UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 28, 2024

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ________________ to ________________

COMMISSION FILE NUMBER: 001-37575

STAFFING 360 SOLUTIONS, INC.
(Exact name of registrant as specified in its charter)

Delaware **(State or other jurisdiction of incorporation or organization)**	**68-0680859** **(I.R.S. Employer Identification No.)**

757 3rd Avenue
27th Floor
New York, New York 10017
(Address of principal executive offices) (Zip code)

(646) 507-5710
(Registrant's telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

Securities registered under Section 12(b) of the Exchange Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value $0.0001 per share	STAF	NASDAQ

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☐ No ☒

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of the chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files.) Yes ☐ No ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer" "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act): Yes ☐ No ☒

As of November 13, 2024, 1,530,738 shares of common stock, $0.00001 par value, were outstanding.

Form 10-Q Quarterly Report

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STAFFING 360 SOLUTIONS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(All amounts in thousands, except share, per share and par values)

	As of September 28, 2024 (Unaudited)	As of December 30, 2023
ASSETS		
Current Assets:		
Cash	$ 1,498	$ 721
Accounts receivable, net	19,527	17,783
Prepaid expenses and other current assets	1,735	1,080
Current assets held for sale	-	9,116
Total Current Assets	22,760	28,700
Property and equipment, net	411	536
Goodwill	19,891	19,891
Intangible assets, net	9,950	11,193
Other assets	4,761	5,592
Right of use asset	4,449	4,813
Total Assets	$ 62,222	$ 70,725
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current Liabilities:		
Accounts payable and accrued expenses	$ 12,423	$ 13,976
Accrued payroll taxes	12,242	6,193
Accrued expenses - related party	812	257
Current debt - related party, net	10,101	9,826
Current portion of debt, net	9,528	8,627
Earn out liabilities	8,554	9,054
Accounts receivable financing	16,838	14,698
Leases - current liabilities	1,075	1,035
Other current liabilities	5	376
Current liabilities held for sale	-	10,077
Total Current Liabilities	71,578	74,119
Leases - non current	3,782	4,213
Other long-term liabilities	1,497	203
Total Liabilities	76,857	78,535
Commitments and contingencies	—	—
Stockholders' Deficit:		
Preferred stock, $0.00001 par value, 20,000,000 shares authorized;		
Common stock, $0.00001 par value, 250,000,000 shares authorized; 1,225,740 and 560,102 shares issued and outstanding, as of September 28, 2024 and December 30, 2023, respectively	1	1
Additional paid-in capital	119,759	119,214
Accumulated other comprehensive loss	31	31
Accumulated deficit	(134,426)	(127,056)
Total Stockholders' Deficit	(14,635)	(7,810)
Total Liabilities and Stockholders' Deficit	$ 62,222	$ 70,725

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

STAFFING 360 SOLUTIONS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(All amounts in thousands, except share, per share and per share values)
(UNAUDITED)

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Revenue	$ 46,098	$ 49,537	$ 131,719	$ 145,776
Cost of Revenue, excluding depreciation and amortization stated below	39,936	41,874	114,432	123,600
Gross Profit	6,162	7,663	17,287	22,176
Operating Expenses:				
Selling, general and administrative expenses	6,996	8,641	20,023	24,110
Depreciation and amortization	474	513	1,427	1,388
Total Operating Expenses	7,470	9,154	21,450	25,498
Net Loss From Continuing Operations	(1,308)	(1,491)	(4,163)	(3,322)
Other Expenses:				
Interest expense	(487)	(1,197)	(2,954)	(3,338)
Amortization of debt discount and deferred financing costs	(87)	(119)	(347)	(320)
Other (loss) income, net	(911)	(237)	(656)	(63)
Total Other Expenses, net	(1,485)	(1,553)	(3,957)	(3,721)
Net Operating Loss	(2,793)	(3,044)	(8,120)	(7,043)
Discontinued Operations	—	(1,190)	901	(2,879)
Loss Before Benefit from Income Tax	(2,793)	(4,234)	(7,219)	(9,922)
Provision from Income taxes	(51)	(21)	(151)	(67)
Net Loss	(2,844)	(4,255)	(7,370)	(9,989)
Net Loss Attributable to Common Stockholders	$ (2,844)	$ (4,255)	$ (7,370)	$ (9,989)
Net Operating Loss Attributable to Common Stockholders - Basic	$ (3.22)	$ (7.05)	$ (11.19)	$ (18.71)
Net Income (Loss) from Discontinued Operations Attributable to Common Stockholders - Basic	$ —	$ (2.74)	$ 1.22	$ (7.58)
Weighted Average Shares Outstanding – Basic	884,564	434,959	739,336	380,038
Net Loss Attributable to Common Stockholders - Diluted	$ (2,844)	$ (3,065)	$ (8,271)	$ (7,110)
Net Operating Loss Attributable to Common Stockholders - Diluted	$ (3.22)	$ (7.05)	$ (11.19)	$ (18.71)
Net Income (Loss) from Discontinued Operations Attributable to Common Stockholders - Diluted	$ —	$ (2.74)	$ 1.22	$ (7.58)
Weighted Average Shares Outstanding – Diluted	884,564	434,959	739,336	380,038

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

STAFFING 360 SOLUTIONS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(All amounts in thousands)
(UNAUDITED)

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Net Loss	$ (2,844)	$ (4,255)	$ (7,370)	$ (9,989)
Other Comprehensive Income (Loss)				
Foreign exchange translation adjustment	-	721	-	860
Comprehensive Loss Attributable to the Company	$ (2,844)	$ (3,534)	$ (7,370)	$ (9,129)

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

STAFFING 360 SOLUTIONS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT
(All amounts in thousands, except share and par values)
(UNAUDITED)

	Common Stock						
	Shares	**Par Value**	**Additional paid-in capital**	**Accumulated other comprehensive income**	**Accumulated Deficit**	**Total Deficit**
Balance, June 29, 2024	**798,219**	**$ 1**	**$ 119,576**	**$ 31**	**$ (131,582)**	**$ (11,974)**
Shares issued to/for:						
Employees, directors and consultants	110,000	—	183	—	—	183
Warrants Exercised	212,819	—	—	—	—	—
Stock Split Adjustment	104,702					
Net loss	—	—	—	—	(2,844)	(2,844)
Balance, September 28, 2024	**1,225,740**	**$ 1**	**$ 119,759**	**$ 31**	**$ (134,426)**	**$ (14,635)**

	Common Stock					
	Shares	**Par Value**	**Additional paid-in capital**	**Accumulated other comprehensive loss**	**Accumulated Deficit**	**Total Deficit**
Balance, December 30, 2023	**560,102**	**$ 1**	**$ 119,214**	**$ 31**	**$ (127,056)**	**$ (7,810)**
Shares issued to/for:						
Employees, directors and consultants	127,000	—	545	—	—	**545**
Warrants Exercised	433,936	—	—	—	—	**—**
Stock Split Adjustment	104,702	—	—	—	—	**—**
Net loss	—	—	—	—	(7,370)	**(7,370)**
Balance, September 28, 2024	**1,225,740**	**$ 1**	**$ 119,759**	**$ 31**	**$ (134,426)**	**$ (14,635)**

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

STAFFING 360 SOLUTIONS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)
(All amounts in thousands, except share and par values)
(UNAUDITED)

	Common Stock					
	Shares	**Par Value**	**Additional paid in capital**	**Accumulated other comprehensive income**	**Accumulated Deficit**	**Total Equity**
Balance, July 1, 2023	**481,102**	**$ 1**	**$ 116,639**	**$ (2,080)**	**$ (106,749)**	**$ 7,811**
Shares issued to/for:						
Employees, directors and consultants	4,000	—	227	—	—	**227**
Warrants Exercised	55,000	—	2,002	—	—	**2,002**
Shares issued in connection with debt - related party	20,000	—	128	—	—	**128**
Modification of Series H	—	—	1,900	—	—	**1,900**
Foreign currency translation loss	—	—	—	721	—	**721**
Net loss	—	—	—	—	(4,255)	**(4,255)**
Balance, September 30, 2023	**560,102**	**$ 1**	**$ 120,896**	**$ (1,359)**	**$ (111,004)**	**$ 8,534**

	Common Stock					
	Shares	**Par Value**	**Additional paid in capital**	**Accumulated other comprehensive income (loss)**	**Accumulated Deficit**	**Total Equity**
Balance, January 1, 2023	**262,920**	**$ 1**	**$ 111,586**	**$ (2,219)**	**$ (101,015)**	**$ 8,353**
Shares issued to/for:						
Employees, directors and consultants	33,730	—	1,167	—	—	**1,167**
Sale of common stock and warrants	188,452	—	4,113	—	—	**4,113**
Warrants Exercised	55,000	—	2,002	—	—	**2,002**
Shares issued in connection with debt - related party	20,000	—	128	—	—	**128**
Modification of Series H	—	—	1,900	—	—	**1,900**
Foreign currency translation gain	—	—	—	860	—	**860**
Net loss	—	—	—	—	(9,989)	**(9,989)**
Balance, September 30, 2023	**560,102**	**$ 1**	**$ 120,896**	**$ (1,359)**	**$ (111,004)**	**$ 8,534**

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

STAFFING 360 SOLUTIONS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(All amounts in thousands)

(UNAUDITED)

	September 28, 2024	September 30, 2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Loss	$ (7,370)	$ (9,989)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	1,427	1,388
Amortization of debt discount and deferred financing costs	347	320
Bad debt expense	—	21
Right of use assets depreciation	826	973
Stock-based compensation	545	1,167
Changes in operating assets and liabilities:		
Accounts receivable	(1,744)	178
Prepaid expenses and other current assets	(655)	88
Other assets	831	7,403
Accounts payable and accrued expenses	(1,552)	(31)
Accrued Payroll Taxes	6,049	—
Accounts payable, related party	555	—
Other current liabilities	(243)	(247)
Other long-term liabilities	435	(599)
NET CASH (USED IN) PROVIDED BY CONTINUING OPERATING ACTIVITIES	(549)	672
Net cash used in discontinued operating activities:	(3,007)	(11,397)
NET CASH USED IN OPERATING ACTIVITIES	(3,556)	(10,725)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(53)	(138)
NET CASH USED IN CONTINUING INVESTING ACTIVITIES	(53)	(138)
Net cash provided by discontinued investing activities	2,046	4,856
NET CASH PROVIDED BY INVESTING ACTIVITIES	1,993	4,718
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from related party note	—	2,000
Repayment of term loans	—	(900)
Payment in kind	700	—
Financing (repayments) on accounts receivable financing, net	2,140	(2,239)
Warrant inducement, net	—	2,292
Proceeds from sale of common stock	—	4,433
Third party financing costs, related party	—	(653)
Payments made on earnouts	(500)	—
NET CASH PROVIDED BY CONTINUING FINANCING ACTIVITIES	2,340	4,933
Net cash used in discontinued financing activities	—	(256)
NET CASH PROVIDED BY FINANCING ACTIVITIES	2,340	4,677
NET INCREASE TO (DECREASE IN) CASH	777	(1,330)
Effect of exchange rates on cash	—	19
Cash - Beginning of period	721	1,992
Cash - End of period	$ 1,498	$ 681

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

STAFFING 360 SOLUTIONS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(All amounts in thousands, except share, per share, par values and stated value per share)
(UNAUDITED)

NOTE 1 – ORGANIZATION AND DESCRIPTION OF BUSINESS

Staffing 360 Solutions, Inc. (“we,” “us,” “our,” “Staffing 360,” or the “Company”) was incorporated in the State of Nevada on December 22, 2009, as Golden Fork Corporation, which changed its name to Staffing 360 Solutions, Inc., ticker symbol “STAF,” on March 16, 2012. On June 15, 2017, the Company reincorporated in the State of Delaware.

We are a public company in the domestic staffing sector. Our business model is based on finding and acquiring suitable, mature, profitable, operating, U.S.-based staffing companies. Our targeted consolidation model is focused specifically on the accounting and finance, information technology (“IT”), engineering, administration (“Professional”) and light industrial (“Commercial”) disciplines. Our typical acquisition model is based on paying consideration in the form of cash, stock, earn-outs and/or promissory notes. In furthering our business model, we are regularly in discussions and negotiations with various suitable, mature acquisition targets. To date, we have completed ten acquisitions since November 2013. In February 2024, the Company disposed of its UK operations. Accordingly, all of the figures, including share and per share information, except where specifically referenced, have been revised to reflect only the results of continuing operations.

The Company focuses on five strategic verticals that represent sub-segments of the staffing industry. These five strategic pillars, accounting & finance, information technology, engineering, administration, and commercial are the basis for the Company’s sales and revenue generation and its growth acquisition targets.

The Headway business includes EOR (“Employer of Record”) service contracts. EOR projects are typically large volume, long-term providing HR outsourcing of payroll and benefits for a contingent workforce. EOR projects, while priced with lower gross margin percentages than traditional temporary staffing assignments, yield a comparable contribution because of lower costs to deliver these services. A typical contribution for EOR projects would be 80-85% of the gross profit earned, compared to 40-50% for traditional staffing which negates the impact of lower gross margins. This EOR service offering could be easily added to the Company’s other Brands (as defined below), providing for a growth element within the existing client base. The

Headway business also brought an active workforce in all 50 states in the US, as well as Puerto Rico and Washington DC. This will provide for potential expansion of accounts for all brands in the group's portfolio ("Brands").

The Company has developed a centralized, sales and recruitment hub. The addition of Headway, with its single office, and nationwide coverage for operations, supports and accelerates the Company's objective of driving efficiencies using technology, deemphasizing bricks and mortar, supporting more efficient and cost-effective service delivery for all Brands.

The Company has a management team with significant operational and M&A experience. The combination of this management experience and the increased opportunity for expansion of its core Brands with EOR services and nationwide expansion, provide for the opportunity of significant organic growth, while plans to continue its business model, finding and acquiring suitable, mature, profitable, operating, U.S. based staffing companies continues.

The Company effected a one-for-ten reverse stock split on June 25, 2024 (the "Reverse Stock Split"). All share and per share information in this Quarterly Report on Form 10-Q, including the condensed consolidated financial statements and related notes thereto, has, where applicable, been retroactively adjusted to reflect the Reverse Stock Split.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Principles of Consolidation

These condensed consolidated financial statements and related notes are presented in accordance with generally accepted accounting principles in the United States ("GAAP"), expressed in U.S. dollars. All amounts are in thousands, except share, per share and par values, unless otherwise indicated.

