

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

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Staffing 360 Solutions, Inc.

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Mailing Address
757 THIRD AVENUE
27TH FLOOR
NEW YORK NY 10017

Business Address
757 THIRD AVENUE
27TH FLOOR
NEW YORK NY 10017
646-507-5710

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

August 30, 2023

Date of Report (Date of earliest event reported)

STAFFING 360 SOLUTIONS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation)

001-37575
(Commission
File Number)

68-0680859
(I.R.S. Employer
Identification Number)

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

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

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.

Title of each class
Common stock

Trading Symbol(s)
STAF

Name of each exchange on which registered
NASDAQ

Item 1.01 Entry Into a Material Definitive Agreement.

First Omnibus Amendment and Reaffirmation Agreement to the Note Documents with Jackson Investment Group, LLC and 12% Senior Secured Promissory Note

On August 30, 2023, Staffing 360 Solutions, Inc. (the “**Company**”) entered into that certain First Omnibus Amendment and Reaffirmation Agreement to the Note Documents (the “**Amendment Agreement**”) with Jackson Investment Group, LLC (“**Jackson**”) and the guarantors party thereto (together with the Company, the “**Obligors**”), which Amendment Agreement, among other things: (i) amends that certain Third Amended and Restated Note and Warrant Purchase Agreement, by and between the Company and Jackson, dated as of October 27, 2022 (the “**Existing Purchase Agreement**”, and, as amended by the Amendment Agreement, the “**Purchase Agreement**”), (ii) provides for the issuance of Jackson Note (as defined below), (ii) 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 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 terms of the Purchase Agreement, simultaneously with the execution of the Amendment Agreement, the Company issued to Jackson a new 12% Senior Secured Promissory Note due October 14, 2024 (the “**Jackson Note**”) in the principal amount of \$2,000,000, the proceeds of which will be used by the Company to repay certain indebtedness of the Company, among others. Pursuant to the terms of the Amendment Agreement and the Jackson Note, the Company is required to pay interest on the Jackson Note at a per annum rate of 12%. In the event the Company has not repaid in cash at 50% of the outstanding principal balance of the Jackson Note on or before October 27, 2023, then interest on the outstanding principal balance of the Jackson Note will accrue at 16% per annum until the Jackson Note is repaid in full. All accrued and unpaid interest on the outstanding principal of the Jackson Note shall be due and payable in arrears in cash on a monthly basis.

Pursuant to the Amendment Agreement, interest on that certain Third Amended and Restated Senior Secured 12% Promissory Note due October 14, 2024, evidencing the obligations of the Obligors under the Existing Purchase Agreement and executed by the Company in favor of Jackson (the “**Existing Note**”), shall be paid in cash and continue to accrue at a rate per annum equal to 12% until the principal amount of the Existing Note has been paid in full. In the event that Company has not repaid in cash at least 50% of the outstanding principal balance of the Existing Note as of the date of the Amendment Agreement or on or before October 27, 2023, then interest on the outstanding principal balance of the Existing Note will accrue at 16% per annum until the Existing Note is repaid in full. All accrued and unpaid interest on the outstanding principal of the Existing 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 Existing Note. Notwithstanding the foregoing, the amount necessary to satisfy such accrued but unpaid interest on the Existing Note as of the date of the Amendment Agreement was retained by Jackson from the aggregate purchase price of the Jackson Note, along with certain out-of-pocket fees and expenses, including reasonable attorney’s fees, incurred by Jackson in connection with the Amendment Agreement, the Jackson Note and related documents thereto.

The foregoing descriptions of the Amendment Agreement and the Jackson Note do not purport to be complete and are qualified in their entirety by reference to the full text of the Amendment Agreement and the Jackson Note, copies of which are attached hereto as Exhibit 10.1 and Exhibit 10.2, respectively, and incorporated herein by reference.

Amendment No. 28 to Credit and Security Agreement and Limited Waiver with MidCap

On August 30, 2023, the Company entered into Amendment No. 28 to Credit and Security Agreement and Limited Waiver (“**Amendment No. 28**”), by and among the Company, as 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, Key Resources, Inc., a North Carolina Corporation, Headway Workforce Solutions, Inc., a Delaware corporation, Headway Employer Services LLC, a Delaware limited liability company, Headway Payroll Solutions, LLC, a Delaware limited liability company, Headway HR Solutions, Inc., a New York corporation, and NC PEO Holdings, LLC, a Delaware limited liability company, collectively, as borrowers (the “**Borrowers**”), 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 (the “**Lenders**”), which amended that certain Credit and Security Agreement, dated as of April 8, 2015 (as amended, restated, amended and restated, supplemented, or otherwise modified from time to time, the “**Credit and Security Agreement**”), by and among, the Borrowers, the Agent and 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 \$1,300,000, less the current funded Additional Reserve Amount, multiplied by (ii) 50%.

In connection with Amendment No. 28, the Company shall pay to MidCap (i) a modification fee of \$68,249.71, and (ii) \$31,750.29 in overdue interest amount, which such fees shall be due and payable on or before October 31, 2023.

The foregoing description does not purport to be complete and is qualified in its entirety by reference to the full text of the Amendment No. 28, a copy of which is attached hereto as Exhibit 10.3 and incorporated herein by reference.

Sixth Amendment to Intercreditor Agreement with Jackson and MidCap

On August 30, 2023, in connection with the Amendment Agreement, the Jackson Note 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 Amendment Agreement and (ii) consent by Jackson to Amendment No. 28.

The foregoing description of the Sixth Amendment does not purport to be complete and is qualified in its entirety by reference to the full text of the Sixth Amendment, a copy of which is attached hereto as Exhibit 10.4 and incorporated herein by reference.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The information set forth in Item 1.01 related to the Amendment Agreement, the Jackson Note and Amendment No. 28 is hereby incorporated by reference into this Item 2.03.

Item 3.02 Unregistered Sales of Equity Securities.

On August 30, 2023, in connection with the Amendment Agreement, the Company issued to Jackson 200,000 shares of common stock of the Company (the “**Jackson Shares**”). The issuance of the Jackson Shares was not registered under the registration requirements of the Securities Act of 1933, as amended, pursuant to an exemption provided by Section 4(a)(2) thereof and Rule 506(b) of Regulation D thereunder as transactions by an issuer not involving a public offering.

Item 3.03 Material Modification to Rights of Security Holders.

The information required by this Item 3.03 is contained in Item 1.01 and is incorporated by reference herein.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
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10.1	First Omnibus Amendment and Reaffirmation Agreement, dated August 30, 2023, by and between Staffing 360 Solutions, Inc. and Jackson Investment Group, LLC.
10.2	12% Senior Secured Promissory Note issued on August 30, 2023 to Jackson Investment Group, LLC
10.3	Amendment No. 28 to the Credit and Security Agreement and Limited Waiver, dated August 30, 2023, by and between Staffing 360 Solutions, Inc. and MidCap Funding X Trust.
10.4	Sixth Amendment to Intercreditor Agreement, dated August 30, 2023, by and among Staffing 360 Solutions, Inc., Jackson Investment Group, LLC and MidCap Funding X Trust.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: September 1, 2023

STAFFING 360 SOLUTIONS, INC.

By: */s/ Brendan Flood*

Brendan Flood
Chairman and Chief Executive Officer

FIRST OMNIBUS AMENDMENT AND REAFFIRMATION AGREEMENT TO THE NOTE DOCUMENTS

THIS FIRST OMNIBUS AMENDMENT AND REAFFIRMATION AGREEMENT TO THE NOTE DOCUMENTS (this “**Agreement**”), dated as of August 30, 2023 is by and among Staffing 360 Solutions, Inc., a Delaware corporation (the “**Company**”), Faro Recruitment America, Inc., a New York corporation (“**Faro**”), Monroe Staffing Services, LLC, a Delaware limited liability company (“**Monroe**”), Lighthouse Placement Services, Inc., a Massachusetts corporation (“**Lighthouse**”), Key Resources, Inc., a North Carolina corporation (“**Key**”), Headway Workforce Solutions, Inc., a Delaware corporation (“**Headway Workforce**”), Headway Employer Services, LLC, a Delaware limited liability company (“**Headway Employer**”), Headway HR Solutions, Inc., a New York corporation (“**Headway HR**”), and NC PEO Holdings, LLC, a Delaware limited liability company (“**NC PEO**” and together with Faro, Monroe, Lighthouse, Key, Headway Workforce, Headway Employer and Headway HR, collectively the “**Guarantors**” and the Guarantors, collectively with Company, the “**Obligors**”) and Jackson Investment Group, LLC (the “**Purchaser**”).

