**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 25, 2023

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 | ☒ | Accelerated filer | ☐ | Non-accelerated filer | ☐ |
| Smaller reporting company | ☐ | Emerging growth company | ☐ | | |

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 19, 2023, there were 31,004,802 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)*

| *(in thousands, except par value data)* | June 25, 2023 | December 25, 2022 |
|---|---|---|
| **ASSETS** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 49,653 | $ 72,054 |
| Accounts receivable, net of allowance of $3,493 and $3,212 | 267,949 | 314,275 |
| Prepaid expenses and other current assets | 22,825 | 32,530 |
| Income tax receivable | 13,407 | 11,353 |
| Total current assets | 353,834 | 430,212 |
| Property and equipment, net | 100,277 | 95,823 |
| Restricted cash and investments | 206,106 | 213,734 |
| Deferred income taxes, net | 25,830 | 25,842 |
| Goodwill | 85,049 | 93,784 |
| Intangible assets, net | 13,161 | 16,205 |
| Operating lease right-of-use assets, net | 52,961 | 50,823 |
| Workers' compensation claims receivable, net | 70,704 | 75,185 |
| Other assets, net | 16,935 | 17,800 |
| Total assets | $ 924,857 | $ 1,019,408 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | |
| Current liabilities: | | |
| Accounts payable and other accrued expenses | $ 48,555 | $ 76,644 |
| Accrued wages and benefits | 82,961 | 92,237 |
| Income tax payable | 157 | 1,137 |
| Current portion of workers' compensation claims reserve | 44,840 | 50,005 |
| Current operating lease liabilities | 12,268 | 11,963 |
| Other current liabilities | 10,422 | 10,889 |
| Total current liabilities | 199,203 | 242,875 |
| Workers' compensation claims reserve, less current portion | 186,271 | 201,005 |
| Long-term deferred compensation liabilities | 31,031 | 26,213 |
| Long-term operating lease liabilities | 52,408 | 50,601 |
| Other long-term liabilities | 1,899 | 2,399 |
| Total liabilities | 470,812 | 523,093 |
| Commitments and contingencies (Note 8) | | |
| Shareholders' equity: | | |
| Preferred stock, $0.131 par value, 20,000 shares authorized; No shares issued and outstanding | — | — |
| Common stock, no par value, 100,000 shares authorized; 30,996 and 32,730 shares issued and outstanding | 1 | 1 |
| Accumulated other comprehensive loss | (19,765) | (20,018) |
| Retained earnings | 473,809 | 516,332 |
| Total shareholders' equity | 454,045 | 496,315 |
| Total liabilities and shareholders' equity | $ 924,857 | $ 1,019,408 |

*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 | |
|---|---|---|---|---|
| *(in thousands, except per share data)* | June 25, 2023 | June 26, 2022 | June 25, 2023 | June 26, 2022 |
| Revenue from services | $ 475,588 | $ 569,253 | $ 940,876 | $ 1,120,768 |
| Cost of services | 345,097 | 410,722 | 687,272 | 822,392 |
| Gross profit | 130,491 | 158,531 | 253,604 | 298,376 |
| Selling, general and administrative expense | 121,282 | 122,034 | 243,927 | 242,602 |
| Depreciation and amortization | 6,280 | 7,245 | 12,691 | 14,532 |
| Goodwill and intangible asset impairment charge | 9,485 | — | 9,485 | — |
| Income (loss) from operations | (6,556) | 29,252 | (12,499) | 41,242 |
| Interest and other income (expense), net | 578 | (110) | 1,592 | 395 |
| Income (loss) before tax expense | (5,978) | 29,142 | (10,907) | 41,637 |
| Income tax expense | 1,345 | 5,129 | 705 | 7,105 |
| Net income (loss) | $ (7,323) | $ 24,013 | $ (11,612) | $ 34,532 |
| | | | | |
| Net income (loss) per common share: | | | | |
| Basic | $ (0.24) | $ 0.73 | $ (0.37) | $ 1.04 |
| Diluted | $ (0.24) | $ 0.72 | $ (0.37) | $ 1.02 |
| | | | | |
| Weighted average shares outstanding: | | | | |
| Basic | 30,966 | 32,707 | 31,629 | 33,318 |
| Diluted | 30,966 | 33,149 | 31,629 | 33,832 |
| | | | | |
| Other comprehensive income (loss): | | | | |
| Foreign currency translation adjustment | $ 506 | $ (1,724) | $ 253 | $ (1,597) |
| Comprehensive income (loss) | $ (6,817) | $ 22,289 | $ (11,359) | $ 32,935 |

*See accompanying notes to consolidated financial statements*

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

| *(in thousands)* | Twenty-six weeks ended June 25, 2023 | Twenty-six weeks ended June 26, 2022 |
|---|---|---|
| Cash flows from operating activities: | | |
| Net income (loss) | $ (11,612) | $ 34,532 |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities: | | |
| Depreciation and amortization | 12,691 | 14,532 |
| Goodwill and intangible asset impairment charge | 9,485 | — |
| Provision for credit losses | 2,408 | 2,572 |
| Stock-based compensation | 5,294 | 4,487 |
| Deferred income taxes | (22) | 2,117 |
| Non-cash lease expense | 6,249 | 6,518 |
| Other operating activities | (1,099) | 6,752 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | 43,915 | 12,524 |
| Income taxes receivable and payable | (3,039) | (3,549) |
| Other assets | 15,053 | (8,486) |
| Accounts payable and other accrued expenses | (26,968) | (10,629) |
| Accrued wages and benefits | (9,277) | (14,638) |
| Workers' compensation claims reserve | (19,899) | 11,404 |
| Operating lease liabilities | (6,295) | (6,441) |
| Other liabilities | 3,980 | 1,407 |
| Net cash provided by operating activities | 20,864 | 53,102 |
| Cash flows from investing activities: | | |
| Capital expenditures | (15,738) | (13,992) |
| Payments for company-owned life insurance | (2,347) | — |
| Purchases of restricted held-to-maturity investments | (9,955) | (4,950) |
| Maturities of restricted held-to-maturity investments | 15,613 | 17,826 |
| Net cash used in investing activities | (12,427) | (1,116) |
| Cash flows from financing activities: | | |
| Purchases and retirement of common stock | (34,200) | (60,939) |
| Net proceeds from employee stock purchase plans | 509 | 536 |
| Common stock repurchases for taxes upon vesting of restricted stock | (2,514) | (4,132) |
| Other | (91) | (147) |
| Net cash used in financing activities | (36,296) | (64,682) |
| Effect of exchange rate changes on cash, cash equivalents and restricted cash | (20) | (494) |
| Net change in cash, cash equivalents and restricted cash | (27,879) | (13,190) |
| Cash, cash equivalents and restricted cash, beginning of period | 135,631 | 103,185 |
| Cash, cash equivalents and restricted cash, end of period | $ 107,752 | $ 89,995 |
| | | |
| *Supplemental disclosure of cash flow information:* | | |
| Cash paid during the period for: | | |
| Interest | $ 453 | $ 452 |
| Income taxes | $ 3,760 | $ 8,413 |
| Operating lease liabilities | $ 7,793 | $ 7,925 |
| Non-cash transactions: | | |
| Property and equipment purchased but not yet paid | $ 3,345 | $ 3,385 |
| Right-of-use assets obtained in exchange for new operating lease liabilities | $ 8,124 | $ 4,852 |

*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 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 25, 2022. The results of operations for the twenty-six weeks ended June 25, 2023 are not necessarily indicative of the results expected for the full fiscal year nor for any other fiscal period.

### *Recently adopted accounting standards*

There were no new accounting standards adopted during the twenty-six weeks ended June 25, 2023 that had a material impact on our financial statements.

### *Recently issued accounting standards not yet adopted*

There are no 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: 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:

| | June 25, 2023 | | | |
|---|---|---|---|---|
| *(in thousands)* | 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 | $ 49,653 | $ 49,653 | $ — | $ — |
| Restricted cash and cash equivalents | 58,099 | 58,099 | — | — |
| Cash, cash equivalents and restricted cash (1) | $ 107,752 | $ 107,752 | $ — | $ — |
| Municipal debt securities | $ 35,989 | $ — | $ 35,989 | $ — |
| Corporate debt securities | 71,897 | — | 71,897 | — |
| Agency mortgage-backed securities | 4,570 | — | 4,570 | — |
| U.S. government and agency securities | 943 | — | 943 | — |
| Restricted investments classified as held-to-maturity (2) | $ 113,399 | $ — | $ 113,399 | $ — |

| *(in thousands)* | December 25, 2022 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 | $ 72,054 | $ 72,054 | $ — | $ — |
| Restricted cash and cash equivalents | 63,577 | 63,577 | — | — |
| Cash, cash equivalents and restricted cash (1) | $ 135,631 | $ 135,631 | $ — | $ — |
| Municipal debt securities | $ 42,431 | $ — | $ 42,431 | $ — |
| Corporate debt securities | 76,097 | — | 76,097 | — |
| Agency mortgage-backed securities | 48 | — | 48 | — |
| U.S. government and agency securities | 949 | — | 949 | — |
| Restricted investments classified as held-to-maturity (2) | $ 119,525 | $ — | $ 119,525 | $ — |

(1) Cash, cash equivalents and restricted cash include money market funds and deposits.
(2) Refer to Note 3: *Restricted Cash 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 our annual impairment tests for goodwill and indefinite-lived intangible assets as of the first day of our fiscal second quarter of 2023. Refer to Note 5: *Goodwill and Intangible Assets* for additional details on the impairment charges, valuation methodologies, and inputs used in the fair value measurements.

For our annual goodwill impairment test, the fair value of each reporting unit was estimated using a 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 $9.7 million associated with the PeopleScout MSP reporting unit was impaired, and an impairment charge of $8.9 million was recognized on our Consolidated Statements of Operations and Comprehensive Income (Loss) for the thirteen and twenty-six weeks ended June 25, 2023.

For our annual indefinite-lived intangible asset impairment test, 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 $3.9 million was 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 25, 2023.