The accompanying condensed consolidated financial statements reflect all adjustments including normal recurring adjustments, which, in the opinion of management, are necessary to present fairly the financial position, results of operations and cash flows for the periods presented in accordance with GAAP. All significant intercompany balances and transactions have been eliminated in consolidation.

Liquidity

The accompanying condensed consolidated financial statements do not include any adjustments or classifications that may result from the possible inability of the Company to continue as a going concern. The accompanying condensed consolidated financial statements have been prepared on a basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. Significant assumptions underlie this belief, including, among other things, that there will be no material adverse developments in our business, liquidity, capital requirements and that our credit facilities with our lenders will remain available to us. As shown in the accompanying condensed consolidated financial statements as of the quarter ended September 28, 2024, the Company has an accumulated deficit of $134,426 and a working capital deficit of $ 48,818. On September 28, 2024, we had total gross debt of $19,816 and $1,498 of cash on hand. We have historically met our cash needs through a combination of cash flows from operating activities, term loans, promissory notes, convertible notes, private placement offerings and sales of equity. Our cash requirements are generally for operating activities and debt repayments.

Due to the timing of select liabilities coming due, we are in discussion with our lenders to determine the best manner to settle these liabilities.

The condensed consolidated financial statements included in this Quarterly Report on Form 10-Q have been prepared assuming that we will continue as a going concern, which contemplates the recoverability of assets and the satisfaction of liabilities in the normal course of business. Significant assumptions underlie this belief, including, among other things, that there will be no material adverse developments in our business, liquidity, capital requirements and that our credit facilities with our lenders will remain available to us.

Further, the notes issued to Jackson Investment Group LLC ("Jackson") includes certain financial customary covenants and the Company is currently not in compliance. We are working with the lenders to bring the Company into compliance with these covenants.

The entire outstanding principal balance of the Jackson Notes (as defined herein), which was $ 10,116 as of September 28, 2024, shall be due and payable on January 13, 2025. The debt represented by the Jackson Note continues to be secured by substantially all of the Company's domestic subsidiaries' assets pursuant to the Amended and Restated Security Agreement with Jackson, dated September 15, 2017, as amended. The Company also has a $32,500 revolving loan facility with MidCap Funding X Trust ("MidCap"). The MidCap facility has a maturity date of December 5, 2024.

Going Concern

The accompanying condensed consolidated financial statements have been prepared in conformity with GAAP, which contemplate continuation of the Company as a going concern. Historically, the Company has funded such payments either through cash flow from operations or the raising of capital through additional debt or equity. If the Company is unable to obtain additional capital, such payments may not be made on time.

The Board of the Company is reviewing all of the strategic options open to it in determining how to resolve the Going Concern qualification and will update Stockholders as and when any material solution has been determined and ready to be acted upon. These solutions may include, but are not limited to, the restructuring of debt and raising of additional debt, management of expenditures, raising of additional equity, potential dispositions of assets, in addition to what has already happened in disposing of the UK operation to protect cash flows.

Use of Estimates

The preparation of condensed consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses in the reporting period. The Company bases its estimates and assumptions on current facts, historical experience and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources. The actual results experienced by the Company may differ materially and adversely from its estimates. To the extent there are material differences between estimates and the actual results, future results of operations will be affected. Significant estimates for the quarters ended September 28, 2024 and September 30, 2023 include the measurement of credit losses, valuation of intangible assets, including goodwill, borrowing rate consideration for right-of-use ("ROU"), liabilities associated with earn-out obligations, testing long-lived assets for impairment, valuation reserves against deferred tax assets and penalties in connection with outstanding payroll tax liabilities, stock based compensation and fair value of warrants and options.

Goodwill

Goodwill relates to amounts that arose in connection with various acquisitions and represents the difference between the purchase price and the fair value of the identifiable intangible and tangible net assets when accounted for using the purchase method of accounting. Goodwill is not amortized, but it is subject to periodic review for impairment. Events that would indicate impairment and trigger an interim impairment assessment include, but are not limited to, current economic and market conditions, a decline in the equity value of the business, a significant adverse change in certain agreements that would materially affect reported operating results, business climate or operational performance of the business and an adverse action or assessment by a regulator.

The carrying value of each reporting unit is based on the assignment of the appropriate assets and liabilities to each reporting unit. Assets and liabilities were assigned to each reporting unit if the assets or liabilities are employed in the operations of the reporting unit and the asset and liability is considered in the determination of the reporting unit fair value.

Revenue Recognition

The Company recognizes revenue in accordance with ASC 606, the core principle of which is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to receive in exchange for those goods or services. To achieve this core principle, five basic criteria must be met before revenue can be recognized: (1) identify the contract with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to performance obligations in the contract; and (5) recognize revenue when or as the Company satisfies a performance obligation.

The Company accounts for revenues when both parties to the contract have approved the contract, the rights and obligations of the parties are identified, payment terms are identified, and collectability of consideration is probable. Payment terms vary by client and the services offered.

The Company has primarily two main forms of revenue – temporary contractor revenue and permanent placement revenue. Temporary contractor revenue is accounted for as a single performance obligation satisfied over time because the customer simultaneously receives and consumes the benefits of the Company's performance on an hourly or daily basis. The contracts stipulate weekly or monthly billing, and the Company has elected the "as invoiced" practical expedient to recognize revenue based on the hours incurred at the contractual rate as we have the right to payment in an amount that corresponds directly with the value of performance completed to date. Permanent placement revenue is recognized on the date the candidate's full-time employment with the customer has commenced. The customer is invoiced on the start date, and the contract stipulates payment due under varying terms, typically 30 days. The contract with the customer stipulates a guarantee period whereby the customer may be refunded if the employee is terminated within a short period of time, however this has historically been infrequent, and immaterial upon occurrence. As such, the Company's performance obligations are satisfied upon commencement of the employment, at which point control has transferred to the customer. Revenue for the three and nine months ended September 28, 2024 was comprised of $45,676 and $130,922 of temporary contractor revenue and $422 and $797 of permanent placement revenue, respectively compared with $49,351 and $144,863 of temporary contractor revenue and $186 and $913 permanent placement revenue for the three and nine months ended September 30, 2023, respectively. Refer to Note 11 – Segment Information for further details on breakdown by segments.

Income Taxes

The Company utilizes Accounting Standards Codification ("ASC") Topic 740, "Accounting for Income Taxes," which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred income taxes are recognized for the tax consequences in future years of differences between the tax bases of assets and liabilities and their financial reporting amounts at each period end based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

The Company applies the provisions of ASC 740-10-50, "Accounting for Uncertainty in Income Taxes," which provides clarification related to the process associated with accounting for uncertain tax positions recognized in the financial statements. Audit periods remain open for review until the statute of limitations has passed. The completion of review or the expiration of the statute of limitations for a given audit period could result in an adjustment to the Company's liability for income taxes. Any such adjustment could be material to the Company's results of operations for any given quarterly or annual period based, in part, upon the results of operations for the given period. As of the date of this filing, the Company is current on all corporate, federal and state tax returns. The Company's policy is to record interest and penalties related to unrecognized tax benefits as income tax expense.

The effective income tax rate was (1.80%), (2.09%), (0.53%) and (0.67%) for the three and nine months ending September 28, 2024 and September 30, 2023, respectively. The Company's effective tax rate differs from the U.S. federal statutory rate of 21%, primarily due to changes in valuation allowances in the U.S., which eliminates the effective tax rate on current year losses, offset by current state taxes and changes to goodwill naked credit. The Company may have experienced an IRC Section 382 limitation during 2021, for which it is in process of conducting an analysis to determine the tax consequences of such a limitation.

Warrants

The Company accounts for warrants as either equity-classified or liability-classified instruments based on an assessment of the warrant's specific terms and applicable authoritative guidance in Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 480, "Distinguishing Liabilities from Equity" ("ASC 480") and ASC 815, "Derivatives and Hedging" ("ASC 815"). The assessment considers whether the warrants are freestanding financial instruments pursuant to ASC 480, meet the definition of a liability pursuant to ASC 480, and whether the warrants meet all of the requirements for equity classification under ASC 815, including whether the warrants are indexed to the Company's own ordinary shares, among other conditions for equity classification. This assessment, which requires the use of professional judgment, is conducted at the time of warrant issuance and as of each subsequent quarterly period end date while the warrants are outstanding.

(All amounts in thousands, except share, per share and stated value per share)

For issued or modified warrants that meet all of the criteria for equity classification, the warrants are required to be recorded as a component of additional paid-in capital at the time of issuance. For issued or modified warrants that do not meet all the criteria for equity classification, the warrants are required to be recorded at their initial fair value on the date of issuance, and each balance sheet date thereafter. Changes in the estimated fair value of the warrants are recognized as a non-cash gain or loss on the statements of operations. Refer to Note 9 – Stockholders' Deficit for further details.

Recent Accounting Pronouncements

In December 2023, the FASB issued ASU 2023-09, Improvements to Income Tax Disclosures (Topic 740), which establishes new income tax disclosure requirements in addition to modifying and eliminating certain existing requirements. The new guidance requires consistent categorization and greater disaggregation of information in the rate reconciliation, as well as further disaggregation of income taxes paid. This change is effective for annual periods beginning after December 15, 2024. This change will apply on a prospective basis to annual financial statements for periods beginning after the effective date. However, retrospective application in all prior periods presented is permitted. The Company does not expect the adoption of this ASU to have a material impact on its financial statements.

NOTE 3 – EARNINGS (LOSS) PER COMMON SHARE

The Company utilizes the guidance per ASC 260, "Earnings per Share". Basic earnings per share are calculated by dividing income/loss available to stockholders by the weighted average number of common stock shares outstanding during each period.

Diluted earnings per share are computed using the weighted average number of common stock shares and dilutive common stock equivalents outstanding during the period. Dilutive common stock equivalents consist of shares of common stock issuable upon the conversion of preferred stock, convertible notes, unvested equity awards and the exercise of stock options and warrants (calculated using the modified treasury stock method). Such securities, shown below, presented on a common stock equivalent basis and outstanding as of September 28, 2024 and September 30, 2023 have not been included in the diluted earnings per share computations, as their inclusion would be anti-dilutive due to the Company's net loss as of September 28, 2024 and September 30, 2023:

	September 28, 2024	September 30, 2023
Warrants	96,876	669,781
Restricted shares – unvested	22,559	22,831
Options	5,118	5,131
Total	124,553	697,743

NOTE 4 – ACCOUNTS RECEIVABLE FINANCING

Midcap Funding X Trust

Prior to September 15, 2017, certain U.S. subsidiaries of the Company were party to a $ 25,000 revolving loan facility with MidCap, with the option to increase the amount by an additional $25,000, with a maturity date of April 8, 2019.

On October 26, 2020, the Company entered into Amendment No. 17 to that certain Credit and Security Agreement, dated April 8, 2017, by and among, the Company, as the parent, Monroe Staffing Services, LLC, a Delaware limited liability company, Faro Recruitment America, Inc., a New York corporation, Lighthouse Placement Services, Inc., a Massachusetts corporation, Staffing 360 Georgia, LLC, a Georgia limited liability company, and Key Resources, Inc., a North Carolina corporation, as borrowers (the "Credit Facility Borrowers"), MidCap Funding IV Trust as successor by assignment to MidCap (as agent for lenders), and other financial institutions or other entities from time to time parties thereto as lenders (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Credit and Security Agreement") pursuant to which, among other things, the parties agreed to extend the maturity date of our outstanding asset based revolving loan until September 1, 2022. In addition, the Company also agreed to certain amendments to the financial covenants.

On October 27, 2022, the Company and the Credit Facility Borrowers entered into Amendment No. 27 and Joinder Agreement to the Credit and Security Agreement ("Amendment No. 27") with MidCap Funding IV Trust as successor by assignment to MidCap and the lenders party thereto. Amendment No. 27, among other things, (i) increases the revolving loan commitment amount from $25,000 to $32,500 (the "Loan"), (ii) extends the commitment expiry date from October 27, 2022 to September 6, 2024, and (iii) modifies certain of the financial covenants. Pursuant to Amendment No. 27, as long as no default or event of default under the Credit and Security Agreement as amended by Amendment No. 27 exists, upon written request by the Company and with the prior written consent of the agent and lenders, the Loan may be increased by up to $10,000 in minimum amounts of $ 5,000 tranches each, for an aggregate loan commitment amount of $42,500.

In addition, Amendment No. 27 increases the applicable margin from 4.0% to 4.25%, with respect to the Loan (other than Letter of Credit Liabilities (as defined in the Credit and Security Agreement)), and from 3.5% to 3.75% with respect to the Letter of Credit Liabilities. Amendment No. 27 also replaces the interest rate benchmark from LIBOR to SOFR and provides that the Loan shall bear interest at the sum of a term-based SOFR rate (plus a SOFR adjustment of 0.11448%) plus the Applicable Margin, subject to certain provisions for the replacement of SOFR with an alternate benchmark in connection with SOFR no longer being provided by its administrator. Notwithstanding the foregoing, the SOFR interest rate shall not be at any time less than 1.00%.

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The facility provides events of default including: (i) failure to make payment of principal or interest on any Loans when required, (ii) failure to perform obligations under the facility and related documents, (iii) not paying its debts as such debts become due and similar insolvency matters, and (iv) material adverse changes in the financial condition of business prospectus of any Borrower (subject to a 10-day notice and cure period). Upon an event of default, the Company's obligations under the credit facility may, or in the event of insolvency or bankruptcy will automatically, be accelerated. At the election of agent or required lenders (or automatically in case of bankruptcy or insolvency events of default), upon the occurrence of any event of default and for so long as it continues, the facility will bear interest at a rate equal to the lesser of: (i) 3.0% above the rate of interest applicable to such obligations immediately prior to the occurrence of the event of default; and (ii) the maximum rate allowable under law.

Under the terms of this agreement, the Company is subject to affirmative covenants which are customary for financings of this type, including covenants to: (i) maintain good standing and governmental authorizations, (ii) provide certain information and notices to MidCap, (iii) deliver monthly reports and quarterly financial statements to MidCap, (iv) maintain insurance, (v) discharge all taxes, (vi) protect its intellectual property, and (vii) generally protect the collateral granted to MidCap. The Company is also subject to negative covenants customary for financings of this type, including that it may not: (i) enter into a merger or consolidation or certain change of control events, (ii) incur liens on the collateral, (iii) except for certain permitted acquisitions, acquire any significant assets other than in the ordinary course of business, (iv) assume certain additional senior debt, or (v) amend any of its organizational documents. The Company is currently not in compliance with certain affirmative covenants contained in its' debt agreements. We are working with the lenders to bring the Company into compliance with these covenants.

