Staffing 360 Solutions, Inc.
Form 424B4
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Registration No. 333-228448

Prospectus

2,425,000 Shares of Common Stock

Staffing 360 Solutions, Inc.

We are offering 2,425,000 shares of our common stock. Our common stock is listed on the Nasdaq Capital Market under the symbol "STAF." On February 7, 2019, the last reported sale price of our common stock on the Nasdaq Capital Market was $2.18 per share.

Investing in our securities involves a high degree of risk. See the section entitled "Risk Factors" beginning on page 11 of this prospectus and in the documents incorporated by reference into this prospectus for a discussion of risks that should be considered in connection with an investment in our securities.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or delivery of accuracy of this prospectus. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public offering price(1)	$ 1.65	$ 4,001,250
Underwriting discounts and commissions (2)(3)	$ 0.1155	$ 280,088
Proceeds, before expenses, to us	$ 1.5345	$ 3,721,163

(1) The public offering price is $1.65 per share of common stock.
(2) We have also agreed to pay the underwriter a non-accountable expense allowance equal to 1% of the public offering price and to reimburse the underwriter for up to $142,500 of accountable expenses. See "Underwriting" for additional information.
(3) Does not reflect an additional, one-time fee reimbursement credited to us by the underwriter.

The offering is being underwritten on a firm commitment basis. We have granted the underwriter an option for a period of 45 days from the date of this prospectus to purchase up to an additional 363,750 shares of our common stock at the public offering price less the underwriting discount and commissions. If the underwriter exercises this option in full, the total underwriting discounts and commissions payable by us will be approximately $322,101, and the total proceeds to us, before expenses, will be approximately $4,279,337.

The delivery of the shares of common stock to purchasers is expected to be made on or about February 12, 2019.

The date of this prospectus is February 11, 2019.

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We have not, and the underwriter has not, authorized anyone to provide any information or to make any representations other than those contained in this prospectus or in any free writing prospectuses prepared by or on behalf of us or to which we have referred you. We take no responsibility for and can provide no assurance as to the reliability of, any other information that others may give you. This prospectus is an offer to sell only the securities offered hereby, and only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus or in any applicable free writing prospectus is current only as of its date, regardless of its time of delivery or any sale of our securities. Our business, financial condition, results of operations and prospects may have changed since that date.

PROSPECTUS SUMMARY

This summary highlights information contained in other parts of this prospectus or incorporated by reference into this prospectus from our filings with the Securities and Exchange Commission, or SEC, listed in the section of the prospectus entitled “Incorporation of Certain Information by Reference.” Because it is only a summary, it does not contain all of the information that you should consider before purchasing our securities in this offering and it is qualified in its entirety by, and should be read in conjunction with, the more detailed information appearing elsewhere or incorporated by reference into this prospectus. You should read the entire prospectus, the registration statement of which this prospectus is a part, and the information incorporated by reference herein in their entirety, including the “Risk Factors” and our financial statements and the related notes incorporated by reference into this prospectus, before purchasing our securities in this offering. Unless the context requires otherwise, references in this prospectus to “Staffing 360,” “we,” “us” and “our” refer to Staffing 360 Solutions, Inc. together with its wholly-owned subsidiaries.

Overview

Business overview

We are a high-growth international staffing company engaged in the acquisition of United States and United Kingdom based staffing companies. Our services principally consist of providing temporary contractors, and, to a much lesser extent, the recruitment of candidates for permanent placement. As part of our consolidation model, we pursue a broad spectrum of staffing companies supporting primarily accounting and finance, information technology, engineering, administration and commercial disciplines. As a rapidly growing public company in the international staffing sector, our high-growth business model is based on finding and acquiring, suitable, mature, profitable, operating, domestic and international staffing companies. Our targeted consolidation model is focused specifically on the accounting and finance, information technology, engineering, administration and light industrial 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.

Recent Developments

Initiation of Dividend Program

On January 29, 2019, the board of directors approved a dividend program under which we intend to pay a regular

quarterly cash dividend of $0.01 per share to holders of our common stock. On January 30, 2019, we announced that the first quarterly dividend of $0.01 per share to our common stock holders will be payable on February 28, 2019 to holders of record as of February 15, 2019.

Before we may declare a dividend on the shares of common stock, we must declare and pay a quarterly dividend on the shares of Series E Preferred Stock and Series E-1 Preferred Stock, which is payable at the rate of 12% per annum, and a monthly dividend on the shares of Series A Preferred Stock, which is payable at the rate of 12% per annum. On January 29, 2019, each of Jackson Investment Group, LLC (“Jackson”), as lender and as the holder of our Series E Preferred Stock and Series E-1 Preferred Stock, and Midcap Financial Trust, as lender, and Matthew Briand and Brendan Flood, as the holders of our Series A Preferred Stock, agreed to waive the restrictions in their respective credit documents and the terms of our charter to permit us to issue such dividends.

Extension of British American Tobacco Contract

On January 11, 2019, we re-signed our largest client, British American Tobacco, to provide Resource Process Outsourcing and staffing services, through our U.K. brand, "Clement May Limited."