## NOTE 3: RESTRICTED CASH AND INVESTMENTS

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

| *(in thousands)* | June 25, 2023 | December 25, 2022 |
|---|---|---|
| Cash collateral held by insurance carriers | $ 30,064 | $ 29,567 |
| Cash and cash equivalents held in Trust | 27,153 | 30,857 |
| Investments held in Trust | 117,206 | 123,678 |
| Company-owned life insurance policies | 30,801 | 26,479 |
| Other restricted cash and cash equivalents | 882 | 3,153 |
| Total restricted cash and investments | $ 206,106 | $ 213,734 |

### *Held-to-maturity*

Restricted cash 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”).

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(unaudited)*

The amortized cost and estimated fair value of our held-to-maturity investments held in Trust, aggregated by investment category as of June 25, 2023 and December 25, 2022, were as follows:

| | June 25, 2023 | | | |
|---|---|---|---|---|
| *(in thousands)* | Amortized cost | Gross unrealized gains | Gross unrealized losses | Fair value |
| Municipal debt securities | $ 36,533 | $ — | $ (544) | $ 35,989 |
| Corporate debt securities | 75,087 | 1 | (3,191) | 71,897 |
| Agency mortgage-backed securities | 4,586 | — | (16) | 4,570 |
| U.S. government and agency securities | 1,000 | — | (57) | 943 |
| Total held-to-maturity investments | $ 117,206 | $ 1 | $ (3,808) | $ 113,399 |

| | December 25, 2022 | | | |
|---|---|---|---|---|
| *(in thousands)* | Amortized cost | Gross unrealized gains | Gross unrealized losses | Fair value |
| Municipal debt securities | $ 42,892 | $ 2 | $ (463) | $ 42,431 |
| Corporate debt securities | 79,736 | 4 | (3,643) | 76,097 |
| Agency mortgage-backed securities | 50 | — | (2) | 48 |
| U.S. government and agency securities | 1,000 | — | (51) | 949 |
| Total held-to-maturity investments | $ 123,678 | $ 6 | $ (4,159) | $ 119,525 |

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

| | June 25, 2023 | |
|---|---|---|
| *(in thousands)* | Amortized cost | Fair value |
| Due in one year or less | $ 31,087 | $ 30,716 |
| Due after one year through five years | 86,119 | 82,683 |
| Total held-to-maturity investments | $ 117,206 | $ 113,399 |

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 25, 2023 and June 26, 2022, which are included in selling, general and administrative expense on our Consolidated Statements of Operations and Comprehensive Income (Loss), were as follows:

| | Thirteen weeks ended | | Twenty-six weeks ended | |
|---|---|---|---|---|
| *(in thousands)* | June 25, 2023 | June 26, 2022 | June 25, 2023 | June 26, 2022 |
| Unrealized gains (losses) | $ 1,558 | $ (3,549) | $ 1,975 | $ (5,560) |

## NOTE 4: SUPPLEMENTAL BALANCE SHEET INFORMATION

### *Accounts receivable allowance for credit losses*

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

| | Twenty-six weeks ended | |
|---|---|---|
| *(in thousands)* | June 25, 2023 | June 26, 2022 |
| Beginning balance | $ 3,212 | $ 6,687 |
| Current period provision | 2,408 | 2,572 |
| Write-offs | (2,130) | (5,258) |
| Foreign currency translation | 3 | (14) |
| Ending balance | $ 3,493 | $ 3,987 |

### *Prepaid expenses and other current assets*

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

| *(in thousands)* | June 25, 2023 | December 25, 2022 |
|---|---|---|
| Prepaid software agreements | $ 8,869 | $ 9,994 |
| Other prepaid expenses | 6,411 | 9,455 |
| Other current assets | 7,545 | 13,081 |
| Prepaid expenses and other current assets | $ 22,825 | $ 32,530 |

### *Other current liabilities*

The balance of other current liabilities was made up of the following:

| *(in thousands)* | June 25, 2023 | December 25, 2022 |
|---|---|---|
| Contract liabilities | $ 3,825 | $ 3,812 |
| Other current liabilities | 6,597 | 7,077 |
| Other current liabilities | $ 10,422 | $ 10,889 |

## NOTE 5: GOODWILL AND INTANGIBLE ASSETS

### *Goodwill*

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

| *(in thousands)* | PeopleReady | PeopleScout | PeopleManagement | Total company |
|---|---|---|---|---|
| Balance at December 25, 2022 | | | | |
| Goodwill before impairment | $ 106,304 | $ 141,956 | $ 81,092 | $ 329,352 |
| Accumulated impairment charge | (46,210) | (109,757) | (79,601) | (235,568) |
| Goodwill, net | 60,094 | 32,199 | 1,491 | 93,784 |
| Impairment charge | — | (8,885) | — | (8,885) |
| Foreign currency translation | — | 150 | — | 150 |
| Balance at June 25, 2023 | | | | |
| Goodwill before impairment | 106,304 | 142,106 | 81,092 | 329,502 |
| Accumulated impairment charge | (46,210) | (118,642) | (79,601) | (244,453) |
| Goodwill, net | $ 60,094 | $ 23,464 | $ 1,491 | $ 85,049 |

We performed our annual impairment test as of the first day of our fiscal second quarter of 2023, for our reporting segments with remaining goodwill: PeopleReady; PeopleManagement Centerline; PeopleScout RPO; and PeopleScout MSP. 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, 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 13.0% to 13.5%. 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 to which we compare 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 for PeopleScout MSP.

As a result of our annual impairment test as of the first day of our fiscal second quarter of 2023, we concluded that the carrying amount of the PeopleScout MSP reporting unit exceeded its fair value and we recorded a non-cash goodwill impairment charge of $8.9 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 25, 2023. The PeopleScout MSP goodwill impairment was related to our revised internal revenue projections, which anticipate the recent declining trends will continue into future periods. These projections were updated based on our current macroeconomic outlook and a recent industry analysis, which indicates that our business will underperform due to a strategic lack of investment in technology within an increasingly competitive market. The remaining goodwill balance for the PeopleScout MSP reporting unit was $0.8 million as of June 25, 2023.

Additionally, following performance of the annual impairment test 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 25, 2023. Accordingly, no further impairment loss was recognized during the thirteen weeks ended June 25, 2023.

### *Intangible assets*

#### *Indefinite-lived intangible assets*

We held indefinite-lived trade names/trademarks of $5.4 million and $6.0 million as of June 25, 2023 and December 25, 2022, respectively, related to businesses within our PeopleScout and PeopleManagement segments.

As a result of our annual impairment test as of the first day of our fiscal second quarter of 2023, 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 25, 2023. The charge was primarily the result of an increase in the discount rate, as well as lower projected revenues given our current macroeconomic outlook. The remaining balance for this trade name/trademark was $3.3 million as of June 25, 2023. The fair value of the trade name/trademark related to the PeopleScout segment was substantially in excess of its carrying value of $2.1 million as of June 25, 2023, and therefore did not result in an impairment.

Additionally, following performance of the annual impairment test we did not identify any additional events or conditions that make it more likely than not that an additional impairment may have occurred during the thirteen weeks ended June 25, 2023. Accordingly, no further impairment loss was recognized during the thirteen weeks ended June 25, 2023.

#### *Finite-lived intangible assets*

We did not identify any events or conditions that make it more likely than not that an impairment of our finite-lived intangible assets may have occurred during the twenty-six weeks ended June 25, 2023.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(unaudited)*

### NOTE 6: 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 6 years as of June 25, 2023. The weighted average discount rate was 2.2% and 2.0% at June 25, 2023 and December 25, 2022, respectively.

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

| *(in thousands)* | June 25, 2023 | December 25, 2022 |
|---|---|---|
| Undiscounted workers' compensation reserve | $ 250,269 | $ 270,468 |
| Less discount on workers' compensation reserve | 19,158 | 19,458 |
| Workers' compensation reserve, net of discount | 231,111 | 251,010 |
| Less current portion | 44,840 | 50,005 |
| Long-term portion | $ 186,271 | $ 201,005 |

Payments made against self-insured claims were $22.4 million and $21.5 million for the twenty-six weeks ended June 25, 2023 and June 26, 2022, respectively.

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 17 years. The rates used to discount excess claims incurred during the twenty-six weeks ended June 25, 2023 and fifty-two weeks ended December 25, 2022 were 3.7% and 3.0%, respectively. The discounted workers' compensation reserve for excess claims was $72.0 million and $76.7 million, as of June 25, 2023 and December 25, 2022, respectively. The discounted receivables from insurance companies, net of valuation allowance, were $70.7 million and $75.2 million as of June 25, 2023 and December 25, 2022, 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 $ 5.9 million and $9.8 million was recorded in cost of services on our Consolidated Statements of Operations and Comprehensive Income (Loss) for the thirteen weeks ended June 25, 2023 and June 26, 2022, respectively, and $10.7 million and $21.1 million for the twenty-six weeks ended June 25, 2023 and June 26, 2022, respectively.

### NOTE 7: LONG-TERM DEBT

We have a revolving credit agreement with Bank of America, N.A., Wells Fargo Bank, N.A., PNC Bank, N.A., KeyBank, N.A. and HSBC Bank USA, N.A., which provides for a revolving line of credit of up to $300.0 million, and is currently set to mature on March 16, 2025 ("Revolving Credit Facility"). We have an option to increase the amount to $450.0 million, subject to lender approval. Included in the Revolving Credit Facility is a $30.0 million sub-limit for "Swingline" loans and a $125.0 million sub-limit for letters of credit. At June 25, 2023, $7.2 million was utilized by outstanding standby letters of credit, leaving $292.8 million unused under the Revolving Credit Facility, which is constrained by our most restrictive covenant making $202.1 million available for additional borrowing. At December 25, 2022, $7.2 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 1.25% and 3.50%. Alternatively, at our option, we may pay interest based on a base rate plus an applicable spread between 0.25% and 1.50%. 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 0.25% and 1.50%, as described above.

A commitment fee between 0.25% 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 1.00% and 3.25%, plus a fronting fee of 0.50%.

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 second amendment to our credit agreement 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 25, 2023:

- Consolidated leverage ratio less than 3.00, defined as our funded indebtedness divided by trailing twelve months consolidated EBITDA, as defined in the amended credit agreement. As of June 25, 2023, our consolidated leverage ratio was 0.10.
- 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 25, 2023, our consolidated fixed charge coverage ratio was 48.44.