On August 30, 2023, the Company and the Credit Facility Borrowers entered into Amendment No. 28 to Credit and Security Agreement with MidCap and the lenders party thereto (the "Lenders"). Amendment No. 28, among other things: (i) increases the applicable margin (a) from 4.25% to 4.50% with respect to revolving loans and other obligations (other than letter of credit liabilities) and (b) from 3.75% to 4.50% with respect to letter of credit liabilities, (ii) revises the definition of borrowing base to include the amount of any reserves and/or adjustments provided for in the Credit and Security Agreement, including, but not limited to, the Additional Reserve Amount (as defined in the in Amendment No. 28), (iii) requires that the Company complies with a fixed charge coverage ratio of at least 1:00 to 1:00, and (iv) waives the existing event of default that occurred under the Credit and Security Agreement due to the Credit Parties' failure to maintain the Minimum Liquidity amount (as defined in the Credit and Security Agreement) for the fiscal month ending June 30, 2023 (each as defined in the Credit and Security Agreement).

In addition, pursuant Amendment No. 28, no later than five (5) business days following the receipt of any cash proceeds from any equity issuance or other cash contribution from the Company's equity holders, the Company shall prepay the revolving loans by an amount equal to (i) the sum of $1,300, less the current funded Additional Reserve Amount, multiplied by (ii) 50%.

In connection with Amendment No. 28, the Company paid to MidCap (i) a modification fee of $ 68 and (ii) $32 in overdue interest amount, which were paid prior to October 31, 2023.

On August 30, 2023, in connection with that certain First Omnibus Amendment and Reaffirmation Agreement, by and among the Company, the guarantor parties thereto and Jackson (the "First Omnibus Amendment Agreement") the 2023 Jackson Note (as defined herein) and Amendment No. 28, the Company, Jackson, the Lenders and MidCap entered into the Sixth Amendment to Intercreditor Agreement (the "Sixth Amendment"), which amended the Intercreditor Agreement, dated as of September 15, 2017 (as amended, restated, amended and restated, supplemented, or otherwise modified from time to time, the "Intercreditor Agreement"), by and between the Company, Jackson and MidCap. The Sixth Amendment, among other things, provides for (i) consent by the Lenders to the First Omnibus Amendment Agreement and (ii) consent by Jackson to Amendment No. 28.

In connection with the Second Omnibus Amendment and Reaffirmation Agreement to the Note Documents entered into by the Company and Jackson on September 18, 2024, the Credit Facility Borrowers entered into Amendment No. 30 to the Credit and Security Agreement ("Amendment No. 30"), effective as of September 18 2024, which such Amendment No. 30 extends the Commitment Expiry Date (as defined in the Credit and Security Agreement to December 5, 2024.

In addition, pursuant to Amendment No. 30, in consideration for MidCap's agreement to enter Amendment No. 30, the Credit Facility Borrowers have agreed to pay MidCap a modification fee of $200 (the "Amendment No. 30 Modification Fee"), which such Modification Fee shall be non-refundable and fully earned as of September 5, 2024. The Amendment No. 30 Modification Fee shall constitute a portion of the Borrowers obligations pursuant to the Credit and Security Agreement and shall be secured by all Collateral (as defined in the Credit and Security Agreement). If the Credit Facility Borrowers satisfy the outstanding obligation pursuant to the Credit and Security Agreement in full prior to December 5, 2024, the Amendment No. 30 Modification Fee shall be waived by MidCap.

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On October 9, 2024, the Credit Facility Borrowers entered into Amendment No. 31 to the Credit and Security Agreement (" *Amendment No. 31"*) with MidCap effective as of the same date,. Pursuant to Amendment No. 31, the definition of Additional Reserve Amount (as defined in the Credit and Security Agreement) is amended and restated as follows: (i) from October 9, 2024, through November 14, 2024, the Additional Reserve Amount shall be $960, (ii) from November 15, 2024, through November 21, 2024, the Additional Reserve Amount shall be $ 980, (iii) from November 22, 2024, through November 28, 2024, the Additional Reserve Amount shall be $1,000, and (iv) from November 29, 2024, through December 5, 2024, the Additional Reserve Amount shall be $1,020. Additionally, pursuant to Amendment No. 31, the definition of "Permitted Debt" was hereby amended by adding a new clause covering the Company's debt obligations pursuant to that certain Settlement and Release Agreement, dated as of March 29, 2024, by and among the Company, Monroe and Pamela D. Whitaker, in the aggregate amount not to exceed $2,000 at any time.

Pursuant to Amendment No. 31, in consideration for MidCap's agreement to enter into Amendment No. 31, the Borrowers have agreed to pay to MidCap a modification fee of $190 (the "Amendment No. 31 ***Modification Fee***"), which such Amendment No. 31 Modification Fee shall be non-refundable and fully earned as of effective date of Amendment No. 31. The Modification Fee shall constitute a portion of the Borrowers obligations pursuant to the Credit and Security Agreement and shall be secured by all Collateral (as defined in the Credit and Security Agreement).

The balance of the MidCap facility as of September 28, 2024 and December 30, 2023 was $ 16,838 and $14,698, respectively, and is included in Accounts receivable financing on the Consolidated Balance Sheets.

(All amounts in thousands, except share, per share and stated value per share)

On October 18, 2024, the Company received a notice of default from MidCap. This notice reserves the Lender's available rights and remedies under the Credit Agreement.

NOTE 5 – INTANGIBLE ASSETS

The following provides a breakdown of intangible assets as of:

	September 28, 2024			
	Tradenames	Non-Compete	Customer Relationship	Total
Intangible assets, gross	$ 8,282	$ 2,215	$ 18,953	$ 29,450
Accumulated amortization	(5,359)	(2,215)	(11,926)	(19,500)
Intangible assets, net	**$ 2,923**	**$ -**	**$ 7,027**	**$ 9,950**

	December 30, 2023			
	Tradenames	Non-Compete	Customer Relationship	Total
Intangible assets, gross	$ 8,282	$ 2,215	$ 18,953	$ 29,450
Accumulated amortization	(4,928)	(2,215)	(11,114)	(18,257)
Intangible assets, net	**$ 3,354**	**$ -**	**$ 7,839**	**$ 11,193**

As of September 28, 2024, estimated annual amortization expense for each of the next five fiscal years is as follows:

Fiscal quarter ended September	Amount
2024	$ 416
2025	1,617
2026	1,567
2027	1,567
2028	1,321
Thereafter	3,462
Total	**$ 9,950**

Amortization of intangible assets for the three and nine months ended September 28, 2024 and September 30, 2023 was $ 406, $1,249, $456 and $1,363, respectively. The weighted average useful life of intangible assets remaining is 5.5 years.

NOTE 6 – GOODWILL

The following table provides a roll forward of goodwill:

	September 28, 2024	December 30, 2023
Beginning balance, gross	$ 19,891	$ 19,891
Acquisition	—	—
Currency translation adjustment	—	—
Ending balance, net	$ 19,891	$ 19,891

Goodwill by reportable segment is as follows:

	September 28, 2024	December 30, 2023
Professional Staffing - US	$ 14,031	$ 14,031
Commercial Staffing - US	5,860	5,860
Ending balance, net	$ 19,891	$ 19,891

Goodwill represents the excess of the purchase price over the fair value of net assets acquired in business combinations. ASC 350, requires that goodwill be tested for impairment at the operating segment level (operating segment or one level below an operating segment) on an annual basis and between annual tests when circumstances indicate that the recoverability of the carrying amount of goodwill may be in doubt. ASC 280-10-50-11 states that operating segments often exhibit similar long-term financial performance if they have similar economic characteristics. During the quarter ended September 28, 2024, management concluded the Company has two operating segments for goodwill impairment analysis under ASC 350 such as commercial and professional. Accordingly, goodwill will no longer be tested at the unit level for the five reporting units and will be tested for impairment at the operating segment level.

NOTE 7– DEBT

	September 28, 2024	December 30, 2023
Jackson Investment Group - related party	$ 10,116	$ 10,116
Redeemable Series H Preferred Stock	9,700	9,000

(All amounts in thousands, except share, per share and stated value per share)

Total Debt, Gross	19,816	19,116
Less: Debt Discount and Deferred Financing Costs, Net	(187)	(663)
Total Debt, Net	19,629	18,453
Less: Non-Current Portion - Related Party	—	—
Less: Non-Current Portion	—	—
Total Current Debt, Net	$ 19,629	$ 18,453

Jackson Notes

On August 30, 2023, the Company and the guarantor parties thereto (together with the Company, the "Obligors") entered into that certain First Omnibus Amendment and Reaffirmation Agreement to the Note Documents (the "First Omnibus Amendment Agreement") with Jackson, which First Omnibus Amendment Agreement, among other things: (i) amends the Third A&R Agreement, (ii) provided for the issuance of a new 12% Senior Secured Promissory Note due October 14, 2024 (the "2023 Jackson Note" and together with the 2022 Jackson Note, the "Jackson Notes") to Jackson, and (iii) joins certain subsidiaries of the Company to (a) that certain Amended and Restated Pledge Agreement, dated as of September 15, 2017 (as amended by the First Omnibus Amendment Agreement, the "Pledge Agreement") and (b) that certain Amended and Restated Security Agreement, dated as of September 15, 2017 (as amended by the Amendment Agreement, the "Security Agreement"), as either subsidiary guarantors or pledgors (as applicable) and amends certain terms and conditions of each of the Pledge Agreement and the Security Agreement.

Pursuant to the First Omnibus Amendment Agreement, interest on the 2022 Jackson Note, evidencing the obligations of the Obligors under the Third A&R Agreement and executed by the Company in favor of Jackson, shall be paid in cash and continue to accrue at a rate per annum equal to 12% until the principal amount of the 2022 Jackson Note has been paid in full. If the Company has not repaid in cash at least 50% of the outstanding principal balance of the 2022 Jackson Note as of the date of the First Omnibus Amendment Agreement or on or before October 27, 2023, then interest on the outstanding principal balance of the 2022 Jackson Note will accrue at 16% per annum until the 2022 Jackson Note is repaid in full. All accrued and unpaid interest on the outstanding principal of the 2022 Jackson Note shall be due and payable in arrears in cash on a monthly basis; provided that (i) the interest payment that would be due on September 1, 2023 shall instead be due December 1, 2023 and (ii) the amount of each such deferred interest payment shall be added to the principal amount of the 2022 Jackson Note. Notwithstanding the foregoing, the amount necessary to satisfy such accrued but unpaid interest on the 2022 Jackson Note as of the date of the First Omnibus Amendment was retained by Jackson from the aggregate purchase price of the 2023 Jackson Note, along with certain out-of-pocket fees and expenses, including reasonable attorney's fees, incurred by Jackson in connection with the First Omnibus Amendment Agreement, the 2023 Jackson Note and related documents thereto.

In addition, pursuant to the terms of the Third A&R Agreement, as amended by the First Omnibus Amendment Agreement, until all principal interest and fees due pursuant to the Third A&R Agreement and the Jackson Note are paid in full by the Company and are no longer outstanding, Jackson shall have a first call over 50% of the net proceeds from all common stock equity raises the Company conducts, which shall be used to pay down any outstanding obligations due pursuant to the Note Documents. The 2022 Jackson Note continues to be secured by substantially all of the Company and its subsidiaries' assets as a second lien holder to MidCap in the United States, pursuant to the Credit and Security Agreement.

On September 18, 2024, the Company entered into a Second Omnibus Amendment and Reaffirmation Agreement to the Note Documents (the "Amendment Agreement") with Jackson and the guarantors party thereto, which such Amendment Agreement amount other things: (i) extends the maturity date of the earlier of (a) January 13, 2025, or (b) the date of the acceleration of the maturity of any of the Jackson Notes and (ii) extends the maturity date of the Jackson Notes to January 13, 2025.

Redeemable Series H Preferred Stock

On May 18, 2022, the Company entered into a Headway purchase agreement with Headway (the "Headway Purchase Agreement"). Consideration for the purchase of 100% of Headway was the issuance of an aggregate of 9,000,000 shares of Series H Convertible Preferred Stock (the "Series H Preferred Stock"). Each share of Series H Preferred Stock shall have a par value of $0.00001 per share and a stated value equal to $ 1.00 and is convertible at any time into an aggregate of 350,000 shares of common stock. This is determined by dividing the stated value of such share of Preferred Stock by the conversion price. The conversion price equals $25.714. Holders of Series H Preferred Stock are entitled to quarterly cash dividends at a per annum rate of 12%. The shares of the Series H Preferred Stock may be redeemed by the Company through a cash payment at a per share equal to the stated value, plus all accrued but unpaid dividends, at any time. On May 18, 2025, the Company shall redeem all the shares of the Series H Preferred Stock. The redemption price represents the number of shares of the Preferred Stock (9,000,000), plus all accrued but unpaid dividends, multiplied by the Stated Value ($1). On May 18, 2022, the Company paid $14 towards the Series H Preferred Stock balance. As of September 28, 2024 the redemption price was $9,700.

In accordance with ASC 480-10-15-3, the agreement includes certain rights and options including: redemption, dividend, voting, and conversion which have characteristics akin to liability and equity. The Series H Preferred Stock is redeemable and has a defined maturity date upon the third anniversary of the original issue date. As such and based on the authoritative guidance, the Series H Preferred Stock meets the definition of a debt instrument. The Company obtained a third-party valuation report to calculate the fair value of Series H Preferred Stock. As of May 18, 2022, the fair value of the Redemption Price was calculated as $8,265 utilizing the CRR Binomial Lattice model. The difference in fair value was $ 735 is accounted as a deferred financing charge and will be amortized over the life of the term. The quarterly dividends will be reflected as interest expense.

On July 31, 2023, the Company, Chapel Hill Partners, L.P. ("Chapel Hill") and Jean-Pierre Sakey ("Sakey") entered into an agreement in connection with the Headway Purchase Agreement.