New Staffing Agreement

On October 30, 2018, we signed a contract with a new customer to provide staffing services through our commercial brand, "Monroe Staffing Services" (the "New Staffing Agreement"). Services under the New Staffing Agreement commenced in January 2019 and based on estimated staffing levels forecasted by the client, is expected to provide us with over $10 million of annualized revenue. The New Staffing Agreement has a two-year term expiring on January

30, 2021, may be extended by mutual agreement of the parties and is terminable by the other party for any reason at any time without further payment except for services provided through the termination date.

CML Acquisition

On June 28, 2018, we and Staffing 360 Solutions Limited (formerly known as Longbridge Recruitment 360 Limited), our wholly-owned subsidiary, entered into share purchase agreements (“Share Purchase Agreements”) to acquire all of the share capital of Clement May Limited (“CML”). Consideration for the acquisition of all the shares was (i) an aggregate cash payment of £1,550,000 ($2,047,000), (ii) 15,000 shares of our common stock, (iii) an earn-out payment of £500,000, which is due in December 2019, and (iv) a deferred consideration of £350,000, to be paid on or around June 28, 2019, depending on the satisfaction of certain conditions set forth in that Share Purchase Agreement. To finance the above transaction, we entered into a term loan with HSBC Bank plc.

Key Resources Acquisition

On August 27, 2018, we and Monroe Staffing Services, LLC, our indirect wholly-owned subsidiary, entered into a Share Purchase Agreement with Pamela D. Whitaker (“Seller”), pursuant to which the Seller sold 100% of the common shares of Key Resources Inc. (“Key Resources”) to us. The transaction closed simultaneously with the signing of the share purchase agreement. The purchase price in connection with the transaction was approximately $12,163,000 of which (a) approximately $8,109,000 was paid to the Seller at closing, (b) up to approximately $2,027,000 is payable as earnout consideration to the Seller on August 27, 2019 and (c) up to $2,027,000 is payable as earnout consideration to the Seller on August 27, 2020. The payment of the earnout consideration is contingent on Key Resources’ achievement of certain trailing gross profit amounts.

To finance the above transaction, the Company entered into an agreement with Jackson on August 27, 2018, pursuant to which the Company’s note purchase agreement with Jackson dated as of September 15, 2017 was amended to add an additional senior debt investment of approximately $8,428,000 in the Company in exchange for a senior secured note in the principal amount of approximately $8,428,000.

The acquisition of Key Resources allowed to expand our commercial staffing presence in North Carolina. Headquartered in Greensboro, North Carolina, and with four office locations, Key Resources is a leading provider of distribution and supply chain personnel.

Debt Exchange Agreement

On November 15, 2018 we entered into a Debt Exchange Agreement (the “Exchange Agreement”) with Jackson, pursuant to which, among other things, Jackson agreed to exchange $13,000,000 (the “Exchange Amount”) of indebtedness of the Company held by Jackson in exchange for 13,000 shares of a newly created class of preferred stock (the “Debt Exchange”) designated as the Series E Convertible Preferred Stock, par value $0.00001 per share, of the Company (the “Series E Preferred Stock”). The Series E Preferred Stock carries quarterly dividend rights of (a) cash dividends accruing (i) at an annual rate per share equal to 12% from the date of issuance and (ii) 17% after the occurrence of a Preferred Default (as defined in the Certificate of Designation for the Series E Preferred Stock), and (b) a dividend payable in shares of Series E-1 Convertible Preferred Stock equal to 5% per annum of the liquidation value of the outstanding Series E Preferred Stock (the “Series E-1 Preferred Stock”). Subject to certain exceptions, the shares of Series E-1 Preferred Stock have all the same terms, preferences and characteristics as the Series E Preferred Stock (including, without limitation, the right to receive cash dividends). For additional information concerning the designations, privileges, rights, powers and preferences of the Series E Preferred Stock and the Series E-1 Preferred Stock, please see “Description of Securities — Series E Preferred Stock” herein.

In addition, we, as borrower, and certain of our domestic subsidiaries, as guarantors, entered into a Second Omnibus Amendment, Joinder and Reaffirmation Agreement with Jackson, as lender (the “Jackson Omnibus”), which among other things amended that certain Amendment and Restated Note Purchase Agreement, dated as of September 15, 2017, as amended by that certain First Omnibus Amendment and Reaffirmation Agreement, dated as of August 27, 2018, and pursuant to which Jackson amended and restated that certain 12% Senior Secured Promissory Note due September 15, 2020, dated September 15, 2017, in the principal amount of $40,000,000 (the “Original Note”), to reflect the satisfaction and cancellation of principal indebtedness under the Original Note in an amount equal to the

$13,000,000 Exchange Amount, and the addition of principal indebtedness in connection with the $312,000 closing fee payable to Jackson, resulting in a new principal amount of $27,312,000 (the “Amended and Restated Note”).

Registered Direct Offering

On January 22, 2019, we completed a registered direct offering of 387,500 shares of our common stock at a purchase price of $2.00 per share for aggregate gross proceeds of approximately $775,000, before placement fees and offering expenses. We expect to use the proceeds of this offering to fund working capital and for other general corporate purposes.