WHEREAS, pursuant to that certain Third Amended and Restated Note and Warrant Purchase Agreement, dated as of October 27, 2022 (as amended, restated, supplemented or otherwise modified from time to time prior to the date hereof, the “**Existing Purchase Agreement**” and the Existing Purchase Agreement, as amended by this Agreement, the “**Purchase Agreement**”), by and among the Obligors and Purchaser, Purchaser agreed to make extensions of credit and other financial accommodations to the Obligors;

WHEREAS, the Obligations of the Obligors under the Existing Purchase Agreement are further evidenced by that certain Third Amended and Restated 12% Senior Secured Note due October 14, 2024, dated as of October 27, 2022 (as amended, restated, supplemented or otherwise modified from time to time prior to the date hereof, the “**Third Amended and Restated Note**”), made and executed by Company in favor of Purchaser;

WHEREAS, the Obligations of the Obligors were secured by, among other things, liens, security interests and other encumbrances pursuant to (i) that certain Amended and Restated Security Agreement, dated as of September 15, 2017 (as amended, restated, supplemented or otherwise modified from time to time prior to the date hereof, the “**Existing Security Agreement**” and the Existing Security Agreement, as amended by this Agreement, the “**Security Agreement**”), by and among the Obligors and Purchaser, and (ii) that certain Amended and Restated Pledge Agreement, dated as of September 15, 2017 (as amended, restated, supplemented or otherwise modified from time to time, the “**Existing Pledge Agreement**” and the Existing Pledge Agreement, as amended by this Agreement, the “**Pledge Agreement**”), by and among the Obligors and Purchaser;

WHEREAS, simultaneously with the execution and delivery of this Agreement, Company desires to issue a new 12% Senior Secured Promissory Note due October 14, 2024, dated the date hereof in the principal amount of \$2,000,000 (as amended, supplemented, restated or otherwise modified from time to time, the “**August 2023 Senior Note**”) pursuant to the terms of the Purchase Agreement, and for which \$2,000,000 of the purchase price proceeds thereof will be used by Company in accordance with the Plan (as defined below);

NOW THEREFORE, in order to induce Purchaser to purchase the August 2023 Senior Note and make available to Company the proceeds thereof in accordance with the terms thereof and of the Purchase Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Defined Terms.** All capitalized terms used but not otherwise defined herein shall have the meanings assigned thereto in the Purchase Agreement.
2. **Amendments to the Existing Purchase Agreement.** Subject to the satisfaction (or waiver in writing by Purchaser) of the conditions precedent set forth in **Section 7** hereof, on the August 2023 Amendment Effective Date:

(a) **Section 1.1** of the Existing Purchase Agreement is hereby amended as of, from and subsequent to the August 2023 Amendment Effective Date to amend and restate the following defined term in its entirety with the applicable definitions set forth below:

“**Senior Note**” or “**Senior Notes**” means, individually or collectively, as the context may require (a) the Third Amended and Restated Note, (b) the August 2023 Senior Note and (c) each other senior promissory note now or hereafter delivered by Company to

Purchaser in substitution, replacement or exchange of the Third Amended and Restated Note or the August 2023 Senior Note, in each case as amended, restated, supplemented or modified from time to time pursuant to the provisions of this Agreement.

(b) Section 1.1 of the Existing Purchase Agreement is hereby amended as of, from and subsequent to the August 2023 Amendment Effective Date by adding the following new definitions in appropriate alphabetical order:

“August 2023 Amendment Agreement” means that certain First Omnibus Amendment and Reaffirmation Agreement to the Note Documents, dated as of the August 2023 Amendment Effective Date, by and among the Obligors and Purchaser as may be amended, restated, supplemented or otherwise modified from time to time.

“August 2023 Amendment Effective Date” shall mean the date upon which all conditions in Section 7 of the August 2023 Amendment Agreement have been satisfied (or waived in writing by Purchaser in its sole discretion).

“August 2023 Senior Note” shall mean that certain 12% Senior Secured Promissory Note, dated the August 2023 Amendment Effective Date, in the principal amount of Two Million Dollars (\$2,000,000) issued by Company to Purchaser on the August 2023 Amendment Effective Date pursuant to Section 2.1(b), and each other senior promissory note now or hereafter delivered to Purchaser in substitution, replacement or exchange thereof, in each case as amended, restated, supplemented or modified from time to time pursuant to the provisions of this Agreement.

(c) Section 2.1 of the Existing Purchase Agreement is hereby amended as of, from and subsequent to the August 2023 Amendment Effective Date by striking clause (b) in its entirety with the following:

(b) Purchase and Sale of August 2023 Senior Note. Company hereby agrees to sell to Purchaser and, subject to the terms and conditions set forth herein and in reliance upon the representations and warranties of Company contained herein, Purchaser agrees to purchase from Company the August 2023 Senior Note for an aggregate total purchase price of Two Million Dollars (\$2,000,000) (the “August 2023 Amendment Purchase Price”), subject to the conditions as provided below in this Section and to the satisfaction of each of the conditions precedent set forth in Section 7 of the August 2023 Amendment Agreement, to be paid in a single advance in the amount of the August 2023 Amendment Purchase Price (the “August 2023 Amendment Advance”) on the August 2023 Amendment Effective Date, as provided in the immediately succeeding sentence. Upon satisfaction of all conditions to the August 2023 Amendment Effective Date set forth in Section 7 of the August 2023 Amendment Agreement, Purchaser shall pay the August 2023 Amendment Advance to Company by wire transfer pursuant to the instructions of Company; provided that (i) the Catch-Up Amount (as defined below) shall be retained by Purchaser and applied by Purchaser to the interest in respect of the Third Amended and Restated Note that is accrued but unpaid as of the August 2023 Amendment Effective Date and (ii) \$42,500.80 of the August 2023 Amendment Advance shall be retained by Purchaser and applied by Purchaser to reimbursement of out-of-pocket fees and expenses (including reasonable attorney fees’) incurred by Purchaser in connection with the August 2023 Amendment Advance and related transactions. Company acknowledges that the payment amounts described in the immediately preceding proviso shall be fully earned and non-refundable when paid on the August 2023 Amendment Effective Date. For the avoidance of doubt, if the conditions precedent set forth in Section 7 of the August 2023 Amendment Agreement are not satisfied (or waived in writing by Purchaser in its sole discretion), then Purchaser shall be under no obligation to purchase the August 2023 Senior Note and pay the August 2023 Amendment Purchase Price and, in such case, Purchaser shall return to Company the August 2023 Senior Note, which shall not be considered issued and outstanding unless and until the August 2023 Amendment Effective Date has occurred (as evidenced by payment of the August 2023 Amendment Advance to Company as provided above in this Section 2.1(b) on the August 2023 Amendment Effective Date).

(d) Section 2.2 of the Existing Purchase Agreement is hereby amended as of, from and subsequent to the August 2023 Amendment Effective Date by striking clause (a) in its entirety with the following:

(a) Interest on the Third Amended and Restated Note. Interest on the outstanding principal balance of the Third Amended and Restated Note shall be paid in cash and continue to accrue at a rate per annum equal to twelve percent (12.00%) on and at all times after the date hereof until the principal amount of such Third Amended and Restated Note has been paid in full. In the event that Company has not repaid in cash at least fifty percent (50.00%) of the outstanding principal balance of the Third Amended and Restated Note as of the date hereof on or before the First Anniversary, then the interest on the outstanding principal balance of the Third Amended and Restated Note shall continue to accrue at an increased rate per annum equal to sixteen percent (16.00%) of the outstanding principal balance of the Third Amended and Restated Note until the Third Amended and Restated Note is repaid in full. For the avoidance of doubt, any accrued and unpaid interest on the principal balance of the Existing Senior Notes which is not paid in full in cash on the Closing Date, shall on and after the Closing Date continue to remain an obligation of Company and shall be treated as accrued and unpaid interest

on the outstanding principal balance of the Third Amended and Restated Note, and such interest shall be due and payable in cash on each Interest Payment Date in accordance with the terms set forth below in this Section and the terms of the Third Amended and Restated Note. All accrued and unpaid interest on the outstanding principal balance of the Third Amended and Restated Note shall be due and payable in arrears in cash on a monthly basis on the first day of each month in each year on and after the date hereof (with the first such monthly payment due on November 1, 2022; each such monthly payment date being referred to herein as an “Interest Payment Date”) and on the Maturity Date; provided that the interest payment that would, pursuant to this sentence, be due on the Interest Payment Date occurring on September 1, 2023 shall instead be due on the Interest Payment Date occurring on December 1, 2023, provided further that the amount of each such deferred interest payment shall be added to the principal amount of the Note as of the date that such interest payment would, pursuant to this sentence, be due, so that the interest payable on the deferred Interest Payment Date shall include interest accrued on the amount of such deferred interest accruing since the date of its deferral. Notwithstanding the foregoing, all interest on the Third Amended and Restated Note that remains accrued but unpaid as of the August 2023 Amendment Effective Date shall be repaid with the proceeds of the August 2023 Amendment Advance on the August 2023 Amendment Effective Date and Company hereby authorizes Purchaser to deduct from the proceeds of the August 2023 Amendment Advance, the amount necessary to satisfy such accrued but unpaid interest (the “*Catch-Up Amount*”).

(e) Section 2.2 of the Existing Purchase Agreement is hereby amended as of, from and subsequent to the August 2023 Amendment Effective Date by striking clause (b) in its entirety with the following:

(b) Interest on the outstanding principal balance of the August 2023 Senior Note shall be paid in cash and continue to accrue at a rate per annum equal to twelve percent (12.00%) on and at all times after August 2023 Amendment Effective Date until the principal amount of such August 2023 Senior Note has been paid in full. In the event that Company has not repaid in cash at least fifty percent (50.00%) of the outstanding principal balance of the August 2023 Senior Note as of the date hereof on or before the First Anniversary, then the interest on the outstanding principal balance of the August 2023 Senior Note shall continue to accrue at an increased rate per annum equal to sixteen percent (16.00%) of the outstanding principal balance of the August 2023 Senior Note until the August 2023 Senior Note is repaid in full. All accrued and unpaid interest on the outstanding principal balance of the August 2023 Senior Note shall be due and payable in arrears in cash on a monthly basis on the first day of each month in each year on and after the date hereof (with the first Interest Payment Date in respect of the August 2023 Senior Note to occur on October 1, 2023) and on the Maturity Date.

