



# Staffing 360 Solutions Reports First Quarter 2021 Results

## *Sets Date to Host Q1 Results Investor Conference Call*

NEW YORK, May 17, 2021 - Staffing 360 Solutions, Inc. ([NASDAQ: STAF](#)), a company executing an international buy-integrate-build strategy through the acquisition of staffing organizations in the United States and the United Kingdom, today announced its Fiscal 2021 first quarter financial results.

### **Q1 2020 Overview**

- Revenue declined by 16.6% to \$49.0 million from \$58.7 million in Q1 '20 (11.3% decline excluding the disposal of *firstPRO*)
- Gross profit declined by 24.7% to \$8.0 million from \$10.6 million in Q1 '20 (9.4% decline excluding the disposed business)
- Loss from operations narrowed to \$0.6 million as compared with a loss from operations of \$4.1 million in Q1 '20 - a result of several measures including annualized overhead savings of \$5.5 million in '2020
- Net loss of \$1.7 million improved substantially from a net loss of \$7.0 million in Q1 '20
- EBITDA improved to \$0.3 million from (\$4.0 million) in Q1 '20
- Adjusted EBITDA was generally flat at \$1.1 million from \$1.2 million in Q1 '20

[Brendan Flood, Chairman and Chief Executive Officer](#) said, "While businesses continue to operate in an economy impacted by the COVID-19 pandemic, I'm pleased to note that we are continuing to see the early pent-up demand for our services in this developing recovery. For example, we have already signed just over 60 new contracts in our Commercial business this year. Our markets are recovering and our business is steadily improving. We look forward to what we expect will be growing momentum into a stronger second half of the year. Q1 2020 was the last materially pre-pandemic quarter that we experienced.

"Benefits from the financings completed in 2021 have improved our balance sheet – resulting in with a cumulative 41.4% debt reduction with enhanced ability to achieve our long-term goals," Flood concluded.

### **Conference Call**

The Company will host a Q1 Results Conference Call on Tuesday, May 18<sup>th</sup> at 9:00am ET to discuss financial results, the COVID-19 environment, and recent positive business developments.

Participant Dial-In Number for the conference call is 323-701-0225. Participants should dial in to the call at least five minutes before 9:00am ET May 18, 2021. The call can also be accessed "live" online at <http://public.viavid.com/index.php?id=144829>. A replay of the recorded call will be available for 90 days on the Company's website (<http://www.staffing360solutions.com/res.html>). You can also listen to a replay of the call by dialing 844-512-2921 (international participants dial 412-317-6671) starting May 18, 2021, at 7:30pm ET through May 21, 2021 at 11:59 pm ET. Please use PIN Number 2781548.

### **Use of Non-GAAP Financial Measures**

EBITDA and Adjusted EBITDA are 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. EBITDA and Adjusted EBITDA are calculated in a manner consistent with that shown in the table at the end of this press release 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.

The Company uses these non-GAAP financial measures, among several other metrics, to assess and analyze its operational results and trends. The Company also believes these measures are useful to investors because they are common operating performance metrics as well as metrics routinely used to assess potential enterprise value.

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**About Staffing 360 Solutions, Inc.**

Staffing 360 Solutions, Inc. is engaged in the execution of an international buy-integrate-build strategy through the acquisition of domestic and international staffing organizations in the United States and United Kingdom. The Company believes that the staffing industry offers opportunities for accretive acquisitions and as part of its targeted consolidation model, is pursuing acquisition targets in the finance and accounting, administrative, engineering, IT, and Light Industrial staffing space. For more information, visit <http://www.staffing360solutions.com>. Follow Staffing 360 Solutions on [Facebook](#), [LinkedIn](#) and [Twitter](#).

