# STAFFING 360 SOLUTIONS

*Nasdaq: STAF*

**Rapidly growing international staffing company**

## Investor Presentation

**September 2021**

# FORWARD-LOOKING STATEMENTS

**Forward-Looking Statements**

This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements that address expectations or projections about the future, including, but not limited to, statements about our plans, strategies, adequacy of resources and future financial results (such as revenue, gross profit, operating profit, cash flow), are forward-looking statements. Some of the forward-looking statements can be identified by words like “anticipates,” “believes,” “expects,” “may,” “will,” “could,” “should,” “intends,” “plans,” “estimates,” “goal,” “target,” “possible,” “potential” and similar references to future periods. These statements are not guarantees of future performance and involve a number of risks, uncertainties and assumptions that are difficult to predict. Because these forward-looking statements are based on estimates and assumptions that are subject to significant business, economic and competitive uncertainties, many of which are beyond our control or are subject to change, actual outcomes and results may differ materially from what is expressed or forecasted in these forward-looking statements. Important factors that could cause actual results to differ materially from these forward-looking statements include, but are not limited to: the geographic, social and economic impact of COVID-19 on the Company’s ability to conduct its business and raise capital in the future when needed; weakness in general economic conditions and levels of capital spending by customers in the industries we serve; weakness or volatility in the financial and capital markets, which may result in the postponement or cancellation of our customers' capital projects or the inability of our customers to pay our fees; the termination of a major customer contract or project; delays or reductions in U.S. government spending; credit risks associated with our customers; competitive market pressures; the availability and cost of qualified labor; our level of success in attracting, training and retaining qualified management personnel and other staff employees; changes in tax laws and other government regulations, including the impact of health care reform laws and regulations; the possibility of incurring liability for our business activities, including, but not limited to, the activities of our temporary employees; our performance on customer contracts; negative outcome of pending and future claims and litigation; government policies, legislation or judicial decisions adverse to our businesses; potential cost overruns and possible rejection of our business model and/or sales methods; our ability to access the capital markets by pursuing additional debt and equity financing to fund our business plan and expenses on terms acceptable to us or at all; our ability to achieve loan forgiveness under Paycheck Protection Program; and our ability to comply with our contractual covenants, including in respect of our debt. A discussion of these and other factors, including risks and uncertainties with respect to the company, is set forth in the Company's filings with the Securities and Exchange Commission, including its Annual Report on Form 10-K filed with the Securities and Exchange Commission on April 16, 2021, as may be supplemented or amended by the Company's Quarterly Reports on Form 10-Q. The Company disclaims any intention or obligation to revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

**Non-GAAP Financial Measures**

The Company uses financial measures which are not calculated and presented in accordance with US generally accepted accounting principles (“GAAP”) in evaluating its financial and operational decision making regarding potential acquisitions and presenting the operating and financial performance of the Company, as well as a means to evaluate period-to period comparison. The Company presents these non-GAAP financial measures because it believes them to be an important supplemental measure of performance that is commonly used by securities analysts, investors and other interested parties in the evaluation of companies in our industry. We refer you to the reconciliations in this presentation and applicable earnings releases issued by the Company for those respective periods. The Company defines Adjusted EBITDA as earnings (or loss) from continuing operations before interest expense, income taxes, depreciation and amortization, and amortization of non-cash stock-based compensation, non-recurring acquisition and restructuring expenses and goodwill impairment charges.

