



Q2 2019 Investor Call – August 15, 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

- Second Quarter 2019 Financial Highlights:
 - Revenue grew by 23.1% to \$73.5 million, from \$59.7 million in Q2 '18, including unfavorable foreign currency translation impact of \$2.6 million
 - Gross profit grew by 1.8% to \$12.1 million, from \$11.9 million in Q2 '18
 - Gross margin was 16.5% compared with 19.9% in Q2 '18
 - Income from operations of \$0.7 million compared with a loss from operations of \$0.1 million in Q2 '18
 - Net Loss of \$1.5 million compared with net loss of \$1.8 million in Q2 '18. Excluding non-cash item, Q2 '19 was \$0.2 million
 - EBITDA grew by 41.9% to \$1.0 million compared with \$0.7 million in Q2 '18 (6th consecutive quarter of positive EBITDA)
 - Adjusted EBITDA grew by 10.2% to \$2.4 million compared with \$2.1 million in Q2 '18
- CBSbutler warranty claim net settlement gain of approximately \$1.25 million to be recorded in Q3 '19

Remarks from the Chairman and Chief Executive Officer

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

Net Income (Loss) Excluding Non-Cash Items Reconciliation

\$ millions

	Q2 2019 (Unaudited)	Q1 2019 (Unaudited)	Q4 2018 (Unaudited)	Q3 2018 (Unaudited)	Q2 2018 (Unaudited)	Q1 2018 (Unaudited)
Net Loss	\$ (1.5)	\$ 0.2	\$ (1.4)	\$ (2.0)	\$ (1.8)	\$ (1.3)
Depreciation and amortization	0.9	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)	0.4	0.2	0.7	(0.6)
Amortization of debt discount and deferred financing costs	0.2	0.2	0.2	0.2	0.1	0.1
Other non-cash charges	0.2	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	1.7	0.0	1.4	1.4	1.3	0.2
Net Income (Loss) excluding non-cash items	\$ 0.2	\$ 0.3	\$ -	\$ (0.6)	\$ (0.6)	\$ (1.1)

- Q3 2019 Dividend Declaration
 - \$0.01 per share for all shares of record on August 22, 2019
 - Dividend to be paid September 6, 2019

Q2 2019 Financial Performance

\$000s

	Q2 2019 (Unaudited)	Q2 2018 (Unaudited)	Q2 2019 YTD (Unaudited)	Q2 2018 YTD (Unaudited)
Commercial Staffing - US	\$ 32,553	\$ 23,549	\$ 62,638	\$ 44,945
Professional Staffing - US	9,481	14,066	19,061	28,733
Professional Staffing - UK	31,461	22,112	65,625	41,840
Revenue	\$ 73,495	\$ 59,727	\$ 147,324	\$ 115,518
Commercial Staffing - US	\$ 5,085	\$ 3,917	\$ 9,715	\$ 7,815
Professional Staffing - US	3,491	4,214	7,205	8,199
Professional Staffing - UK	3,516	3,751	7,290	7,449
Gross Profit	\$ 12,092	\$ 11,882	\$ 24,210	\$ 23,463
<i>Gross Margin</i>	16.5%	19.9%	16.4%	20.3%
Selling, general and administrative expenses	\$ 10,700	\$ 11,030	\$ 21,191	\$ 22,218
Depreciation and amortization	877	712	1,754	1,510
Total Operating Expenses	\$ 11,577	\$ 11,742	\$ 22,945	\$ 23,728
Income (Loss) From Operations	\$ 515	\$ 140	\$ 1,265	\$ (265)
Interest expense and amortization of debt discount and deferred financing costs	\$ (1,911)	\$ (2,066)	\$ (3,918)	\$ (4,143)
Gain in fair value of warrant liability	-	341	-	879
Re-measurement loss on intercompany note	(368)	(721)	(17)	(146)
Gain on sale of business	-	238	-	238
Gain on settlement of deferred consideration	-	-	847	-
Other (loss) income, net	(29)	(9)	257	241
Total Other Expenses, Net	\$ (2,308)	\$ (2,217)	\$ (2,831)	\$ (2,931)
Loss Before Provision for Income Tax	\$ (1,793)	\$ (2,077)	\$ (1,566)	\$ (3,196)
Benefit from income taxes	322	233	324	81
Net Loss	\$ (1,471)	\$ (1,844)	\$ (1,242)	\$ (3,115)

- 1) Revenue associated with Peopleserve included in Q2 2018 was \$3.3 million
- 2) Gross Profit associated with Peopleserve included in Q2 2018 was \$0.4 million

