



Q3 2018 Investor Call – November 19, 2018



Investor Call Agenda

- Introduction and Safe-Harbor Brendan Flood, *Chairman & Chief Executive Officer*
- Opening Remarks Brendan Flood, *Chairman & Chief Executive Officer*
- Financial Results David Faiman, *Chief Financial Officer*
- Q&A Brendan Flood, *Chairman & Chief Executive Officer*
David Faiman, *Chief Financial Officer*
- Closing Remarks Brendan Flood, *Chairman & Chief Executive Officer*

Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, including statements regarding the business of the Company and its industry generally, business strategy and prospects. These statements are based on the Company's estimates, projections, beliefs and assumptions and are not guarantees of future performance. These forward-looking statements are subject to various risks and uncertainties, which may cause actual results to differ materially from the forward-looking statements. The Company disclaims any obligation to update these forward-looking statements except as required by law.

Remarks from the Chairman and Chief Executive Officer

- Nasdaq Compliance Status
- Acquisition of Key Resources Inc.
- Record quarterly revenue
- Three consecutive quarters of positive EBITDA in 2018
- Cost savings initiatives identified of \$3-4 million
- Third Quarter 2018 Financial Highlights:
 - Revenue growth of 42% to \$71.3 million
 - Gross profit growth of 31% to \$12.5 million
 - Net loss of \$2 million, including \$0.2 million of non-cash Fx remeasurement loss, versus a loss of \$7.7 million
 - Adjusted EBITDA grew by 21% to \$2.5 million
 - TTM Pro Forma Adjusted EBITDA of \$12.3 million

Q3 and Q3 YTD 2018 Financial Performance

\$000s	Q3 2018		Q3 2017		Q3 2018 YTD		Q3 2017 YTD	
	(Unaudited)		(Unaudited)		(Unaudited)		(Unaudited)	
Commerical Staffing - US	\$	28,496	\$	25,635	\$	73,441	\$	71,354
Professional Staffing - US		11,301		12,259		40,034		36,187
Professional Staffing - UK		31,520		12,451		73,360		25,633
Revenue	\$	71,317	\$	50,345	\$	186,835	\$	133,174
Commerical Staffing - US	\$	4,463	\$	4,642	\$	12,278	\$	12,947
Professional Staffing - US		4,069		2,411		12,268		6,528
Professional Staffing - UK		3,964		2,524		11,413		5,352
Gross Profit	\$	12,496	\$	9,577	\$	35,959	\$	24,827
<i>Gross Margin</i>		17.5%		19.0%		19.2%		18.6%
Selling, general and administrative expenses	\$	11,097	\$	8,800	\$	33,315	\$	22,362
Depreciation and amortization		741		790		2,251		2,310
Total Operating Expenses	\$	11,838	\$	9,590	\$	35,566	\$	24,672
Income (Loss) from Operations	\$	658	\$	(13)	\$	393	\$	155
Interest expense	\$	(2,279)	\$	(761)	\$	(6,185)	\$	(1,843)
Amortization of debt discount and deferred financing costs		(156)		(1,212)		(393)		(2,610)
Loss on extinguishment of debt, net		-		(4,764)		-		(6,132)
Change in fair value of warrant liability		-		(688)		879		(493)
Gain from sale of business		-		-		238		-
Re-measurement loss on intercompany note		(186)		-		(332)		-
Other, net		(14)		(10)		227		(31)
Total Other Expenses	\$	(2,635)	\$	(7,435)	\$	(5,566)	\$	(11,109)
Loss Before Provision for Income Tax	\$	(1,977)	\$	(7,448)	\$	(5,173)	\$	(10,954)
Benefit from (Provision for) income taxes		(3)		(206)		78		(213)
Net Loss	\$	(1,980)	\$	(7,654)	\$	(5,095)	\$	(11,167)

Questions & Answers

Closing Remarks

Appendices

Adjusted EBITDA Reconciliation

	<u>Q3 2018</u> (Unaudited)	<u>Q3 2017</u> (Unaudited)	<u>Q3 2018 YTD</u> (Unaudited)	<u>Q3 2017 YTD</u> (Unaudited)
Net Loss	\$ (1,980)	\$ (7,654)	\$ (5,095)	\$ (11,167)
Adjustments:				
Interest Expense	\$ 2,279	\$ 761	\$ 6,185	\$ 1,843
Provision for (benefits from) income taxes	3	206	(78)	213
Depreciation and Amortization ⁽¹⁾	897	2,002	2,644	4,920
EBITDA	1,199	(4,685)	3,656	(4,191)
Acquisition, capital raising and other non-recurring expenses ⁽²⁾	797	934	2,642	1,194
Other non-cash charges ⁽³⁾	288	344	951	962
Loss on extinguishment of debt, net	-	4,764	-	6,132
Change in fair value of warrant liability	-	688	(879)	493
Gain from sale of business	-	-	(238)	-
Re-measurement loss on intercompany note	186	-	332	-
Other income	14	10	(227)	31
Adjusted EBITDA	\$ 2,484	\$ 2,055	\$ 6,237	\$ 4,621
<i>Adjusted EBITDA Margin</i>	3.5%	4.1%	3.3%	3.5%
TTM Adjusted EBITDA	\$ 9,007	\$ 5,814	\$ 9,007	\$ 5,814
Gross Profit TTM	\$ 47,873	\$ 32,768	\$ 47,873	\$ 32,768
<i>TTM Adjusted EBITDA as percentage of gross profit TTM</i>	18.8%	17.7%	18.8%	17.7%
Pro Forma TTM Adjusted EBITDA ⁽⁴⁾	\$ 12,330	N/A	\$ 12,330	N/A

(1) Includes amortization included in other expenses.