# COMPANY & INDUSTRY OVERVIEW

- **Staffing solution company executing an international buy-integrate-build strategy in the US and UK**
  - 10 acquisitions completed since 2013
- **Primary focus**
  - **Temporary staffing** ~ 95% of total revenue
  - **Permanent placements** ~ 5% of total revenue

| | |
|---|---|
| **Nasdaq:** | STAF |
| **Headquarters:** | New York, US |
| **Employees:** | ~ 4,000 temporary<br>~ 200 internal |
| **Customers:** | ~700 |

- **Consolidation model: three business streams**
  - **Commercial Staffing (US):** commercial / light industrial staffing solutions
  - **Professional Staffing (US):** accounting / finance, information technology, engineering, and administration staffing solutions
  - **Professional Staffing (UK):** accounting / finance, information technology, engineering, and administration staffing solutions

**$498B*** global market growing 3% annually**

**~165,000** staffing companies globally

**~20,000** US companies generating less than $20 million in revenues



* Source – Staffing Industry Analysts
** Source – Staffing Industry Analysts

# EXECUTIVE MANAGEMENT TEAM

**Brendan Flood**
**Chairman, CEO & President**

- Extensive financial, M&A and turn-around experience over a 30-year career
- More than 20 years in the Staffing Industry
- Built own business before selling to Staffing 360 Solutions

**Alicia Barker**
**Chief Operating Officer**

- More than 20 years of experience in a variety of fast-paced, competitive industries
- Extensive background in Human Resources, Communication and Executive Development
- Staffing experience of more than 15 years

# RECENT DEVELOPMENTS

**Rightsized the Operating Expenses of the Business during the pandemic**

- Removed **$6.5 million** of operating expenses:
  - **$5.2 million** in the US across April to October 2020
  - **$1.3 million** in the UK in March 2020
- Company is emerging in a stronger operating position from the pandemic than it was in prior to its start

**Business Update**

- Signed nearly **100 new contracts** in the Commercial business since the beginning of 2021
- Renewing agreement with BAT (British American Tobacco) for a two-year global support contract with option for one additional year. Added global Managed Service Provider role for IT recruitment (400 roles per annum) and looking at additional projects with them
- Signed a new contract with Emerson that includes UK and continental European markets

# RECENT DEVELOPMENTS

**Paycheck Protection Program (PPP) – May 2020 funding totaling $19.4 million**

- **The Company has received 100% forgiveness on all PPP Loans**

**Recent Strengthening of Financial Position**

- Sold common and preferred shares raising $40.2M in between December 2020 and August 2021. Net proceeds used to pay down long-term debt and to redeem preferred shares
  - Reduced debt/preferred stock now stands at $13.5M compared with $72.3M in June 2020
  - Eliminated balance of Preferred shares to $0 compared with $15.1M in June 2020
  - Long-term debt extension – now matures on September 30, 2022

- Agreed extensions on Asset-backed Lending facility
  - Two-year extension on the accounts receivable financing provided in the US
  - One-year extension on the accounts receivable financing provided in the UK, currently extending for a further year

- FICA deferral program in the US contributed $4.8M of funding in 2020
  - Filed for $1.1M in Employee Retention Tax Credit (ERTC), covering 2020 through Q2 2021, reducing the level of payback required
  - Additional reductions expected across H2 2021

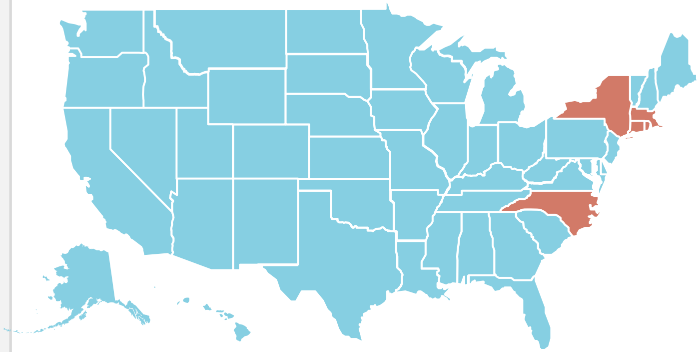
# **INVESTMENT** HIGHLIGHTS

- **International footprint and disciplined M&A strategy**
  - Highly fragmented market provides acquisition opportunities and ability to scale
  - Strong client retention and strong recurring revenue
- **Revenue affected by pandemic but now recovering:**