As of June 25, 2023, we were in compliance with all effective covenants related to the Revolving Credit Facility.

## NOTE 8: COMMITMENTS AND CONTINGENCIES

### *Workers' compensation commitments*

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

| *(in thousands)* | | June 25, 2023 | | December 25, 2022 |
|---|---|---|---|---|
| Cash collateral held by workers' compensation insurance carriers | $ | 24,209 | $ | 23,716 |
| Cash and cash equivalents held in Trust | | 27,153 | | 30,857 |
| Investments held in Trust | | 117,206 | | 123,678 |
| Letters of credit (1) | | 6,077 | | 6,077 |
| Surety bonds (2) | | 20,725 | | 20,806 |
| Total collateral commitments | $ | 195,370 | $ | 205,134 |

(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 9: SHAREHOLDERS' EQUITY

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

| | Thirteen weeks ended | | Twenty-six weeks ended | |
|---|---|---|---|---|
| *(in thousands)* | June 25, 2023 | June 26, 2022 | June 25, 2023 | June 26, 2022 |
| **Common stock shares** | | | | |
| Beginning balance | 31,507 | 33,608 | 32,730 | 34,861 |
| Purchases and retirement of common stock | (520) | (907) | (1,877) | (2,234) |
| Net issuance under equity plans, including tax benefits | 9 | (17) | 143 | 57 |
| Stock-based compensation | — | — | — | — |
| Ending balance | 30,996 | 32,684 | 30,996 | 32,684 |
| **Common stock amount** | | | | |
| Beginning balance | $ 1 | $ 1 | $ 1 | $ 1 |
| Current period activity | — | — | — | — |
| Ending balance | 1 | 1 | 1 | 1 |
| **Retained earnings** | | | | |
| Beginning balance | 487,893 | 483,170 | 516,332 | 508,813 |
| Net income (loss) | (7,323) | 24,013 | (11,612) | 34,532 |
| Purchases and retirement of common stock (1) | (9,482) | (24,613) | (34,200) | (60,939) |
| Net issuance under equity plans, including tax benefits | 57 | 51 | (2,005) | (3,597) |
| Stock-based compensation | 2,664 | 675 | 5,294 | 4,487 |
| Ending balance | 473,809 | 483,296 | 473,809 | 483,296 |
| **Accumulated other comprehensive loss** | | | | |
| Beginning balance, net of tax | (20,271) | (15,620) | (20,018) | (15,747) |
| Foreign currency translation adjustment | 506 | (1,724) | 253 | (1,597) |
| Ending balance, net of tax | (19,765) | (17,344) | (19,765) | (17,344) |
| Total shareholders' equity ending balance | $ 454,045 | $ 465,953 | $ 454,045 | $ 465,953 |

(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 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.

### NOTE 10: 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 and loss by jurisdiction, tax credits, government audit developments, changes in laws, regulations and administrative practices, 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. 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 is lower.

Our effective income tax rate for the twenty-six weeks ended June 25, 2023 was (6.5)%. The difference between the statutory federal income tax rate of 21.0% and our effective tax rate was primarily due to a non-deductible goodwill impairment charge, and the federal Work Opportunity Tax Credit ("WOTC"). WOTC is designed to encourage employers to hire workers from certain targeted groups with higher than average unemployment rates. Other differences between the statutory federal income tax rate and our effective tax rate result from state and foreign income taxes, certain non-deductible and non-taxable items, and tax effects of stock-based compensation.

**NOTE 11: NET INCOME (LOSS) PER SHARE**

Diluted common shares were calculated as follows:

| | Thirteen weeks ended | | Twenty-six weeks ended | |
|---|---|---|---|---|
| *(in thousands, except per share data)* | June 25, 2023 | June 26, 2022 | June 25, 2023 | June 26, 2022 |
| Net income (loss) | $ (7,323) | $ 24,013 | $ (11,612) | $ 34,532 |
| Weighted average number of common shares used in basic net income (loss) per common share | 30,966 | 32,707 | 31,629 | 33,318 |
| Dilutive effect of non-vested stock-based awards | — | 442 | — | 514 |
| Weighted average number of common shares used in diluted net income (loss) per common share | 30,966 | 33,149 | 31,629 | 33,832 |
| Net income (loss) per common share: | | | | |
| Basic | $ (0.24) | $ 0.73 | $ (0.37) | $ 1.04 |
| Diluted | $ (0.24) | $ 0.72 | $ (0.37) | $ 1.02 |
| Anti-dilutive shares | 967 | 322 | 1,020 | 457 |

**NOTE 12: 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.

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:

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(unaudited)*

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

| *(in thousands)* | Thirteen weeks ended June 25, 2023 | Thirteen weeks ended June 26, 2022 | Twenty-six weeks ended June 25, 2023 | Twenty-six weeks ended June 26, 2022 |
|---|---|---|---|---|
| Revenue from services: | | | | |
| ***Contingent staffing*** | | | | |
| PeopleReady | $ 275,318 | $ 317,943 | $ 527,946 | $ 623,633 |
| PeopleManagement | 140,560 | 161,938 | 283,744 | 325,757 |
| ***Human resource outsourcing*** | | | | |
| PeopleScout | 59,710 | 89,372 | 129,186 | 171,378 |
| Total company | $ 475,588 | $ 569,253 | $ 940,876 | $ 1,120,768 |

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

| *(in thousands)* | Thirteen weeks ended June 25, 2023 | Thirteen weeks ended June 26, 2022 | Twenty-six weeks ended June 25, 2023 | Twenty-six weeks ended June 26, 2022 |
|---|---|---|---|---|
| Segment profit: | | | | |
| PeopleReady | $ 8,158 | $ 20,325 | $ 9,030 | $ 36,544 |
| PeopleManagement | 2,250 | 4,228 | 2,048 | 7,207 |
| PeopleScout | 8,817 | 20,593 | 17,740 | 31,565 |
| Total segment profit | 19,225 | 45,146 | 28,818 | 75,316 |
| Corporate unallocated expense | (8,215) | (6,531) | (14,923) | (13,829) |
| Third-party processing fees for hiring tax credits | (110) | (162) | (230) | (324) |
| Amortization of software as a service assets | (952) | (699) | (1,820) | (1,446) |
| Goodwill and intangible asset impairment charge | (9,485) | — | (9,485) | — |
| PeopleReady technology upgrade costs | (174) | (1,748) | (206) | (4,298) |
| Other benefits (costs) | (565) | 491 | (1,962) | 355 |
| Depreciation and amortization | (6,280) | (7,245) | (12,691) | (14,532) |
| Income (loss) from operations | (6,556) | 29,252 | (12,499) | 41,242 |
| Interest and other income (expense), net | 578 | (110) | 1,592 | 395 |
| Income (loss) before tax expense | $ (5,978) | $ 29,142 | $ (10,907) | $ 41,637 |

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, which 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). 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 helps our clients improve productivity and grow their businesses. Client demand for contingent workforce solutions and outsourced recruiting services is cyclical and heavily influenced by 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. In order to competitively differentiate our services and grow market share in these highly fragmented industries, we are committed to executing our digital strategies to increase our ability to attract and retain clients, employees, and associates, and reduce the cost of delivering our services. We have implemented these core strategies for each of our business segments: PeopleReady, PeopleScout and PeopleManagement.

### *PeopleReady*

PeopleReady provides clients with access to qualified associates through a wide range of staffing solutions for on-demand, contingent general and skilled labor. 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."), Canada and Puerto Rico, and increasingly through our industry-leading mobile app, JobStack™. JobStack creates a digital exchange between our associates and clients, and allows our branch resources to expand their recruiting, sales and service delivery efforts. JobStack is competitively differentiating our services, expanding our reach into new demographics, and improving our service delivery and work order fill rates. Our primary focus at PeopleReady is the use of digitalization to supplement our nationwide footprint, improve our operating efficiency and effectiveness, and gain market share.

# 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 multi-year in duration, highly scalable and provide clients the support they need as their hiring volumes fluctuate. We tailor our services based on individual client needs, including sourcing, screening, hiring and onboarding, as well as employer branding and recruitment marketing, to improve the candidate experience and regulatory compliance, and ultimately lower our clients' recruiting costs. Our proprietary technology platform (Affinix$^{TM}$) uses artificial intelligence and machine learning to rapidly source a qualified talent pool within minutes rather than days, 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, continuing to invest in our sales team, and using Affinix to continue to gain market share in high growth sectors.

***PeopleManagement***

PeopleManagement provides recruitment and on-site management of a facility's contingent industrial workforce 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. Once operational, 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. 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 continues to be growing our client base by targeting local and underserved markets, as well as investing in customer and associate care programs to improve retention.

**Fiscal second quarter of 2023 summary**

Total company revenue declined 16.5% to $475.6 million for the thirteen weeks ended June 25, 2023, compared to the same period in the prior year. The decline was primarily driven by economic uncertainty impacting demand trends across all three segments as clients become increasingly selective in the positions they choose to fill. The decline in demand has impacted most industries and markets, especially transportation, retail and services.

Total company gross profit as a percentage of revenue for the thirteen weeks ended June 25, 2023 decreased by 40 basis points to 27.4%, compared to 27.8% for the same period in the prior year. This decrease was primarily driven by unfavorable revenue shifts toward our lower margin staffing businesses, partially offset by lower workers' compensation costs and higher bill rates within our PeopleReady segment, which have increased ahead of pay rates.

Total company selling, general and administrative ("SG&A") expense decreased 0.6% to $121.3 million for the thirteen weeks ended June 25, 2023, compared to the same period in the prior year. The decrease in SG&A expense was the result of operational cost management actions we have taken in response to the decline in demand for our services, offset by inflation in certain employee costs, most notably medical benefits. The prior year included a benefit for the reversal of accrued compensation related to the resignation of our former Chief Executive Officer.

We recorded a goodwill and intangible asset impairment charge of $9.5 million ($9.3 million net of tax) during the thirteen weeks ended June 25, 2023, primarily within our PeopleScout MSP reporting unit.

The items above resulted in net loss of $7.3 millionfor the thirteen weeks ended June 25, 2023, compared to net income of $24.0 million for the same period in the prior year.