(2) Acquisition, capital raising and other non-recurring expenses primarily relate to capital raising expenses, acquisition and integration expenses and legal expenses incurred in relation to matters outside the ordinary course of business.

(3) Other non-cash charges primarily relate to staff option and share compensation expense, expense for shares issued to directors for board services, and consideration paid for consulting services.

(4) Pro Forma TTM Adjusted EBITDA includes the Adjusted EBITDA of acquisitions for the period prior to the acquisition date.

Balance Sheet

\$000s	September 29, 2018 Pro Forma*	September 29, 2018 (Unaudited)	December 30, 2017
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 2,824	\$ 2,824	\$ 3,100
Accounts receivable, net	34,724	34,724	33,392
Prepaid expenses and other current assets	1,295	1,295	1,443
Total Current Assets	<u>38,843</u>	<u>38,843</u>	<u>37,935</u>
Property and equipment, net	1,732	1,732	1,618
Identifiable intangible assets, net	23,376	23,376	17,145
Goodwill	32,061	32,061	27,169
Other assets	2,873	2,873	2,881
Total Assets	<u>\$ 98,885</u>	<u>\$ 98,885</u>	<u>\$ 86,748</u>
LIABILITIES AND STOCKHOLDERS' DEFICIT			
Current Liabilities:			
Accounts payable and accrued expenses	\$ 23,700	\$ 23,700	\$ 16,709
Current portion of debt, net	675	675	245
Accounts receivable financing	19,680	19,680	25,983
Other current liabilities	9,350	9,350	6,372
Total Current Liabilities	<u>53,405</u>	<u>53,405</u>	<u>49,309</u>
Term loan - related party, net	33,697	46,697	38,749
Term loan, net	1,185	1,185	—
Warrant Liability	—	—	1,426
Other long-term liabilities	4,685	4,685	4,049
Total Liabilities	<u>92,972</u>	<u>105,972</u>	<u>93,533</u>
Stockholders' Deficit:			
Preferred stock	13,000	—	—
Additional paid in capital	61,673	61,673	57,574
Accumulated other comprehensive income	1,477	1,477	783
Accumulated deficit	(70,237)	(70,237)	(65,142)
Total Stockholders' Equity (Deficit)	<u>5,913</u>	<u>(7,087)</u>	<u>(6,785)</u>
Total Liabilities and Stockholders' Deficit	<u>\$ 98,885</u>	<u>\$ 98,885</u>	<u>\$ 86,748</u>

* The September 29, 2018 Pro Forma Balance sheet reflects the impact of the \$13 million debt exchange

Capital Structure and Leverage

	<u>September 29, 2018</u> Pro Forma*	<u>September 29, 2018</u>	<u>December 30, 2017</u>
Total Long-Term Debt, Net	\$ 34,882	\$ 47,882	\$ 38,749
Addback: Total Debt Discount and Deferred Financing Costs	1,731	1,731	1,251
Total Long-Term Debt	<u>\$ 36,613</u>	<u>\$ 49,613</u>	<u>\$ 40,000</u>
Pro Forma TTM Adjusted EBITDA	<u>\$ 12,330</u>	<u>\$ 12,330</u>	<u>\$ 14,767</u>
Pro Forma Leverage Ratio	3.0x	4.0x	2.7x

* The September 29, 2018 Pro Forma Balance sheet reflects the impact of the \$13 million debt exchange

TTM Pro Forma Leverage Ratio: Calculated as Total Long-Term Debt, Net, gross of Debt Discount and Deferred Financing costs, divided by Pro Forma Adjusted EBITDA for the trailing twelve-months ("TTM").

Cash Flow

\$000s	<u>Q3 2018 YTD</u>	<u>Q3 2017 YTD</u>
Cash Flows Provided By (Used In):		
Operating Activities	\$ 7,149	\$ (2,775)
Investing Activities	(1,601)	(20,986)
Financing Activities	<u>(5,822)</u>	<u>28,493</u>
NET (DECREASE) INCREASE IN CASH	(274)	4,732
Foreign Exchange Impact	(2)	(2)
Cash, Beginning of Period	<u>3,100</u>	<u>650</u>
Cash, End of Period	<u>\$ 2,824</u>	<u>\$ 5,380</u>
<u>Memo:</u>		
Operating Cash Flow	\$ 7,149	\$ (2,775)
Collection of UK factoring facility deferred purchase price	7,086	—
Repayments on accounts receivable financing	<u>(16,220)</u>	<u>5,242</u>
Net cash (used in) provided by operating activities including proceeds from accounts receivable financing	<u>\$ (1,985)</u>	<u>\$ 2,467</u>

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