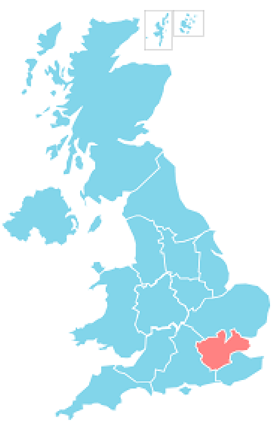
| 2013 | 2019 | 2020 |
|---|---|---|
| **Nearly $0** | **$278M** | **$205M** |

- **2019 saw heavy focus on integration activities**
- **2020 business proved resilient throughout COVID-19**
- **Management team with significant operational and M&A experience**
- **Recent strengthening of financial position**
  - $19.4M raised through Paycheck Protection Program, 100% forgiven
  - Refinancing and maturity dates reset with main debt provider
  - Agreed two-year extension on US Asset-backed Lending facility and one-year extension in the UK

**US: 14 offices in 5 states**



**UK: 2 London offices**



# BUSINESS UNITS

**ACQUISITIONS: Verticals / Location / Year**

| monroe STAFFING – A DIVISION OF STAFFING 360 SOLUTIONS | PEOPLESERVE – A DIVISION OF STAFFING 360 SOLUTIONS | LONGBRIDGE – A DIVISION OF STAFFING 360 SOLUTIONS | the jm group – A DIVISION OF STAFFING 360 SOLUTIONS | LIGHTHOUSE Professional Services – A DIVISION OF STAFFING 360 SOLUTIONS | CBSbutler – A DIVISION OF STAFFING 360 SOLUTIONS | firstPRO – A DIVISION OF STAFFING 360 SOLUTIONS | Clement May – A DIVISION OF STAFFING 360 SOLUTIONS | Key Resources – A DIVISION OF STAFFING 360 SOLUTIONS |
|---|---|---|---|---|---|---|---|---|
| Commercial | Information Technology | Accounting & Finance | Information Technology | Engineering<br>Administration<br>Accounting & Finance<br>Information Technology | Engineering<br>Administration<br>Accounting & Finance<br>Information Technology | Accounting & Finance<br>Information Technology | Information Technology | Commercial |
| **US** | US | **UK** | **UK** | **US** | **UK** | US | **UK** | **US** |
| 2014[1] | 2014[2] | 2014[3, 4] | 2015[4] | 2015 | 2017 | 2017[5] | 2018 | 2018 |

[1] *Includes acquisition of Control Solutions International*

[2] *Disposed of in 2019*

[3] *Includes acquisition of Poolia*

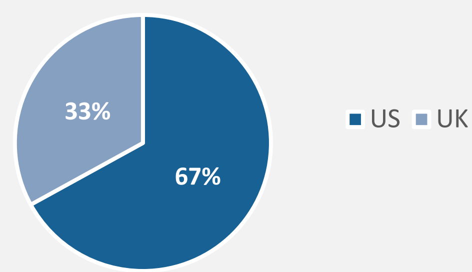
[4] *Merged to The JM Longbridge Group in 2021*

[5] *Disposed of in 2020*

**Focused on United States and United Kingdom:**

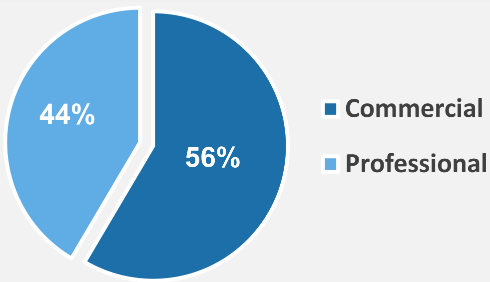
- Well-developed temporary staffing markets
- Flexible labor laws
- Culturally aligned
- Allows management time to be optimized - leading to better performance and returns
- Expects to focus principally on US targets going forward

**Geographic Revenue Split**



# REALIGNMENT OF ORGANIZATIONAL STRUCTURE

**Revenue Split**




**New corporate structure to enhance customer focus, drive revenue growth, maximize efficiencies, and support accountability and ownership**