Pursuant to the agreement, if on or prior to September 30, 2023, the Company does not redeem the Series H Preferred Stock and remit the Contingent Payment (as defined in the Headway Purchase Agreement), then the Company shall make the Contingent Payment in the amount of $5,000, as set forth in the Purchase Agreement, in five equal installments of $1,000 each, less $134 per installment to be paid to third-parties to satisfy existing incentives and fees due, with such fees and incentive payments to be allocated at the discretion of Chapel Hill and Sakey (the "Contingent Payment Installments"), with such Contingent Payment Installments to be made on or before December 31, 2023, March 31, 2024, June 30, 2024, September 30, 2024 and December 31, 2024 (each such date, a "Contingent Installment Payment Date"). On each Contingent Installment Payment Date, the Company shall additionally redeem 100,000 shares of Series H Preferred Stock at a price per share equal to $ 0.0000001 per share. The contingent payments due on December 31, 2023, March 31, 2024, June 30, 2024 and September 30, 2024 were not paid.

Pursuant to the Letter Agreement, the Company also had no obligation to pay the Preferred Dividend (as defined in the Certificate of Designation of Preferences, Rights and Limitations of Series H Convertible Preferred Stock, as amended) on June 30, 2023, September 30, 2023 and December 31, 2023.

(All amounts in thousands, except share, per share and stated value per share)

NOTE 8 – LEASES

As of September 28, 2024 the Company recorded a right of use ("ROU") lease asset of approximately $ 4,449 with a corresponding lease liability of approximately $4,857, based on the present value of the minimum rental payments of such leases. The Company's finance leases are immaterial both individually and in the aggregate.

In January 2024, the Company entered into a new lease agreement for an office lease in Worcester, MA for a term of 3 years. This resulted in increases to right of use assets and lease liabilities of $54. In February 2024, the Company entered into a new lease agreement for an office lease in East Hartford for a term of 3 years. This resulted in increases to right of use assets and lease liabilities of $ 72.

Quantitative information regarding the Company's leases for period ended September 28, 2024 is as follows:

Lease Cost	Classification	September 28, 2024
Operating lease cost	SG&A Expenses	852
Other information		
Weighted average remaining lease term (years)		3.3
Weighted average discount rate		9.96%

Future minimum lease payments under non-cancelable leases as of September 28, 2024, were as follows:

Future Lease Payments		
2024	$	371
2025		1,318
2026		1,130
2027		1,076
2028		1,103
Thereafter		676
	$	5,674
Less: Imputed Interest		817
	$	4,857
Leases - Current	$	1,075
Leases - Non current	$	3,782

As most of the Company's leases do not provide an implicit rate, we use the Company's incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. This methodology was deemed to yield a measurement of the ROU lease asset and associated lease liability that was appropriately stated in all material respects.

NOTE 9– STOCKHOLDERS' DEFICIT

The Company issued the following shares of common stock during the nine months ended September 28, 2024:

Shares issued to/for:	Number of Common Shares Issued		Fair Value of Shares Issued	Fair Value at Issuance (minimum and maximum per share)			
Warrants Exercised	433,936	$	3,602	$	8.30	$	8.30
Board and committee members	127,000		545	$	0.28	$	4.10
	560,936	$	4,147				

The Company issued the following shares of common stock during the nine-months ended September 30, 2023:

Shares issued to/for:	Number of Common Shares Issued		Fair Value of Shares Issued	Fair Value at Issuance (minimum and maximum per share)			
Equity raise	188,452	$	4,999	$	26.50	$	26.50
Employees	17,731		531	$	28.20	$	28.20
Board and committee members	16,000		243	$	10.50	$	31.30
	222,183	$	5,773				

Reverse Stock Split

On June 25, 2024, the Company effected the Reverse Stock Split. All share and per share information in this Quarterly Report on Form 10-Q, including the condensed consolidated financial statements and the notes thereto, has, where applicable, been retroactively adjusted to reflect the Reverse Stock Split.

Increase of Authorized Common Stock

(All amounts in thousands, except share, per share and stated value per share)

On December 27, 2023, stockholders approved an amendment to the Company's Amended and Restated Certificate of Incorporation (the "Charter") to increase the number of authorized shares of common stock from 200,000,000 to 250,000,000 and to make a corresponding change to the number of authorized shares of capital stock. The number of shares of authorized Preferred Stock remained unchanged.

February 2023 Public Offering

On February 7, 2023, the Company entered into a securities purchase agreement ("February 2023 Purchase Agreement") with an institutional, accredited investor (the "Investor") for the issuance and sale, in a best efforts public offering (the "February 2023 Offering"), of (i) 31,500 units (the "Units"), each Unit consisting of one share of the Company's common stock, and one warrant (the "February 2023 Warrants") to purchase one share of common stock, and (ii) 156,952 pre-funded units (the "Pre-Funded Units"), each Pre-Funded Unit consisting of one pre-funded warrant (the "February 2023 Pre-Funded Warrants") to purchase one share of common stock and one February 2023 Warrant. The public offering price was $26.532 per Unit and $26.522 per Pre-Funded Unit. The February 2023 Offering closed on February 10, 2023.

Subject to certain limitations described in the February 2023 Pre-Funded Warrants, the February 2023 Pre-Funded Warrants are immediately exercisable and may be exercised at a nominal consideration of $0.01 per share any time until all of the February 2023 Pre-Funded Warrants are exercised in full. A holder will not have the right to exercise any portion of the February 2023 Warrants or the February 2023 Pre-Funded Warrants if the holder (together with its affiliates) would beneficially own in excess of 4.99% or 9.99%, respectively (or at the election of the holder of such warrants, 9.99%) of the number of shares of common stock outstanding immediately after giving effect to the exercise, as such percentage ownership is determined in accordance with the terms of the February 2023 Warrants or the February 2023 Pre-Funded Warrants, respectively. However, upon notice from the holder to the Company, the holder may increase the beneficial ownership limitation pursuant to the February 2023 Warrants, which may not exceed 9.99% of the number of shares of common stock outstanding immediately after giving effect to the exercise, as such percentage ownership is determined in accordance with the terms of the February 2023 Warrants, provided that any increase in the beneficial ownership limitation will not take effect until 61 days following notice to the Company.

In connection with the February 2023 Offering, the Investor entered into a warrant amendment agreement (the "February 2023 Warrant Amendment Agreement") with the Company to amend the exercise price of certain existing warrants to purchase up to an aggregate of 87,666 shares of Common Stock that were previously issued to the Investor, with an exercise price of $58.50 per share and an expiration date of January 7, 2028. Pursuant to the Warrant Amendment Agreement, the amended warrants have a reduced exercise price of $24.70 per share following the closing of the February 2023 Offering.

The Company utilized the net proceeds from the February 2023 Offering for general working capital purposes.

H.C. Wainwright & Co., LLC ("Wainwright") acted as the Company's exclusive placement agent in connection with the February 2023 Offering, pursuant to that certain engagement letter, dated as of January 4, 2023, as amended (the "Wainwright Engagement Letter"), between the Company and Wainwright. Pursuant to the Wainwright Engagement Letter, the Company paid Wainwright (i) a cash fee equal to 7.5% of the aggregate gross proceeds of the February 2023 Offering, (ii) a management fee of 1.0% of the aggregate gross proceeds of the February 2023 Offering, and reimbursed certain expenses and legal fees. In addition, the Company issued to Wainwright or its designees, warrants (the "February 2023 Placement Agent Warrants") to purchase 14,134 shares of Common Stock at an exercise price equal to $ 33.165 per share. The February 2023 Placement Agent Warrants are exercisable immediately upon issuance and have a term of exercise equal to five years from the date of the February 2023 Purchase Agreement.

The Units, the Pre-Funded Units, the shares of common stock included as part of the Units and Pre-Funded Units, the February 2023 Pre-Funded Warrants, the February 2023 Warrants, the shares of common stock issuable upon the exercise of the February 2023 Pre-Funded Warrants and the February 2023 Warrants, the February 2023 Placement Agent Warrants and the shares of common stock issuable upon the exercise thereof were offered by the Company pursuant to a Registration Statement on Form S-1, as amended (File No. 333-269308), initially filed on January 20, 2023 with the Securities and Exchange Commission under the Securities Act of 1933, as amended, and declared effective on February 7, 2023.

Series A Preferred Stock – Related Party

As of September 28, 2024 and September 30, 2023, the Company had $ 125 of dividends payable to the Series A Preferred Stockholder, respectively.

Restricted Shares

The Company has issued shares of restricted stock to employees and members of the Board under its 2015 Omnibus Incentive Plan, 2016 Omnibus Incentive Plan, 2020 Omnibus Plan and 2021 Omnibus Inventive Plan. Under these plans, the shares are restricted for a period of three years from issuance. As of September 28, 2024, the Company has issued a total of 22,559 restricted shares of common stock to employees and Board members that remain restricted. In accordance with ASC 718, Compensation – Stock Compensation, the Company recognizes stock-based compensation from restricted stock based upon the fair value of the award at issuance over the vesting term on a straight-line basis. The fair value of the award is calculated by multiplying the number of restricted shares by the Company's stock price on the date of issuance. The impact of forfeitures has historically been immaterial to the financial statements. In the nine months ended September 28, 2024 and September 30, 2023, the Company recorded compensation expense associated with these restricted shares of $545 and $1,167, respectively. The table below is a rollforward of unvested restricted shares issued to employees and board of directors.

	Restricted Shares	Weighted Average Price Per Share
Outstanding at December 31, 2022	6,859	$ 67.20
Granted	33,731	23.00
Vested/adjustments	(17,769)	28.80

(All amounts in thousands, except share, per share and stated value per share)

Outstanding at December 30, 2023	22,821	31.80
Granted	—	—
Vested/adjustments	(262)	11.84
Outstanding at September 28, 2024	22,559	$ 28.28

Warrants

In connection with the private placement consummated in July 2022 (the "July 2022 Private Placement"), on July 7, 2022, the Company entered into warrant amendment agreements (the "Warrant Amendment Agreements") with each of the nine existing participating investors, which amended warrants to purchase up to 65,786 shares of common stock (prior to amendment, the "Original Warrants"). The Original Warrants had an exercise price that ranged from $185.00 to $380.00 per share and expiration dates that ranged from July 22, 2026 to November 1, 2026. The Warrant Amendment Agreements reduced the exercise price of the Original Warrants to $58.50 per share and extended the expiration date to January 7, 2028, the date that is five and one-half years following the closing of the July 2022 Private Placement. The Company calculated an incremental fair value of $837 by calculating the excess, of the fair value of the modified over the fair value of that instrument immediately before it is modified. This increase in fair value was recorded in additional paid in capital.

In connection with the Third A&R Agreement, the Company (i) issued to Jackson five year warrants to purchase up to an aggregate of 2,434 shares of common stock at an exercise price of $30.60 per share, which expire on October 27, 2027, and (ii) amended certain warrants held by Jackson to purchase up to an aggregate of 1,510 shares of common stock such that the exercise price was reduced from $ 600.00 per share to $30.60 per share, and the expiration date of the warrant was extended from January 26, 2026 to October 27, 2027, which resulted in a fair value adjustment of $29. These warrants were recorded as additional debt discount which will be amortized over the term of the Jackson Notes using the effective interest method.

In connection with the February 2023 Offering, the Company entered into the February 2023 Purchase Agreement with the Investor for the issuance and sale, in a best efforts public offering, of (i) 31,500 Units, each consisting of one share of the Company's common stock, and one February 2023 Warrant, and (ii) 156,952 Pre-Funded Units, each consisting of one February 2023 Pre-Funded Warrant to and one February 2023 Warrant. The public offering price was $26.532 per Unit and $26.522 per Pre-Funded Unit. The February 2023 Offering closed on February 10, 2023. In connection with the February 2023 Offering, the investor entered into the February 2023 Warrant Amendment Agreement with the Company to amend the exercise price of certain existing warrants to purchase up to an aggregate of 87,666 shares of common stock that were previously issued to the Investor, with an exercise price of $58.50 per share and an expiration date of January 7, 2028. Pursuant to the Warrant Amendment Agreement, the amended warrants have a reduced exercise price of $24.70 per share following the closing of the February 2023 Offering. The Company calculated an incremental fair value of $ 176 by calculating the excess of the fair value of the modified over the fair value of that instrument immediately before it is modified. This increase in fair value was recorded in additional paid in capital.

On September 1, 2023, the Company entered into an inducement offer letter agreement (the "Inducement Letter") with a certain holder (the "Holder") of certain of its existing warrants to purchase up to an aggregate of 276,117 shares of common stock issued to the Holder on July 7, 2022 (as amended on February 10, 2023), and (ii) February 10, 2023 (collectively, the "Existing Warrants").

Pursuant to the Inducement Letter, the Holder agreed to exercise for cash its Existing Warrants to purchase an aggregate of 276,117 shares of common stock at a reduced exercise price of $8.30 per share in consideration of the Company's agreement to issue new unregistered common stock purchase warrants (the "September 2023 Warrants"), as described below, to purchase up to an aggregate of 552,234 shares of the Company's common stock.

The closing of the transactions contemplated pursuant to the Inducement Letter occurred on September 6, 2023 (the "Closing Date"). The Company received aggregate gross proceeds of approximately $2,292 from the exercise of the Existing Warrants by the Holder (the "Exercise"), before deducting placement agent fees and other offering expenses payable by the Company. The Company used 50% of the net proceeds from the Exercise to repay a portion of its outstanding obligations under the Jackson Notes and 50% of the net proceeds from the Exercise to repay a portion of its outstanding obligations pursuant to the Credit and Security Agreement with MidCap.

The Company issued to Wainwright or its designees warrants (the "September 2023 Placement Agent Warrants") to purchase up to 20,709 shares of common stock. The September 2023 Placement Agent Warrants have substantially the same terms as the September 2023 Warrants, except that the September 2023 Placement Agent Warrants have an exercise price equal to $10.375 per share and are immediately exercisable on or after the Stockholder Approval Date (as defined in the September 2023 Warrants) until the five year anniversary of the Stockholder Approval Date.

On September 8, 2024, the Company entered into a securities exchange agreement (the "Exchange Agreement") with a certain institutional investor (the "Holder") pursuant to which the Company agreed to issue an aggregate of (i) 101,190 shares of common stock and (ii) a pre-funded warrant to purchase up to 411,630 shares of common stock in exchange for a certain outstanding warrant held by the Holder to purchase up to 552,234 shares of common stock at an exercise price\ of $8.30 per share (the "Exchange"). The Company has cancelled the warrant reacquired in the Exchange and such warrant will not be reissued.

