Staffing 360 Solutions Reports Fiscal Full Year 2020 and Fourth Quarter Results

Sets Date to Host Year-End Results Investor Conference Call

NEW YORK, April 19, 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 2020 full year-end and fourth quarter financial results.

Q4 2020 Overview

- Revenue declined by 15.7% to $53.8 million from $63.8 million in Q4 '19 (10.9% decline excluding the disposal of firstPRO)
  - Sequential revenue growth from Q3 was 10.7% (15.3% increase excluding the disposed business)
- Gross profit declined by 28.6% to $8.3 million from $11.6 million in Q4 '19 (15.9% decline excluding the disposed business)
- Loss from operations of $1.4 million as compared with a loss from operations of $0.9 million in Q4 '19
- Net loss of $2.2 million improved slightly from a net loss of $2.5 million in Q4 '19
- EBITDA declined 71.9% to $0.2 million from $0.7 million in Q4 '19
- Adjusted EBITDA declined by 31.2% to $1.7 million from $2.5 million in Q4 '19
  - Sequential AEBITDA grew 41.60% from Q3 (57.3% increase excluding the disposed business)
- On a sequential basis over Q3 '20, revenue grew by 10.7% (15.3% excluding disposed business), gross profit was flat (up 10.9% excluding disposal) and AEBITDA improved by 41.6% (57.3% excluding the disposal)

Fiscal 2020 Overview

- Revenue declined by 26.6% to $204.5 million from $278.5 million in Fiscal 2019
- Gross profit was $34.8 million, down from $48.3 million in Fiscal 2019, a drop of 27.9%. Excluding the disposal, the decline was 22.8%
- Gross margin held at 17.0% compared with 17.3% in Fiscal 2019
- Income from operations was a loss of $8.8 million compared with a profit of $0.6 million in Fiscal 2019
- Net loss of $15.6 million declined against a net loss of $4.9 million in Fiscal 2019
- EBITDA was a loss of $4.9 million compared with a profit of $6.6 million in Fiscal 2019
- Adjusted EBITDA fell to $4.7 million from $9.8 million Fiscal 2019

Brendan Flood, Chairman and Chief Executive Officer said, "2020 was a very challenging year for the entire economy and for the staffing industry. We took early and on-going steps to right-size our cost base with overhead savings that allowed us to manage against the worst impact of the pandemic. After a particularly painful economic period across March to July, we have continued to grow our temporary contractor numbers month-over-month and our permanent placement business -- and we are doing it with a healthier economic model for our future.

"Our sequential improvements in performance across the second half of the year are positive signs that the markets in both the US and the UK are improving and recovering," continued Flood.

"While full year revenue, EBITDA and adjusted EBITDA declined, the financial health of our Balance Sheet has improved considerably, and has improved further post year end to the point that we have reduced debt by 46.4% since June 2020, redeemed approximately $6.8 million or 52.5% of Series E Preferred Shares and eliminated approximately $8.5 million in interest and dividends. I look forward to sharing more details on our Financial Results Conference Call," Flood concluded.

Conference Call

The 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 April 21, 2021. The call can also be accessed "live" online at http://public.viavid.com/index.php?id=144551. 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 April 21, 2021, at 7:30pm ET through April 23, 2021 at 11:59 pm ET. Please use PIN Number 1685371.

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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.

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)

	Q4 2020 (Unaudited)	Q4 2019 (Unaudited)	Fiscal 2020	Fiscal 2019
Revenue	**$ 53,834**	**$ 63,834**	**$ 204,527**	**$ 278,478**
Gross Profit	**$ 8,288**	**$ 11,614**	**$ 34,813**	**$ 48,309**
Gross Margin	*15.4%*	*18.2%*	*17.0%*	*17.3%*
Net loss	$ (2,241)	$ (2,544)	$ (15,642)	$ (4,894)
Adjustments:				
Interest expense	$ 1,439	$ 2,180	$ 7,195	$ 7,628
Benefit from income taxes income taxes	147	(39)	(100)	(335)
Depreciation and amortization	844	1,076	3,677	4,226
EBITDA	**189**	**673**	**(4,870)**	**6,625**
Acquisition, capital raising and other non-recurring expenses (1)	2,241	2,445	6,714	4,956
Other non-cash charges (2)	107	213	662	840
Impairment of Goodwill	-	-	2,969	-
Re-measurement (income) loss on intercompany note	(932)	(867)	(584)	(383)
Gain on settlement of deferred consideration	-	61	-	(1,924)
Restructuring Charges	21	(10)	21	(10)
Gain on business sale	96	-	(124)	-
Other loss	(3)	(19)	(125)	(326)
Adjusted EBITDA	**$ 1,719**	**$ 2,497**	**$ 4,663**	**$ 9,778**
Adjusted EBITDA Margin	*3.2%*	*3.9%*	*2.3%*	*3.5%*
Adjusted EBITDA of Divested Business (3)			**$ (507)**	**$ (908)**
Pro Forma TTM Adjusted EBITDA (4)			**$ 4,156**	**$ 8,870**
Adjusted Gross Profit TTM (5)			**$ 31,199**	**$ 40,424**
TTM Adjusted EBITDA as percentage of adjusted gross profit TTM			*14.9%*	*24.2%*

(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 $1.4 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 related to Covid-19 staff reductions. These positions are no longer included in the current cost structure. The Company had
(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.

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

	Q4 2020	Q3 2020
	(Unaudited)	(Unaudited)
Revenue	**$ 53,834**	**$ 48,640**
Gross Profit	**$ 8,288**	**$ 8,323**
Gross Margin	*15.4%*	*17.1%*
Net loss	$ (2,241)	$ (2,641)
Adjustments:		
Interest expense	$ 1,439	$ 1,582
Benefit from income taxes income taxes	147	(118)
Depreciation and amortization	844	932
EBITDA	**189**	**(245)**
Acquisition, capital raising and other non-recurring expenses (1)	2,241	2,073
Other non-cash charges (2)	107	209
Impairment of Goodwill	-	-
Re-measurement (income) loss on intercompany note	(932)	(442)
Gain on settlement of deferred consideration	-	-
Restructuring Charges	21	-
Gain on business sale	96	(220)
Other loss	(3)	(161)
Adjusted EBITDA	**$ 1,719**	**$ 1,214**
Adjusted EBITDA Margin	*3.2%*	*2.5%*

(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 adjustments of $0.5 million and $0.3M in Q3 and Q4, respectively for the time these offices were closed or partially not used due to Covid-19 related restrictions.

(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.