STAFFING 360 SOLUTIONS

## United States

### Commercial Staffing

monroe STAFFING – A DIVISION OF STAFFING 360 SOLUTIONS

Key Resources – A DIVISION OF STAFFING 360 SOLUTIONS

### Professional Staffing

LIGHTHOUSE Professional Services – A DIVISION OF STAFFING 360 SOLUTIONS

## United Kingdom

### Professional Staffing

the jm LONGBRIDGE group – A DIVISION OF STAFFING 360 SOLUTIONS

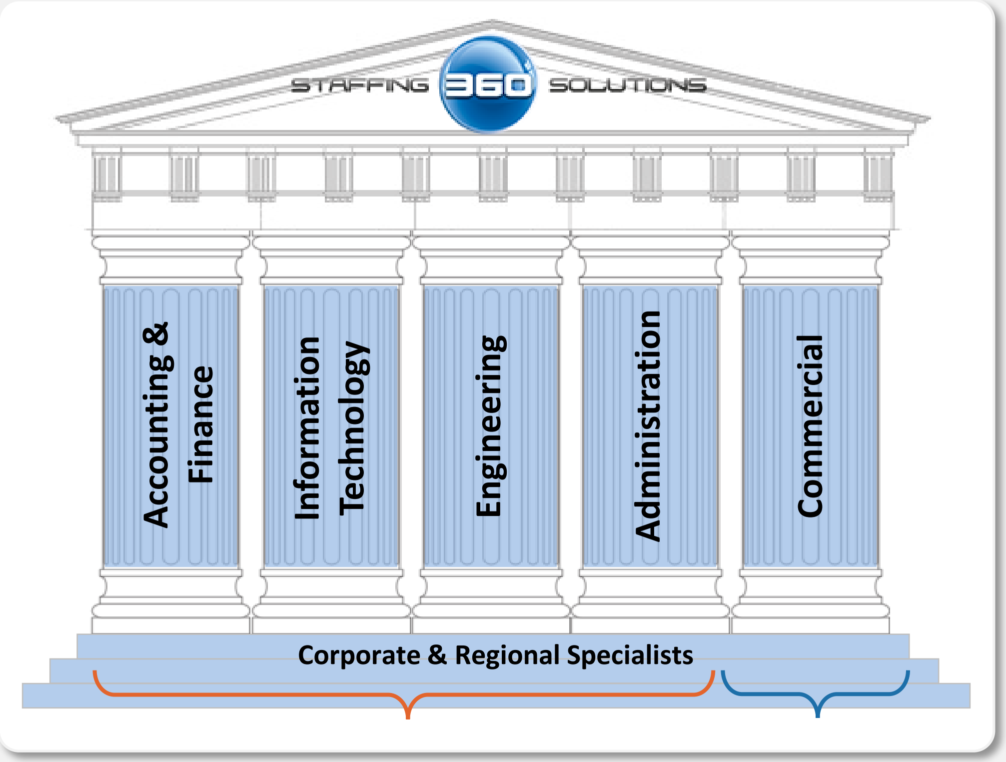
CBSbutler – A DIVISION OF STAFFING 360 SOLUTIONS