Transactions involving the Company's warrant issuances are summarized as follows:

	Number of Shares	**Weighted Average Exercise Price**
Outstanding at December 31, 2022	170,369	$ 96.10
Issued	863,193	20.59
Exercised	(276,117)	5.90
Expired or cancelled	(87,665)	58.50
Outstanding at December 30, 2023	669,780	34.80

(All amounts in thousands, except share, per share and stated value per share)

Issued	—	—
Exercised	(433,936)	13.03
Expired or cancelled	(138,968)	17.18
Outstanding at September 28, 2024	96,876	$ 240.77

The following table summarizes warrants outstanding as of September 28, 2024:

Exercise Price	Number Outstanding and Exercisable	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise price
$24.70 - $3,000.00	96,876	2.88	$ 240.77

Stock Options

A summary of option activity during the quarter ended September 28, 2024, is presented below:

	Options	Weighted Average Exercise Price
Outstanding at December 31, 2022	5,151	$ 500.60
Granted	—	—
Exercised	—	—
Expired or cancelled	—	—
Outstanding at December 30, 2023	5,151	500.06
Granted	—	—
Exercised	—	—
Expired or cancelled	(33)	5,303.57
Outstanding at September 28, 2024	5,118	$ 498.53

The Company recorded share-based payment expense of $ 183, $545, $227 and $1,167 for the three and nine month periods ended September 28, 2024 and September 30, 2023, respectively.

Limited Duration Stockholder Rights Agreement

On September 27, 2023, the board of directors (the “Board”) of the Company declared a dividend of one preferred share purchase right (a “Right”) for each outstanding share of common stock and. 03889 Rights for each outstanding share of Series H Preferred Stock (collectively with the common stock, the “Voting Stock”). The dividend was paid on October 21, 2023 to the stockholders of record at the close of business on October 21, 2023 (the “Record Date”). Each Right initially entitles the registered holder to purchase from the Company one one-thousandth of a share of Series A Junior Participating Preferred Stock, par value $0.0001 per share, of the Company (the “Preferred Stock”) at a price of $ 20.75 per one one-thousandth of a share of Preferred Stock (the “Purchase Price”), subject to adjustment. The description and terms of the Rights are set forth in a Rights Agreement, dated as of October 1, 2023, as the same may be amended from time to time (the “Rights Agreement”), between the Company and Securities Transfer Corporation, as Rights Agent.

Until the close of business on the earlier of (i) 10 business days following the first date of public announcement (which, for purposes of this definition, shall include, without limitation, a report filed pursuant to Section 13(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) by the Company or an Acquiring Person (as defined below) that an Acquiring Person has become such, or such other date, as determined by the Board, on which a Person has become an Acquiring Person, or (ii) 10 business days (or such later date as may be determined by action of the Board prior to such time as any person or group of affiliated or associated persons becomes an Acquiring Person) after the date of the commencement of, or the first public announcement of an intention to commence, a tender or exchange offer the consummation of which would result in any person or group of affiliated or associated persons becoming an Acquiring Person (the earlier of such dates being called the “Distribution Date”), (x) the Rights will be evidenced by the certificates representing the Voting Stock registered in the names of the holders thereof (or by book entry shares in respect of such Voting Stock) and not by separate Right Certificates (as defined below), and (y) the Rights will be transferable only in connection with the transfer of Voting Stock.

Until the Distribution Date (or earlier expiration of the Rights), (i) new Voting Stock certificates issued after the Record Date upon transfer or new issuances of Voting Stock will contain a legend incorporating the terms of the Rights Agreement by reference, and (ii) the surrender for transfer of any certificates representing Voting Stock (or book entry shares of Voting Stock) outstanding as of the Record Date will also constitute the transfer of the Rights associated with the shares of Voting Stock represented thereby. As soon as practicable following the Distribution Date, separate certificates evidencing the Rights (“Right Certificates”) will be mailed to holders of record of the Voting Stock as of the close of business on the Distribution Date and such separate Right Certificates alone will evidence the Rights.

Except as otherwise provided in the Rights Agreement, the Rights are not exercisable until the Distribution Date. The Rights will expire on the earliest of (i) October 2, 2026 or such later date as may be established by the Board prior to the expiration of the Rights, (ii) the time at which the Rights are redeemed pursuant to the terms of the Rights Agreement, (iii) the closing of any merger or other acquisition transaction involving the Company pursuant to an agreement of the type described in the Rights Agreement at which time the Rights are terminated, or (iv) the time at which such Rights are exchanged pursuant to the terms of the Rights Agreement.

The Purchase Price payable, and the number of shares of Preferred Stock or other securities or property issuable, upon exercise of the Rights is subject to adjustment from time to time, among others, (i) in the event of a stock dividend on, or a subdivision, combination or reclassification of, the Preferred Stock, (ii) upon the grant to holders of the Preferred Stock of certain rights or warrants to subscribe for or purchase Preferred Stock at a price, or securities convertible into Preferred Stock with a conversion price, less than the then-current market price of the Preferred Stock, or (iii) upon the distribution to holders of the Preferred Stock of evidences of indebtedness or assets (excluding regular periodic cash dividends or dividends payable in Preferred Stock) or of subscription rights or warrants (other than those referred to above).

The number of outstanding Rights is subject to adjustment in the event of a stock dividend on any class or series of Voting Stock payable in shares of a class or series of Voting Stock or subdivisions, consolidations or combinations of any class or series of Voting Stock occurring, in any such case, prior to the Distribution Date.

Shares of Preferred Stock purchasable upon exercise of the Rights will not be redeemable. Each share of Preferred Stock will be entitled, when, as and if declared, to a minimum preferential quarterly dividend payment of the greater of (a) $100.00 and (b) the sum of (1) 10,000 (subject to adjustments for stock dividends, stock splits, or stock combinations) times the aggregate per share amount of all cash dividends, plus (2) 10,000 (subject to adjustments for stock dividends, stock splits, or stock combinations) times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions other than a dividend payable in shares of common stock, or a subdivision of the outstanding shares of common stock (by reclassification or otherwise), in each case declared on the common stock. In the event of liquidation, dissolution or winding up of the Company, the holders of the Preferred Stock will be entitled to a minimum preferential payment of the greater of (a) $100.00 per share (plus any accrued but unpaid dividends and distributions), and (b) an amount equal to 10,000 times (subject to adjustments for stock dividends, stock splits, or stock combinations) made per share amount of all cash and other property to be distributed in respect of common stock. Each share of Preferred Stock will be initially entitled to 10,000 votes (subject to adjustment for stock dividends, stock splits, or stock combinations). In addition to voting together with the holders of common stock for the election of other directors of the Company, the holders of Preferred Stock, voting separately as a class to the exclusion of the holders of common stock, shall be entitled at the meeting of stockholders (and at each subsequent annual meeting of stockholders), unless all dividends in arrears on the Preferred Stock have been paid or declared and set apart for payment prior thereto, to vote for the election of two directors of the Company. Holders of Preferred Stock shall otherwise have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of common stock as set forth herein) for taking any corporate action, other than as required by law.

In the event of any merger, consolidation, combination or other transaction in which outstanding shares of common stock are converted or exchanged, each share of Preferred Stock will be entitled to receive 10,000 times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of common stock is changed or exchanged.

In the event that any person or group of affiliated or associated persons becomes an Acquiring Person (the first occurrence of such event, a “Flip-In Event”), each holder of a Right, other than Rights beneficially owned by the Acquiring Person (which will thereupon become void), will thereafter have the right to receive upon exercise of a Right that number of shares of common stock equal to the number of shares of common stock obtained by dividing the Purchase Price (subject to adjustments) by 50% of the current per share market price of the common stock on the date of the Flip-In Event. Except in certain situations, a person or group of affiliated or associated persons becomes an “Acquiring Person” upon acquiring beneficial ownership of 10% (20% in the case of a Passive Investor (as defined in the Rights Agreement)) or more in voting power of the shares of Voting Stock then outstanding, subject to certain exclusions. Under the Rights Agreement, a “Passive Investor” is generally a person who or which has reported or is required to report beneficial ownership of shares of Voting Stock on Schedule 13G under the Exchange Act. Certain synthetic interests in securities created by derivative positions are treated under the Rights Agreement as beneficial ownership of the number of shares of Voting Stock equivalent to the economic exposure created by the derivative security, to the extent actual shares of Voting Stock are directly or indirectly beneficially owned by a counterparty to such derivative security.

In the event that, after a Flip-In Event, the Company is acquired in a merger or other business combination transaction or 50% or more of its consolidated assets or earning power are sold, proper provisions will be made so that each holder of a Right (other than Rights beneficially owned by an Acquiring Person which will have become void) will thereafter have the right to receive upon the exercise of a Right that number of shares of common stock equal to the result obtained by dividing the Purchase Price (subject to adjustments) by 50% of the current per share market price of the common stock of such person(s) (or its parent) with whom the Company has engaged in the foregoing transaction.

At any time after a Flip-In Event and prior to the acquisition by an Acquiring Person of 50% or more in voting power of the shares of Voting Stock then outstanding, the Board may, at its option, exchange the Rights (other than Rights owned by such Acquiring Person which will have become void), in whole or in part, for shares of common stock, at an exchange ratio of one share of common stock per Right.

With certain exceptions, no adjustment in the Purchase Price will be required unless such adjustment would require an increase or decrease of at least 1% in such Purchase Price. No fractional shares of Preferred Stock or common stock will be issued (other than fractions of Preferred Stock which are integral multiples of one one-thousandth of a share of Preferred Stock, which may, at the election of the Company, be evidenced by depositary receipts), and in lieu thereof an adjustment in cash will be made based on the current market price of the Preferred Stock or the common stock.

At any time prior to a Flip-In Event, the Board may redeem all but not less than the then outstanding Rights at a price of $ 0.1 per Right, subject to adjustment (the “Redemption Price”) payable, at the option of the Company, in cash, shares of common stock or such other form of consideration as the Board shall determine. The redemption of the Rights may be made effective at such time, on such basis and with such conditions as the Board in its sole discretion may establish. Immediately upon any redemption of the Rights, the right to exercise the Rights will terminate and the only right of the holders of Rights will be to receive the Redemption Price.

For so long as the Rights are then redeemable, the Company may, in its sole discretion, except with respect to the Redemption Price, supplement or amend any provision in the Rights Agreement without the approval of any holders of the Rights. After the Rights are no longer redeemable, the Company may, except with respect to the Redemption Price, supplement or amend the Rights Agreement without the approval of any holders of Rights, provided that no such supplement or amendment may adversely affect the interests of holders of the Rights, cause the Rights Agreement to become amendable contrary to the provisions of the Rights Agreement, or cause the Rights to again to become redeemable.

Until a Right is exercised or exchanged, the holder thereof, as such, will have no rights as a stockholder of the Company, including, without limitation, the right to vote or to receive dividends.

(All amounts in thousands, except share, per share and stated value per share)

NOTE 10 – COMMITMENTS AND CONTINGENCIES

Earn-out Liabilities

Pursuant to the acquisition of KRI on August 27, 2018, the purchase price includes earnout consideration payable to the seller of $ 2,027 each on August 27, 2019, and August 27, 2020. The payment of the earnout consideration was contingent on KRI's achievement of certain trailing gross profit amounts. On September 11, 2019, the Company entered into an amended agreement with the seller to delay the payment of the first year earnout of $2,027 until no later than February 27, 2020. For each full calendar month beyond August 27, 2019, that such payment is delayed, the Company is required pay the seller interest in the amount of $10 with the first such payment of interest due on September 30, 2019. In addition, the amended agreement was further amended to change the due date for the second year earnout payment of $2,027 from August 27, 2020, to February 27, 2020.

On March 9, 2024, a Settlement and Release Agreement was entered into by both parties. Under this agreement, which was entered into to avoid costly court fees, the Company agreed to make a payment, in full and final settlement, of $2 million plus interest across the following dates and amounts: $ 115 on May 1, 2024, $114 on June 1, 2024, $114 on July 1, 2024, $113 on August 1, 2024, $112 on September 1, 2024, and a final payment of $ 1,511 on October 1, 2024. There is a five-day cure period for each payment and there is a Confession of Judgement in favor of the defendant for the full amount of the original Earnout plus interest, in the event of non-compliance.

On October 9, 2024, the Company entered into Amendment No. 1 to the Settlement and Release Agreement ("Amendment No.1") to pay $ 1,500 plus interest. The Company agreed to make payments on the following dates and in the following amounts: $511 on October 9, 2024, $107 on November 1, 2024, $107 on December 1, 2024, $106 on January 1, 2025, and a final payment of $ 705 on February 1, 2025. In accordance with Amendment, No. 1, payments were made on October 9, 2024 and November 1, 2024.

Pursuant to the Headway Acquisition that closed on May 18, 2022, the purchase price includes an earnout payment totaling up to $ 5,000 of earn out provision. Upon the attainment of certain trailing twelve-month ("TTM") EBITDA achievements the Company will pay to the Headway seller a contingent payment in accordance with the following:

Adjusted EBITDA of $0 or less than $0= no Contingent Payment
Adjusted EBITDA of $500 x 2.5 multiple= $1,250 Contingent Payment
Adjusted EBITDA of $1,000 x 2.5 multiple= $2,500 Contingent Payment
Adjusted EBITDA of $1,800 x 2.5 multiple= $4,500 Contingent Payment
Adjusted EBITDA of $2,000 or more x 2.5 multiple= $5,000 Contingent Payment

The Company performed an analysis over the contingent payment and prepared a forecast to determine the likelihood of the Adjusted EBITDA payout. The adjusted EBITDA TTM forecast, as of June 2024, is above the $2,000 threshold amount, such that $5,000 was recorded as consideration. The balance at September 28, 2024 is $5,000.

Legal Proceedings

Whitaker v. Monroe Staffing Services, LLC & Staffing 360 Solutions, Inc.

On March 9, 2024, a Settlement and Release Agreement was entered into by both parties. Under this agreement, which was entered into to avoid costly court fees, the Company agreed to make a payment, in full and final settlement, of $2 million plus interest across the following dates and amounts: $ 115 on May 1, 2024, $114, on June 1, 2024, $114 on September 30, 2024, $113 on August 1, 2024, $112 on September 1, 2024, and a final payment of $1,511 on October 1, 2024. There is a five-day cure period for each payment and there is a Confession of Judgement in favor of the defendant for the full amount of the original Earnout plus interest, in the event of non-compliance.