Balance Sheet

\$000s	June 29, 2019 (Unaudited)	December 29, 2018
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 1,411	\$ 3,181
Accounts receivable, net	31,694	32,746
Prepaid expenses and other current assets	1,563	1,197
Total Current Assets	34,668	37,124
Property and equipment, net	1,686	1,639
Intangible assets, net	21,219	22,657
Goodwill	32,061	32,061
Right of use asset - leases	5,409	—
Other assets	3,410	2,956
Total Assets	\$ 98,453	\$ 96,437
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 20,712	\$ 18,283
Payable - related party	1,917	1,457
Current portion of debt	657	657
Accounts receivable financing	17,288	21,979
Lease liabilities, current	1,724	—
Other current liabilities	7,021	9,642
Total Current Liabilities	49,319	52,018
Term loan - related party, net	34,870	34,568
Term loan	639	997
Lease liabilities, non current	3,791	—
Other long-term liabilities	3,939	4,659
Total Liabilities	92,558	92,242
Stockholders' Equity:		
Preferred stock	13	13
Additional paid in capital	76,711	73,772
Accumulated other comprehensive income	2,055	2,053
Accumulated deficit	(72,885)	(71,643)
Total Stockholders' Equity	5,895	4,195
Total Liabilities and Stockholders' Equity	\$ 98,453	\$ 96,437

Cash Flow

\$000s

	<u>Q2 2019 YTD</u>	<u>Q2 2018 YTD</u>
Cash Flows (Used In) Provided By:		
Operating Activities	\$ (4,285)	\$ 12,996
Investing Activities	7,054	3,468
Financing Activities	<u>(4,537)</u>	<u>(16,676)</u>
NET DECREASE IN CASH	(1,768)	(212)
Foreign Exchange Impact	(2)	(2)
Cash, Beginning of Period	<u>3,181</u>	<u>3,100</u>
Cash, End of Period	<u>\$ 1,411</u>	<u>\$ 2,886</u>
<u>Memo:</u>		
Operating Cash Flow	\$ (4,285)	\$ 12,996
Collection of UK factoring facility deferred purchase price	7,398	3,550
Repayments on accounts receivable financing	<u>(4,691)</u>	<u>(18,813)</u>
Net cash used in operating activities including proceeds from accounts receivable financing	<u>\$ (1,578)</u>	<u>\$ (2,267)</u>

Questions & Answers

Closing Remarks

Appendices

Adjusted EBITDA Reconciliation

	Q2 2019	Q2 2018	Q2 2019 YTD	Q2 2018 YTD	Trailing Twelve Months Q2 2019	Trailing Twelve Months Q2 2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	\$ 73,495	\$ 59,727	\$ 147,324	\$ 115,518	\$ 292,732	\$ 225,339
Gross Profit	\$ 12,092	\$ 11,882	\$ 24,210	\$ 23,463	\$ 49,051	\$ 44,954
<i>Gross Margin</i>	16.5%	19.9%	16.4%	20.3%	16.8%	19.9%
Net loss	\$ (1,471)	\$ (1,844)	\$ (1,242)	\$ (3,115)	\$ (4,628)	\$ (18,095)
Adjustments:						
Interest expense and amortization of debt discount and deferred financing costs	\$ 1,911	\$ 2,066	\$ 3,918	\$ 4,143	\$ 8,741	\$ 8,153
(Benefit from) provision for income taxes	(322)	(233)	(324)	(81)	(221)	844
Depreciation and Amortization	877	712	1,754	1,510	3,368	3,556
EBITDA	995	701	4,106	2,457	7,260	(5,542)
Acquisition, capital raising and other non-recurring expenses (1)	742	997	953	1,844	2,233	3,723
Other non-cash charges (2)	225	291	422	663	917	1,375
Gain in fair value of warrant liability	-	(341)	-	(879)	-	(1,067)
Re-measurement loss on intercompany note	368	721	17	146	557	146
Impairment of goodwill	-	-	-	-	-	4,790
Loss on extinguishment of debt, net	-	-	-	-	-	4,764
Deferred consideration settlement	-	-	(847)	-	(847)	-
Restructuring charges	-	-	-	-	(57)	780
Gain from sale of business	-	(238)	-	(238)	-	(238)
Other loss (income)	29	9	(257)	(241)	(414)	(154)
Adjusted EBITDA	\$ 2,359	\$ 2,140	\$ 4,394	\$ 3,752	\$ 9,649	\$ 8,577
<i>Adjusted EBITDA Margin</i>	3.2%	3.6%	3.0%	3.2%	3.3%	3.8%
Pre-Acquisition Adjusted EBITDA (3)					\$ 324	\$ 2,217
Pro Forma TTM Adjusted EBITDA (4)					\$ 9,973	\$ 10,794
Gross Profit TTM					\$ 49,051	\$ 44,954
<i>TTM Adjusted EBITDA as percentage of gross profit TTM</i>					19.7%	19.1%

(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) Pre-Acquisition Adjusted EBITDA excludes the Adjusted EBITDA of acquisitions for the period prior to the acquisition date.

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

Capital Structure and Leverage

	<u>June 29, 2019</u>	<u>December 29, 2018</u>
Total Long-Term Debt, Net	\$ 35,509	\$ 35,565
Addback: Total Debt Discount and Deferred Financing Costs	870	1,171
Total Long-Term Debt	<u><u>\$ 36,379</u></u>	<u><u>\$ 36,736</u></u>
Pro Forma TTM Adjusted EBITDA	<u><u>\$ 9,973</u></u>	<u><u>\$ 11,384</u></u>
Pro Forma Leverage Ratio	3.6x	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”).

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