**Forward-Looking Statements**

This press release contains forward-looking statements, which may be identified by words such as "expect," "look forward to," "anticipate," "intend," "plan," "believe," "seek," "estimate," "will," "project" or words of similar meaning. Forward-looking statements are not guarantees of future performance, are based on certain assumptions and are subject to various known and unknown risks and uncertainties, many of which are beyond the Company's control, and cannot be predicted or quantified; consequently, actual results may differ materially from those expressed or implied by such forward-looking statements. Such risks and uncertainties include, without limitation, market and other conditions; 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 the Company serves; weakness or volatility in the financial and capital markets, which may result in the postponement or cancellation of customer capital projects or the inability of the Company's customers to pay the Company's fees; the termination of a major customer contract or project; delays or reductions in U.S. government spending; credit risks associated with the Company's customers; competitive market pressures; the availability and cost of qualified labor; the Company's 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 the Company's business activities, including, but not limited to, the activities of the Company's temporary employees; the Company's performance on customer contracts; negative outcome of pending and future claims and litigation; government policies, legislation or judicial decisions adverse to the Company's businesses; the Company's ability to access the capital markets by pursuing additional debt and equity financing to fund its business plan and expenses on terms acceptable to the Company or at all; the Company's ability to achieve loan forgiveness under Paycheck Protection Program; and the Company's ability to comply with its contractual covenants, including in respect of its debt agreements, as well as various additional risks, many of which are now unknown and generally out of the Company's control, and which are detailed from time to time in reports filed by the Company with the SEC, including quarterly reports on Form 10-Q, reports on Form 8-K and annual reports on Form 10-K. Staffing 360 Solutions does not undertake any duty to update any statements contained herein (including any forward-looking statements), except as required by law.

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**Staffing 360 Solutions, Inc. and Subsidiaries**  
**Reconciliation of Net Loss to Adjusted EBITDA**  
**(All Amounts in Thousands)**

	Q1 2021		Q1 2020		Trailing Twelve Months		Trailing Twelve Months	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	Q1 2021	Q1 2020	(Unaudited)	(Unaudited)
<b>Revenue</b>	\$ 48,951	\$ 58,692	\$ 194,785	\$ 263,341				
<b>Gross Profit</b>	\$ 8,015	\$ 10,648	\$ 32,179	\$ 46,841				
<i>Gross Margin</i>	16.4%	18.1%	16.5%	17.8%				
<b>Net loss</b>	\$ (1,688)	\$ (6,997)	\$ (10,333)	\$ (12,120)				
<b>Adjustments:</b>								
Interest expense	\$ 1,157	\$ 2,230	\$ 6,122	\$ 8,007				
Provision (benefit) income taxes	37	(176)	108	(509)				
Depreciation and amortization	815	972	3,520	4,165				
<b>EBITDA</b>	<b>321</b>	<b>(3,971)</b>	<b>(583)</b>	<b>(457)</b>				
Acquisition, capital raising and other non-recurring expenses (1)	826	1,340	6,209	6,075				
Other non-cash charges (2)	220	184	697	827				
Impairment of Goodwill	-	2,969	-	2,969				
Re-measurement (income) loss on intercompany note	(128)	675	(1,387)	643				
Gain on settlement of deferred consideration	-	-	-	(1,077)				
Restructuring Charges	-	-	21	(0)				
Gain on business sale	-	-	(124)	0				
Other loss	(107)	14	(244)	(26)				
<b>Adjusted EBITDA</b>	<b>\$ 1,132</b>	<b>\$ 1,211</b>	<b>\$ 4,589</b>	<b>\$ 8,954</b>				
<i>Adjusted EBITDA Margin</i>	2.3%	2.1%	2.4%	3.4%				
<b>Adjusted EBITDA of Divested Business (3)</b>			\$ (8)	\$ (1,123)				
<b>Pro Forma TTM Adjusted EBITDA (4)</b>			\$ 4,581	\$ 7,831				
Adjusted Gross Profit TTM (5)			\$ 30,365	\$ 39,281				
<i>TTM Adjusted EBITDA as percentage of adjusted gross profit TTM</i>			15.1%	22.8%				

(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. In addition, the Company included non-recurring expenses related to salaries, rent and bad debts which were a direct result of the COVID-19 pandemic. Due to government mandated restrictions, the Company had to temporarily close all of its offices and, due to social distancing restrictions, could not make full use of these facilities for significant periods of time during the year, both in the US and UK. These restrictions are still ongoing in 2021. The Company calculated an adjustment of \$1.85 million for the time these offices were closed or partially not used due to COVID-19 related restrictions. In addition, the Company reduced headcounts throughout the Company. The reduction in 2019 related to performance and in 2020 and 2021 related to COVID-19 staff reductions. These positions are no longer included in the current cost structure. The Company had internal staff of 291 just before the onset of the pandemic and 193 by the end of Q1 2021. Salary adjustments are standard treatment for adjustment to EBITDA for management reporting purposes.

(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) Adjusted EBITDA of Divested Business for the period prior to the divestment date.

(4) Pro Forma Adjusted EBITDA excludes the Adjusted EBITDA of Divested Business for the period prior to the divestment date.

(5) Adjusted Gross Profit excludes gross profit of business divested in September 2020, for the period prior to divestment date.