Clement May – A DIVISION OF STAFFING 360 SOLUTIONS

# BUSINESS MODEL

**Focused on five strategic verticals that represent sub-segments of the staffing industry**

## FIVE STRATEGIC PILLARS

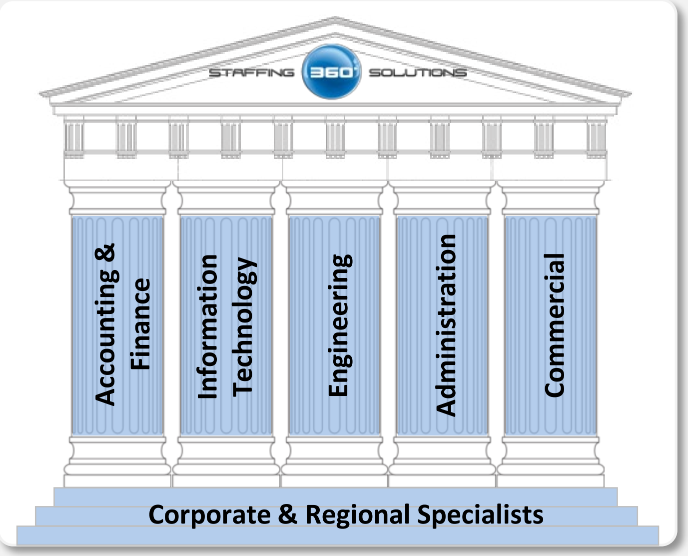



**PROFESSIONAL & COMMERCIAL**

# STRATEGIC GOALS

- Build a growing, profitable, international staffing firm
- Execute disciplined acquisition strategy, supplemented by strong organic growth and cross-selling
- Highly fragmented market provides acquisition opportunities and ability to scale
- Use “Intelligent Integration” approach to maximize value, mitigate attrition and increase support to sales and recruiting teams
- Capitalize on highly experienced executive management team
- Drive shareholder value and profitability

# DISCIPLINED ACQUISITION CRITERIA



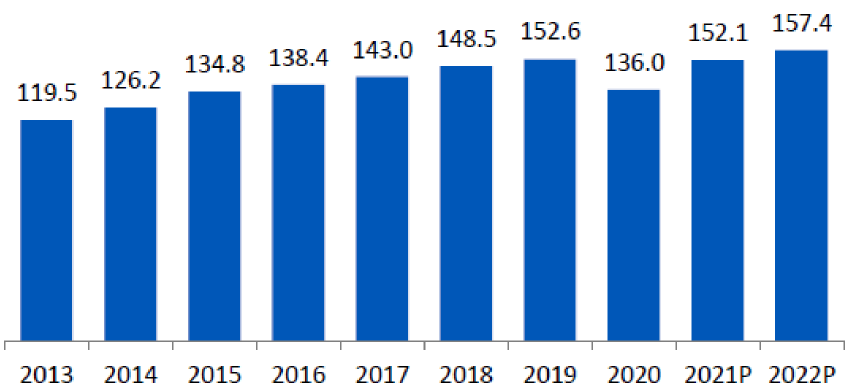

- **Constant reload of pipeline of highly selective targets**
- **Fit within at least one of five strategic pillars**
- **Accretive to adjusted EBITDA, no turn-arounds**
    - Sustainable margins
    - Recurring revenues
    - Quality customers
    - Reliable employees
- **Objective: 95% temporary / 5% permanent revenue mix (80% / 20% gross profit mix)**
- **Past sellers have received cash, stock, notes, plus performance-based incentives**

**Positioned to capitalize on market opportunities**

# STAFFING EMPLOYMENT TRENDS: UNITED STATES

## Professional & Temporary Staffing: Shift Toward Higher Margin & Scalable Verticals

*US staffing industry market size ($billion):*




Source: Staffing Industry Analysts*

- Shift toward more temporary workers is expected to be a permanent change to jobs market
- Structural shift towards professional staffing largely driven by demand for IT
- Entire industry impacted by pandemic, but strong recovery has started
- Based on recovery from prior recessions, 2021 is expected to rebound sharply, especially in the second half