(f) Section 7.14 of the Existing Purchase Agreement is hereby amended as of, from and subsequent to the August 2023 Amendment Effective Date to include the August 2023 Commitment Fee Shares (as defined below), such that all references in such Section to the Commitment Fee Shares shall be deemed to refer to both the Commitment Fee Shares as defined in the Existing Purchase Agreement and the August 2023 Commitment Fee Shares.

3. Amendments to the Existing Security Agreement. Subject to the satisfaction (or waiver in writing by Purchaser) of the conditions precedent set forth in Section 7 hereof, the Existing Security Agreement is hereby amended as of, from and subsequent to the August 2023 Amendment Effective Date as follows: (a) each Obligor signatory hereto shall become party to the Existing Security Agreement without any further action and all references to “Debtors” therein shall be deemed to refer to each Obligor signatory hereto, (b) the term “Secured Obligations” as defined in the Existing Security Agreement shall be deemed to include, without limitation, the following additional obligations (i) all obligations, covenants, agreements and liabilities, of Company and the other Obligors under the Transaction Documents (including, without limitation, the August 2023 Senior Note), and (ii) the obligation of Company to pay all amounts when due under the August 2023 Senior Note and the other Transactions Documents including, without limitation, all principal, accrued interest, fees and other amounts, (c) all references in the Existing Security Agreement to the “Note” shall be deemed to refer to both the Third Amended and Restated Note and the August 2023 Senior Note and (c) all references in the Security Agreement to the “Note Documents” shall be deemed to refer to the Transaction Documents as defined in the Purchase Agreement as amended hereby.

4. Amendments to the Existing Pledge Agreement. Subject to the satisfaction (or waiver in writing by Purchaser) of the conditions precedent set forth in Section 7 hereof, the Existing Pledge Agreement is hereby amended as of, from and subsequent to the August 2023 Amendment Effective Date as follows: (a) each Obligor signatory hereto shall be come party to the Existing Pledge Agreement without any further action and all references to “Pledgors” therein shall be deemed to refer to each Obligor signatory hereto, (b) the term “Secured Obligations” as defined in the Pledge Agreement shall be deemed to include, without limitation, the following additional obligations (i) all obligations, covenants, agreements and liabilities, of Company and the other Obligors under the Transaction Documents (including, without limitation, the August 2023 Senior Note) and (ii) the obligation of Company to pay all amounts when due under the August 2023 Senior Note and the other Transactions Documents including, without limitation, all principal, accrued interest, fees and other amounts, (b) all references in the Pledge Agreement to the “Note” shall be deemed to also refer to the both the Third Amended and Restate Senior

Note and the August 2023 Senior Note and (c) all references in the Pledge Agreement to the “Note Documents” shall be deemed to refer to the Transaction Documents as defined in the Purchase Agreement as amended hereby.

5. Representations and Warranties. Each Obligor represents and warrants, that (a) immediately prior to giving effect to the August 2023 Amendment Effective Date, each representation and warranty contained in the Purchase Agreement and each other Transaction Document are true and correct in all material respects (other than a representation or warranty qualified by materiality or a Material Adverse Effect, which representation and warranty are true and correct in all respects) and (b) immediately after giving effect to the August 2023 Amendment Effective Date and the other transactions contemplated herein, each representation and warranty contained in the Purchase Agreement and each other Transaction Document are true and correct in all material respects (other than a representation or warranty qualified by materiality or a Material Adverse Effect, which representation and warranty are true and correct in all respects).

6. Reaffirmation. Each of the Obligors hereby reaffirms (a) all of its obligations under the Transaction Documents, and agrees that this Agreement and all documents, agreements and instruments executed in connection herewith do not operate to reduce or discharge any Obligor’s obligations under the Transaction Documents, and (b) the continuing security interests in its respective assets granted in favor of Purchaser pursuant to the Security Documents. Each of the Obligors hereby (i) acknowledges and agrees that its guarantee of the Obligations includes, without limitation, all principal, interest, fees and other amounts now or hereafter due by Company under the August 2023 Senior Note and the other Transaction Documents, (ii) ratifies all the provisions of, and reaffirms its obligations under, the guarantee set forth in Article 4 of the Purchase Agreement and each other Transaction Document to which it is a party and confirms that all provisions of each such document are and shall remain in full force and effect in accordance with its terms, and (iii) reaffirms the continuing security interests in its assets granted in favor of Purchaser pursuant to the Security Documents.

7. Conditions Precedent: This Agreement shall not become effective until and the obligations of Purchaser to purchase the August 2023 Senior Note and pay the August 2023 Amendment Purchase Price therefore are subject to satisfaction (or waiver by Purchaser in its sole discretion, which such waiver must be in writing signed by Purchaser and specifically reference this Section 7) of each of the following conditions:

(a) Documentation. Purchaser shall have received counterparts, on or prior to the August 2023 Amendment Effective Date, the following, each in form and substance satisfactory to Purchaser and its counsel, of the following, each properly executed by each Obligor that is party thereto: (i) counterparts of this Agreement duly executed by each Obligor, (ii) the August 2023 Senior Note in the principal amount of Two Million Dollars (\$2,000,000) duly executed and issued by Company to Purchaser, and (iii) such other consents, instruments or documents, each in form and substance reasonably satisfactory to Purchaser, as Purchaser shall require in connection with the purchase of the August 2023 Senior Note on the August 2023 Amendment Effective Date.

(b) Issuance of August 2023 Commitment Fee Shares. Company shall have instructed its stock transfer agent to reflect the issuance of the August 2023 Commitment Fee Shares (defined below) to Purchaser on the August 2023 Amendment Effective Date and to deliver a share certificate to Purchaser as required pursuant to Section 12 of this Agreement, and Purchaser shall have received copies of said instructions, in form and substance reasonably satisfactory to it.

(c) MidCap Approval. Purchaser and MidCap Funding IV Trust shall have entered into that certain Sixth Amendment to Intercreditor Agreement, in a form and substance satisfactory to Purchaser in its sole discretion.

(d) Lien Searches. Purchaser shall have received, certified copies of Uniform Commercial Code search reports with respect to each applicable public office where Liens are or may be filed disclosing that there are no Liens of record in such official’s office covering any Collateral or showing an Obligor as debtor thereunder (other than Permitted Liens or other Liens consented to by Purchaser in writing).

(e) Representations and Warranties. The representations and warranties contained in the Note Purchase Agreement and each other Transaction Document shall be true and correct in all material respects (or, with respect to representations already qualified by concepts of materiality, in all respects) on and as of the August 2023 Amendment Effective Date.

(f) No Event of Default. Immediately prior to giving effect to the August 2023 Amendment Effective Date, no Default or Event of Default shall exist under the Existing Purchase Agreement.

(g) No Material Adverse Effect. No Material Adverse Effect has occurred since the period represented by the most recent financial statements provided to Purchaser.

(h) No Default, Etc. No Default or Event of Default shall exist.

8. Post-Closing Covenant. As soon as possible, but in any case, within 30 days after the August 2023 Amendment Effective Date, the Company shall deliver or cause to be delivered to Purchaser (i) evidence that the Company has paid its unpaid taxes due as of the August 2023 Amendment Effective Date and (ii) the certificate of good standing of the Company issued by the Secretary of State of the State of Delaware.

9. Reference to and Effect on the Existing Purchase Agreement and the other Transaction Documents.

(a) On and after the August 2023 Amendment Effective Date, (i) each reference in the Purchase Agreement and each of the other Transaction Documents to the “**Purchase Agreement**”, “**thereunder**”, “**thereof**” or words of like import referring to the Existing Purchase Agreement shall mean and be a reference to the Purchase Agreement, (ii) each reference in each of the other Transaction Documents to, as applicable, a “**Security Agreement**”, “**thereunder**”, “**thereof**” or words of like import referring to, as applicable, the Existing Security Agreements shall mean and be a reference to, as applicable, the Security Agreement and (iii) each reference in each of the other Transaction Documents to, as applicable, a “**Pledge Agreement**”, “**thereunder**”, “**thereof**” or words of like import referring to, as applicable, the Existing Pledge Agreements shall mean and be a reference to, as applicable, the Pledge Agreement.

(b) The execution, delivery and effectiveness of this Agreement shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of Purchaser under any of the Transaction Documents, or constitute a waiver of any provision of any of the Transaction Documents.

(c) This Agreement, the Purchase Agreement, the August 2023 Senior Note, the Security Agreement and the Pledge Agreement shall each be a “**Note Document**” and “**Transaction Document**” for all purposes under the Purchase Agreement (and for all purposes hereof).

(d) The parties hereto expressly acknowledge that it is not their intention that this Agreement or any of the other Transaction Documents executed or delivered pursuant hereto constitute a novation of any of the obligations, covenants or agreements contained in the Existing Purchase Agreement, the Existing Security Agreement, the Existing Pledge Agreement or any other Transaction Document, but rather constitute a modification thereof or supplement thereto pursuant to the terms contained herein. The Existing Purchase Agreement, the Existing Security Agreement and the Existing Pledge Agreement, in each case as amended, modified or supplemented hereby, shall be deemed to be continuing agreements among the parties thereto, and all documents, instruments, and agreements delivered, as well as all Liens created, pursuant to or in connection with the Existing Purchase Agreement, the Existing Security Agreement, the Existing Pledge Agreement and the other Transaction Documents shall remain in full force and effect, each in accordance with its terms (as amended, modified or supplemented by this Agreement), unless such document, instrument, or agreement has otherwise been terminated or has expired in accordance with or pursuant to the terms of this Agreement or such document, instrument, or agreement or as otherwise agreed by the required parties hereto or thereto.

