



Fiscal Q3 2017 Investor Call – November 15, 2017

 **Nasdaq**
Ticker: STAF

Investor Call Agenda

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

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 Executive Chairman

- Completed two strategic acquisitions
 - CBS Butler Holdings Limited (UK)
 - Firstpro Georgia (US)
- Completed \$40 million financing
- Amended US Accounts Receivable Lending Facility
- Pro Forma Trailing Twelve Months Adjusted EBITDA now \$11 million
- Balance sheet significantly improved
 - Cleaner capital structure
 - Working capital deficit reduced to only \$6.4 million
- Settled historical CSI arbitration matter
- Settled historical NewCSI earnout litigation

Business and Industry Update

- Acquisition and integration of CBS Butler and Firstpro Georgia
- Margins of overall business continue to improve
- New Light Industrial partnership agreements

Q3 2017 Financial Performance

\$000s

	July 2, 2017 to September 30, 2017	July 3, 2016 to October 1, 2016
Professional	\$ 24,710	\$ 20,802
Light Industrial	25,635	25,148
Total Revenue	\$ 50,345	\$ 45,950
Professional	5,282	4,570
Light Industrial	4,295	3,835
Total Gross Profit	9,577	8,405
Selling, general and administrative expenses	9,140	7,795
Depreciation and amortization	790	727
Total Operating Expenses	9,930	8,522
Loss From Operations	(353)	(117)
Loss on extinguishment of debt, net	(2,819)	-
Other expenses	(1,984)	(1,234)
Total Operating Expenses	(4,803)	(1,234)
Loss Before Provision for Income Taxes	(5,156)	(1,351)
(Provision for) benefit from income taxes	(206)	375
Net Loss	(5,362)	(976)
Net income attributable to non-controlling interest	-	-
Dividends - Series A preferred stock - related party	(50)	(50)
Net Loss Attributable to Common Stock	\$ (5,412)	\$ (1,026)
EBITDA	\$ (2,442)	\$ 525
Adjusted EBITDA	\$ 2,048	\$ 1,646
Trailing Twelve Months ("TTM") Adjusted EBITDA	\$ 5,794	\$ 5,362
Pro Forma TTM Adjusted EBITDA	\$ 11,034	N/A

Revenue:

- Professional - growth driven primarily by inclusion of acquired businesses for only portion of the quarter; organic decline from loss of low margin revenue

Gross Profit:

- Professional – higher on contribution from acquisitions and higher margin revenue
- Light Industrial – higher margin revenue and lower workman's compensation costs

Selling, General & Administrative

- Includes SG&A of acquisitions, deal-related costs of the acquisitions and increase in reserve for *NewCSI* litigation legal expenses.

Other Expenses:

- Loss on extinguishment of debt of \$2.8 million from refinancing of Jackson Investment Group notes

YTD 2017 Financial Performance

\$000s

	January 1, 2017 to September 30, 2017	January 3, 2016 to October 1, 2016
Professional	\$ 61,820	\$ 65,387
Light Industrial	71,354	70,036
Total Revenue	\$ 133,174	\$ 135,423
Professional	13,179	13,330
Light Industrial	11,648	10,291
Total Gross Profit	24,827	23,621
Selling, general and administrative expenses	23,105	24,102
Depreciation and amortization	2,310	2,059
Total Operating Expenses	25,415	26,161
Loss From Operations	(588)	(2,540)
Loss on extinguishment of debt, net	(4,108)	-
Other expenses	(4,445)	(3,420)
Total Operating Expenses	(8,553)	(3,420)
Loss Before Provision for Income Taxes	(9,141)	(5,960)
(Provision for) benefit from income taxes	(213)	(260)
Net Loss	(9,354)	(6,220)
Net income attributable to non-controlling interest	-	37
Dividends - Series A preferred stock - related party	(150)	(150)
Net Loss Attributable to Common Stock	\$ (9,504)	\$ (6,407)
EBITDA	\$ (2,567)	\$ (221)
Adjusted EBITDA	\$ 4,601	\$ 3,881
Trailing Twelve Months ("TTM") Adjusted EBITDA	\$ 5,794	\$ 5,362
Pro Forma TTM Adjusted EBITDA	\$ 11,034	N/A

