



Q1 2019 Investor Call – May 1, 2019



Investor Call Agenda

- Introduction and Safe-Harbor
- Opening Remarks
Brendan Flood, *Chairman & Chief Executive Officer*
- Financial Results
David Faiman, *Chief Financial Officer*
- Recent Developments
Brendan Flood, *Chairman & Chief Executive 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; Non-GAAP Financial Measures

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.

Use of Non-GAAP Financial Measures

We may use non-GAAP financial measures. Other companies may have different definitions of these non-GAAP financial measures, and as a result they may not be comparable with non-GAAP financial measures provided by other companies. Non-GAAP measures are calculated in a manner consistent with that shown in the table at the end of this presentation and should not be considered alternatives to measurements required by U.S. GAAP, such as net revenue, operating profit or net income, and should not be considered a measure of the Company's liquidity.

Remarks from the Chairman and Chief Executive Officer

- First quarter of positive net income in Company history
- Record EBITDA of \$3.1 million (Fifth consecutive quarter of positive EBITDA)
- First Quarter 2019 Financial Highlights:
 - Revenue grew by 32.3% to \$73.8 million, from \$55.8 million in Q1 '18
 - Includes 4.9% organic growth
 - Gross profit grew by 4.6% to \$12.1 million, from \$11.6 million in Q1 '18
 - Gross margin was 16.4% compared with 20.8% in Q1 '18
 - Income from operations of \$0.7 million compared with a loss from operations of \$0.4 million in Q1 '18
 - Net income of \$0.2 million compared with net loss of \$1.3 million in Q1 '18
 - EBITDA grew by 77.2% to of \$3.1 million compared with \$1.8 million in Q1 '18
 - Adjusted EBITDA grew by 26.2% \$2.0 million compared with \$1.6 million in Q1 '18
- Common stock dividend declared
 - May 17 Ex-Dividend Date
 - May 30 Dividend Payment Date

Remarks from the Chairman and Chief Executive Officer

- Continued improvement in Net income (loss) before non-cash transactions:

Net Loss Excluding Non-Cash Items Reconciliation

<i>\$ millions</i>	Q1 2019 (Unaudited)	Q4 2018 (Unaudited)	Q3 2018 (Unaudited)	Q2 2018 (Unaudited)	Q1 2018 (Unaudited)
Net Loss	\$ 0.2	\$ (1.4)	\$ (2.0)	\$ (1.8)	\$ (1.3)
Depreciation and amortization	0.9	0.9	0.7	0.7	0.8
Gain on settlement of firstPRO deferred consideration	(0.8)	-	-	-	-
Foreign currency re-measurement gain on intercompany note	(0.4)	0.4	0.2	0.7	(0.6)
Amortization of debt discount and deferred financing costs	0.2	0.2	0.2	0.1	0.1
Other non-cash charges	0.2	0.2	0.3	0.3	0.4
Gain on sale of Peopleserve	-	-	-	(0.2)	-
Other income/expenses non-cash	-	(0.2)	-	-	-
Change in fair value of warrant liability	-	-	-	(0.3)	(0.5)
Total non-cash Items	0.0	1.4	1.4	1.3	0.2
Net Loss excluding non-cash items	\$ 0.2	\$ -	\$ (0.6)	\$ (0.6)	\$ (1.1)

Q1 2019 Financial Performance

\$000s	Q1 2019 (Unaudited)	Q1 2018 (Unaudited)
Commercial Staffing - US	\$ 30,085	\$ 21,397
Professional Staffing - US	9,581	14,667
Professional Staffing - UK	34,163	19,727
Revenue	\$ 73,829	\$ 55,791
Commercial Staffing - US	\$ 4,632	\$ 3,897
Professional Staffing - US	3,714	3,985
Professional Staffing - UK	3,772	3,699
Gross Profit	\$ 12,118	\$ 11,581
<i>Gross Margin</i>	16.4%	20.8%
Selling, general and administrative expenses	\$ 10,491	\$ 11,188
Depreciation and amortization	877	798
Total Operating Expenses	\$ 11,368	\$ 11,986
Income (Loss) from Operations	\$ 750	\$ (405)
Interest expense and amortization of debt discount and deferred financing costs	\$ (2,007)	\$ (2,077)
Gain in fair value of warrant liability	-	538
Gain on settlement of deferred consideration	847	-
Re-measurement gain on intercompany note	351	575
Other, net	286	250
Total Other Expenses, Net	\$ (523)	\$ (714)
Income (Loss) Before Provision for Income Tax	\$ 227	\$ (1,119)
Benefit from (Provision for) income taxes	2	(152)
Net Income (Loss)	\$ 229	\$ (1,271)

- 1) Revenue associated with Peopleserve included in Q1 2018 was \$4.3 million
- 2) Gross Profit associated with Peopleserve included in Q1 2018 was \$0.4 million