10. Expenses; Reimbursement. On the August 2023 Amendment Effective Date, Company hereby authorizes Purchaser to deduct from the proceeds of the August 2023 Amendment Advance, the fees and expenses as specified in Section 2(c) above of this Agreement. The expense reimbursement provisions set forth in Section 10.3 of the Purchase Agreement are hereby incorporated by reference and, without limiting the generality of the foregoing, shall be deemed fully applicable the fees, costs and expenses incurred by Purchaser in connection with the negotiation, execution and delivery of this Agreement.

11. Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining portions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

12. Execution in Counterparts. This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or other electronic imaging means (e.g. “**pdf**” or “**tif**”) shall be effective as delivery of a manually executed counterpart of this Agreement.

13. Additional Covenants in respect of Commitment Fee Shares. Company hereby covenants and agrees that it shall deliver the direction to its transfer agent described in section 7(b), on the August 2023 Amendment Effective Date, with respect to the issuance to Purchaser of two hundred thousand (200,000) shares of Company's Common Stock (the "August 2023 Commitment Fee Shares") as a closing commitment fee, which fee shall be fully earned on the August 2023 Amendment Effective Date. Such shares shall be issued in the name of Purchaser on the August 2023 Amendment Effective Date. The August 2023 Commitment Fee shall be subject to any restrictive legend comparable to the legend in Section 6.31(e)(i) of the Purchase Agreement, provided however, Company shall promptly cause such legend to be removed at any time that there is an effective registration statement covering the resale of such Shares. Purchaser further agrees that (i) any sales of such Shares pursuant to an effective registration statement shall be made in accordance with the plan of distribution of such registration statement and (ii) shall comply with all prospectus delivery requirements.

14. Additional Actions. Reference is hereby made to the Agenda for the Board Meeting of Company held on August 15, 2023 (the "Plan"), a copy of which has been furnished to Purchaser. Company hereby covenants and agrees to use best efforts to implement the cost savings reductions and other measures referenced in the Plan. Company further acknowledges and agrees that the failure to use best efforts in regard to such measures shall constitute an immediate Event of Default under the Transaction Documents. Company further covenants and agrees to use the proceeds of the August 2023 Amendment Advance solely for the purposes set forth in the Plan and not for any other purpose. Company acknowledges and agrees that the failure to use the proceeds of the August 2023 Amendment Advance for any purpose not set forth in the Plan shall constitute an immediate Event of Default under the Transaction Documents.

15. Private Placement Representations. Purchaser agrees that the Shares are being acquired for investment and that Purchaser will not offer, sell or otherwise dispose of the Shares except under circumstances which will not result in a violation of the Securities Act of 1933, as amended (the "Securities Act"), or any applicable state securities laws. In addition, in connection with the issuance of the Shares, Purchaser specifically represents to Company by acceptance or issuance of the Shares, as follows:

(a) Purchaser is aware of Company's business affairs and financial condition and has acquired information about Company sufficient to reach an informed and knowledgeable decision to acquire the Shares. Purchaser is acquiring the Shares for its own account for investment purposes only and not with a view to, or for the resale in connection with, any "distribution" thereof in violation of the Securities Act;

(b) Purchaser understands that the Shares have not been registered under the Securities Act in reliance upon a specific exemption therefrom, which exemption depends upon, among other things, the bona fide nature of Purchaser's investment intent as expressed herein;

(c) Purchaser further understands that the Shares must be held indefinitely unless subsequently registered under the Securities Act and qualified under any applicable state securities laws, or unless exemptions from registration and qualification are otherwise available. Purchaser is aware of the provisions of Rule 144, promulgated under the Securities Act; and

(d) Purchaser is an "accredited investor" as such term is defined in Rule 501 of Regulation D promulgated under the Securities Act.

16. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK (WITHOUT REGARD TO THE PRINCIPLES THEREOF REGARDING CONFLICTS OF LAWS).

17. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE

BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

18. RELEASE. EACH OBLIGOR HEREBY ACKNOWLEDGES AND AGREES THAT: (A) NEITHER IT NOR ANY OF ITS SUBSIDIARIES HAS ANY CLAIM OR CAUSE OF ACTION AGAINST PURCHASER (OR ANY OF THE DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, ATTORNEYS OR CONSULTANTS OF ANY OF THE FOREGOING) ON OR PRIOR TO THE AUGUST 2023 AMENDMENT EFFECTIVE DATE DIRECTLY ARISING OUT OF, CONNECTED WITH OR RELATED TO THIS AGREEMENT, THE EXISTING PURCHASE AGREEMENT OR ANY OTHER TRANSACTION DOCUMENT, OR ANY ACT, EVENT OR TRANSACTION RELATED OR ATTENDANT THERETO, OR THE AGREEMENTS OF PURCHASER CONTAINED THEREIN, OR THE MAKING OF ANY EXTENSIONS OF CREDIT OR OTHER ADVANCES, OR THE MANAGEMENT OF SUCH EXTENSIONS OF CREDIT OR OTHER ADVANCES OR THE COLLATERAL, AND (B) PURCHASER HAS HERETOFORE PROPERLY PERFORMED AND SATISFIED IN A TIMELY MANNER ALL OF ITS OBLIGATIONS TO THE OBLIGOR, AND ALL OF THEIR SUBSIDIARIES AND AFFILIATES. NOTWITHSTANDING THE FOREGOING, PURCHASER WISHES (AND THE OBLIGORS AGREE) TO ELIMINATE ANY POSSIBILITY THAT ANY PAST CONDITIONS, ACTS, OMISSIONS, EVENTS OR CIRCUMSTANCES, THAT HAVE TAKEN PLACE ON OR PRIOR TO THE AUGUST 2023 AMENDMENT EFFECTIVE DATE DIRECTLY ARISING OUT OF, CONNECTED WITH OR RELATED TO THIS AGREEMENT, THE EXISTING PURCHASE AGREEMENT OR ANY OTHER TRANSACTION DOCUMENT, OR ANY ACT, EVENT OR TRANSACTION RELATED OR ATTENDANT THERETO, OR THE AGREEMENTS OF PURCHASER CONTAINED THEREIN, OR THE MAKING OF ANY EXTENSIONS OF CREDIT OR OTHER ADVANCES, OR THE MANAGEMENT OF SUCH EXTENSIONS OF CREDIT OR OTHER ADVANCES OR THE COLLATERAL, WOULD IMPAIR OR OTHERWISE ADVERSELY AFFECT ANY OF THEIR RIGHTS, INTERESTS, SECURITY AND/OR REMEDIES. ACCORDINGLY, FOR AND IN CONSIDERATION OF THE AGREEMENTS CONTAINED IN THIS AGREEMENT AND OTHER GOOD AND VALUABLE CONSIDERATION, EACH OBLIGOR (FOR ITSELF AND ITS SUBSIDIARIES AND AFFILIATES AND THE SUCCESSORS, ASSIGNS, HEIRS AND REPRESENTATIVES OF EACH OF THE FOREGOING) (COLLECTIVELY, THE "RELEASORS") DOES HEREBY FULLY, FINALLY, UNCONDITIONALLY AND IRREVOCABLY RELEASE, WAIVE AND FOREVER DISCHARGE PURCHASER, TOGETHER WITH ITS RESPECTIVE AFFILIATES, AND EACH OF THE DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, ATTORNEYS AND CONSULTANTS OF EACH OF THE FOREGOING (COLLECTIVELY, THE "RELEASED PARTIES"), FROM ANY AND ALL DEBTS, CLAIMS, ALLEGATIONS, OBLIGATIONS, DAMAGES, COSTS, ATTORNEYS' FEES, SUITS, DEMANDS, LIABILITIES, ACTIONS, PROCEEDINGS AND CAUSES OF ACTION, IN EACH CASE, WHETHER KNOWN OR UNKNOWN, CONTINGENT OR FIXED, DIRECT OR INDIRECT, AND OF WHATEVER NATURE OR DESCRIPTION, AND WHETHER IN LAW OR IN EQUITY, UNDER CONTRACT, TORT, STATUTE OR OTHERWISE, WHICH ANY RELEASOR HAS HERETOFORE HAD OR NOW OR HEREAFTER CAN, SHALL OR MAY HAVE AGAINST ANY RELEASED PARTY BY REASON OF ANY ACT, OMISSION OR THING WHATSOEVER DONE OR OMITTED TO BE DONE, IN EACH CASE, ON OR PRIOR TO THE AUGUST 2023 AMENDMENT EFFECTIVE DATE DIRECTLY ARISING OUT OF, CONNECTED WITH OR RELATED TO THIS AGREEMENT, THE EXISTING PURCHASE AGREEMENT OR ANY OTHER TRANSACTION DOCUMENT, OR ANY ACT, EVENT OR TRANSACTION RELATED OR ATTENDANT THERETO, OR THE AGREEMENTS OF PURCHASER CONTAINED THEREIN, OR THE POSSESSION, USE, OPERATION OR CONTROL OF ANY OF THE ASSETS OF ANY OBLIGOR, OR THE MAKING OF ANY EXTENSIONS OF CREDIT OR OTHER ADVANCES, OR THE MANAGEMENT OF SUCH EXTENSIONS OF CREDIT OR OTHER ADVANCES OR THE COLLATERAL. EACH OBLIGOR REPRESENTS AND WARRANTS THAT IT HAS NO KNOWLEDGE OF ANY CLAIM BY ANY RELEASOR AGAINST ANY RELEASED PARTY OR OF ANY FACTS OR ACTS OR OMISSIONS OF ANY RELEASED PARTY WHICH ON THE DATE HEREOF WOULD BE THE BASIS OF A CLAIM BY ANY RELEASOR AGAINST ANY RELEASED PARTY WHICH WOULD NOT BE RELEASED HEREBY.