Revenue:

- Professional - includes acquired businesses for only portion of the quarter; organic decline from loss of low margin revenue; foreign exchange translation loss of \$1.8 million

Gross Profit:

- Professional – higher on contribution from acquisitions and higher margin revenue
- Light Industrial – higher margin revenue and lower workman's compensation costs

Selling, General & Administrative

- Includes SG&A of acquisitions, deal-related costs of the acquisitions and increase in reserve for *NewCS/* litigation legal expenses.

Other Expenses:

- Loss on extinguishment of debt of \$4.1 million from refinancing of Jackson Investment Group notes and convertible notes (Jan 2017)

Adjusted EBITDA Reconciliation

TTM Adjusted EBITDA growth of 8.1% in Q3 2017.

Pro Forma TTM Adjusted EBITDA now \$11 million including two acquisitions completed in Q3 2017.

\$000s

	July 2, 2017 to September 30, 2017	July 3, 2016 to October 1, 2016	January 1, 2017 to September 30, 2017	January 3, 2016 to October 1, 2016
Net loss attributable to common stock	\$ (5,412)	\$ (1,026)	\$ (9,504)	\$ (6,407)
Interest expense	761	615	1,843	2,007
Provision for income taxes	206	(375)	213	260
Depreciation and amortization	2,003	1,311	4,881	3,919
EBITDA	\$ (2,442)	\$ 525	\$ (2,567)	\$ (221)
Acquisition, capital raising and other non-recurring expense	\$ 934	\$ 872	\$ 1,194	\$ 3,572
Other non-cash charges	677	164	1,685	790
Loss on extinguishment of debt, net	2,819	-	4,108	-
Restructuring charges	5	6	7	16
Modification expense	11	-	37	31
Dividends - Series A preferred stock - related party	50	50	150	150
Other income / (expense)	(6)	29	(13)	(494)
Net income attributable to non-controlling interest	-	-	-	37
Adjusted EBITDA	\$ 2,048	\$ 1,646	\$ 4,601	\$ 3,881
Trailing Twelve Months ("TTM") Adjusted EBITDA	\$ 5,794	\$ 5,362	\$ 5,794	\$ 5,362
Pro Forma TTM Adjusted EBITDA	\$ 11,034	N/A	\$ 11,034	N/A

Balance Sheet

\$000s	September 30, 2017 (Unaudited)	December 31, 2016
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 5,380	\$ 650
Accounts receivable, net	33,797	22,274
Prepaid expenses and other current assets	1,174	613
Total Current Assets	<u>40,351</u>	<u>23,537</u>
Property and equipment, net	1,241	919
Identifiable intangible assets, net	16,199	9,149
Goodwill	33,362	15,779
Other assets	2,972	4,573
Total Assets	<u>\$ 94,125</u>	<u>\$ 53,957</u>
LIABILITIES, MEZZANINE EQUITY AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 22,151	\$ 18,110
Current portion of debt, net	367	3,639
Accounts receivable financing	23,076	15,605
Other current liabilities	1,247	1,274
Total Current Liabilities	<u>46,841</u>	<u>38,628</u>
Long-term debt, net	36,574	3,997
Term loan - related party, net	—	—
Other long-term liabilities	6,615	3,054
Total Liabilities	<u>90,030</u>	<u>45,679</u>
Commitments and contingencies	—	—
Series D Preferred Stock	—	612
Stockholders' Equity:		
Preferred stock	—	—
Common Stock	—	—
Additional paid in capital	60,784	54,658
Accumulated other comprehensive income	662	855
Accumulated deficit	(57,351)	(47,847)
Total Stockholders' Equity	<u>4,095</u>	<u>7,666</u>
Total Liabilities, Mezzanine Equity and Stockholders' Equity	<u>\$ 94,125</u>	<u>\$ 53,957</u>