As of June 25, 2023, we were in a strong financial position with cash and cash equivalents of $49.7 million, no debt, and $202.1 million available under the most restrictive covenant of our revolving credit agreement ("Revolving Credit Facility"), for total liquidity of $251.8 million.

## RESULTS OF OPERATIONS

### Total company results

The following table presents selected financial data:

| *(in thousands, except percentages and per share data)* | Thirteen weeks ended Jun 25, 2023 | % of revenue | Thirteen weeks ended Jun 26, 2022 | % of revenue | Twenty-six weeks ended Jun 25, 2023 | % of revenue | Twenty-six weeks ended Jun 26, 2022 | % of revenue |
|---|---|---|---|---|---|---|---|---|
| Revenue from services | $ 475,588 | | $ 569,253 | | $ 940,876 | | $ 1,120,768 | |
| Gross profit | $ 130,491 | 27.4 % | $ 158,531 | 27.8 % | $ 253,604 | 27.0 % | $ 298,376 | 26.6 % |
| Selling, general and administrative expense | 121,282 | 25.5 | 122,034 | 21.4 | 243,927 | 25.9 | 242,602 | 21.6 |
| Depreciation and amortization | 6,280 | 1.3 | 7,245 | 1.3 | 12,691 | 1.3 | 14,532 | 1.3 |
| Goodwill and intangible asset impairment charge | 9,485 | 2.0 | — | — | 9,485 | 1.0 | — | — |
| Income (loss) from operations | (6,556) | (1.4) | 29,252 | 5.1 | (12,499) | (1.3) | 41,242 | 3.7 |
| Interest and other income (expense), net | 578 | | (110) | | 1,592 | | 395 | |
| Income (loss) before tax expense | (5,978) | | 29,142 | | (10,907) | | 41,637 | |
| Income tax expense | 1,345 | | 5,129 | | 705 | | 7,105 | |
| Net income (loss) | $ (7,323) | (1.5)% | $ 24,013 | 4.2 % | $ (11,612) | (1.2)% | $ 34,532 | 3.1 % |
| Net income (loss) per diluted share | $ (0.24) | | $ 0.72 | | $ (0.37) | | $ 1.02 | |

### Revenue from services

| *(in thousands, except percentages)* | Thirteen weeks ended Jun 25, 2023 | Growth (decline) % | Segment % of total | Jun 26, 2022 | Segment % of total | Twenty-six weeks ended Jun 25, 2023 | Growth (decline) % | Segment % of total | Jun 26, 2022 | Segment % of total |
|---|---|---|---|---|---|---|---|---|---|---|
| Revenue from services: | | | | | | | | | | |
| PeopleReady | $ 275,318 | (13.4)% | 57.9 % | $ 317,943 | 55.9 % | $ 527,946 | (15.3)% | 56.1 % | $ 623,633 | 55.6 % |
| PeopleScout | 59,710 | (33.2) | 12.6 | 89,372 | 15.7 | 129,186 | (24.6) | 13.7 | 171,378 | 15.3 |
| PeopleManagement | 140,560 | (13.2) | 29.5 | 161,938 | 28.4 | 283,744 | (12.9) | 30.2 | 325,757 | 29.1 |
| Total company | $ 475,588 | (16.5)% | 100.0 % | $ 569,253 | 100.0 % | $ 940,876 | (16.1)% | 100.0 % | $ 1,120,768 | 100.0 % |

Total company revenue declined 16.5% to $475.6 million for the thirteen weeks ended June 25, 2023, and declined 16.1% to $940.9 million for the twenty-six weeks ended June 25, 2023, compared to the same periods in the prior year, respectively. The decline was primarily driven by economic uncertainty impacting demand trends across all three segments. Our contingent staffing clients are focused on employee retention as well as reducing costs, causing them to become increasingly selective in the positions they fill using outsourced labor providers. Our PeopleScout clients continue to face uncertain future workforce needs, and have reduced volumes in an attempt to reduce costs.

#### *PeopleReady*

PeopleReady revenue declined 13.4% to $275.3 million for the thirteen weeks ended June 25, 2023, and declined 15.3% to $527.9 million for the twenty-six weeks ended June 25, 2023, compared to the same periods in the prior year. The decline in revenue was primarily due to a decline in demand for our services, as economic uncertainty led our clients to reduce their dependence on variable labor to supplement their core workforce in order to manage their costs.

## MANAGEMENT’S DISCUSSION AND ANALYSIS

### *PeopleScout*

PeopleScout revenue declined 33.2% to $59.7 million for the thirteen weeks ended June 25, 2023, and declined 24.6% to $129.2 million for the twenty-six weeks ended June 25, 2023, compared to the same periods in the prior year. PeopleScout revenue declined as clients continued to respond to economic uncertainty and unknown future workforce needs through reducing hiring volumes, sourcing candidates with internal resources to control costs, and initiating hiring freezes. In the prior year comparable periods, PeopleScout benefited from increased customer volume, stimulated by historically high employee turnover rates.

### *PeopleManagement*

PeopleManagement revenue declined 13.2% to $140.6 million for the thirteen weeks ended June 25, 2023, and declined 12.9% to $283.7 million for the twenty-six weeks ended June 25, 2023, 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 volumes.

### Gross profit

| | Thirteen weeks ended | | Twenty-six weeks ended | |
|---|---|---|---|---|
| *(in thousands, except percentages)* | Jun 25, 2023 | Jun 26, 2022 | Jun 25, 2023 | Jun 26, 2022 |
| Gross profit | $ 130,491 | $ 158,531 | $ 253,604 | $ 298,376 |
| Percentage of revenue | 27.4 % | 27.8 % | 27.0 % | 26.6 % |

Gross profit as a percentage of revenue declined 40 basis points to 27.4% for the thirteen weeks ended June 25, 2023, compared to 27.8% for the same period in the prior year. This decline was primarily due to a contraction of 130 basis points from an unfavorable revenue shift toward our lower margin staffing businesses. This contraction was partially offset by 60 basis points of expansion within our staffing businesses from lower workers’ compensation costs due to favorable development of prior year reserves. An additional 30 basis points of expansion was a result of higher bill rates in our staffing businesses, which have increased ahead of pay rates.

Gross profit as a percentage of revenue grew 40 basis points to 27.0% for the twenty-six weeks ended June 25, 2023, compared to 26.6% for the same period in the prior year. Within our staffing businesses, lower workers’ compensation costs from favorable development of prior year reserves contributed 80 basis points of expansion. An additional 30 basis points of expansion was a result of higher bill rates in our staffing businesses, which have increased ahead of pay rates. This was partially offset by a contraction of 70 basis points, due to unfavorable revenue shifts toward our lower margin staffing businesses.

### SG&A expense

| | Thirteen weeks ended | | Twenty-six weeks ended | |
|---|---|---|---|---|
| *(in thousands, except percentages)* | Jun 25, 2023 | Jun 26, 2022 | Jun 25, 2023 | Jun 26, 2022 |
| Selling, general and administrative expense | $ 121,282 | $ 122,034 | $ 243,927 | $ 242,602 |
| Percentage of revenue | 25.5 % | 21.4 % | 25.9 % | 21.6 % |

Total company SG&A expense decreased by $0.8 million or 0.6% for the thirteen weeks ended June 25, 2023, compared to the same period in the prior year. We incurred $0.4 million in workforce reduction costs during the period to further scale down our operating cost structure, which are expected to generate cost savings for the remainder of fiscal 2023. These and other cost cutting measures have resulted in savings of approximately $4 million during the thirteen weeks ended June 25, 2023. However, operating cost savings have been offset by inflation of certain employee costs, most notably for employee medical benefits which have been rising nation-wide. In addition, SG&A expense in the prior year included a benefit of $3.3 million for the reversal of accrued compensation related to the resignation of our former Chief Executive Officer.

Total company SG&A expense increased by $1.3 million or 0.5% for the twenty-six weeks ended June 25, 2023, compared to the same period in the prior year. We incurred $1.4 million in workforce reduction costs during the period to further scale down our operating cost structure, which are expected to generate cost savings for the remainder of fiscal 2023. These and other cost cutting measures have resulted in savings of approximately $5 million during the twenty-six weeks ended June 25, 2023. However, operating cost savings have been offset by inflation of certain employee costs, most notably for employee medical benefits, which have been rising nation-wide. In addition, SG&A expense in the prior year included a benefit of $3.3 million for the reversal of accrued compensation related to the resignation of our former Chief Executive Officer.

### Depreciation and amortization

| *(in thousands, except percentages)* | Thirteen weeks ended | | Twenty-six weeks ended | |
|---|---|---|---|---|
| | Jun 25, 2023 | Jun 26, 2022 | Jun 25, 2023 | Jun 26, 2022 |
| Depreciation and amortization | $ 6,280 | $ 7,245 | $ 12,691 | $ 14,532 |
| Percentage of revenue | 1.3 % | 1.3 % | 1.3 % | 1.3 % |

Depreciation and amortization decreased for the thirteen weeks and twenty-six weeks ended June 25, 2023 compared to the same period in the prior year, due to certain assets becoming fully depreciated or amortized during 2022.

### Goodwill and intangible asset impairment charge

A summary of the goodwill and intangible asset impairment charge for the thirteen and twenty-six weeks ended June 25, 2023, by reportable segment, is as follows:

| *(in thousands)* | PeopleScout | PeopleManagement | Total company |
|---|---|---|---|
| Goodwill | $ 8,885 | $ — | $ 8,885 |
| Trade names/trademark | — | 600 | 600 |
| Total | $ 8,885 | $ 600 | $ 9,485 |

***Goodwill***

We performed our annual impairment test as of the first day of our fiscal second quarter of 2023. As a result of this impairment test, we concluded that the carrying amount of our PeopleScout MSP reporting unit exceeded its fair value and we recorded a non-cash goodwill impairment charge of $8.9 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 25, 2023. The PeopleScout MSP goodwill impairment was related to our revised internal revenue projections, which anticipate the recent declining trends will continue into future periods. These projections were updated based on our current macroeconomic outlook and a recent industry analysis, which indicates that our business will underperform due to a strategic lack of investment in technology within an increasingly competitive market. The remaining goodwill balances for PeopleScout MSP was $0.8 million as of June 25, 2023. See Note 5: *Goodwill and Intangible Assets*, to our consolidated financial statements found in Item 1 of this Quarterly Report on Form 10-Q, for additional details on the 2023 goodwill impairment.