[SIGNATURE PAGES TO FOLLOW]

IN WITNESS WHEREOF, each of the parties hereto has caused this First Omnibus Amendment and Reaffirmation to Note Documents to be duly executed by its authorized officers, and Purchaser, has caused the same to be accepted by its authorized officer, as of the day and year first above written.

COMPANY:

STAFFING 360 SOLUTIONS, INC.

By: */s/ Brendan Flood*

Name: Brendan Flood

Title: Chairman and Chief Executive Officer

SUBSIDIARY GUARANTORS:

FARO RECRUITMENT AMERICA, INC.

By: /s/ Brendan Flood

Name: Brendan Flood

Title: President and Chief Executive Officer

MONROE STAFFING SERVICES, LLC

By: /s/ Brendan Flood

Name: Brendan Flood

Title: President and Chief Executive Officer

LIGHTHOUSE PLACEMENT SERVICES, INC.

By: /s/ Brendan Flood

Name: Brendan Flood

Title: President

KEY RESOURCES, INC.

By: /s/ Brendan Flood

Name: Brendan Flood

Title: President and Chief Executive Officer

HEADWAY WORKFORCE SOLUTIONS, INC.

By: /s/ Brendan Flood

Name: Brendan Flood

Title: President

HEADWAY EMPLOYER SERVICES, LLC

By: /s/ Brendan Flood

Name: Brendan Flood

Title: President

HEADWAY PAYROLL SOLUTIONS, LLC

By: /s/ Brendan Flood

Name: Brendan Flood

Title: President

HEADWAY HR SOLUTIONS, INC.

By: /s/ Brendan Flood

Name: Brendan Flood

Title: President

NC PEO HOLDINGS, LLC

By: /s/ Brendan Flood

Name: Brendan Flood

Title: President

PURCHASER:

JACKSON INVESTMENT GROUP, LLC

By: /s/ Richard L. Jackson

Name: Richard L. Jackson

Title: Chief Executive Officer

THIS NOTE HAS NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT. THIS NOTE MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN SECURED BY SUCH SECURITIES.

**12% SENIOR SECURED PROMISSORY NOTE
DUE OCTOBER 14, 2024**

\$2,000,000.00

August 30, 2023

FOR VALUE RECEIVED, the undersigned, STAFFING 360 SOLUTIONS, INC., a Delaware corporation (the “Company”), hereby promises to pay to JACKSON INVESTMENT GROUP, LLC (together with its successors and assigns, the “Purchaser”), the principal sum of (a) TWO MILLION DOLLARS AND 00/100 (\$2,000,000.00), plus (b) the entire amount of any and all Interest (as defined below) that at any time on or after the date hereof is added or deemed added to the principal balance of this 12% Senior Secured Note (this “Note”) pursuant to the terms hereof and the Purchase Agreement (as defined below), on October 14, 2024 (or such earlier date upon any acceleration of this Note as provided for herein, the “Maturity Date”), together with interest (computed on the basis of a 360-day year of twelve 30 day months) on the unpaid balance of this Note (which principal balance includes, for the avoidance of doubt, any and all Interest that on or after the date hereof is added or deemed added to the principal amount of this Note) (a) at the rate of twelve percent (12.00%) per annum, accruing from and after the date of this Note and until the entire principal balance of this Note shall have been repaid in full; provided that in the event that the Company has not repaid in cash at least fifty percent (50.00%) of the outstanding principal balance of this Note on or before the First Anniversary, then the interest on the outstanding principal balance of this Note shall continue to accrue at an increased rate per annum equal to sixteen percent (16.00%) of the outstanding principal balance of the this Note until this Note is repaid in full, and (b) on and at all times during which the Default Rate applies pursuant to Section 2.2(c) of the Purchase Agreement, to the extent permitted by law, at a rate per annum equal to five percent (5.00%) in excess of the rate of interest specified in the immediately preceding clauses (a) or (b).

This Note has been issued by the Company to the Purchaser pursuant to that certain Third Amended and Restated Note Purchase Agreement, dated as of October 27, 2022, among the Company, the Subsidiary Guarantors party thereto and the Purchaser, as amended by that certain First Omnibus Amendment and Reaffirmation Agreement to the Note Documents, dated as of the date hereof (as the same may be further amended, restated, supplemented or otherwise modified from time to time, the “Purchase Agreement”). Unless otherwise indicated, capitalized terms used in this Note shall have the respective meanings ascribed to such terms in the Purchase Agreement. All Section references used herein refer to Sections of the Purchase Agreement.

Payments of principal, interest and any other amount due with respect to this Note are to be made in lawful money of the United States of America at the address of the Purchaser as specified in Section 10.1 of the Purchase Agreement or at such other place as shall have been designated by the Purchaser by written notice from the Purchaser to the Company.

This Note has been issued in connection with the Purchase Agreement and the Purchaser is entitled to the benefits thereof, and this Note is secured by and entitled to the benefits of the Security Documents and is guaranteed by each of the Subsidiary Guarantors pursuant to the guaranty provided for in Article 4 of the Purchase Agreement.

This Note is a registered Note and, as provided in the Purchase Agreement, upon surrender of this Note for registration of transfer, accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder’s attorney duly authorized in writing, a new Note for a like principal amount (less any principal amount repaid prior to such transfer in accordance with the Purchase Agreement) will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Company may treat the Person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company will not be affected by any notice to the contrary. The transfer or assignment of

this Note by the Purchaser is subject to the provisions of Section 10.5 of the Purchase Agreement, and so long as no Default or Event of Default exists, the consent of the Company (which consent shall not be unreasonably withheld, delayed or conditioned).

This Note is subject to (a) optional prepayment, in whole or from time to time in part, without penalty or premium, subject to the notice and other requirements as provided in Section 2.3(b) of the Purchase Agreement, and (b) mandatory prepayment to the extent provided in Section 2.3(c) of the Purchase Agreement.

All accrued and unpaid interest on the outstanding principal balance of this Note shall be due and payable on each monthly Interest Payment Date as provided in Section 2.2 of the Purchase Agreement (with the first such monthly payment due on September 1, 2023 to include all accrued and unpaid interest on this Note from and after the date hereof, together with all unpaid interest under the Existing Notes accrued prior to the date hereof) and on the Maturity Date. In the event of any conflict between the terms of this Note and Section 2.2 of the Purchase Agreement in respect of the payment of any interest on this Note, the terms of Section 2.2 of the Purchase Agreement shall control.

If an Event of Default occurs and is continuing, the principal of this Note and all accrued and unpaid interest on the principal amount of this Note (including, without limitation, any unpaid Deferred Interest and any accrued interest thereon) may be accelerated and declared or otherwise become due and payable in the manner and with the effect provided in the Purchase Agreement.

THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK (WITHOUT REGARD TO THE PRINCIPLES THEREOF REGARDING CONFLICTS OF LAWS). THE TERMS OF SECTIONS 10.12 AND 10.13 OF THE PURCHASE AGREEMENT WITH RESPECT TO SUBMISSION TO JURISDICTION, CONSENT TO SERVICE OF PROCESS, VENUE AND WAIVER OF JURY TRIAL ARE INCORPORATED HEREIN BY REFERENCE, MUTATIS MUTANDIS, AND THE COMPANY AGREES TO SUCH TERMS.

In no event shall the amount or rate of interest due and payable under this Note exceed the maximum amount or rate of interest allowed by Applicable Law and, in the event any such excess payment is made by the Company or received by Purchaser, such excess sum shall be credited as a payment of principal or, if no principal shall remain outstanding, shall be refunded to the Company. It is the express intent hereof that Company shall not pay and Purchaser not receive, directly or indirectly or in any manner, interest in excess of that which may be lawfully paid under Applicable Law.

The Company hereby waives presentment, demand, protest or notice of any kind in connection with this Note. Time is of the essence of this Note.

[Signature Page Follows]

STAFFING 360 SOLUTIONS, INC.