**Commercial vs. Professional Staffing Trend***

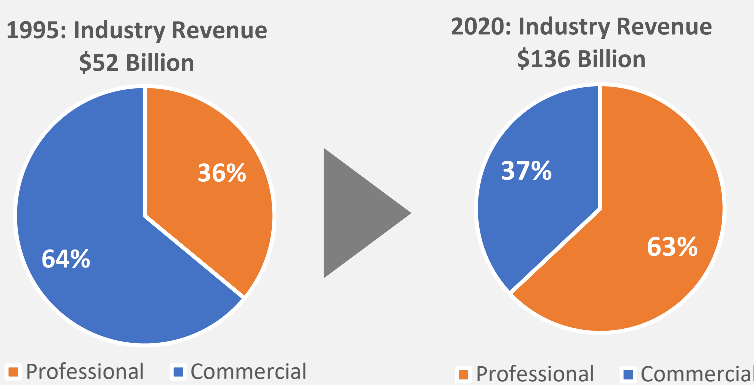
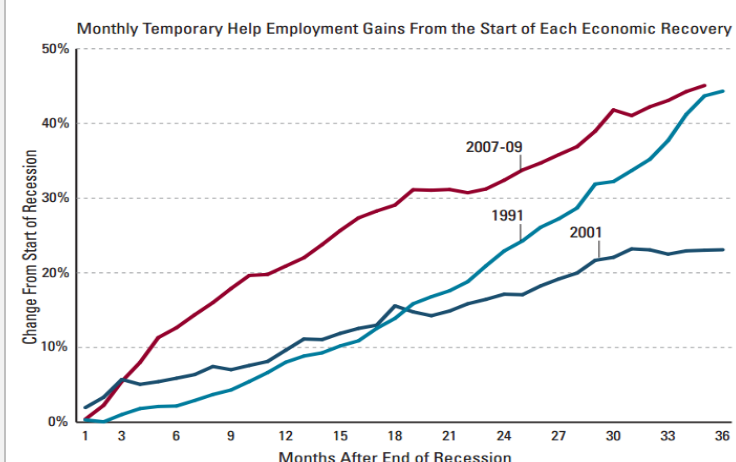



**Figure 1: Staffing Employment Growth Has Been More Robust in the Recovery From the 2007-09 Recession Than the Recoveries From the Previous Two Recessions.**




*Source: American Staffing Association analysis of U.S. Bureau of Labor Statistics data*

*Source: Staffing Industry Forecast: April 2021 Update (Staffing Industry Analysts)