***Indefinite-lived intangible assets***

We performed our annual impairment test as of the first day of our fiscal second quarter of 2023. 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 25, 2023. The charge was primarily the result of an increase in the discount rate, as well as lower projected revenues given our current macroeconomic outlook. The remaining balance for this trade name/trademark was $3.3 million as of June 25, 2023.

### Income tax expense

| *(in thousands, except percentages)* | Thirteen weeks ended | | Twenty-six weeks ended | |
|---|---|---|---|---|
| | Jun 25, 2023 | Jun 26, 2022 | Jun 25, 2023 | Jun 26, 2022 |
| Income tax expense | $ 1,345 | $ 5,129 | $ 705 | $ 7,105 |
| Effective income tax rate | (22.5)% | 17.6 % | (6.5)% | 17.1 % |

Our tax provision and our effective tax rate are subject to variation due to several factors, including variability in accurately predicting our annual pre-tax and taxable income and loss by jurisdiction, tax credits, government audit developments, changes in laws, regulations and administrative practices, and relative changes of 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 and 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.

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:

| | Thirteen weeks ended | | | | Twenty-six weeks ended | | | |
|---|---|---|---|---|---|---|---|---|
| *(in thousands, except percentages)* | Jun 25, 2023 | % | Jun 26, 2022 | % | Jun 25, 2023 | % | Jun 26, 2022 | % |
| Income (loss) before tax expense | $ (5,978) | | $ 29,142 | | $ (10,907) | | $ 41,637 | |
| Federal income tax expense (benefit) at statutory rate | $ (1,254) | 21.0% | $ 6,120 | 21.0% | $ (2,290) | 21.0% | $ 8,744 | 21.0% |
| Increase (decrease) resulting from: | | | | | | | | |
| State income taxes, net of federal benefit | (325) | 5.4 | 1,097 | 3.8 | (549) | 5.0 | 1,571 | 3.8 |
| Non-deductible goodwill impairment charge | 2,287 | (38.3) | — | — | 2,287 | (21.0) | — | — |
| Hiring tax credits, net | 536 | (9.0) | (2,708) | (9.3) | 1,301 | (11.9) | (3,850) | (9.2) |
| Non-deductible and non-taxable items | 38 | (0.6) | 156 | 0.5 | (166) | 1.5 | 419 | 1.0 |
| Stock-based compensation | 37 | (0.6) | 24 | 0.1 | 234 | (2.1) | (595) | (1.4) |
| Other, net | 26 | (0.4) | 440 | 1.5 | (112) | 1.0 | 816 | 1.9 |
| Income tax expense | $ 1,345 | (22.5)% | $ 5,129 | 17.6% | $ 705 | (6.5)% | $ 7,105 | 17.1% |

Significant fluctuations in our effective tax rate are primarily due to the non-deductible goodwill impairment charge and the Work Opportunity Tax Credit (“WOTC”). Other differences between the statutory federal income tax rate and our effective tax rate result from state and foreign income taxes, certain other non-deductible and non-taxable items, and the tax impact of stock-based compensation.

Of the total goodwill and intangible asset impairment charge of $9.5 million recorded in the second quarter of 2023, $8.9 million (tax effect of $2.3 million) related to goodwill from a stock acquisition, and accordingly was not deductible for tax purposes.

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. Segment profit includes revenue, related cost of services, and ongoing operating expenses directly attributable to the reportable segment. Segment profit 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 12: *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.

***PeopleReady*** segment performance was as follows:

| | Thirteen weeks ended | | Twenty-six weeks ended | |
|---|---|---|---|---|
| *(in thousands, except percentages)* | Jun 25, 2023 | Jun 26, 2022 | Jun 25, 2023 | Jun 26, 2022 |
| Revenue from services | $ 275,318 | $ 317,943 | $ 527,946 | $ 623,633 |
| Segment profit | $ 8,158 | $ 20,325 | $ 9,030 | $ 36,544 |
| Percentage of revenue | 3.0 % | 6.4 % | 1.7 % | 5.9 % |

PeopleReady segment profit declined $12.2 million and $27.5 million for the thirteen and twenty-six weeks ended June 25, 2023, 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 associated impact from higher operating leverage, partially offset by lower workers’ compensation costs and higher bill rates, which have increased ahead of pay rates.

***PeopleScout*** segment performance was as follows:

| | Thirteen weeks ended | | Twenty-six weeks ended | |
|---|---|---|---|---|
| *(in thousands, except percentages)* | Jun 25, 2023 | Jun 26, 2022 | Jun 25, 2023 | Jun 26, 2022 |
| Revenue from services | $ 59,710 | $ 89,372 | $ 129,186 | $ 171,378 |
| Segment profit | $ 8,817 | $ 20,593 | $ 17,740 | $ 31,565 |
| Percentage of revenue | 14.8 % | 23.0 % | 13.7 % | 18.4 % |

PeopleScout segment profit declined $11.8 million and $13.8 million for the thirteen and twenty-six weeks ended June 25, 2023, 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, combined with the relatively fixed cost structure of the recruiting business. We took actions in the form of workforce reductions during the fiscal first and second quarters of 2023 to reduce our costs for the remainder of the year.

***PeopleManagement*** segment performance was as follows:

| | Thirteen weeks ended | | Twenty-six weeks ended | |
|---|---|---|---|---|
| *(in thousands, except percentages)* | Jun 25, 2023 | Jun 26, 2022 | Jun 25, 2023 | Jun 26, 2022 |
| Revenue from services | $ 140,560 | $ 161,938 | $ 283,744 | $ 325,757 |
| Segment profit | $ 2,250 | $ 4,228 | $ 2,048 | $ 7,207 |
| Percentage of revenue | 1.6 % | 2.6 % | 0.7 % | 2.2 % |

PeopleManagement segment profit declined $2.0 million and $5.2 million for the thirteen and twenty-six weeks ended June 25, 2023, 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 associated impact from higher operating leverage. We took actions during the fiscal first and second quarters of 2023 to reduce costs for the remainder of the year.

## FUTURE OUTLOOK

The following highlights represent our operating outlook. These expectations are subject to revision as our business changes with the overall economy.

### Operating outlook

- We expect revenue for the fiscal third quarter of 2023 to decline between 16% and 12% compared to the same period in the prior year, primarily due to our clients’ response to macroeconomic uncertainty.
- We anticipate gross profit as a percentage of revenue to expand between 0 and 40 basis points for the fiscal third quarter of 2023 compared to the same period in the prior year. We anticipate gross profit as a percentage of revenue to expand between 0 and 60 basis points for fiscal 2023, compared to the prior year.
- For the fiscal third quarter of 2023, we anticipate SG&A expense to be between $122 million and $126 million. For fiscal 2023, we anticipate SG&A expense to be between $492 million and $498 million.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

- We expect diluted weighted average shares outstanding to be approximately 31 million for the fiscal third quarter of 2023.
- We expect an income tax benefit for fiscal 2023 between $2 million and $3 millior. The estimated income tax benefit is the result of our job tax credits exceeding the income tax associated with our expected pre-tax net income before non-deductible goodwill impairment.
- Fiscal 2023 will include a 53rd week, which we expect will add between $22 million and $27 million in revenue, but is not expected to contribute significant net income due to it falling during a slow demand period between the Christmas and New Year holidays.

### Liquidity outlook

- Capital expenditures and spending for software as a service assets for the fiscal third quarter of 2023 are expected to be approximately $11 million, and between $36 million and $40 million for fiscal 2023. Approximately $2 million and $5 million relates to spending for software as a service assets for the fiscal third quarter of 2023 and fiscal 2023, respectively.

## 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 25, 2023, we had $49.7 million in cash and cash equivalents and no debt. We had $202.1 million available under the most restrictive covenant of our $300.0 million Revolving Credit Facility, as $7.2 million was utilized by outstanding standby letters of credit. We have an option to increase the total line of credit amount under the Revolving Credit Facility from $300.0 million to $450.0 million, subject to lender approval.

Cash generated through our core operations is our primary source of liquidity. Our principal ongoing cash needs are to finance working capital, fund capital expenditures, repay any 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 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 over the 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 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 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 6: *Workers' Compensation Insurance and Reserves*, and Note 3: *Restricted Cash 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 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 minimize risk by diversifying 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 |

Total collateral commitments decreased $9.8 million during the twenty-six week period ended June 25, 2023, primarily due to the use of collateral to satisfy workers’ compensation claims, partially offset by an increase in collateral contributions required by our insurance carriers. See Note 8: *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 through the safety of our associates with our 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 lower accident rates and costs of our claims. We expect diminishing favorable adjustments to our workers’ compensation liabilities as the opportunity for significant reduction to the frequency and severity of accident rates diminishes.

Restricted cash 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:

| | Twenty-six weeks ended | |
|---|---|---|
| *(in thousands)* | Jun 25, 2023 | Jun 26, 2022 |
| Net cash provided by operating activities | $ 20,864 | $ 53,102 |
| Net cash used in investing activities | (12,427) | (1,116) |
| Net cash used in financing activities | (36,296) | (64,682) |
| Effect of exchange rate changes on cash, cash equivalents and restricted cash | (20) | (494) |
| Net change in cash, cash equivalents and restricted cash | $ (27,879) | $ (13,190) |

### Cash flows from operating activities

Cash provided by operating activities consists of net income (loss) adjusted for non-cash benefits and expenses, and changes in operating assets and liabilities.

Demand for our services is generally lower during the fiscal first quarter, due in part to limitations in outside work during the winter months and slowdowns in manufacturing and logistics after the fiscal fourth quarter holiday season. This results in a deleveraging of accounts receivable and accounts payable compared to the prior year-end. 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.