By: /s/ Brendan Flood

Name: Brendan Flood

Title: Chairman and Chief Executive Officer

[Signature Page to 12% Senior Secured Promissory Note due October 14, 2024]

AMENDMENT NO. 28 TO
CREDIT AND SECURITY AGREEMENT AND LIMITED WAIVER

THIS AMENDMENT NO. 28 TO CREDIT AND SECURITY AGREEMENT AND LIMITED WAIVER (this “**Amendment**”) is effectively dated as of the 30 day of August, 2023, by and among **MONROE STAFFING SERVICES, LLC**, a Delaware limited liability company, **FARO RECRUITMENT AMERICA, INC.**, a New York corporation, **LIGHTHOUSE PLACEMENT SERVICES, INC.**, a Massachusetts corporation, **KEY RESOURCES, INC.**, a North Carolina corporation, **HEADWAY WORKFORCE SOLUTIONS, INC.**, a Delaware corporation, **HEADWAY EMPLOYER SERVICES LLC**, a Delaware limited liability company, **HEADWAY PAYROLL SOLUTIONS, LLC**, a Delaware limited liability company, **HEADWAY HR SOLUTIONS, INC.**, a New York corporation, and **NC PEO HOLDINGS, LLC**, a Delaware limited liability company (each of the foregoing Persons being referred to herein individually as a “**Borrower**”, and collectively as “**Borrowers**”), **STAFFING 360 SOLUTIONS, INC.**, a Delaware corporation (as “**Parent**”), and **MIDCAP FUNDING IV TRUST**, a Delaware statutory trust, as successor-by-assignment to MidCap Funding X Trust (as Agent for Lenders, “**Agent**”, and individually, as a Lender), and the other financial institutions or other entities from time to time parties to the Credit Agreement referenced below, each as a Lender.

RECITALS

A. Borrowers, Agent and Lenders are party to that certain Credit and Security Agreement dated as of April 8, 2015 (as amended by that certain Amendment No. 1 and Joinder Agreement to Credit and Security Agreement dated as of July 13, 2015, by that certain Amendment No. 2 to Credit and Security Agreement dated as of August 31, 2015, by that certain Overadvance Letter dated October 9, 2015, by that certain Overadvance Letter dated as of November 20, 2015, by that certain Overadvance Letter dated as of February 8, 2016, by that certain Amendment No. 3 to Credit and Security Agreement and Limited Waiver dated as of February 8, 2016, by that certain Amendment No. 4 and Joinder Agreement to Credit and Security Agreement dated as of July 11, 2016, by that certain Amendment No. 5 to Credit and Security Agreement dated as of September 26, 2016, by that certain Amendment No. 6 to Credit and Security Agreement and Limited Consent dated as of January 26, 2017, by that certain Amendment No. 7 to Credit and Security Agreement and Limited Consent dated as of June 5, 2017, by that certain Amendment No. 8 and Joinder Agreement to Credit and Security Agreement and Limited Consent dated as of September 15, 2017, by that certain Amendment No. 9 to Credit and Security Agreement and Limited Consent dated as of June 6, 2018, by that certain Amendment No. 10 and Joinder Agreement to Credit and Security Agreement and Limited Consent dated as of August 27, 2018, by that certain Overadvance Letter dated as of January 3, 2019, by that certain Amendment No. 11 to Credit and Security Agreement dated as of February 7, 2019, by that certain Overadvance Letter dated as of April 1, 2019, by that certain Amendment No. 12 to Credit and Security Agreement dated as of April 1, 2019, by that certain Overadvance Letter dated as of July 15, 2019, by that certain Amendment No. 13 to Credit and Security Agreement dated as of August 2, 2019, by that certain Amendment No. 14 dated as of August 8, 2020, by that certain Amendment No. 15 dated as of September 7, 2020, by that certain Amendment No. 16 dated as of October 7, 2020, by that certain Amendment No. 18 to Credit and Security Agreement dated as of February 8, 2021, by that certain Amendment No. 19 to Credit and Security Agreement dated as of December 23, 2021, by that certain Amendment No. 20 to Credit and Security Agreement and Limited Consent dated as of April 18, 2022, by that certain Amendment No. 21 to Credit and Security Agreement and Limited Consent dated as of August 30, 2022, by that certain Amendment No. 22 to Credit and Security Agreement dated as of September 15, 2022, by that certain Amendment No. 23 to Credit and Security Agreement dated as of September 26, 2022, by that certain Amendment No. 24 to Credit and Security Agreement dated as of September 29, 2022, by that certain Amendment No. 25 to Credit and Security Agreement dated as of October 13, 2022, by that certain Amendment No. 26 to Credit and Security Agreement dated as of October 20, 2022, by that certain Amendment No. 27 and Joinder Agreement to Credit and Security Agreement dated as of October 27, 2022 (as so amended, the “**Existing Credit Agreement**”, and as amended hereby and as it may be further amended, modified, supplemented and/or restated from time to time, the “**Credit Agreement**”). Capitalized terms used but not otherwise defined in this Amendment shall have the meanings set forth in the Credit Agreement.

B. An Event of Default has occurred under Section 10.1(a)(iii) of the Credit Agreement due to the Credit Parties’ failure to maintain the Minimum Liquidity amount for the Fiscal Month ending as of June 30, 2023 in accordance with Section 6.3 of the Existing Credit Agreement (the “**Existing Event of Default**”). Credit Parties have requested that Agent and the Lenders waive the Existing Event of Default, and Agent and Lenders have agreed to do so, in accordance with the terms and subject to the conditions set forth herein.

C. Borrowers have requested that the Agent and the Lenders agree to amend the Existing Credit Agreement to, among other things, (i) modify the financial covenants, (ii) modify certain terms related to the Borrowing Base, and (iii) revise other provisions.

D. Borrowers, Agent and Lenders have agreed to amend the Credit Agreement as set forth herein.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing, the terms and conditions set forth in this Amendment, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Agent, Lenders, Parent and Borrowers hereby agree as follows:

1. Recitals. This Amendment shall constitute a Financing Document and the Recitals set forth above shall be construed as part of this Amendment as if set forth fully in the body of this Amendment.

2. Amendments to Existing Credit Agreement.

(a) Section 1.1 (Defined Terms). The definition of “Applicable Margin” in Section 1.1 of the Credit Agreement is hereby amended by restating the same as follows:

“Applicable Margin” means (a) with respect to Revolving Loans and all other Obligations (other than Letter of Credit Liabilities), four percent and one-half percent (4.50%), and (b) with respect to Letter of Credit Liabilities, four percent and one-half percent (4.50%).

2

(b) Section 1.1 (Defined Terms). Clause (c) of the definition of “Borrowing Base” in Section 1.1 of the Credit Agreement is hereby amended by restating the same as follows:

(c) the amount of any reserves and/or adjustments provided for in this Agreement, including, but not limited to, the Additional Reserve Amount.

(c) Section 1.1 (Defined Terms). Clause (a) of the definition of “Eligible Account” in Section 1.1 of the Credit Agreement is hereby amended by restating the same as follows:

(a) the Account remains unpaid more than one hundred and twenty (120) days (or one hundred and fifty (150) days for Accounts owing from Unilever PLC or NY Power Authority) past the claim or invoice date (but in no event more than one hundred and fifty (150) days after the applicable goods or services have been rendered or delivered);

(d) Section 1.1 (Defined Terms). The definition of “2022 FICA Payroll Deferral Reserve Amount” in Section 1.1 of the Credit Agreement is hereby deleted in its entirety.

(e) Section 1.1 (New Defined Terms). The definitions of “Additional Reserve Amount” and “Twenty Eighth Amendment Effective Date” are hereby added to Section 1.1 in their respective alphabetical order as follows:

“Additional Reserve Amount” means, as of any date of determination, the amount for the corresponding period as set forth in the table below:

Period	Additional Reserve Amount
September 1, 2023 through September 7, 2023	\$ 110,000.00
September 8, 2023 through September 14, 2023	\$ 160,000.00
September 15, 2023 through September 21, 2023	\$ 210,000.00
September 22, 2023 through September 28, 2023	\$ 260,000.00
September 29, 2023 through October 5, 2023	\$ 310,000.00
October 6, 2023 through October 12, 2023	\$ 360,000.00

October 13, 2023 through October 19, 2023	\$ 410,000.00
October 20, 2023 through October 26, 2023	\$ 460,000.00
October 27, 2023 through November 2, 2023	\$ 510,000.00
November 3, 2023 through November 9, 2023	\$ 560,000.00
November 10, 2023 through November 2, 2023	\$ 610,000.00
November 17, 2023 through November 23, 2023	\$ 660,000.00
November 24, 2023 through November 30, 2023	\$ 710,000.00
December 1, 2023 through December 7, 2023	\$ 760,000.00
December 8, 2023 through December 14, 2023	\$ 810,000.00
December 15, 2023 through December 21, 2023	\$ 860,000.00
December 22, 2023 through December 28, 2023	\$ 910,000.00
December 29, 2023 through January 4, 2023	\$ 960,000.00
January 5, 2024 through January 11, 2023	\$ 1,010,000.00
January 12, 2024 through January 18, 2023	\$ 1,060,000.00
January 19, 2024 through January 25, 2023	\$ 1,110,000.00
January 26, 2024 through February 1, 2023	\$ 1,160,000.00
February 2, 2024 through February 8, 2023	\$ 1,210,000.00
February 9, 2024 through February 15, 2023	\$ 1,260,000.00
February 16, 2024 and at all times thereafter	\$ 1,300,000.00

“Twenty-Eighth Amendment Effective Date” means August 30, 2023

(f) Section 2.1(b)(ii). Section 2.1(b)(ii) is hereby amended by adding the following clause (D) thereto to read as follows:

(D) Not later than five Business Days following the receipt of any cash proceeds from any equity issuance or other cash contribution from equity holders of the Borrowers, the Borrowers shall prepay the Revolving Loans by an amount equal to (i) the sum of \$1,300,000 less the current funded Additional Reserve Amount, multiplied by (ii) Fifty Percent (50.00%).

(g) Section 6.3. Section 6.3 is hereby amended and restated in its entirety to read as follows:

Section 6.3 [Reserved].