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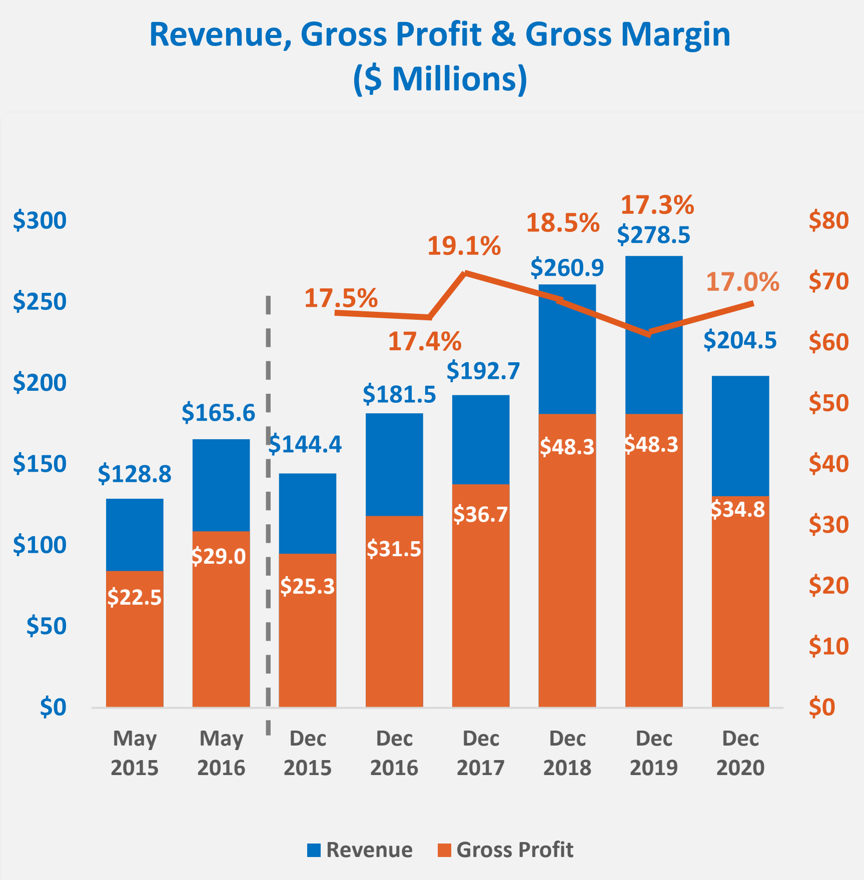
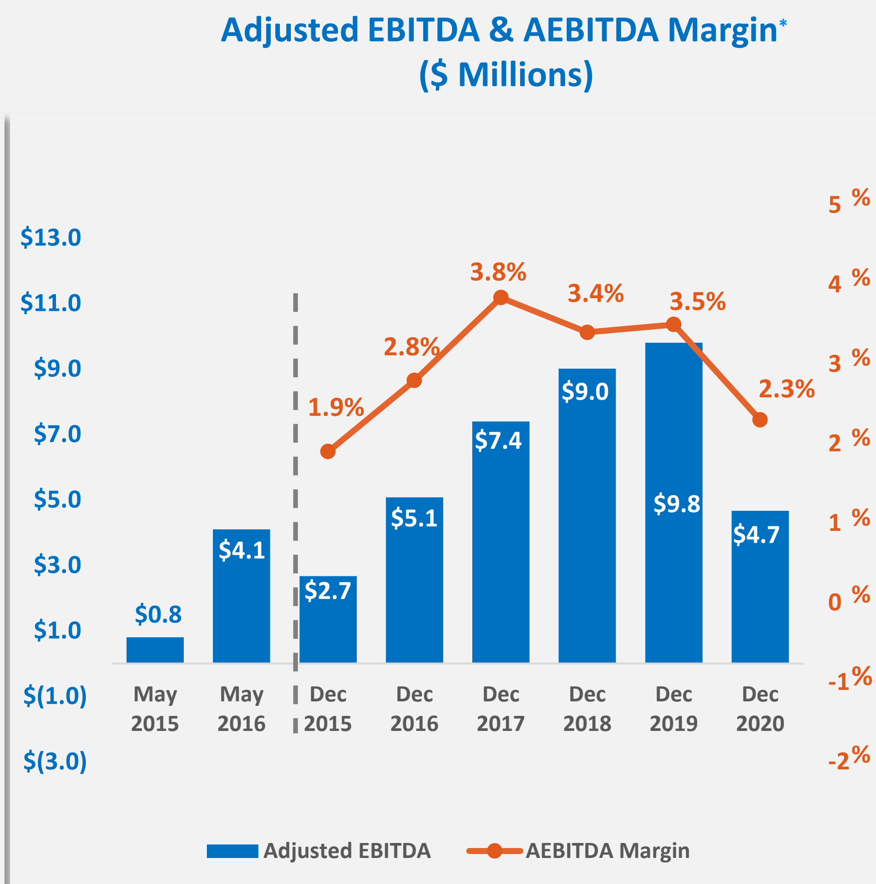
# HISTORICAL FINANCIAL PERFORMANCE




**In 2017, the Company changed its fiscal year end to December. All periods shown are for 12 months.**



*See Appendix for EBITDA and Adjusted EBITDA Reconciliation

# CONDENSED BALANCE SHEET

| ($ in 000s) | Balance Sheet July 3, 2021 | | Pro-Forma BS* July 3, 2021 | |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Current Assets | $ | 28,223 | $ | 27,987 |
| Long-term Assets | | 49,427 | | 49,427 |
| **Total Assets** | $ | 77,650 | $ | 77,414 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | | | |
| Current Liabilities | $ | 48,731 | $ | 37,666 |
| Long-term Liabilities | | 22,026 | | 19,398 |
| **Total Liabilities** | $ | 70,757 | $ | 57,064 |
| Preferred Stock - Series G/G1 | | 6,172 | | - |
| Total Stockholders' Equity | | 721 | | 20,350 |
| **Total Liabilities & Stockholders' Equity** | $ | 77,650 | $ | 77,414 |