In addition to the cyclical deleveraging, we experienced additional deleveraging due to the decline in revenue during the first half of fiscal 2023 as compared to the fiscal fourth quarter of 2022. Net cash provided by accounts receivable collections through deleveraging during the twenty-six weeks ended June 25, 2023 was partially offset by net cash used for payments on accounts payable and accrued expenses. Net cash used for payments on accrued wages and benefits was primarily due to the timing and amount of annual bonus payments to employees, which are paid in the fiscal first quarter. 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 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 25, 2023 were higher than the twenty-six weeks ended June 26, 2022 due in part to the continued investments we are making to upgrade our PeopleReady technology platform. For the twenty-six weeks ended June 25, 2023, cash used for purchases of restricted investments was more than offset by maturities. In the prior period, cash provided by maturities of restricted investments was not immediately reinvested by the Trust, and more than offset capital expenditures.

### 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 25, 2023 was primarily due to the repurchase of $34.2 million of our common stock in the open market. As of June 25, 2023, $55.1 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 25, 2022. The following has been updated to reflect the results of our impairment analyses.

### 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, and 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 the business climate, legal factors, operating performance indicators, competition, client engagement, or sale or disposition of a significant portion of a reporting unit. 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 operating segments with remaining goodwill are PeopleReady, PeopleManagement 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 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 macroeconomic 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.

***Annual impairment test***

We performed our annual goodwill impairment test as of the first day of our fiscal second quarter of 2023. 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 13.0% to 13.5%. 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, resulting in a control premium of 27.9%.

As a result of our annual impairment test, we concluded that the carrying amount of the PeopleScout MSP reporting unit exceeded its fair value and we recorded a non-cash goodwill impairment charge of $8.9 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 25, 2023. The PeopleScout MSP goodwill impairment was related to our revised internal revenue projections, which anticipate the recent declining trends will continue into future periods. These projections were updated based on our current macroeconomic outlook and a recent industry analysis, which indicates that our business will underperform due to a strategic lack of investment in technology within an increasingly competitive market. The remaining goodwill balance for PeopleScout MSP was $0.8 million as of June 25, 2023. Any further declines in PeopleScout MSP revenue, in excess of our updated projections, could give rise to an additional impairment.

Based on our assessment, we concluded the fair value of all other reporting units were substantially in excess of their carrying value, and the goodwill associated with those reporting units was not impaired. Additionally, following performance of the annual impairment test we did not identify any events or conditions that make it more likely than not that an impairment may have occurred during the thirteen weeks ended June 25, 2023. See Note 5: *Goodwill and Intangible Assets*, to our consolidated financial statements found in Item 1 of this Quarterly Report on Form 10-Q, for additional details on the 2023 goodwill impairment.

There was no goodwill impairment charge recorded during fiscal 2022 nor 2021.

***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 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 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.

***Annual impairment test***

We performed our annual indefinite-lived intangible asset impairment test as of the first day of our fiscal second quarter of 2023. 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 25, 2023. The charge was primarily the result of an increase in the discount rate, as well as lower projected revenues given our current macroeconomic outlook. The remaining balance for this trade name/trademark was $3.3 million as of June 25, 2023.

The fair value of the trade name/trademark related to the PeopleScout segment was substantially in excess of its carrying value of $2.1 million as of June 25, 2023, and therefore did not result in an impairment. Additionally, following performance of the annual impairment test we did not identify any events or conditions that make it more likely than not that an impairment may have occurred during the thirteen weeks ended June 25, 2023.

No impairment charge was recorded during fiscal 2022 nor 2021.

### Finite-lived intangible assets and other long-lived assets

We review intangible assets that have finite useful lives and other long-lived assets whenever an event or change in circumstances indicates that the carrying value of the asset may not be recoverable. Important factors that could result in an impairment review include, but are not limited to, significant underperformance relative to historical or planned operating results, or significant changes in business strategies. We estimate the recoverability of these assets by comparing the carrying amount of the asset to the future undiscounted cash flows that we expect the asset to generate. An impairment charge is recognized when the estimated undiscounted cash flows expected to result from the use of the asset plus net proceeds expected from disposition of the asset (if any) are less than the carrying value of the asset. When an impairment charge is recognized, the carrying amount of the asset is reduced to its estimated fair value based on discounted cash flow analysis or other valuation techniques.

We did not identify any events or conditions that make it more likely than not that an impairment of our finite-lived intangible assets or other long-lived assets may have occurred during the thirteen or twenty-six weeks ended June 25, 2023.

No impairment charge was recorded during fiscal 2022 or 2021.

## 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 25, 2022, 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 2023, 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 25, 2023.

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 8: *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 25, 2022.

## 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 25, 2023.

| 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) |
|---|---|---|---|---|
| 3/27/2023 through 4/23/2023 | 521,433 | $17.67 | 520,225 | $55.1 million |
| 4/24/2023 through 5/21/2023 | 1,014 | $15.21 | — | $55.1 million |
| 5/22/2023 through 6/25/2023 | 1,219 | $16.69 | — | $55.1 million |
| Total | 523,666 | $17.66 | 520,225 | |

(1) Includes 3,441 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 February 2, 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 25, 2023, $55.1 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

None.

## 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 11, 2023. | X | | | |
| 10.2 | 2010 Employee Stock Purchase Plan, as amended and restated, effective May 11, 2023. | X | | | |
| 31.1 | Certification of Steven C. Cooper, 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 Derrek L. Gafford, 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 Steven C. Cooper, Chief Executive Officer of TrueBlue, Inc. and Derrek L. Gafford, 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 | | | |

## 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.**

| | |
|---|---|
| ***/s/ Steven C. Cooper*** | **7/24/2023** |
| Signature | Date |
| By: Steven C. Cooper, Chief Executive Officer and President | |
| ***/s/ Derrek L. Gafford*** | **7/24/2023** |
| Signature | Date |
| By: Derrek L. Gafford, Chief Financial Officer and Executive Vice President | |
| ***/s/ Richard B. Christensen*** | **7/24/2023** |
| 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 11, 2023

TrueBlue, Inc., a Washington corporation, sets forth herein the terms of its 2016 Omnibus Incentive Plan, as amended and restated effective May 11, 2023, 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 (as defined herein).

## 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. "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.

**2.7. "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.

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

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

**2.10. "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.

**2.11. "Corporate Transaction"** means consummation of a reorganization, merger, statutory share exchange, consolidation, sale of all or substantially all of the Company's assets, or the acquisition of assets or stock of another entity by the Company, or other corporate transaction involving the Company or any of its Subsidiaries.

**2.12. "Disability"** means (i) in the case of a Grantee whose employment with the Company or a Subsidiary is subject to the terms of an employment or consulting agreement that includes a definition of "Disability" as used in this Plan shall have the meaning set forth in such employment or consulting agreement during the period that such employment or consulting agreement remains in effect; and (ii) in all other cases, the term "Disability" as used in this Plan shall mean a "permanent and total disability" as the term is defined for purposes of Section 22(e)(3) of the Code.

**2.13. "Effective Date"** means May 11, 2016, the date the Plan was approved by the Company's stockholders. "**Restatement Effective Date**" means May 11, 2023, the date this amendment and restatement of the Plan was approved by the Company's stockholders.

**2.14. "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.

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

**2.16. "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.

**2.17. "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.

**2.18. "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.

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

**2.20. "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.

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

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

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

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

**2.25. "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.

**2.26. "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.

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

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

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

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

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

**2.32. "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.

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

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

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

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

**2.37. "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.

**2.38. "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.

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

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

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

**2.42. "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.

**2.43. "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.

**2.44. "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:

a. designate Grantees;

b. determine the type or types of Awards to be made to a Grantee;

c. determine the number of shares of Stock to be subject to an Award;

d. 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);

e. prescribe the form of each Award Agreement; and

f. 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.

**3.1. 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.

**3.2. 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" as defined in the applicable Award Agreement.

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.

**3.3. 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.

**3.4. 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.

**3.5. Minimum Vesting Requirements.**

Notwithstanding any other provision of the Plan to the contrary, 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); and, provided further, for the avoidance of doubt, that the foregoing restriction does not apply to the Board's discretion to provide for accelerated exercisability or vesting of any Award, including in cases of retirement, death, disability or a Corporate Transaction, in the terms of the Award or otherwise.

**3.6. 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; and (C) effective upon approval of the Company's stockholders at the 2023 annual meeting of stockholders 695,000 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

### 8.3. 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.

### 8.4. 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.

### 8.5. 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.

### 8.6. 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.

### 8.7. 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.

### 8.8. 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.

**8.9.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.

**14.2. Effect of Certain Transactions.**

Except as otherwise provided in an Award Agreement, in the event of a Corporate Transaction, the Plan and the Awards issued hereunder shall continue in effect in accordance with their respective terms, except that following a Corporate Transaction either (i) each outstanding Award shall be treated as provided for in the agreement entered into in connection with the Corporate Transaction, or (ii) if not so provided in such agreement, each Grantee shall be entitled to receive in respect of each share of Common Stock subject to any outstanding Awards, upon exercise or payment or transfer in respect of any Award, the same number and kind of stock, securities, cash, property, or other consideration that each holder of a share of Common Stock was entitled to receive in the Corporate Transaction in respect of a share of Common stock; *provided*, *however*, that, unless otherwise determined by the Committee, such stock, securities, cash, property, or other consideration shall remain subject to all of the conditions, restrictions, and performance criteria which were applicable to the Awards prior to such Corporate Transaction. Without limiting the generality of the foregoing, the treatment of outstanding Options and SARs pursuant to this **Section 14.2** in connection with a Corporate Transaction in which the consideration paid or distributed to the Company's stockholders is not entirely shares of Common Stock of the acquiring or resulting corporation may include the cancellation of outstanding Options and SARs upon consummation of the Corporate Transaction as long as, at the election of the Committee, (i) the holders of affected Options and SARs have been given a period of at least fifteen days prior to the date of the consummation of the Corporate Transaction to exercise the Options or SARs (to the extent otherwise exercisable) or (ii) the holders of the affected Options and SARs are paid (in cash or cash equivalents) in respect of each Share covered by the Option or SAR being canceled an amount equal to the excess, if any, of the per share price paid or distributed to stockholders in the Corporate Transaction (the value of any non-cash consideration to be determined by the Committee in its sole discretion) over the Option Price or SAR Exercise Price, as applicable. For avoidance of doubt, (1) the cancellation of Options and SARs pursuant to clause (ii) of the preceding sentence may be effected notwithstanding anything to the contrary contained in this Plan or any Award Agreement and (2) if the amount determined pursuant to clause (ii) of the preceding sentence is zero or less, the affected Option or SAR may be cancelled without any payment therefore. The treatment of any Award as provided in this **Section 14.2** shall be conclusively presumed to be appropriate for purposes of **Section 14.1**.