(h) Section 6.8 (Fixed Charge Coverage Ratio). Article 6 is hereby amended by adding new Section 6.8 to the end thereof to read as follows:

Section 6.8 Fixed Charge Coverage Ratio. Commencing with the Fiscal Month ending August 31, 2023 and until such time as all Obligations are paid, satisfied and discharged in full, the Credit Parties will not, as of the end of any Fiscal Month, permit the Fixed Charge Coverage Ratio, calculated on a trailing twelve-month basis, to be less than 1.00 to 1.00.

3. Limited Waiver. Each of the Credit Parties hereby acknowledges and agrees that the Existing Event of Default continues to exist as of the date hereof. At the request of and as an accommodation to Credit Parties and subject to the terms and conditions set forth herein, Agent and Lenders hereby waive the Existing Event of Default. The limited waiver set forth in this Section 3 is effective solely for the purposes set forth herein and shall be limited precisely as written and shall not be deemed to (a) except as expressly provided herein, be a consent to any amendment, waiver or modification of any term or condition of the Credit Agreement or of any other Financing Document; (b) prejudice any right that Agent or the Lenders have or may have in the future under or in connection with the Credit Agreement and any other Financing Document, including, without limitation, the rights of the Agent under Section 2.1(b)(i) of the Credit Agreement; (c) waive any other Event of Default that may exist as of the date hereof; or (d) establish a custom or course of dealing among any of the Credit Parties, on the one hand, or Agent or any Lender, on the other hand.

4. Confirmation of Representations and Warranties; Reaffirmation of Security Interest.

(a) Each Borrower hereby confirms that all of the representations and warranties set forth in Article 3 of the Credit Agreement are true and correct in all material respects with respect to such Borrower as of the date hereof, except to the extent such

representations and warranties specifically relate to an earlier date, and covenants to perform its respective obligations under the Credit Agreement. To induce Agent and Lender to enter into this Agreement, Borrowers and Parent further represent and warrant that:

(i) no Default or Event of Default has occurred or is continuing as of the date hereof, which has not been waived in writing by the Agent;

(ii) as of the date hereof and, immediately after giving effect to this Amendment and the transactions contemplated hereby, the representations and warranties of Borrowers contained in the Financing Documents are true and correct in all material respects (or if any representation or warranty is qualified with respect to materiality, in all respects) on and as of the date hereof to the same extent as though made on and as of such date except to the extent such representations and warranties specifically relate to an earlier date; and

(iii) the execution, delivery and performance by Borrowers and Parent of this Amendment are within each of its corporate powers and have been duly authorized by all necessary corporate action, and this Amendment is the legal, valid and binding obligation of Borrowers and Parent enforceable against Borrowers and Parent in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency or other similar laws relating to the enforcement of creditors' rights generally and by equitable principles, and neither the execution, delivery or performance by Borrowers and Parent of this Agreement (A) violates any Law, or any other rule or decree of any Governmental Authority, (B) conflicts with or results in the breach or termination of, constitutes a default under or accelerates any performance required by, any indenture, mortgage, deed of trust, lease, agreement or other instrument to which Borrowers or Parent is a party or by which Borrowers or Parent or any of its property is bound, except for such conflicts, breaches, terminations, defaults or accelerations that would not reasonably be expected to have a Material Adverse Effect, (C) results in the creation or imposition of any Lien upon any of the Collateral, (D) violates or conflicts with the by-laws or other organizational documents of Borrowers and Parent, or (E) requires the consent, approval or authorization of, or declaration or filing with, any other Person, except for those already duly obtained.

4

(b) Each Borrower and Parent confirms and agrees that all security interests and Liens granted to Agent continue in full force and effect, and all Collateral remains free and clear of any Liens, other than those granted to Agent and Permitted Liens. Nothing herein is intended to impair or limit the validity, priority or extent of Agent's security interests in and Liens on the Collateral. For the avoidance of any doubt, the Collateral secures repayment of the Obligations and the Affiliated Obligations, and in furtherance thereof, Borrowers and Parent hereby reaffirm the grant to Agent, for the benefit of itself and Lenders, of a continuing first priority Lien (subject to Permitted Liens) on and security interest in all of the Collateral as security for the payment and performance of the Obligations, and for the payment and performance of all obligations under the Affiliated Financing Documents.

5. Enforceability. This Amendment constitutes the legal, valid and binding obligation of each Borrower and Parent, and is enforceable against each Borrower and Parent in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency or other similar laws relating to the enforcement of creditors' rights generally and by general equitable principles.

6. Costs and Fees. In consideration of Agent's agreement to enter into this Amendment, Borrower shall pay to Agent a modification fee equal to Sixty-Eight Thousand Two Hundred Forty-Nine and 71/100 Dollars (\$68,249.71) (the "**Modification Fee**"). The Modification Fee shall be fully earned upon the execution of this Amendment. Borrower shall further pay to Agent overdue accrued interest in the amount of Thirty-One Thousand Seven Hundred Fifty and 29/100 Dollars (\$31,750.29) (the "**Overdue Interest Amount**"). The Modification Fee and the Overdue Interest Amount shall be due and payable on or before October 31, 2023. Furthermore, Borrowers shall be responsible for the payment of all reasonable costs and fees of Agent's counsel incurred in connection with the preparation of this Amendment and any related documents. If Agent or any Lender uses in-house counsel for any of these purposes, Borrowers further agree that the Obligations include reasonable charges for such work commensurate with the fees that would otherwise be charged by outside legal counsel selected by Agent or such Lender for the work performed. Borrowers hereby authorize Agent to deduct all of such fees set forth in this Section 6 from the proceeds of one or more Revolving Loans made under the Credit Agreement.

7. Reaffirmation of Security Interest. Each of the Borrowers and Parent confirms and agrees that: (i) all security interests and liens granted to Agent continue in full force and effect, and (ii) all Collateral remains free and clear of any liens other than liens in favor of Agent and Permitted Encumbrances. Nothing herein contained is intended to impair or limit the validity, priority and extent of Agent's security interest in and liens upon the Collateral.

5

8. Conditions to Effectiveness. This Amendment shall become effective as of the date on which each of the following conditions has been satisfied (the “**Effective Date**”):

(a) **Amendment.** Borrowers and Parent shall have delivered to Agent this Amendment, duly executed by an authorized officer of each Credit Party;

(b) **Representations and Warranties.** All representations and warranties of Borrowers contained herein shall be true and correct in all material respects as of the Effective Date except to the extent such representations and warranties specifically relate to an earlier date (and such parties’ delivery of their respective signatures hereto shall be deemed to be their certification thereof);

(c) **Amendment to Intercreditor Agreement and JIG Note Purchase Agreement.** Agent shall have received a duly executed copies of the Sixth Amendment to the Intercreditor Agreement, the First Omnibus Amendment and Reaffirmation Agreement to the Note Documents and the 12% Senior Secured Promissory Note; and

(d) **Fees and Expenses.** Agent shall have received from Borrowers of all of the fees owing pursuant to this Amendment and Agent’s reasonable out-of-pocket legal fees and expenses.

9. Release. Each Borrower, voluntarily, knowingly, unconditionally and irrevocably, with specific and express intent, for and on behalf of itself and all of its respective parents, subsidiaries, affiliates, members, managers, predecessors, successors, and assigns, and each of their respective current and former directors, officers, shareholders, agents, and employees (collectively, “**Releasing Parties**”), does hereby fully and completely release, acquit and forever discharge each Indemnitee (as defined in the Credit Agreement) of and from any and all actions, causes of action, suits, debts, disputes, damages, claims, obligations, liabilities, costs, expenses and demands of any kind whatsoever, at law or in equity, whether matured or unmatured, liquidated or unliquidated, vested or contingent, choate or inchoate, known or unknown that the Releasing Parties (or any of them) has against the Indemnitees (or any of them), that directly or indirectly arise out of, are based upon or are in any manner connected with any Prior Related Event. “**Prior Related Event**” means any transaction, event, circumstance, action, failure to act, occurrence of any type or sort, whether known or unknown, which occurred, existed, was taken, was permitted or begun in accordance with, pursuant to or by virtue of (a) any of the terms of this Amendment or any other Financing Document, (b) any actions, transactions, matters or circumstances related hereto or thereto, (c) the conduct of the relationship between any Indemnitee and any Borrower, or (d) any other actions or inactions by any Indemnitee, all on or prior to the Effective Date. Each Borrower acknowledges that the foregoing release is a material inducement to Agent’s and Lender’s decision to enter into this Amendment and to agree to the modifications contemplated hereunder.

10. No Waiver or Novation. The execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of Agent, nor constitute a waiver of any provision of the Credit Agreement, the Financing Documents or any other documents, instruments and agreements executed or delivered in connection with any of the foregoing. Nothing herein is intended or shall be construed as a waiver of any existing Defaults or Events of Default under the Credit Agreement or other Financing Documents or any of Agent’s rights and remedies in respect of such Defaults or Events of Default. This Amendment (together with any other document executed in connection herewith) is not intended to be, nor shall it be construed as, a novation of the Credit Agreement.

11. Affirmation. Except as specifically amended pursuant to the terms hereof, the Credit Agreement and all other Financing Documents (and all covenants, terms, conditions and agreements therein) shall remain in full force and effect, and are hereby ratified and confirmed in all respects by Borrowers. Each Borrower covenants and agrees to comply with all of the terms, covenants and conditions of the Credit Agreement (as amended hereby) and the Financing Documents, notwithstanding any prior course of conduct, waivers, releases or other actions or inactions on Agent’s or any Lender’s part which might otherwise constitute or be construed as a waiver of or amendment to such terms, covenants and conditions.

