rounding downward to the nearest whole share.

14.2. Change in Control.

Upon a Change in Control, unless otherwise specified in the Award Agreement or in an Employee's Change in Control Agreement:

Each outstanding Award will be Assumed (as defined below) by the entity effecting the Change in Control (or a successor or parent corporation). If the outstanding Awards are not Assumed by the entity effecting the Change in Control (or a successor or parent corporation), then (i) such Awards (other than Performance Awards) will become fully vested, exercisable or non-forfeitable, as the case may be, immediately prior to the Change in Control and (ii) such Awards that are Performance Awards will be deemed earned and vested at the target performance level immediately prior to the Change in Control.

If the Awards are Assumed by the entity effecting the Change in Control (or a successor or parent corporation), then (i) such Awards (other than Performance Awards) shall continue to become vested, exercisable and non-forfeitable, as the case may be, pursuant to the terms of the applicable Award Agreement, and (ii) such Awards that are Performance Awards will be deemed earned at the target performance level as of the date of the Change in Control and the Award shall remain subject to time-based vesting until the end of the performance period set forth in the applicable Award Agreement. Notwithstanding the foregoing, if a Grantee's employment is terminated during the one-year period beginning on the date of a Change in Control and such termination is due to (1) a termination by the Company without Cause or (2) a voluntary termination by the Grantee due to the existence of Good Reason, then the following shall occur with respect to the Awards that are Assumed:

(i) With respect to Awards other than Performance Awards, such awards shall become fully vested, exercisable, and non-forfeitable, as the case may be, as of the effective date of a Grantee's termination of employment; and

(ii) With respect to Performance Awards, the fixed number deemed earned as determined above shall become fully vested, exercisable, and non-forfeitable, as the case may be, as of the effective date of a Grantee's termination of employment.

Awards will be considered assumed ("Assumed") if the following conditions are met (1) the Awards are converted into replacement awards in a manner that complies with Section 409A of the Code; (2) the replacement award contains provisions for scheduled vesting and treatment on termination of employment that are no less favorable to the Grantee than those in this Plan or the applicable Award Agreement, and all other terms of the replacement award (other than the security, the number of shares represented by the replacement award, and the exercise price of the replacement award, if applicable) are substantially similar to those in this Plan and the applicable Award Agreement; and (3) the security represented by the replacement award is of a class that is publicly held and widely traded on an established stock exchange.

15. NO LIMITATION ON COMPANY

The making of Awards pursuant to the Plan shall not affect or limit in any way the right or power of the Company to make adjustments, reclassifications, reorganizations, or changes of its capital or business structure or to merge, consolidate, dissolve, or liquidate, or to sell or transfer all or any part of its business or assets.

16. TERMS APPLICABLE GENERALLY TO AWARDS GRANTED UNDER THE PLAN

16.1. Disclaimer of Rights.

No provision in the Plan or in any Award Agreement shall be construed to confer upon any individual the right to remain in the employ or service of the Company or any Affiliate, or to interfere in any way with any contractual or other right or authority of the Company either to increase or decrease the compensation or other payments to any individual at any time, or to terminate any employment or other relationship between any individual and the Company. In addition, notwithstanding anything contained in the Plan to the contrary, unless otherwise stated in the applicable Award Agreement, no Award granted under the Plan shall be affected by any change of duties or position of the Grantee, so long as such Grantee continues to be a Service Provider. The obligation of the Company to pay any benefits pursuant to this Plan shall be

interpreted as a contractual obligation to pay only those amounts described herein, in the manner and under the conditions prescribed herein. The Plan shall in no way be interpreted to require the Company to transfer any amounts to a third-party trustee or otherwise hold any amounts in trust or escrow for payment to any Grantee or beneficiary under the terms of the Plan.

16.2. Nonexclusivity of the Plan.

Neither the adoption of the Plan nor the submission of the Plan to the stockholders of the Company for approval shall be construed as creating any limitations upon the right and authority of the Board to adopt such other incentive compensation arrangements (which arrangements may be applicable either generally to a class or classes of individuals or specifically to a particular individual or particular individuals), including, without limitation, the granting of stock options as the Board in its discretion determines desirable.