### 14.3. Adjustments

Adjustments under this **Section 14** 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.

## 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.

#### 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.

**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.**

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

**EXHIBIT 10.2**

**TRUEBLUE, INC.**
**2010 EMPLOYEE STOCK PURCHASE PLAN**
As Amended and Restated on May 11, 2023

1. Purpose of the Plan. The TrueBlue, Inc. 2010 Employee Stock Purchase Plan (the “Plan”) is intended to provide a method whereby eligible employees of TrueBlue, Inc. (the “Company”) and its Subsidiaries will have an opportunity to purchase shares of the common stock of the Company. The Company believes that employee participation in the ownership of the Company is of benefit to both the employees and the Company. The Company intends to have the Plan qualify as an “employee stock purchase plan” under Section 423 of the Internal Revenue Code. The provisions of the Plan shall, accordingly, be construed so as to extend and limit participation in a manner that is consistent with the requirements of that Section of the Code.

2. Definitions.

2.1. “Account” means the funds that are accumulated with respect to each individual Participant as a result of payroll deductions for the purpose of purchasing Shares under the Plan. The funds that are allocated to a Participant’s Account shall at all times remain the property of that Participant, but such funds may be commingled with the general funds of the Company.

2.2. “Base Pay” means an employee’s regular straight time salary or earnings plus any overtime, bonus, incentive compensation, or commission.

2.3. “Board” means the Board of Directors of the Company.

2.4. “Business Day” means a day that the New York Stock Exchange, or other designated exchange, is open for trading.

2.5. “Code” means the Internal Revenue Code of 1986, as amended.

2.6. “Commencement Date” means the date on which a particular Offering Period begins (i.e., January 1, February 1, etc.).

2.7. “Committee” means any committee or officer(s) of the Company to which or to whom the Board has delegated any or all of its authority and obligations under this Plan pursuant to Section 21.1. To the extent the Board reserves authority to itself with respect to certain powers under this Plan, or if no Committee has been established, references to Committee shall be construed to mean the Board.

2.8. “Ending Date” means the date on which the particular Offering Period concludes (i.e., January 31, February 28, etc.).

2.9. “ESPP Broker” means a qualified stock brokerage or other financial services firm that has been designated by the Company to establish Accounts for Shares purchased under the Plan by Participants.

2.10. “Fair Market Value” of a Share as of a particular date means (1) if the Shares are listed on a national securities exchange, the closing or last price of a Share on the composite tape or other comparable reporting system for the applicable date, or if the applicable date is not a Business Day, the Business Day immediately preceding the applicable date, or (2) if the Shares are not then listed on a national securities exchange, or the value of such shares is not otherwise determinable, such value as determined by the Committee in good faith in its sole discretion (but in any event not less than fair market value within the meaning of Section 409A of the Code).

2.11. "Holding Period" means the holding period that is set forth in Section 423(a) of the Code, which, as of the date that the Board adopted this Plan, is the later of (1) the two-year period after the Commencement Date and (2) the one-year period after transfer to a Participant of any Shares under the Plan.

2.12. "Offering Period" means any one of the consecutive one- to three-month periods for the purchase and sale of Shares under the Plan. Each one of the Offering Periods may be referred to as an "Offering."

2.13. "Participant" means an employee who, pursuant to Section 3, is eligible to participate in the Plan and has complied with the requirements of Section 7.

2.14. "Shares" means shares of the Company's common stock, no par value per share, which will be sold to Participants under the Plan.

2.15. "Subsidiaries" means any present or future domestic or foreign corporation that: (1) would be a "subsidiary corporation" of the Company as that term is defined in Section 424 of the Code, and (2) whose employees have been designated by the Committee to be eligible, subject to Section 3, to be Participants under the Plan. The Subsidiaries currently designated by the Committee as eligible to participate are set forth on Attachment A hereto.

2.16. "Withdrawal Notice" means a notice in a form designated by the Company that a Participant who wishes to withdraw from the Plan must submit to the Company in the manner set forth in Section 13.

3. Employees Eligible to Participate.

3.1. Domestic Employees. Any regular employee of the Company or any of its Subsidiaries is eligible to participate in the Plan except any employee who: (a) is not in the employ of the Company or any of its Subsidiaries on a Commencement Date, (b) has not been so employed for at least six consecutive months prior to the Commencement Date, (c) has not been paid for an average of at least twenty hours per week during such employment, and (d) is typically employed for less than five (5) months in any calendar year. For purposes of the Plan, the employment relationship shall be treated as continuing intact while the individual is on sick leave or other leave of absence approved by the Company or a Subsidiary and meeting the requirements of Treasury Regulation Section 1.421-7(h)(2).

3.2. Foreign Employees. In order to facilitate participation in the Plan, the Committee may provide for such special terms applicable to Participants who are citizens or residents of a foreign jurisdiction, or who are employed by a Designated Subsidiary outside of the United States, as the Committee may consider necessary or appropriate to accommodate differences in local law, tax policy, or custom. Such special terms may not be more favorable than the terms of rights granted under the Plan to Eligible Employees who are residents of the United States. Moreover, the Committee may approve such supplements to, or amendments, restatements, or alternative versions of, this Plan as it may consider necessary or appropriate for such purposes without thereby affecting the terms of this Plan as in effect for any other purpose. No such special terms, supplements, amendments or restatements shall include any provisions that are inconsistent with the terms of this Plan as then in effect unless this Plan could have been amended to eliminate such inconsistency without further approval by the shareholders of the Company.

4. Offering Periods. The Plan shall consist of Offering Periods, as determined by the Committee.

5. Price. The purchase price per share shall be the lesser of (1) 85% of the Fair Market Value of the Shares on the Commencement Date of an Offering Period; or (2) 85% of the Fair Market Value of the Shares on the Ending Date of an Offering Period.

6. Number of Shares Offered Under the Plan. The maximum number of Shares that will be offered under the Plan is 2,000,000. If, on any date, the total number of Shares for which purchase rights are to be granted pursuant to Section 9 exceeds the number of Shares then available under this Section 6 after deduction of all Shares (a) that have been purchased under the Plan and (b) for which rights to purchase are then outstanding, the Company shall make a pro-rata allocation of the Shares that remain available in as nearly a uniform manner as shall be practicable and as it shall determine, in its sole judgment, to be equitable. In such event, the number of Shares each Participant may purchase shall be reduced and the Company shall give to each Participant a written notice of such reduction.

7. Participation. An eligible employee may become a Participant by completing the enrollment process as designated by the Company prior to the Commencement Date of the Offering to which it relates. Participation in one Offering under the Plan shall neither limit, nor require, participation in any other Offering, but a Participant shall remain enrolled in the Plan until the Participant withdraws from the Plan pursuant to Section 13 hereof, or his or her employment is terminated with the Company or one of its Subsidiaries.

8. Payroll Deductions.

8.1. At the time the enrollment process is completed and for so long as a Participant participates in the Plan, each Participant shall authorize the Company to make payroll deductions of a whole percentage (not partial or fractional) of Base Pay; provided, however, that no payroll deduction shall be less than two percent or exceed 10 percent of Base Pay. The amount of the minimum percentage deduction may be adjusted by the Committee from time to time; provided, however, that a Participant's existing rights under any Offering that has already commenced may not be adversely affected thereby.

8.2. Each Participant's payroll deductions shall be credited to that Participant's Account. A Participant may not make a separate cash payment into such Account nor may payment for Shares be made from other than the Participant's Account.

8.3. A Participant's payroll deductions shall begin on or following the Commencement Date and shall continue until the termination of the Plan unless the Participant elects to withdraw pursuant to Section 13 or changes his or her contribution percentage prior to the Commencement Date for a subsequent Offering.

8.4. A Participant may discontinue participation in the Plan as provided in Section 13, but no other change may be made during an Offering and, specifically, a Participant may not alter the amount or rate of payroll deductions during an Offering.

9. Granting of Right to Purchase. On the Commencement Date, the Plan shall be deemed to have granted automatically to each Participant a right to purchase as many Shares (including fractional Shares) as may be purchased with such Participant's Account on the corresponding Ending Date.

10. Purchase of Shares. On each Ending Date, each Participant's accumulated payroll deductions and any funds remaining from any prior Offering Period will be applied to the purchase of whole or fractional Shares, up to the maximum number of Shares permitted pursuant to the terms of the Plan and the applicable Offering Document, at the Purchase Price. Any

fractional Shares or cash in lieu of fractional Shares remaining after the purchase of full Shares upon exercise of the purchase right will be credited to such Participant's account and carried forward and applied toward the purchase of full Shares for the next following Offering Period, subject to the terms of the Plan.

11. Participant's Rights as a Shareholder. No Participant shall have any rights of a shareholder with respect to any Shares until the Shares have been purchased in accordance with Section 10 and issued by the Company.

12. Evidence of Ownership of Shares.

12.1. Promptly following the Ending Date of each Offering, the Shares that are purchased by each Participant shall be deposited into an account that is established in the Participant's name with the ESPP Broker.

12.2. A Participant may direct, by written notice to the ESPP Broker prior to the Ending Date of the pertinent Offering, that the ESPP Broker account be established in the names of the Participant and one such other person as may be designated by the Participant as joint tenants with right of survivorship, tenants in common, or community property, to the extent and in the manner permitted by applicable law.

12.3. A Participant shall be free to undertake a disposition, as that term is defined in Section 424(c) of the Code (which generally includes any sale, exchange, gift, or transfer of legal title), of Shares in the Participant's ESPP Broker account at any time, whether by sale, exchange, gift, or other transfer of title. Subject to Section 12.4 below, in the absence of such a disposition of the Shares, however, the Shares must remain in the Participant's account at the ESPP Broker until the Holding Period has been satisfied. With respect to Shares for which the Holding Period has been satisfied, a Participant may move such Shares to an account at another brokerage firm of the Participant's choosing or request that a certificate that represents the Shares be issued and delivered to the Participant.