On October 9, 2024, the Company entered into Amendment No. 1 to the Settlement and Release Agreement to pay $ 1,500 plus interest. The Company agreed to make payments on the following dates and in the following amounts: $511 on October 9, 2024, $107 on November 1, 2024, $107 on December 1, 2024, $106 on January 1, 2025, and a final payment of $ 705 on February 1, 2025.

As of the date of this filing, we are not aware of any other material legal proceedings to which we or any of our subsidiaries is a party or to which any of our property is subject, other than as disclosed above.

NOTE 11 – SEGMENT INFORMATION

The Company generated revenue and gross profit by segment as follows:

	Three Months Ended		Nine Months Ended	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Commercial Staffing - US	$ 19,172	$ 23,714	$ 58,970	$ 71,106
Professional Staffing - US	26,926	25,823	72,749	74,670
Total Revenue	$ 46,098	$ 49,537	$ 131,719	$ 145,776
Commercial Staffing - US	$ 3,127	$ 5,185	$ 9,417	$ 13,293
Professional Staffing - US	3,035	2,478	7,870	8,883
Total Gross Profit	$ 6,162	$ 7,663	$ 17,287	$ 22,176
Selling, general and administrative expenses	$ (6,996)	$ (8,641)	$ (20,023)	$ (24,110)
Depreciation and amortization	(474)	(513)	(1,427)	(1,388)
Interest expense and amortization of debt discount and deferred financing costs	(574)	(1,316)	(3,301)	(3,658)

(All amounts in thousands, except share, per share and stated value per share)

Discontinued Operations	-	(1,190)	901	(2,879)
Other loss income, net	(911)	(237)	(656)	(63)
Loss Before Provision for Income Tax	$ (2,793)	$ (4,234)	$ (7,219)	$ (9,922)

The following table disaggregates revenues by segments:

	Quarter Ended September 28, 2024		
	Commercial Staffing - US	Professional Staffing - US	Total
Permanent Revenue	$ 107	$ 315	$ 422
Temporary Revenue	19,065	26,611	45,676
Total Revenue	$ 19,172	$ 26,926	$ 46,098

	Quarter Ended September 30, 2023		
	Commercial Staffing - US	Professional Staffing - US	Total
Permanent Revenue	$ 24	$ 162	$ 186
Temporary Revenue	23,690	25,661	49,351
Total Revenue	$ 23,714	$ 25,823	$ 49,537

	Nine Months Ended September 28, 2024		
	Commercial Staffing - US	Professional Staffing - US	Total
Permanent Revenue	$ 213	$ 584	$ 797
Temporary Revenue	58,757	72,165	130,922
Total	$ 58,970	$ 72,749	$ 131,719

	Nine Months Ended September 30, 2023		
	Commercial Staffing - US	Professional Staffing - US	Total
Permanent Revenue	$ 194	$ 719	$ 913
Temporary Revenue	70,912	73,951	144,863
Total	$ 71,106	$ 74,670	$ 145,776

NOTE 12 – <u>RELATED PARTY TRANSACTIONS</u>

In addition to the shares of Series A Preferred Stock and notes and warrants issued to Jackson, the following are other related party transactions:

Board and Committee Members

	Nine Months Ended September 28, 2024			
	Cash Compensation	Shares Issued	Value of Shares Issued	Compensation Expense Recognized
Dimitri Villard	$ 75	24,000	$ 60	$ 135
Nick Florio	75	25,000	60	135
Vincent Cebula	75	24,000	60	135
Alicia Barker	-	24,000	55	55
Brendan Flood	-	24,000	55	55
	$ 225	121,000	$ 290	$ 515

	Nine Months Ended September 30, 2023			
	Cash Compensation	Shares Issued	Value of Shares Issued	Compensation Expense Recognized
Dimitri Villard	$ 75	3,000	$ 48	$ 123
Jeff Grout	50	2,000	40	90
Nick Florio	50	2,000	40	90
Vincent Cebula	58	3,000	48	106
Alicia Barker	-	3,000	50	50
Brendan Flood	-	3,000	50	50
	$ 233	16,000	$ 276	$ 509

Three Months Ended September 28, 2024

(All amounts in thousands, except share, per share and stated value per share)

	Cash Compensation	Shares Issued	Value of Shares Issued	Compensation Expense Recognized
Dimitri Villard	$ 25	21,000	$ 45	$ 70
Nick Florio	25	21,000	45	70
Vincent Cebula	25	21,000	45	70
Alicia Barker	-	21,000	44	44
Brendan Flood	-	21,000	44	44
	$ 75	105,000	$ 223	$ 298

	Three Months Ended September 30, 2023			
	Cash Compensation	Shares Issued	Value of Shares Issued	Compensation Expense Recognized
Dimitri Villard	$ 25	1,000	$ 8	$ 33
Jeff Grout	-	-	-	-
Nick Florio	25	-	-	25
Vincent Cebula	8	1,000	8	16
Alicia Barker	-	1,000	8	8
Brendan Flood	-	1,000	8	8
	$ 58	$ 4,000	$ 32	$ 90

NOTE 13 – SUPPLEMENTAL CASH FLOW INFORMATION

	Nine Months Ended	
	September 28, 2024	September 30, 2023
Cash paid for:		
Interest	$ 2,310	$ 3,805
Income taxes	—	—
Non-Cash Investing and Financing Activities:		
Redeemable Series H preferred stock, net	$ 700	—
Modification of Series H		$ 1,900
Debt discount -Series H	$ 72	$ 111
Debt discount -Related party note	$ 275	$ 91

NOTE 14 - DISCONTINUED OPERATIONS

In December 2023, given the recurring losses of Professional Staffing UK, management committed to a plan to sell the assets of Professional Staffing UK. On January 6, 2024 Staffing 360 Solutions Limited, a UK Subsidiary, filed a Notice of Intent with the High Court of Justice in the UK, stating the Company's intention to appoint administrators to save the business from liquidation. Administrators were appointed on January 18, 2024, and the business was transferred to new owners on February 12, 2024. A gain on the transfer of the UK entity of $901 was recognized in the Statement of Operations for the period ended September 28, 2024.

NOTE 15 – SUBSEQUENT EVENTS

Nasdaq Compliance

On June 20, 2024, the Company received a letter from the Staff (the "Staff") of the Nasdaq Stock Market LLC ("Nasdaq") pertaining to its non-compliance with Nasdaq Listing Rule 5550(b)(1), the requirement to maintain a minimum stockholders' equity of $2.5 million. On June 14, 2024 and August 5, 2024, the Company submitted its plan to Nasdaq to regain compliance with the minimum stockholders' equity requirement and on August 13, 2024, the Company received a letter from the Staff indicating the Staff determined to deny the Company's request for continued listing on Nasdaq. The Company requested an appeal of the Staff's determination, and a hearing before the Nasdaq Hearings Panel (the "Panel") was held on October 3, 2024.

On October 8, 2024, the Company received a letter from the Panel indicating that the Panel determined to grant the Company's request to continue its listing on Nasdaq, subject to certain milestones being met on November 1, 2024, and December 31, 2024.

Whittaker Settlement

On October 9, 2024, the Company entered into Amendment No. 1 to pay $ 1,500 plus interest. The Company agreed to make payment on the following dates and in the following amounts: $511 on October 9, 2024, $107 on November 1, 2024, $107 on December 1, 2024, $106 on January 1, 2025, and a final payment of $705 on February 1, 2025. In accordance with the Amendment No. 1, payments were made on October 9, 2024 and November 1, 2024.

Amendment No. 31 with MidCap

On October 9, 2024, we entered into Amendment No. 31 to the Credit and Security Agreement with MidCap and the lenders party thereto from time to time. Pursuant to Amendment No. 31, the definition of Additional Reserve Amount (as defined in the Credit and Security Agreement) was amended and restated as follows: (i) from October 9, 2024, through November 14, 2024, the Additional Reserve Amount shall be $960,000, (ii) from November 15, 2024, through November 21, 2024, the Additional Reserve Amount shall be $980,000, (iii) from November 22, 2024, through November 28, 2024, the Additional Reserve Amount shall be $1,000,000, and (iv) from November 29, 2024, through December 5, 2024, the Additional Reserve Amount shall be $1,020,000. Additionally, pursuant to Amendment No. 31, the definition of "Permitted Debt" is hereby amended by adding a new clause covering our debt obligations pursuant to that certain Settlement and Release Agreement, dated as of March 29, 2024, by and among us, Monroe and Pamela D. Whitaker, in the aggregate amount not to exceed $2,000,000 at any time.

Pursuant to Amendment No. 31, in consideration for MidCap's agreement to enter into Amendment No. 31, we agreed to pay to MidCap a modification fee of $190,000 (the "Amendment No. 31 Modification Fee"), which such Amendment No. 31 Modification Fee shall be non-refundable and fully earned as of effective date of the Amendment No. 31. The Modification Fee shall constitute a portion of our obligations pursuant to the Credit and Security Agreement and shall be secured by all Collateral (as defined in the Credit and Security Agreement).

Massachusetts Department of Revenue

On October 29, 2024, the Company received notice from the Massachusetts Department of Revenue ("DOR") that they have filed a lien against the Company for $474. This has been accrued as of September 28, 2024. The Company is currently in negotiations to pay its obligations to DOR.

Internal Revenue Service

On October 1, 2024, the Company received notice from the Internal Revenue Service ("IRS") that they have filed a lien against the Company for $ 534. This has been accrued as of September 28, 2024. The Company is currently in negotiations to pay its obligations to IRS.

Agreement and Plan of Merger

On November 1, 2024, the Company, Atlantic International Corp., a Delaware corporation ("***Atlantic***") and A36 Merger Sub Inc., a Delaware corporation and a wholly-owned subsidiary of Atlantic ("***Merger Sub***"), entered into an Agreement and Plan of Merger (the "***Merger Agreement***"), pursuant to which Merger Sub will merge with and into Company, with Company surviving as a wholly owned subsidiary of the Atlantic (the "***Merger***"). Subject to the terms and conditions of the Merger Agreement, upon completion of the Merger, each share of the Company's issued and outstanding common stock immediately prior to the effective time of the Merger, other than certain excluded shares and dissenting shares, will be canceled and converted into the right to receive a number of shares of validly issued, fully paid and nonassessable shares of common stock of Atlantic, par value of $0.00001 per share (the "***Atlantic Common Stock***"), equal to the Exchange Ratio (as defined in the Merger Agreement), with any resulting fractional shares to be rounded to the nearest whole share.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following discussion and analysis of our results of operations and financial condition should be read in conjunction with our consolidated financial statements and related notes thereto appearing elsewhere in this Quarterly Report. This section includes a number of forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995, that reflect our current views with respect to future events and financial performance. 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," "can," "could," "should," "intends," "project," "predict," "plans," "estimates," "goal," "target," "possible," "potential," "would," "seek," 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: our ability to regain and maintain compliance with the Nasdaq Capital Market's ("Nasdaq") listing standards; our ability to continue as a going concern; negative outcome of pending and future claims and litigation; 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 comply with our contractual covenants, including in respect of our debt; potential cost overruns and possible rejection of our business model and/or sales methods; 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; 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; and government policies, legislation or judicial decisions adverse to our businesses. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. We assume no obligation to update such statements, whether as a result of new information, future events or otherwise, except as required by law. We recommend readers to carefully review the entirety of this Quarterly Report on Form 10-Q, including the risk factors set forth under the heading "Risk Factors" in Item 1A of this Quarterly Report on Form 10-Q and under the same or similar headings in the other reports and documents we file from time to time with the Securities and Exchange Commission ("SEC"), particularly our Annual Reports on Form 10-K. Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.

Overview

We are incorporated in the state of Delaware. We are a rapidly growing public company in the domestic staffing sector. Our high-growth business model is based on finding and acquiring suitable, mature, profitable, operating, U.S. based staffing companies. Our targeted consolidation model is focused specifically on the accounting and finance, information technology ("IT"), engineering, administration ("Professional") and light industrial ("Commercial") disciplines.

Business Model, Operating History and Acquisitions

We are a high-growth domestic staffing company engaged in the acquisition of staffing companies. As part of our consolidation model, we pursue a broad spectrum of staffing companies supporting primarily the Professional and Commercial Business Streams. Our typical acquisition model is based on paying consideration in the form of cash, stock, earn-outs and/or promissory notes. In furthering our business model, we are regularly in discussions and negotiations with various suitable, mature acquisition targets. To date we have completed 10 acquisitions, since November 2013.

2024 Reverse Stock Split

On June 24, 2024, we filed an amendment to our Amended and Restated Certificate of Incorporation with the Secretary of State of the State of Delaware to effect a one-for-ten reverse stock split (the "Reverse Stock Split"), effective as of 4:05 p.m. (New York time) on June 25, 2024. All share and per share information in this Quarterly Report on Form 10-Q, including the condensed consolidated financial statements and related notes thereto, has, where applicable, been retroactively adjusted to reflect the Reverse Stock Split.

Recent Developments

Agreement and Plan of Merger

On November 1, 2024, we, Atlantic International Corp., a Delaware corporation ("Atlantic") and A36 Merger Sub Inc., a Delaware corporation and a wholly-owned subsidiary of Atlantic ("Merger Sub"), entered into an Agreement and Plan of Merger (the "Merger Agreement"), pursuant to which Merger Sub will merge with and into us, with us surviving as a wholly owned subsidiary of the Atlantic (the "Merger"). Subject to the terms and conditions of the Merger Agreement, upon completion of the Merger, each share of our issued and outstanding common stock immediately prior to the effective time of the Merger, other than certain excluded shares and dissenting shares, will be canceled and converted into the right to receive a number of shares of validly issued, fully paid and nonassessable shares of common stock of Atlantic, par value of $0.00001 per share (the "Atlantic Common Stock"), equal to the Exchange Ratio (as defined in the Merger Agreement), with any resulting fractional shares to be rounded to the nearest whole share.