16.3. Withholding Taxes.

The Company or an Affiliate, as the case may be, shall have the right to deduct from payments of any kind otherwise due to a Grantee any federal, state, or local taxes of any kind required by law to be withheld (i) with respect to the vesting of or other lapse of restrictions applicable to an Award; (ii) upon the issuance of any shares of Stock upon the exercise of an Option or SAR; or (iii) otherwise due in connection with an Award. At the time of such vesting, lapse, or exercise, the Grantee shall pay to the Company or the Affiliate, as the case may be, any amount that the Company or the Affiliate may reasonably determine to be necessary to satisfy such withholding obligation. The Company or the Affiliate, as the case may be, may in its sole discretion, require or permit the Grantee to satisfy such obligations, in whole or in part, (i) by causing the Company or the Affiliate to withhold the minimum required number of shares of Stock otherwise issuable to the Grantee as may be necessary to satisfy such withholding obligation, or (ii) by delivering to the Company or the Affiliate shares of Stock already owned by the Grantee. The shares of Stock so delivered or withheld shall have an aggregate Fair Market Value equal to such withholding obligations, provided it does not exceed the employer's applicable minimum required tax withholding rate or such other applicable rate as is deemed necessary or advisable to avoid adverse treatment for financial accounting purposes, as determined by the Committee in its sole discretion. The Fair Market Value of the shares of Stock used to satisfy such withholding obligation shall be determined by the Company or the Affiliate as of the date that the amount of tax to be withheld is to be determined. To the extent applicable, a Grantee may satisfy his or her withholding obligation only with shares of Stock that are not subject to any repurchase, forfeiture, unfulfilled vesting, or other similar requirements.

16.4. Captions.

The use of captions in this Plan or any Award Agreement is for the convenience of reference only and shall not affect the meaning of any provision of the Plan or any Award Agreement.

16.5. Other Provisions.

Each Award Agreement may contain such other terms and conditions not inconsistent with the Plan as may be determined by the Board, in its sole discretion. In the event of any conflict between the terms of an employment agreement, an Award Agreement, and the Plan, the documents shall govern in the order listed herein, to the extent permitted by the terms of the Plan.

16.6. Number and Gender.

With respect to words used in this Plan, the singular form shall include the plural form, the masculine gender shall include the feminine gender, etc., as the context requires.

16.7. Severability.

If any provision of the Plan or any Award Agreement shall be determined to be illegal or unenforceable by any court of law in any jurisdiction, the remaining provisions hereof and thereof shall be severable and enforceable in accordance with their terms, and all provisions shall remain enforceable in any other jurisdiction.

16.8. Governing Law.

The Plan shall be governed by and construed in accordance with the laws of the State of Washington without giving effect to the principles of conflicts of law, and applicable Federal law.

16.9. Section 409A.

The Plan is intended to comply with Section 409A to the extent subject thereto, and, accordingly, to the maximum extent permitted, the Plan shall be interpreted and administered to comply therewith. Any payments described in the Plan that are due within the "short-term deferral period" as defined in Section 409A shall not be treated as deferred compensation unless applicable laws require otherwise. Notwithstanding anything to the contrary in the Plan, to the extent required to avoid accelerated taxation and tax penalties under Section 409A, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to the Plan during the six (6) month period immediately following the Grantee's Separation from Service shall instead be paid on the first payroll date after the six-month anniversary of the Grantee's Separation from Service (or the Grantee's death, if earlier). Notwithstanding the foregoing, neither the Company nor the Committee shall have any obligation to take any action to prevent the assessment of any excise tax or penalty on any Grantee under Section 409A and neither the Company nor the Committee will have any liability to any Grantee for such tax or penalty.

16.10. Separation from Service.

The Board shall determine the effect of a Separation from Service upon Awards, and such effect shall be set forth in the appropriate Award Agreement. Without limiting the foregoing, the Board may provide in the Award Agreements at the time of grant, or any time thereafter with the consent of the Grantee, the actions that will be taken upon the occurrence of a Separation from Service, including, but not limited to, accelerated vesting or termination, depending upon the circumstances surrounding the Separation from Service.