*Pro-Forma Balance Sheet includes below transactions after the Unaudited July 3, 2021 Balance Sheet:

- PPP Loans Forgiveness including accrued interest of $9,504
- Payment of long-term debt with Cash in Escrow of $2,080
- Capital raises totaling $10,125 with $8,281 being used to reduce long-term debt
- Conversion of Series G / G1 to long-term debt of $7,733

# CAPITALIZATION TABLE

| | Aug 16, 2021 | July 3, 2021 |
|---|---|---|
| Shares of Common Stock Outstanding[1] | 11,415,233 | 6,528,038 |
| Warrants (WAEP[2]) | 3,907,537 | 1,847,718 |
| Options (WAEP $97.80) | 12,777 | 12,777 |
| Series F Convertible Preferred Stock (common stock equivalent)[3] | 0 | 1,304,901 |
| Series G Convertible Preferred Stock (common stock equivalent)[4] | 0 | 1,028,667 |
| Series G-1 Convertible Preferred Stock (common stock equivalent)[4] | 0 | 257,167 |
| Total Common Stock And Common Stock Equivalents Outstanding | 15,335,547 | 10,979,268 |

*[1] Includes 35,195 shares of common stock underlying unvested equity awards issued to employees and Board and committee members.*
*[2] Weighted average price for warrants was $3.83 and $4.29 on August 16, 2021 and July 3, 2021, respectively.*
*[3] In July 2021, 4,698 shares of Series F Preferred Stock were converted to 1,304,901 common shares*
*[4] On July 3, 2021, the Company had outstanding 6,172 Series G preferred shares which are equivalent to 1,028,667 shares of common stock and 1,543 Series G-1 preferred shares which are equivalent to 257,167 shares of common stock. On July 21, 2021, 6,172 and 1,561 shares of Series G and G-1 Preferred Stock, respectively, were converted to $7,733,000 in long-term debt.*

# RECENT AWARDS

## US and UK Operations Recognized for Exceptional Client Service

For five consecutive years, US-based Monroe Staffing Services, a leading staffing agency in the Commercial Staffing and Professional Staffing Services segments, has been awarded ***Clearly Rated's* Best of Staffing® Client Diamond Award** for consistently providing superior service to its clients.

US-based Key Resources (Commercial) and Lighthouse Professional Services (Professional) were each awarded ***Clearly Rated's* 2021 Best of Staffing® Client Award** for the second consecutive year.

ClearlyRated's Best of Staffing® Award recognizes staffing agencies that have proven superior service quality based entirely on ratings provided by their clients.

UK-based CBSbutler, a market-leading technical and engineering recruitment firm, has won the **2021 Feefo® Platinum Trusted Service Award**. Last year CBSbutler was the 2020 Gold Trusted Service Award winner.

Feefo is a reviews and customer insights technology company that works with over 3,500 clients to ensure that all feedback is authentic by matching it to a legitimate transaction.

# KEY TAKEAWAYS

## Committed to driving growth, profits, and shareholder value

- Highly focused **M&A STRATEGY** – 10 acquisitions completed to date
- Grew from nearly zero revenue in 2013 to **$278M in 2019** – anticipate returning to pre-pandemic levels in 2022
- Recent business stream **REALIGNMENT** driving **CROSS SELLING, PROFITABILITY** and **ORGANIC GROWTH**
- Led by a **MANAGEMENT TEAM** with significant operational, M&A, and recession-management experience
- **2021 GROWTH**
  - Q2 23% YoY revenue growth to $50 million (excluding divested business)
  - Q2 37% gross profit growth to $9.0 million
  - Q3 operating results expected to exceed Q2
  - Q4 anticipated to show further improvement over Q3

# CONTACT US

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