Second Omnibus Amendment and Reaffirmation Agreement to the Note Documents with Jackson Investment Group, LLC

On September 18, 2024, we entered into a Second Omnibus Amendment and Reaffirmation Agreement to the Note Documents (the "Amendment Agreement") with Jackson Investment Group, LLC ("Jackson") and the guarantors party thereto, which such Amendment Agreement, among other things: (i) extends the maturity date of that certain Third Amended and Restated Note and Warrant Purchase Agreement, by and between us and Jackson, dated as of October 27, 2022, as amended by the First Omnibus Amendment and Reaffirmation Agreement to the Note Documents, dated as of August 30, 2023, to the earlier of (a) January 13, 2025, or (b) the date of the acceleration of the maturity of any of the Notes (as defined below) and (ii) extends the maturity date of that certain (a) Third Amended and Restated 12% Senior Secured Note due October 14, 2024, dated as of October 27, 2022 (the "2022 Jackson Note"), and (b) 12% Senior Secured Promissory Note due October 14, 2024, dated as of August 30, 2023 (the "2023 Jackson Note"), to January 13, 2025.

Amendments to the Credit and Security Agreement and Limited Waiver with MidCap

Amendment No. 30 to the Credit and Security Agreement

In connection with the Amendment Agreement, we entered into Amendment No. 30 ("Amendment No. 30") to the Credit and Security Agreement and Limited Waiver (as amended, the "Credit and Security Agreement"), effective as of September 18, 2024, by and among us and MidCap Funding IV Trust, as agent for the lenders (as successor by assignment to MidCap Funding X Trust, "MidCap") and the lenders party thereto from time to time. Pursuant to Amendment No. 30, the Commitment Expiry Date (as defined in the Credit and Security Agreement) was extended to December 5, 2024. In addition, pursuant to Amendment No. 30, in consideration for MidCap's agreement to enter into Amendment No. 30, we agreed to pay to MidCap a modification fee of $200,000 (the "Amendment No. 30 Modification Fee"), which such Modification Fee shall be non-refundable and fully earned as of September 5, 2024. The Amendment No. 30 Modification Fee shall constitute a portion of our obligations pursuant to the Credit and Security Agreement and shall be secured by all Collateral (as defined in the Credit and Security Agreement). If we satisfy the outstanding obligations pursuant to the Credit and Security Agreement in full prior to December 5, 2024, the Amendment No. 30 Modification Fee shall be waived by MidCap.

Amendment No. 31 to the Credit and Security Agreement

On October 9, 2024, we entered into Amendment No. 31 to the Credit and Security Agreement with MidCap and the lenders party thereto from time to time. Pursuant to Amendment No. 31, the definition of Additional Reserve Amount (as defined in the Credit and Security Agreement) was amended and restated as follows: (i) from October 9, 2024, through November 14, 2024, the Additional Reserve Amount shall be $960,000, (ii) from November 15, 2024, through November 21, 2024, the Additional Reserve Amount shall be $980,000, (iii) from November 22, 2024, through November 28, 2024, the Additional Reserve Amount shall be $1,000,000, and (iv) from November 29, 2024, through December 5, 2024, the Additional Reserve Amount shall be $1,020,000. Additionally, pursuant to Amendment No. 31, the definition of "Permitted Debt" is hereby amended by adding a new clause covering our debt obligations pursuant to that certain Settlement and Release Agreement, dated as of March 29, 2024, by and among us, Monroe and Pamela D. Whitaker, in the aggregate amount not to exceed $2,000,000 at any time.

Pursuant to Amendment No. 31, in consideration for MidCap's agreement to enter into Amendment No. 31, we agreed to pay to MidCap a modification fee of $190,000 (the "Amendment No. 31 Modification Fee"), which such Amendment No. 31 Modification Fee shall be non-refundable and fully earned as of effective date of the Amendment No. 31. The Modification Fee shall constitute a portion of our obligations pursuant to the Credit and Security Agreement and shall be secured by all Collateral (as defined in the Credit and Security Agreement).

For the three months ended September 28, 2024 and September 30, 2023

	Three Months Ended September 28, 2024	% of Revenue	Three Months Ended September 30, 2023	% of Revenue	Growth
Revenue	$ 46,098	100.0%	$ 49,537	100.0%	-6.9%
Cost of revenue	39,936	86.6%	41,874	84.5%	-4.6%
Gross profit	6,162	13.4%	7,663	15.5%	-19.6%
Operating expenses	7,470	16.2%	9,154	18.5%	-18.4%
Loss from operations	(1,308)	-2.8%	(1,491)	-3.0%	12.3%
Interest Expense	(487)	-1.1%	(1,197)	-2.4%	-59.3%
Discontinued Operations	-	0.0%	(1,190)	-2.4%	-100.0%
Other (expenses) income	(998)	-2.2%	(356)	-0.7%	180.1%
Provision for income taxes	(51)	-0.1%	(21)	0.0%	149.2%
Net loss	$ (2,844)	-6.2%	$ (4,255)	-8.6%	-33.2%

For the nine months ended September 28, 2024 and September 30, 2023

	Nine Months Ended September 28, 2024	% of Revenue	Nine Months Ended September 30, 2023	% of Revenue	Growth
Revenue	$ 131,719	100.0%	$ 145,776	100.0%	-9.6%
Cost of revenue	114,432	86.9%	123,600	84.8%	-7.4%
Gross profit	17,287	13.1%	22,176	15.2%	-22.0%
Operating expenses	21,450	16.3%	25,498	17.5%	-15.9%

Loss from operations	(4,163)	-3.2%	(3,322)	-2.3%	25.3%
Interest Expense	(2,954)	-2.2%	(3,338)	-2.3%	-11.5%
Discontinued Operations	901	0.7%	(2,879)	-2.0%	-131.3%
Other (expenses) income	(1,003)	-0.8%	(383)	-0.3%	161.9%
Provision for income taxes	(151)	-0.1%	(67)	0.0%	125.4%
Net loss	$ (7,370)	-5.6%	$ (9,989)	-6.9%	-26.2%

Revenue

For the nine months ended September 28, 2024, revenue decreased by 9.6% to $131,719 as compared with $145,776 in revenue for the nine months ended September 30, 2023. The decline in revenue was more prevalent in Commercial Staffing as a result of a challenging U.S. operating environment. Commercial Staffing declined by 17.1% and Professional Staffing Business was down by 2.6%. In the Quarter-ended September 28, 2024, the Commercial Staffing business was down by 19.1% year-on-year with Professional Staffing up by 4.3%.

Revenue for the nine months ended September 28, 2024, was comprised of $130,922 of temporary contractor revenue and $797 of permanent placement revenue, compared with $144,864 and $913 of temporary contractor revenue and permanent placement revenue, respectively, for the nine months ended September 30, 2023.

Cost of revenue, Gross profit and Gross margin

Cost of revenue includes the variable cost of labor and various non-variable costs (e.g., workers' compensation insurance) relating to employees (temporary and permanent) as well as sub-contractors and consultants. For the nine months ended September 28, 2024, cost of revenue was $114,432, a decrease of 7.4% from $123,600 for the nine months ended September 30, 2023, compared with a decline in revenue of 9.6%. Overall gross profit margin declined from 15.2% to 13.1% mainly driven by the proportion of the revenue driven by lower margin Employer of Record (EOR) being 38.6% in the nine months ended September 28, 2024 versus 32.1% in the nine months ended September 30, 2023.

Operating expenses

Total operating expenses for the nine months ended September 28, 2024, were $21,450, a decrease of 15.9% from $25,498 for the nine months ended September 30, 2023. The decrease in operating expenses was driven primarily by reductions in force put into effect in May 2023 and again in February 2024.

Other expenses, net

Total other income (expenses), net for the nine months ended September 28, 2024 were ($102), an increase of 96.9% from ($3,262) for the nine months ended September 30, 2023. The increase was driven by an income recognized for discontinued operations of $901 as of July 29, 2024 versus an expense of $2,879 as of September 30, 2023.

Amortization of debt discount and deferred financing costs for the nine months ended September 28, 2024 were $347, an increase of $27, compared with amortization of debt discount and deferred financing costs for the nine months ended September 30, 2023, which were $321. In addition, for the nine months ended September 28, 2024, we had other income of $127 compared with other loss of $63 for the nine months ended September 30, 2023.

Non-GAAP Measures

To supplement our condensed consolidated financial statements presented in accordance with GAAP, we also use non-GAAP financial measures and key performance indicators ("KPIs") in addition to our GAAP results. We believe non-GAAP financial measures and KPIs may provide useful information for evaluating our cash operating performance, ability to service debt, compliance with debt covenants and measurement against competitors. This information should be considered as supplemental in nature and should not be considered in isolation or as a substitute for the related financial information prepared in accordance with GAAP. In addition, these non-GAAP financial measures may not be comparable to similarly entitled measures reported by other companies.

We present the following non-GAAP financial measure and KPIs in this report:

Revenue and Gross Profit by Business Streams We use this KPI to measure our mix of Revenue and respective profitability between our two main lines of business due to their differing margins. For clarity, these lines of business are not our operating segments, as this information is not currently regularly reviewed by the chief operating decision maker to allocate capital and resources. Rather, we use this KPI to benchmark our business against the industry.

The following table details Revenue and Gross Profit by sector:

	Three Months Ended			
	September 28, 2024	Mix	September 30, 2023	Mix
Revenue				
Commercial Staffing - US	$ 19,172	42%	$ 23,714	48%
Professional Staffing - US	26,926	58%	25,823	52%
Total Service Revenue	$ 46,098		$ 49,537	
Gross Profit				
Commercial Staffing - US	$ 3,127	51%	$ 5,185	68%
Professional Staffing - US	3,035	49%	2,478	32%
Total Gross Profit	$ 6,162		$ 7,663	
Gross Margin				
Commercial Staffing - US	16.3%		21.9%	
Professional Staffing - US	11.3%		9.6%	
Total Gross Margin	13.4%		15.5%	

	Nine Months Ended			
	September 28, 2024	Mix	September 30, 2023	Mix
Revenue				
Commercial Staffing - US	$ 58,970	45%	$ 71,106	49%
Professional Staffing - US	72,749	55%	74,670	51%
Total Service Revenue	$ 131,719		$ 145,776	
Gross Profit				
Commercial Staffing - US	$ 9,417	54%	$ 13,294	60%
Professional Staffing - US	7,870	46%	8,882	40%
Total Gross Profit	$ 17,287		$ 22,176	
Gross Margin				
Commercial Staffing - US	16.0%		18.7%	
Professional Staffing - US	10.8%		11.9%	
Total Gross Margin	13.1%		15.2%	

Adjusted EBITDA. This measure is defined as net income (loss) attributable to common stock before: interest expense, benefit from income taxes; depreciation and amortization; acquisition, capital raising and other non-recurring expenses; other non-cash charges; impairment of goodwill; re-measurement gain on intercompany note; restructuring charges; other income (loss); and charges the Company considers to be non-recurring in nature such, as legal expenses associated with litigation, professional fees associated with potential and completed acquisitions. We use this measure because we believe it provides a more meaningful understanding of our profit and cash flow generation.

	Three Months Ended		Nine Months Ended		Trailing Twelve Months	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Net loss	$ (2,844)	$ (4,255)	$ (7,370)	$ (9,989)	$ (17,695)	$ (18,140)
Interest expense	487	1,197	2,954	3,338	4,625	3,497
Expense (benefit) from income taxes	51	21	151	67	382	(178)
Depreciation and amortization	561	632	1,774	1,708	2,427	3,660
EBITDA	$ (1,745)	$ (2,405)	$ (2,491)	$ (4,876)	$ (10,261)	$ (11,161)
Acquisition, capital raising and other non-recurring expenses (1)	1,267	646	2,832	2,260	3,420	7,782
Other non-cash charges (2)	56	-	418	73	110	922
Discontinued Operations	-	1,190	(901)	2,879	7,535	9,341
Other loss (income)	911	237	656	63	349	(613)
Adjusted EBITDA	$ 489	$ (332)	$ 514	$ 399	$ 1,153	$ 6,271
Adjusted Gross Profit					$ 23,639	$ 33,526
Adjusted EBITDA as percentage of Adjusted Gross Profit					4.9%	18.7%

(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.*

Operating Leverage. This measure is calculated by dividing the growth in Adjusted EBITDA by the growth in adjusted gross profit, on a trailing 12-month basis. We use this KPI because we believe it provides a measure of our efficiency for converting incremental gross profit into Adjusted EBITDA.

	September 28, 2024	September 30, 2023
Gross Profit - TTM (Current Period)	$ 23,639	$ 33,526
Gross Profit - TTM (Prior Period)	33,526	32,793
Gross Profit – Growth (Decline)	$ (9,887)	$ 733
Adjusted EBITDA - TTM (Current Period)	$ 1,153	$ 6,271
Adjusted EBITDA - TTM (Prior Period)	6,271	2,180
Adjusted EBITDA – Growth (Decline)	$ (5,118)	$ 4,091
Operating Leverage	51.8%	558.2%

Leverage Ratio. Calculated as total debt, net, gross of any original issue discount, divided by pro forma adjusted EBITDA for the trailing 12-months. We use this KPI as an indicator of our ability to service debt prospectively.

	September 28, 2024	December 30, 2023
Total Term Debt, Net	$ 19,629	$ 18,453
Addback: Total Debt Discount and Deferred Financing Costs	187	663

Total Debt	$ 19,816	$ 19,116
TTM Adjusted EBITDA	$ 1,153	$ 6,271
Pro Forma TTM Adjusted EBITDA	$ 1,153	$ 6,271
Pro Forma Leverage Ratio	17.19x	3.05x

Operating Cash Flow Including Proceeds from Accounts Receivable Financing. Calculated as net cash (used in) provided by operating activities plus net proceeds from accounts receivable financing. Because much of our temporary payroll expense is paid weekly and in advance of clients remitting payment for invoices, operating cash flow is often weaker in staffing companies where revenue and accounts receivable are growing. Accounts receivable financing is essentially an advance on client remittances and is primarily used to fund temporary payroll. As such, we believe this measure is helpful to investors as an indicator of our underlying operating cash flow.

	Nine Months Ended	
	September 28, 2024	September 30, 2023
Net cash flow (used in) provided by operating activities	$ (549)	$ 672
Financing (repayments) on accounts receivable financing, net	2,140	(2,239)
Net cash provided by (used in) operating activities including proceeds from accounts receivable financing	$ 1,591	$ (1,567)

The leverage ratio and operating cash flow including proceeds from accounts receivable financing should be considered together with the information in the "Liquidity and Capital Resources" section, immediately below.

Liquidity, Going Concern and Capital Resources

Liquidity is the ability of a company to generate funds to support its current and future operations, satisfy its obligations, and otherwise operate on an ongoing basis. Historically, we have funded our operations through term loans, promissory notes, bonds, convertible notes, private placement offerings and sales of equity.

