



Q2 2018 Investor Call – August 15, 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*
- 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

- Acquisition of Clement May adds RPO as service offering
- Record quarterly revenue
- Two consecutive quarters of positive EBITDA in 2018
- Cost savings initiatives identified of \$3-4 million
- Divestiture of PeopleServe
- Second Quarter 2018 Financial Highlights:
 - Revenue growth of 42% to \$59.7 million
 - Gross profit growth of 50% to \$11.9 million
 - Gross margin strengthened to 19.9%
 - Net loss of \$1.8 million, including \$0.7 million of non-cash Fx remeasurement loss
 - Adjusted EBITDA grew by 39% to \$2.1 million
 - TTM Pro Forma Adjusted EBITDA of \$10.8 million

Q2 and Q2 YTD 2018 Financial Performance

\$000s

	<u>Q2 2018</u> (Unaudited)	<u>Q2 2017</u> (Unaudited)	<u>Q2 2018 YTD</u> (Unaudited)	<u>Q2 2017 YTD</u> (Unaudited)
Commerical Staffing - US	\$ 23,549	\$ 23,308	\$ 44,945	\$ 45,719
Professional Staffing - US	14,066	12,232	28,733	23,928
Professional Staffing - UK	22,112	6,577	41,840	13,182
Revenue	<u>\$ 59,727</u>	<u>\$ 42,117</u>	<u>\$ 115,518</u>	<u>\$ 82,829</u>
Commerical Staffing - US	\$ 3,917	\$ 4,288	\$ 7,815	\$ 8,305
Professional Staffing - US	4,214	2,245	8,199	4,117
Professional Staffing - UK	3,751	1,391	7,449	2,828
Gross Profit	<u>\$ 11,882</u>	<u>\$ 7,924</u>	<u>\$ 23,463</u>	<u>\$ 15,250</u>
<i>Gross Margin</i>	<i>19.9%</i>	<i>18.8%</i>	<i>20.3%</i>	<i>18.4%</i>
Selling, general and administrative expenses	\$ 11,030	\$ 6,439	\$ 22,218	\$ 13,562
Depreciation and amortization	712	760	1,510	1,520
Total Operating Expenses	<u>\$ 11,742</u>	<u>\$ 7,199</u>	<u>\$ 23,728</u>	<u>\$ 15,082</u>
Income (Loss) from Operations	\$ 140	\$ 725	\$ (265)	\$ 168
Interest expense	\$ (1,951)	\$ (580)	\$ (3,906)	\$ (1,082)
Amortization of debt discount and deferred financing costs	(115)	(839)	(237)	(1,398)
Loss on extinguishment of debt, net	-	-	-	(1,368)
Change in fair value of warrant liability	341	287	879	195
Gain from sale of business	238	-	238	-
Re-measurement loss on intercompany note	(721)	-	(146)	-
Other, net	(9)	(23)	241	(19)
Total Other Expenses	<u>\$ (2,217)</u>	<u>\$ (1,155)</u>	<u>\$ (2,931)</u>	<u>\$ (3,672)</u>
Loss Before Provision for Income Tax	\$ (2,077)	\$ (430)	\$ (3,196)	\$ (3,504)
Benefit from (Provision for) income taxes	233	(2)	81	(7)
Net Loss	<u>\$ (1,844)</u>	<u>\$ (432)</u>	<u>\$ (3,115)</u>	<u>\$ (3,511)</u>