Corporate information

Staffing 360 Solutions, Inc., was incorporated in the State of Nevada on December 22, 2009, as Golden Fork Corporation, which changed its name to Staffing 360 Solutions, Inc., and its trading symbol to “STAF”, on March 16, 2012. On June 15, 2017, we changed our state of domicile to the State of Delaware. Our principal executive office is located at 641 Lexington Avenue, 27th Floor, New York, New York 10022, and our telephone number is (646) 507-5710. Our website is www.staffing360solutions.com, and the information included in, or linked to our website is not part of this prospectus. We have included our website address in this prospectus solely as a textual reference.

The Offering

Common stock offered by us	2,425,000 shares.
Option to purchase additional shares	The underwriter has a 45-day option to purchase up to an additional 363,750 shares of our common stock from us at the public offering price less underwriting discounts and commissions.
Common stock to be outstanding after this offering	8,144,168 shares (or 8,507,918 shares of common stock if the underwriter exercises in full its option to purchase additional shares of common stock).
Use of proceeds	While our Series E Preferred Stock is outstanding, it generally prohibits us from using the proceeds from offerings of equity securities for any purpose other than redeeming our Series E Preferred Stock, except that we may utilize up to an aggregate of $3,000,000 of the proceeds from equity offerings for working capital expenditures.
	In January 2019, we completed an equity offering generating $775,000 of gross proceeds that we intend to use to fund working capital expenditures. We intend to use $2,225,000 of the net proceeds from this offering to fund working capital expenditures, which represents the remainder of our available working capital basket for equity offering proceeds under the Series E Preferred Stock, and the remainder of the proceeds to make redemption payments on our existing Series E Preferred Stock. In the future, we may seek a waiver from the holders of the Series E Preferred stock to permit us utilize a portion of the proceeds of this offering to pay deferred acquisition consideration costs associated with our recent acquisitions. See "Use of Proceeds."
Risk factors	See "Risk Factors" beginning on page 11 of this prospectus and in the documents incorporated by reference in this prospectus supplement for a discussion of factors you should consider carefully when making an investment decision.
NASDAQ Capital Market symbol	STAF

The number of shares of our common stock outstanding is 5,719,168 as of January 30, 2019 and excludes, as of that date:

- 111,400 shares of common stock issuable upon exercise of stock options;
- 43,238 shares of common stock issuable upon potential conversion of Series A Preferred Stock;
- 7,303,371 shares of common stock issuable upon potential conversion of 13,000 shares of Series E Preferred Stock;
- 81,325 shares of common stock issuable upon potential conversion of 135 shares of Series E-1 Convertible Preferred Stock issued as dividends to the holders of the Series E Preferred Stock;

- 925,935 shares of common stock issuable upon the exercise of warrants outstanding prior to this offering at a volume weighted average price of $1.76;
- 574,272 shares of common stock issuable upon the vesting of unvested restricted stock awards; and

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- shares of common stock issuable upon the conversion of any Series E-1 Preferred Stock issued as future dividends on the outstanding Series E Preferred Stock.

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SUMMARY HISTORICAL AND CONSOLIDATED FINANCIAL DATA

We report our financial results in accordance with U.S. generally accepted accounting principles ("GAAP"). The summary historical consolidated statement of operations data for the nine months ended September 29, 2018 ("Q3 2018 YTD") and September 30, 2017 ("Q3 2017 YTD") and the summary historical consolidated balance sheet data as of September 29, 2018 presented below have been derived from our unaudited consolidated financial statements incorporated by reference in this prospectus. The summary historical consolidated statement of operations data for the fiscal year ended December 30, 2017 ("Fiscal 2017") and transition period from June 1, 2016 to December 31, 2016 ("Transition Period") and the consolidated balance sheet data as of December 30, 2017 and December 31, 2016 presented below have been derived from our audited consolidated financial statements incorporated by reference in this prospectus. The summary historical consolidated financial statements should be read in conjunction with such consolidated financial statements.

Statement of Operations Data:

(All amounts in thousands, except share, par values and stated values)	Q3 2018 YTD	Q3 2017 YTD	Fiscal 2017	Transition Period
Total Revenue	$186,835	$133,174	$192,650	$109,422
Costs, expenses and other:				
Cost of Revenue, excluding depreciation and amortization stated below	150,876	108,347	155,909	90,285
Selling, general and administrative expenses	33,315	22,362	32,819	18,244
Depreciation and amortization	2,251	2,310	3,566	1,773
Impairment of goodwill	—	—	4,790	—
Interest expense	6,185	1,843	3,745	1,382
Amortization of debt discount and deferred financing costs	393	2,610	2,745	1,409
Loss on extinguishment of debt, net	—	6,132	6,132	162
Change in fair value of warrant liability	(879)	493	(383)	—
Gain from sale of business	(238)	—	—	—
Re-measurement loss on intercompany note	332	—	—	—
Other, net	(227)	31	886	12
Loss Before Provision for Income Tax	(5,173)	(10,954)	(17,559)	(3,845)
Benefit from (Provision for) income taxes	78	(213)	(932)	(16)
Net Loss	(5,095)	(11,167)	(18,491)	