Our primary uses of cash have been for debt repayments, repayment of deferred consideration from acquisitions, professional fees related to our operations and financial reporting requirements and for the payment of compensation, benefits and consulting fees. The following trends may occur as we continue to execute on our strategy:

- An increase in working capital requirements to finance organic growth;
- Addition of administrative and sales personnel as the business grows;
- Increases in advertising, public relations and sales promotions for existing and new brands as we expand within existing markets or enter new markets;
- A continuation of the costs associated with being a public company; and
- Capital expenditures to add technologies.

Our liquidity may be negatively impacted by the significant costs associated with our public company reporting requirements, costs associated with newly applicable corporate governance requirements, including requirements under the Sarbanes-Oxley Act of 2002 as amended, and other rules implemented by the SEC. We expect all of these applicable rules and regulations could significantly increase our legal and financial compliance costs and increase the use of resources.

As of and for the quarter ended September 28, 2024, we had a working capital deficiency of $48,818, accumulated deficit of $134,426, and a net loss of $2,844.

The accompanying condensed consolidated financial statements have been prepared in conformity with GAAP, which contemplate continuation as a going concern. We have an unsecured payment due in the next 12 months associated with a historical acquisition and secured current debt arrangements representing approximately $19,816 which are in excess of cash and cash equivalents on hand, in addition to funding operational growth requirements. Historically, we have funded such payments either through cash flow from operations or the raising of capital through additional debt or equity. If we are unable to obtain additional capital, such payments may not be made on time. These factors raise substantial doubt as to our ability to continue as a going concern. The accompanying condensed consolidated financial statements do not include any adjustments or classifications that may result from our possible inability to continue as a going concern.

In addition, as of September 28, 2024, we have numerous contractual lease obligations representing an aggregate of approximately $4,857 related to current lease agreements. We intend to fund the majority of these obligations through a combination of cash flow from operations, as well as capital raised through additional debt or equity.

The condensed consolidated financial statements and related notes hereto included in this Quarterly Report on Form 10-Q have been prepared assuming that we will continue as a going concern, which contemplates the recoverability of assets and the satisfaction of liabilities in the normal course of business. Significant assumptions underlie this belief, including, among other things, that there will be no material adverse developments in our business, liquidity, capital requirements and that our credit facilities with our lenders will remain available to us.

Operating activities

For the nine months ended September 28, 2024, net cash used in continuing operating activities of $549 was primarily attributable to net loss of $7,370 an increase in accounts receivable of $1,744, a decrease in accounts payable of $1,552 and an increase in and accrued payroll costs of $6,049. The net cash used in all operating activities was impacted by $3,007 from discontinued operations to give a total cash used in operating activities of $3,556.

For the nine months ended September 30, 2023, net cash provided by continuing operating activities of $672 was primarily attributable to net loss of $9,989, increases in Other Assets of $7,403 and the impact of non-cash items of $3,869. A negative impact of $11,397 for discontinued operations brought the total cash used in operating activities to $10,725.

Investing activities

For the nine months ended September 28, 2024, net cash provided by investing activities totaled $1,993, primarily due to $2,046 related discontinued operations offset by $53 purchase of property and equipment.

For the nine months ended September 30, 2023, net cash provided by investing activities totaled $4,718, primarily due to $138 purchase of property and equipment and $4,856 related to discontinued operations.

Financing activities

For the nine months ended September 28, 2024, net cash provided by financing activities totaled $2,340, due to additional cash received of $2,140 on accounts receivable financing, net, conversion of dividends on Series H preferred stock to principal $700 offset by payments made on earnouts $500.

For the nine months ended September 30, 2023, net cash provided by financing activities totaled $4,677 primarily due to repayments of $3,139, net proceeds from the sale of common stock and a warrant inducement transaction of $4,433 and $2,292, respectively, third party financing costs of $633 and discontinued operations of $256.

Critical Accounting Policies and Estimates

Refer to the Annual Report on Form 10-K filed with the SEC on June 11, 2024 for the fiscal year ended December 30, 2023. There have been no changes to our critical accounting policies during the nine months ended June 30, 2024.

Recent Accounting Pronouncements

In December 2023, the FASB issued ASU 2023-09, Improvements to Income Tax Disclosures (Topic 740), which establishes new income tax disclosure requirements in addition to modifying and eliminating certain existing requirements. The new guidance requires consistent categorization and greater disaggregation of information in the rate reconciliation, as well as further disaggregation of income taxes paid. This change is effective for annual periods beginning after December 15, 2024. This change will apply on a prospective basis to annual financial statements for periods beginning after the effective date. However, retrospective application in all prior periods presented is permitted. The Company does not expect the adoption of this ASU to have a material impact on its financial statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not applicable.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As required by Rule 13a-15 of the Exchange Act, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we evaluated the effectiveness of the design and operation of our “disclosure controls and procedures” as of the end of the period covered by this Quarterly Report on Form 10-Q.

We maintain disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act that are designed to ensure that information required to be disclosed in our reports filed or submitted to the SEC under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the SEC’s rules and forms, and that information is accumulated and communicated to management, including the principal executive and financial officer as appropriate, to allow timely decisions regarding required disclosures. Based on that evaluation, we identified a material weakness related to the lack of a sufficient complement of competent finance personnel to appropriately account for, review and disclose the completeness and accuracy of transactions we entered into. Our management has also identified a material weakness in our internal control over our goodwill assessment relating to the lack of a sufficient process for determining the valuation of goodwill assets.

Our principal executive officer and principal financial officer evaluated the effectiveness of disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q (“Evaluation Date”), pursuant to Rule 13a-15(b) under the Exchange Act. Based on that evaluation, our principal executive officer and principal financial officer concluded that, as of the Evaluation Date, our disclosure controls and procedures were not effective, due to the material weakness in our control environment and financial reporting process discussed above.

Management believes that the condensed consolidated financial statements in this Quarterly Report on Form 10-Q fairly present, in all material respects, our financial condition as of the Evaluation Date, and results of our operations and cash flows for the Evaluation Date, in conformity with GAAP.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting, identified in connection with the evaluation of such internal control that occurred during the quarter ended September 28, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

Whitaker v. Monroe Staffing Services, LLC & Staffing 360 Solutions, Inc.

On March 9, 2024, a Settlement and Release Agreement was entered into by both parties. Under this agreement, which was entered into to avoid costly court fees, the Company agreed to make a payment, in full and final settlement, of $2 million plus interest across the following dates and amounts: $115 on May 1, 2024, $114 on June 1, 2024, $114 on September 30, 2024, $113 on August 1, 2024, $112 on September 1, 2024, and a final payment of $1,511 on October 1, 2024. There is a five-day cure period for each payment and there is a Confession of Judgement in favor of the defendant for the full amount of the original Earnout plus interest, in the event of non-compliance.

On October 9, 2024, we entered into Amendment No. 1 to the Settlement and Release Agreement (“Amendment No. 1) to pay $1,500 plus interest. We agreed to make payments on the following dates and in the following amounts: $511 on October 9, 2024, $107 on November 1, 2024, $107 on December 1, 2024, $106 on January 1, 2025, and a final payment of $705 on February 1, 2025. In accordance with Amendment No 1, payments were made on October 9, 2024 and November 1, 2024.

As of the date of this filing, we are not aware of any other material legal proceedings to which we or any of our subsidiaries is a party or to which any of our property is subject, other than as disclosed above.

Item 1A. Risk Factors.

The following description of risk factors includes any material changes to risk factors associated with our business, financial condition and results of operations previously disclosed in “Item 1A. Risk Factors” of our Annual Report on Form 10-K filed with the SEC on June 11, 2024. Our business, financial condition and operating results can be affected by a number of factors, whether currently known or unknown, including but not limited to those described below, any one or more of which could, directly or indirectly, cause our actual financial condition and operating results to vary materially from past, or from anticipated future, financial condition and operating results. Any of these factors, in whole or in part, could materially and adversely affect our business, financial condition, operating results, and stock price.

The following discussion of risk factors contains forward-looking statements. These risk factors may be important to understanding other statements in this Quarterly Report on Form 10-Q. The following information should be read in conjunction with the condensed consolidated financial statements and related notes thereto included in Part I, Item 1, “Financial Statements” and Part I, Item 2, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” of this Quarterly Report on Form 10-Q.

Risks Relating to our Common Stock

We may not meet the continued listing requirements of Nasdaq, which could result in a delisting of our common stock.

As previously reported, on June 20, 2024, we received a letter from the Staff of the Listing Qualifications Department of Nasdaq (the “Staff”) indicating that we were no longer in compliance with the minimum stockholders’ equity requirement (the “Minimum Stockholders’ Equity Requirement”) for continued listing on Nasdaq pursuant to Nasdaq Listing Rule 5550(b)(1), which such rule requires listed companies to maintain stockholders’ equity of at least $2,500,000 or meet the alternative compliance standards relating to the market value of listed securities or net income from continuing operations.

On August 13, 2024, following the Staff’s review of our plan to regain compliance with the Minimum Stockholders’ Equity Requirement submitted on June 14, 2024, and on August 5, 2024, we received a letter (the “Notice”) indicating that the Staff determined to deny our request for continued listing on Nasdaq. Pursuant to the Notice, based on the preliminary nature of our plan, the Staff determined that we did not provide a definitive plan evidencing our ability to achieve near term compliance with the Minimum Stockholders’ Equity Requirement. We requested an appeal of the Staff’s determination, and a hearing before the Nasdaq Hearings Panel (the “Panel”) was held on October 3, 2024.

On October 8, 2024, we received a letter from the Nasdaq Hearings Panel (“Panel”) indicating that the Panel determined to grant our request to continue our listing on Nasdaq, subject to certain milestones being met on November 1, 2024, and December 31, 2024.

Although we expect to take actions intended to restore our compliance with the listing requirements, we can provide no assurance that any action taken by us would be successful. If Nasdaq delists our common stock from trading on its exchange for failure to meet Nasdaq’s listing standards for continued listing, an investor would likely find it significantly more difficult to dispose of or obtain our shares, and our ability to raise future capital through the sale of our shares or issue our shares as consideration in acquisitions could be severely limited. Additionally, we may not be able to list our common stock on another national securities exchange, which could result in our securities being quoted on an over-the-counter market. If this were to occur, our stockholders could face significant material adverse consequences, including limited availability of market quotations for our common stock and reduced liquidity for the trading of our securities. Delisting could also have other negative results, including the potential loss of confidence by employees, the loss of institutional investor interest and fewer business development opportunities.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

There have been no unregistered sales of securities during the period covered by this Quarterly Report on Form 10-Q that have not been previously reported in a Current Report on Form 8-K. We have not made any purchases of our own securities during the time period covered by this Quarterly Report on Form 10-Q.

Item 3. Defaults upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

Exhibit No.	Description
2.1+	Agreement and Plan of Merger among Staffing 360 Solutions, Inc, A36 Merger Sub Inc. and Atlantic International Corp, dated November 1, 2024 (previously filed as Exhibit 2.1 to the Company’s Current Report on Form 8-K filed with the SEC on November 4, 2024).
10.1	Second Omnibus Amendment and Reaffirmation Agreement, dated September 18, 2024, by and between Staffing 360 Solutions, Inc. and Jackson Investment Group, LLC (previously filed as Exhibit 10.1 to the Company’s Current Report on Form 8-K filed with the SEC on September 19, 2024).
10.2	Amendment No. 30 to the Credit and Security Agreement, effective as of September 18, 2024, by and between Staffing 360 Solutions, Inc. and MidCap Funding X Trust (previously filed as Exhibit 10.2 to the Company’s Current Report on Form 8-K filed with the SEC on September 19, 2024).

10.3	Amendment No. 31 to the Credit and Security Agreement, effective as of October 9, 2024, by and between Staffing 360 Solutions, Inc. and MidCap Funding X Trust (previously filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on October 11, 2024).
31.1*	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of Sarbanes Oxley Act of 2002.
31.2*	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of Sarbanes Oxley Act of 2002.
32.1**	Certification of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of Sarbanes Oxley Act of 2002.
101.INS*	Inline XBRL Instance Document
101.SCH*	Inline XBRL Taxonomy Schema
101.CAL*	Inline XBRL Taxonomy Calculation Linkbase
101.DEF*	Inline XBRL Taxonomy Definition Linkbase
101.LAB*	Inline XBRL Taxonomy Label Linkbase
101.PRE*	Inline XBRL Taxonomy Presentation Linkbase
104*	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith

** Furnished herewith

\+ Certain of the schedules (and similar attachments) to this exhibit have been omitted in accordance with Item 601(a)(5) of Regulation S-K under the Securities Act because they do not contain information material to an investment or voting decision and that information is not otherwise disclosed in the exhibit or the disclosure document. The registrant hereby agrees to furnish a copy of all omitted schedules (or similar attachments) to the SEC upon its request.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

STAFFING 360 SOLUTIONS, INC.

Date: November 15, 2024	By: */s/ Brendan Flood* Brendan Flood Chairman and Chief Executive Officer (Principal Executive Officer)
Date: November 15, 2024	By: */s/ Melanie Grossman* Melanie Grossman Senior Vice President, Corporate Controller (Principal Accounting and Financial Officer)

Exhibit 31.1

CERTIFICATION
OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, Brendan Flood, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Staffing 360 Solutions, Inc. (“Registrant”);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13-a13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures; and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: November 15, 2024

/s/ Brendan Flood
Brendan Flood
Chairman and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

**CERTIFICATION
OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Melanie Grossman, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Staffing 360 Solutions, Inc. ("Registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13-a13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures; and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 15, 2024

/s/ Melanie Grossman
Melanie Grossman
Senior Vice President, Corporate Controller
(Principal Accounting and Financial Officer)

Exhibit 32.1

CERTIFICATION
OF PRINCIPAL EXECUTIVE OFFICER AND
PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U. S. C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Staffing 360 Solutions, Inc. (“Company”) for the period ended September 28, 2024 (“Report”), I, Brendan Flood, Chairman and Chief Executive Officer of the Company, and I, Melanie Grossman, Senior Vice President, Corporate Controller of the Company, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 15, 2024	*/s/ Brendan Flood* Brendan Flood Chairman and Chief Executive Officer (Principal Executive Officer)
Date: November 15, 2024	*/s/ Melanie Grossman* Melanie Grossman Senior Vice President, Corporate Controller (Principal Accounting and Financial Officer)

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed from within the electronic version of this written statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.