- Growth in balance sheet driven primarily by acquisitions
- Working capital deficit improved by \$8.6 million to only \$6.5 million
- Other non-current assets and liabilities lower from release of surety bond to settle NewCSI case
- Current portion of long-term debt less than \$400k
- Series D Preferred Shares redeemed

Cash Flow

\$000s

	<u>YTD Q3 2017</u>	<u>YTD Q3 2016</u>
Cash Flows Provided By (Used In):		
Operating Activities	\$ (2,785)	\$ 778
Investing Activities	(22,082)	(1,846)
Financing Activities	<u>29,599</u>	<u>1,433</u>
Net Increase in Cash	4,732	365
Foreign Exchange Impact	(2)	-
Cash, Beginning of Period	<u>650</u>	<u>991</u>
Cash, End of Period	<u>\$ 5,380</u>	<u>\$ 1,356</u>
<u>Memo:</u>		
Operating Cash Flow	\$ (2,785)	\$ 778
ABL Financing, Net	<u>5,242</u>	<u>(1,575)</u>
Operating Cash Flow + ABL Financing, Net	<u>\$ 2,457</u>	<u>\$ (797)</u>

Operating Activities:

- Decrease driven mainly by:
 - Approximately \$2.7 million of working capital clean up; and
 - Settlement of CSI arbitration of \$1.6 million

Investing Activities:

YTD Q3 2017

- Acquisitions, net of cash acquired, of \$20.8 million;
- Earnouts paid for prior acquisitions of \$1.1 million

YTD Q3 2016

- Primarily \$1.4 million paid to post surety bond relating to NewCSI case (settled in Q3 2017)

Financing Activities:

YTD Q3 2017

- Primarily refinancing activities to improve the balance sheet
- Additional \$1.3 million of borrowings post amendment to US ABL facility
- \$1.5 million to settle Series D preferred stock
- \$3.3 million for third party financing costs

YTD Q3 2016

- Numerous proceeds and repayments of various instruments
- \$5.3 million raised under S-3

Capital Structure and Leverage

\$000s

	<u>September 30, 2017</u>	<u>October 1, 2016</u>
Total-Long Term Debt, Net	\$ 36,574	\$ 2,499
Addback: Total Debt Discount and Deferred Financing Costs	3,436	1,988
Earnouts	5,749	2,453
Less: Surety Bond	—	(1,405)
Total Long-Term Debt	<u>\$ 45,759</u>	<u>\$ 5,535</u>
TTM Adjusted EBITDA	\$ 5,794	\$ 5,362
Pro Forma TTM Adjusted EBITDA	\$ 11,034	N/A
Leverage Ratio	N/A	1.0x
TTM Pro Forma Leverage Ratio	4.1x	N/A

Leverage Ratio: Calculated as Total Long Term Debt, Net, gross of any Original Issue Discount, plus Earnouts, less assets held against Long Term Debt, divided by Adjusted EBITDA for the trailing 12-months (“TTM”).

TTM Pro Forma Leverage Ratio: Calculated as Total Long Term Debt, Net, gross of any Original Issue Discount, plus Earnouts, less assets held against Long Term Debt, divided by Pro Forma TTM Adjusted EBITDA.

Questions & Answers

Closing Remarks from Executive Chairman

Company Contact Information

Staffing 360 Solutions, Inc.

Investor Contact:

Brendan Flood, Executive Chairman
info@staffing360solutions.com

Financial Contact:

David Faiman, Chief Financial Officer
david.faiman@staffing360solutions.com

Headquarters:

641 Lexington Ave, Suite 2701
New York, NY 10022
646-507-5710

UK Office:

3a London Wall Buildings
London Wall
London EC2M 5SY
+44 (0) 207 464 1985