Balance Sheet

\$000s	March 30, 2019 <u>(Unaudited)</u>	December 29, 2018 <u></u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 2,523	\$ 3,181
Accounts receivable, net	34,286	32,746
Prepaid expenses and other current assets	<u>2,574</u>	<u>1,197</u>
Total Current Assets	39,383	37,124
Property and equipment, net	1,549	1,639
Intangible assets, net	21,938	22,657
Goodwill	32,061	32,061
Other assets	<u>6,382</u>	<u>2,956</u>
Total Assets	<u>\$ 101,313</u>	<u>\$ 96,437</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 22,789	\$ 18,283
Current portion of debt, net	674	657
Accounts receivable financing	17,112	21,979
Other current liabilities	<u>9,742</u>	<u>9,642</u>
Total Current Liabilities	51,779	52,018
Term loan - related party, net	34,716	34,568
Term loan, net	823	997
Other long-term liabilities	<u>6,729</u>	<u>4,659</u>
Total Liabilities	<u>94,047</u>	<u>92,242</u>
Stockholders' Equity:		
Preferred stock	13	13
Additional paid in capital	77,232	73,772
Accumulated other comprehensive income	1,435	2,053
Accumulated deficit	<u>(71,414)</u>	<u>(71,643)</u>
Total Stockholders' Equity	<u>7,266</u>	<u>4,195</u>
Total Liabilities and Stockholders' Equity	<u>\$ 101,313</u>	<u>\$ 96,437</u>

Cash Flow

\$000s	Q1 2019	Q1 2018
Cash Flows Provided By (Used In):		
Operating Activities	\$ 2,620	\$ 8,847
Investing Activities	2,616	1,213
Financing Activities	<u>(5,892)</u>	<u>(9,700)</u>
NET (DECREASE) INCREASE IN CASH	(656)	360
Foreign Exchange Impact	(2)	(2)
Cash, Beginning of Period	<u>3,181</u>	<u>3,100</u>
Cash, End of Period	<u>\$ 2,523</u>	<u>\$ 3,458</u>
<u>Memo:</u>		
Operating Cash Flow	\$ 2,620	\$ 8,847
Collection of UK factoring facility deferred purchase price	2,660	1,269
Repayments on accounts receivable financing	<u>(7,797)</u>	<u>(9,714)</u>
Net cash (used in) provided by operating activities including proceeds from accounts receivable financing	<u>\$ (2,517)</u>	<u>\$ 402</u>

Recent Developments

- We continue to review potential acquisitions to deliver on our target of \$500 million of annualized revenues

Questions & Answers

Closing Remarks

Appendices

Adjusted EBITDA Reconciliation

	Q1 2019 (Unaudited)	Q1 2018 (Unaudited)
Net Income (Loss)	\$ 229	\$ (1,271)
Adjustments:		
Interest expense and amortization of debt discount and deferred financing costs	\$ 2,007	\$ 2,077
(Benefit from) Provision for income taxes	(2)	152
Depreciation and Amortization	877	798
EBITDA	3,111	1,756
Acquisition, capital raising and other non-recurring expenses ⁽¹⁾	211	847
Other non-cash charges ⁽²⁾	197	373
Change in fair value of warrant liability	-	(538)
Gain on settlement of deferred consideration	(847)	-
Re-measurement gain on intercompany note	(351)	(575)
Other income	(286)	(250)
Adjusted EBITDA	\$ 2,035	\$ 1,613
<i>Adjusted EBITDA Margin</i>	<i>2.8%</i>	<i>2.9%</i>
TTM Adjusted EBITDA	\$ 9,429	\$ 7,976
Gross Profit TTM	\$ 48,841	\$ 40,996
<i>TTM Adjusted EBITDA as percentage of gross profit TTM</i>	<i>19.3%</i>	<i>19.5%</i>
Pro Forma TTM Adjusted EBITDA ⁽³⁾	\$ 10,818	\$ 10,340

(1) 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.

(2) 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.

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

Capital Structure and Leverage

	<u>March 30, 2019</u>	<u>December 29, 2018</u>
Total Long-Term Debt, Net	\$ 35,539	\$ 35,565
Addback: Total Debt Discount and Deferred Financing Costs	1,024	1,171
Total Long-Term Debt	\$ 36,563	\$ 36,736
 Pro Forma TTM Adjusted EBITDA	 \$ 10,818	 \$ 11,384
 Pro Forma Leverage Ratio	 3.4x	 3.2x

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”).

Company Contact Information

Investor Relations:

Bibicoff + MacInnis, Inc.

Harvey Bibicoff

harvey@bibimac.com / +1 (818) 379-8500

Terri MacInnis

terri@bibimac.com / +1 (818) 379-8500

Staffing 360 Solutions, Inc.:

Brendan Flood, Chairman and Chief Executive Officer

brendan.flood@swtaffing360solutions.com / +1 (646) 507-5715

David Faiman, Chief Financial Officer

david.faiman@staffing360solutions.com / +1 (646) 507-5711

Headquarters:

641 Lexington Ave, Suite 2701

New York, NY 10022

646-507-5710

UK Office:

3 London Wall Buildings

London Wall

London EC2M 5SY

+44 (0) 207 464 1550