Adjusted EBITDA Reconciliation

	<u>Q2 2018</u> (Unaudited)	<u>Q2 2017</u> (Unaudited)	<u>Q2 2018 YTD</u> (Unaudited)	<u>Q2 2017 YTD</u> (Unaudited)
Net Loss	\$ (1,844)	\$ (432)	\$ (3,115)	\$ (3,511)
Adjustments:				
Interest Expense	\$ 1,951	\$ 580	\$ 3,906	\$ 1,082
Provision for Income Taxes	(233)	2	(81)	7
Depreciation and Amortization ⁽¹⁾	827	1,599	1,747	2,918
EBITDA	701	1,749	2,457	496
Acquisition, capital raising and other non-recurring expenses ⁽²⁾	997	(271)	1,844	260
Other non-cash charges ⁽³⁾	291	322	663	618
Loss on extinguishment of debt, net	-	-	-	1,368
Change in fair value of warrant liability	(341)	(287)	(879)	(195)
Gain from sale of business	(238)	-	(238)	-
Re-measurement loss on intercompany note	721	-	146	-
Other income	9	23	(241)	19
Adjusted EBITDA	\$ 2,140	\$ 1,536	\$ 3,752	\$ 2,566
<i>Adjusted EBITDA Margin</i>	<i>3.6%</i>	<i>3.6%</i>	<i>3.2%</i>	<i>3.1%</i>
TTM Adjusted EBITDA	\$ 8,577	\$ 5,404	\$ 8,577	\$ 5,404
Pre-Acquisition Adjusted EBITDA	\$ 2,217		\$ 2,217	
Pro Forma TTM Adjusted EBITDA	\$ 10,794	N/A	\$ 10,794	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.

Balance Sheet

\$000s	June 30, 2018 (Unaudited)	December 30, 2017
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 2,886	\$ 3,100
Accounts receivable, net	28,985	33,392
Prepaid expenses and other current assets	1,421	1,443
Total Current Assets	<u>33,292</u>	<u>37,935</u>
Property and equipment, net	1,469	1,618
Identifiable intangible assets, net	16,572	17,145
Goodwill	28,714	27,169
Other assets	2,923	2,881
Total Assets	<u>\$ 82,970</u>	<u>\$ 86,748</u>
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 22,221	\$ 16,709
Current portion of debt, net	683	245
Accounts receivable financing	15,988	25,983
Other current liabilities	7,524	6,372
Total Current Liabilities	<u>46,416</u>	<u>49,309</u>
Term loan - related party, net	40,342	38,749
Warrant Liability	—	1,426
Other long-term liabilities	4,034	4,049
Total Liabilities	<u>90,792</u>	<u>93,533</u>
Stockholders' Deficit:		
Additional paid in capital	59,314	57,574
Accumulated other comprehensive income	1,121	783
Accumulated deficit	(68,257)	(65,142)
Total Stockholders' Deficit	<u>(7,822)</u>	<u>(6,785)</u>
Total Liabilities and Stockholders' Deficit	<u>\$ 82,970</u>	<u>\$ 86,748</u>

Cash Flow

\$000s	<u>Q2 2018 YTD</u>	<u>Q2 2017 YTD</u>
Cash Flows Provided By (Used In):		
Operating Activities	\$ 12,996	\$ 2,104
Investing Activities	3,468	(126)
Financing Activities	<u>(16,676)</u>	<u>(2,100)</u>
NET DECREASE IN CASH	(212)	(122)
Foreign Exchange Impact	(2)	(2)
Cash, Beginning of Period	<u>3,100</u>	<u>650</u>
Cash, End of Period	<u>\$ 2,886</u>	<u>\$ 526</u>
<u>Memo:</u>		
Operating Cash Flow	\$ 12,996	\$ 2,104
Collection of UK factoring facility deferred purchase price	3,550	—
Repayments on accounts receivable financing	<u>(18,813)</u>	<u>(2,709)</u>
Net cash (used in) operating activities including proceeds from accounts receivable financing	<u>\$ (2,267)</u>	<u>\$ (605)</u>

Questions & Answers

Closing Remarks

Appendices

Capital Structure and Leverage

	<u>June 30, 2018</u>	<u>December 30, 2017</u>
Total Long-Term Debt, Net	\$ 40,342	\$ 38,749
Addback: Total Debt Discount and Deferred Financing Costs		
	1,022	1,251
Total Long-Term Debt	<u>\$ 41,364</u>	<u>\$ 40,000</u>
TTM Adjusted EBITDA	\$ 8,577	\$ 7,391
Pro Forma TTM Adjusted EBITDA	<u>\$ 10,794</u>	<u>\$ 11,737</u>
Pro Forma Leverage Ratio	3.8x	3.4x

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”).

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