16.11. Transferability of Awards.**16.11.1. Transfers in General.**

Except as provided in **Section 16.11.2**, no Award shall be assignable or transferable by the Grantee to whom it is granted, other than by will or the laws of descent and distribution, and, during the lifetime of the Grantee, only the Grantee personally (or the Grantee's personal representative) may exercise rights under the Plan. However, this Subsection shall not preclude a

Grantee from designating a beneficiary who will receive any outstanding Award in the event of the Grantee's death.

16.11.2. Family Transfers.

If authorized in the applicable Award Agreement, a Grantee may transfer, not for value, all or part of an Award (other than Incentive Stock Options) to any Family Member. For the purpose of this **Section 16.11.2**, a "not for value" transfer is a transfer which is (i) a gift, (ii) a transfer under a domestic relations order in settlement of marital property rights; or (iii) a transfer to an entity in which more than fifty percent of the voting interests are owned by Family Members (or the Grantee) in exchange for an interest in that entity. Following a transfer under this **Section 16.11.2**, any such Award shall continue to be subject to the same terms and conditions as were applicable immediately prior to transfer. Subsequent transfers of transferred Awards are prohibited except to Family Members of the original Grantee in accordance with this **Section 16.11.2** or by will or the laws of descent and distribution.

16.12. Dividends and Dividend Equivalent Rights.

If specified in the Award Agreement, the recipient of an Award other than Options or SARs under this Plan may be entitled to receive, currently or on a deferred basis, dividends or dividend equivalents with respect to the Common Stock or other securities covered by an Award. The terms and conditions of a dividend equivalent right may be set forth in the Award Agreement. Dividend equivalents credited to a Grantee may be paid currently or may be deemed to be reinvested in additional shares of Stock or other securities of the Company at a price per unit equal to the Fair Market Value of a share of Stock on the date that such dividend was paid to stockholders, as determined in the sole discretion of the Committee. Notwithstanding the foregoing, the dividends or dividend equivalents shall accrue and be paid only to the extent the Award becomes vested or payable. The number of shares of Common Stock available for issuance under the Plan shall not be reduced to reflect any dividends or dividend equivalents that are reinvested into additional shares of Common Stock or credited as additional shares of Common Stock subject or paid with respect to an Award.

16.13. Death; Disability.

All Awards other than Performance Awards shall become vested, exercisable and non-forfeitable, as the case may be, in full upon a Grantee's death or Separation from Service due to Disability; any Performance Awards shall be deemed earned and vested at the target level of performance. Any Awards that become payable after the Grantee's death shall be distributed to the Grantee's beneficiary or beneficiaries if the Grantee has designated one or more beneficiaries for this purpose by filing the prescribed form with the Company. If no beneficiary was designated or if no designated beneficiary survives the Grantee, then any Award that becomes payable after the Grantee's death shall be distributed to the Grantee's estate.

The Plan was originally approved by the stockholders of the Company on May 11, 2016.

The first amendment and restatement of the Plan was approved by the stockholders of the Company on May 9, 2018.

The second amendment and restatement of the Plan was approved by the stockholders of the Company on May 11, 2023.

This third amendment and restatement of the Plan was approved by the stockholders of the Company on May 15, 2024.

CERTIFICATION

I, Taryn R. Owen, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of TrueBlue, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 5, 2024

/s/ Taryn R. Owen

Taryn R. Owen
Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION

I, Carl R. Schweihs, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of TrueBlue, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 5, 2024

/s/ Carl R. Schweihs

Carl R. Schweihs
Chief Financial Officer
(Principal Financial Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

We, Taryn R. Owen, the chief executive officer of TrueBlue, Inc. (the "company"), and Carl R. Schweih, the chief financial officer of the company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Quarterly Report of the company on Form 10-Q, for the fiscal period ended June 30, 2024 (the "Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the company.

/s/ Taryn R. Owen

/s/ Carl R. Schweih

Taryn R. Owen
Chief Executive Officer
(Principal Executive Officer)

Carl R. Schweih
Chief Financial Officer
(Principal Financial Officer)

August 5, 2024

A signed original of this written statement required by Section 906 has been provided to TrueBlue, Inc. and will be retained by TrueBlue, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.