12.4. A Participant who is not subject to United States taxation may, at any time and without regard to the Holding Period, move his or her Shares to an account at another brokerage firm of the Participant's choosing or request that a certificate that represents the Shares be issued and delivered to the Participant.

13. Withdrawal and Suspension.

13.1. A Participant may withdraw from an Offering by delivering a withdrawal notice to the Company at any time before the first day of the last month of the Offering Period or other date designated by the Company. Upon withdrawal, the amount in the Participant's account will be refunded as soon as practicable. A Participant's withdrawal will become effective on the Commencement Date of the next Offering Period following withdrawal. After such withdrawal, the Company shall refund the Participant's entire Account as soon as practicable.

13.2. A Participant who has previously withdrawn from the Plan may re-enter by complying with the requirements of Section 7. Upon compliance with such requirements, an employee's re-entry into the Plan will become effective on the Commencement Date of the next Offering following the date the Participant complies with Section 7 with respect to the re-entry.

13.3. A Participant may suspend participation in an Offering at any time before the first day of the last month of the Offering Period or other date designated by the Company by reducing his or her payroll deduction percentage election to 0% for the remainder of the Offering Period. In such a case, the amount accumulated in the Participant's account prior to the suspension is not refunded, but is used to purchase shares as described above. A Participant who has withdrawn from or suspended participation in an Offering may not again participate in the Purchase Plan until the Participant complies with the terms of Section 7 above.

14. Carryover of Account. At the conclusion of each Offering, the Company shall automatically re-enroll each Participant in the next Offering, and the balance of each Participant's Account shall be used to purchase Shares in the subsequent Offering, unless the Participant has advised the Company otherwise in writing, or as set forth in Section 20 or 23, in which case the Company shall refund to the Participant the funds that remain in the Participant's Account as soon as practicable thereafter.

15. Interest. No interest shall be paid or allowed on a Participant's Account.

16. Rights Not Transferable. No Participant shall be permitted to sell, assign, transfer, pledge, or otherwise dispose of or encumber such Participant's Account or any rights to purchase or to receive Shares under the Plan other than by will or the laws of descent and distribution, and such rights and interests shall not be liable for, or subject to, a Participant's debts, contracts, or liabilities. If a Participant purports to make a transfer, or a third party makes a claim in respect of a Participant's rights or interests, whether by garnishment, levy, attachment, or otherwise, such purported transfer or claim shall be treated as a withdrawal election under Section 13.

17. Termination of Employment. As soon as practicable upon termination of a Participant's employment with the Company for any reason whatsoever, including but not limited to death or retirement, the Participant's Account shall be refunded to the Participant or the Participant's estate, as applicable.

18. Amendment or Discontinuance of the Plan.

18.1. The Committee shall have the right to amend or modify the Plan at any time without notice, except to the extent the Board has reserved such authority to itself with respect to any aspect of the Plan, and the Board shall have the right to amend, modify, or terminate the Plan at any time without notice, provided that (i) subject to Sections 19 and 23.1(b), no Participant's existing rights under any Offering that is in progress may be adversely affected thereby, and (ii) subject to Section 19, in the event that the Board or the Committee desires to retain the favorable tax treatment under Sections 421 and 423 of the Code, no such amendment of the Plan shall increase the number of Shares that were reserved for issuance hereunder unless the Company's shareholders approve such an increase.

18.2. Without shareholder consent and without regard to whether any Participant rights may be considered to have been adversely affected, to the extent permitted by Section 423 of the Code, the Committee shall be entitled to change the Offering Periods, establish subplans with differing offering periods, change or alter the participating Subsidiaries, limit the frequency and/or number of changes in the amount withheld during an Offering Period, establish the exchange ratio applicable to amounts withheld in a currency other than U.S. dollars, permit payroll withholding in excess of the amount designated by a Participant in order to adjust for delays or mistakes in the Company's processing of properly completed withholding elections, establish reasonable waiting and adjustment periods and/or accounting and crediting procedures to ensure that amounts applied toward the purchase of Shares for each Participant properly correspond with amounts withheld from the Participant's Base Pay, and establish such other limitations or procedures as the Committee determines in its sole discretion to be advisable.

19. Changes in Capitalization. In the event of reorganization, recapitalization, stock split, stock dividend, combination of Shares, merger, consolidation, offerings of rights, or any other change in the capital structure of the Company, the Committee shall make whatever

adjustments are appropriate in the number, kind, and the price of the Shares that are available for purchase under the Plan, and in the number of Shares that a Participant is entitled to purchase.

20. Share Ownership. Notwithstanding anything herein to the contrary:

20.1. No Participant shall be permitted to subscribe for any Shares under the Plan if such Participant, immediately after such subscription, owns Shares that account for (including all Shares that may be purchased under outstanding subscriptions under the Plan) five percent or more of the total combined voting power or value of all classes of Shares of the Company or its Subsidiaries. For the foregoing purposes the rules of Section 424(d) of the Code shall apply in determining share ownership;

20.2. No Participant shall be allowed to subscribe for any Shares under the Plan that permit such Participant's rights to purchase Shares under all "employee stock purchase plans" of the Company and its Subsidiaries to accrue at a rate that exceeds $25,000 of the Fair Market Value of such Shares for each calendar year in which such right to subscribe is outstanding at any time. For purposes of this Section 20, the Fair Market Value of Shares shall be determined in each case as of the Commencement Date of the Offering in which such Shares are purchased. The Company shall refund as soon as practicable any contributions by a Participant that exceed the limit set forth in the preceding sentence; and

20.3. No Participant shall be allowed to subscribe for any Shares under the Plan that permit such Participant's rights to purchase Shares under all "employee stock purchase plans" of the Company and its Subsidiaries to accrue at a rate that exceeds 2,500 shares in any one Offering Period.

21. Administration.

21.1. The Plan shall be administered by the Board. The Board may delegate any or all of its authority and obligations under this Plan to such committee or committees (including without limitation, a committee of the Board) or officer(s) of the Company as it may designate. Notwithstanding any such delegation of authority, the Board may itself take any action under the Plan in its discretion at any time, and any reference in this Plan document to the rights and obligations of the Committee shall be construed to apply equally to the Board. Any references to the Board mean only the Board.

21.2. The Committee shall be vested with full authority and discretion to construe the terms of the Plan and make factual determinations under the Plan, and to make, administer, and interpret such rules and regulations as it deems necessary to administer the Plan, and any determination, decision, or action of the Committee in connection with the construction, interpretation, administration, or application of the Plan shall be final, conclusive, and binding upon all Participants and any and all persons claiming under or through any Participant. The Committee may retain outside entities and professionals to assist in the administration of the Plan including, without limitation, an ESPP Broker.

22. Notices. All notices or other communications by a Participant to the Company under or in connection with the Plan shall be deemed to have been duly given when received in the form specified by the Company at the location, or by the person, that is designated by the Company from time to time for the receipt thereof, and, in the absence of such a designation, the Company's Human Resources Department, Attention: ESPP Administration shall be authorized to receive such notices.

23. Termination of the Plan.

23.1. This Plan shall terminate at the earliest of the following:

(a) The date of the filing of a Statement of Intent to Dissolve by the Company or the effective date of a merger or consolidation wherein the Company is not to be the surviving corporation, which merger or consolidation is not between or among corporations related to the Company. Prior to the occurrence of either of such events, on such date as the Company may determine, the Company may permit a Participant to carry out the right to purchase, and to purchase at the purchase price set forth in Section 5, the number of Shares (including fractional Shares) that may be purchased with that Participant's Account. In such an event, the Company shall refund to the Participant the funds that remain in the Participant's Account after such purchase;

(b) The date the Board acts to terminate the Plan in accordance with Section 18 above; or

(c) The date when all of the Shares that were reserved for issuance hereunder have been purchased.

23.2 Upon termination of the Plan, the Company shall refund to each Participant the balance of each Participant's Account.

24. Limitations on Sale of Shares Purchased Under the Plan. The Plan is intended to provide Shares for investment and not for resale. The Company does not, however, intend to restrict or influence the conduct of any employee's affairs. An employee, therefore, may sell Shares that are purchased under the Plan at any time, subject to compliance with any applicable federal or state securities laws. THE EMPLOYEE ASSUMES THE RISK OF ANY MARKET FLUCTUATIONS IN THE PRICE OF THE SHARES.

25. Governmental Regulation. The Company's obligation to sell and deliver Shares under this Plan is subject to any governmental approval that is required in connection with the authorization, issuance, or sale of such Shares.

26. No Employment Rights. The Plan does not, directly or indirectly, create any right for the benefit of any employee or class of employees to purchase any Shares under the Plan, or create in any employee or class of employees any right with respect to continuation of employment by the Company, and it shall not be deemed to interfere in any way with the Company's right to terminate, or otherwise modify, an employee's employment at any time.

27. Governing Law. The laws of the state of Washington shall govern all matters that relate to this Plan except to the extent it is superseded by the laws of the United States.

Attachment A

**TRUEBLUE, INC.**
**2010 EMPLOYEE STOCK PURCHASE PLAN**
Eligible Subsidiaries
Effective May 11, 2023

In addition to the employees of TrueBlue, Inc., the employees of any present or future domestic TrueBlue, Inc. subsidiaries are eligible to participate in the Plan:

**EXHIBIT 31.1**

**CERTIFICATION**

I, Steven C. Cooper, 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: July 24, 2023

*/s/ Steven C. Cooper*

Steven C. Cooper
Chief Executive Officer
(Principal Executive Officer)

**EXHIBIT 31.2**

**CERTIFICATION**

I, Derrek L. Gafford, 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: July 24, 2023

*/s/ Derrek L. Gafford*

Derrek L. Gafford
Chief Financial Officer (Principal Financial Officer)

**EXHIBIT 32.1**

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

We, Steven C. Cooper, the chief executive officer of TrueBlue, Inc. (the "company"), and Derrek L. Gafford, 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 25, 2023 (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/ Steven C. Cooper* | */s/ Derrek L. Gafford* |
| Steven C. Cooper | Derrek L. Gafford |
| Chief Executive Officer | Chief Financial Officer |
| (Principal Executive Officer) | (Principal Financial Officer) |

July 24, 2023

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.