12. Post-Closing Covenant. On or before 30 days following the Effective Date (or such later date as agreed upon by Agent in its sole discretion), Borrower and Parent shall have delivered to Agent a good standing certificate for Parent issued by the Secretary of State of the State of Delaware as of a recent date. The failure to satisfy this post-closing covenant shall constitute an Event of Default under the Credit Agreement.

13. Miscellaneous.

(a) Reference to the Effect on the Credit Agreement. Upon the effectiveness of this Amendment, each reference in the Credit Agreement to “this Agreement,” “hereunder,” “hereof,” “herein,” or words of similar import shall mean and be a reference to the Credit Agreement, as amended by this Amendment. Except as specifically amended above, the Credit Agreement, and all other Financing Documents (and all covenants, terms, conditions and agreements therein), shall remain in full force and effect, and are hereby ratified and confirmed in all respects by Borrowers.

(b) Incorporation of Credit Agreement Provisions. The provisions contained in Section 11.6 (Indemnification), Section 12.8 (Governing Law; Submission to Jurisdiction) and Section 12.9 (Waiver of Jury Trial) of the Credit Agreement are incorporated herein by reference to the same extent as if reproduced herein in their entirety.

(c) Headings. Section headings in this Amendment are included for convenience of reference only and shall not constitute a part of this Amendment for any other purpose.

(d) Counterparts. This Amendment may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. Signatures by facsimile or by electronic mail delivery of an electronic version (e.g., .pdf or .tif file) of an executed signature page shall be treated as delivery of an original and shall bind the parties hereto. This Amendment constitutes the entire agreement and understanding among the parties hereto and supersedes any and all prior agreements and understandings, oral or written, relating to the subject matter hereof.

[SIGNATURES APPEAR ON FOLLOWING PAGES]

7

IN WITNESS WHEREOF, intending to be legally bound, and intending that this document constitute an agreement executed under seal, the undersigned have executed this Amendment under seal as of the day and year first hereinabove set forth.

AGENT:

MIDCAP FUNDING IV TRUST

By: Apollo Capital Management, L.P.,
its investment manager

By: Apollo Capital Management GP, LLC,
its general partner

By: /s/ Maurice Amsellem (SEAL)

Name: Maurice Amsellem

Title: Authorized Signatory

LENDER:

MIDCAP FUNDING IV TRUST

By: Apollo Capital Management, L.P.,
its investment manager

By: Apollo Capital Management GP, LLC,
its general partner

By: /s/ Maurice Amsellem (SEAL)

Name: Maurice Amsellem

Title: Authorized Signatory

Signature Page to
Amendment No. 28 to Credit and Security Agreement and Limited Waiver

BORROWERS:

MONROE STAFFING SERVICES, LLC,
a Delaware limited liability company

By: /s/ Brendan Flood (Seal)
Name: Brendan Flood
Title: Chairman and Chief Executive Officer

LIGHTHOUSE PLACEMENT SERVICES, INC., a
Massachusetts corporation

By: /s/ Brendan Flood (Seal)
Name: Brendan Flood
Title: Chief Executive Officer

FARO RECRUITMENT AMERICA, INC.,
a New York corporation

By: /s/ Brendan Flood (Seal)
Name: Brendan Flood
Title: Chief Executive Officer

HEADWAY WORKFORCE SOLUTIONS, INC., a Delaware
corporation

By: /s/ Brendan Flood (Seal)
Name: Brendan Flood
Title: Chief Executive Officer

KEY RESOURCES, INC.,
a North Carolina corporation

By: /s/ Brendan Flood (Seal)
Name: Brendan Flood
Title: Chief Executive Officer

HEADWAY PAYROLL SOLUTIONS, LLC, a Delaware
limited liability company

By: /s/ Brendan Flood (Seal)
Name: Brendan Flood
Title: Chief Executive Officer

HEADWAY EMPLOYER SERVICES LLC, a Delaware limited
liability company

By: /s/ Brendan Flood (Seal)
Name: Brendan Flood
Title: Chief Executive Officer

HEADWAY HR SOLUTIONS, INC., a New York corporation

By: /s/ Brendan Flood (Seal)
Name: Brendan Flood
Title: Chief Executive Officer

NC PEO HOLDINGS, LLC, a Delaware limited liability
company

By: /s/ Brendan Flood (Seal)
Name: Brendan Flood
Title: Chief Executive Officer

PARENT:

STAFFING 360 SOLUTIONS, INC.,
a Delaware corporation

By: /s/ Brendan Flood (Seal)
Name: Brendan Flood
Title: Chief Executive Officer

Signature Page to
Amendment No. 28 to Credit and Security Agreement and Limited Waiver

SIXTH AMENDMENT TO INTERCREDITOR AGREEMENT

THIS SIXTH AMENDMENT TO INTERCREDITOR AGREEMENT (this “**Amendment**”) is executed as of August 30, 2023 (the “**Effective Date**”), by and among **JACKSON INVESTMENT GROUP, LLC**, a Georgia limited liability company, as purchaser and holder of the Term Note and as secured party under the Term Debt Documents (“**Term Note Purchaser**”), **STAFFING 360 SOLUTIONS, INC.**, a Delaware corporation (“**Parent**”), certain of the Parent’s subsidiaries party hereto, and **MIDCAP FUNDING IV TRUST**, a Delaware statutory trust and successor by assignment from Midcap Funding X Trust (successor by assignment from MidCap Financial Trust), as Agent for the financial institutions or other entities from time to time parties to the ABL Loan Agreement (acting in such capacity, “**Agent**”), and as a “**Lender**” under the ABL Loan Agreement, or such then present holder or holders of the ABL Loans as may from time to time exist (as the “**Lenders**” under the ABL Loan Agreement; collectively with the Agent, the “**ABL Lenders**”). Reference in this Amendment to “**Term Note Purchaser**”, “**Term Note Purchasers**”, “**each Term Note Purchaser**” or otherwise with respect to any one or more of the Term Note Purchasers shall mean each and every person included from time to time in the term “**Term Note Purchaser**” and any one or more of the Term Note Purchasers, jointly and severally, unless a specific Term Note Purchaser is expressly identified.

Recitals

A. The Term Note Purchaser, Parent, certain of the Parent’s subsidiaries party thereto and ABL Lenders have entered into an Intercreditor Agreement dated as of September 15, 2017, as amended by that certain First Amendment to Intercreditor Agreement dated as of August 27, 2018, as amended by that certain Second Amendment to Intercreditor Agreement dated as of February 7, 2019, as amended by that certain Third Amendment to Intercreditor Agreement dated as of August 29, 2020, as amended by that certain Fourth Amendment to Intercreditor Agreement dated as of October 26, 2020, as amended by that certain Fifth Amendment to Intercreditor Agreement dated as of October 27, 2022 (as so amended and as amended by this Amendment, and as may further be amended, modified, supplemented and/or restated from time to time, the “**Intercreditor Agreement**”), under the terms of which the ABL Lenders and Term Note Purchaser set forth the relative rights and priorities of ABL Lenders and Term Note Purchaser under the ABL Loan Documents and the Term Debt Documents in the Common Collateral.

B. It is proposed that the Term Note Purchaser enter into that certain First Omnibus Amendment and Reaffirmation Agreement to the Note Documents, dated as of the date hereof (the “**August 2023 Amendment Agreement**”), a copy of which has been delivered to the Agent, to, among other things, (i) issue a new 12% Senior Secured Promissory Note due October 14, 2024, dated the date hereof in the principal amount of \$2,000,000.00, (ii) amend certain terms and conditions of that certain Purchase Agreement (as defined in the August 2023 Amendment Agreement), and (iii) join certain subsidiaries of Parent to the Pledge Agreement and Security Agreement as either Subsidiary Guarantors or Pledgors, as applicable and amend certain terms and conditions of each of the Pledge Agreement and Security Agreement.

C. It is further proposed that the ABL Lenders amend the ABL Loan Agreement pursuant to an Amendment No. 28 to Credit and Security Agreement dated on or about the date hereof (the “**Twenty-Eighth Amendment to ABL Loan Agreement**”), a copy of which has been delivered to the Term Note Purchaser.

D. The parties now wish to amend the Intercreditor Agreement as provided herein.

E. All capitalized terms used in this Amendment, including in the Preamble and these Recitals, and not herein defined shall have the meanings given to them in the Intercreditor Agreement.

NOW, THEREFORE, in consideration of the mutual covenants herein contained and of other good and valuable consideration, the receipt and sufficiency whereof are hereby acknowledged, the parties hereto agree as follows:

Agreement

1. The parties agree that the Recitals above are a part of this Amendment.

2. The Intercreditor Agreement is hereby amended as follows:

(a) Section 1 of the Intercreditor Agreement is hereby amended to add the following defined term in its alphabetical order:

“Sixth Amendment” means that certain Sixth Amendment to Intercreditor Agreement, dated as of the Sixth Amendment Closing Date.

“Sixth Amendment Closing Date” shall mean August 30, 2023.

(b) The definitions of “Term Debt Cap”, “Term Note” and “Term Note Agreement”, are hereby restated in their entirety, respectively, to read as follows:

“August 2023 Senior Note” shall mean that certain 12% Senior Secured Promissory Note due October 14, 2024, dated August 30, 2023 in the principal amount of \$2,000,000 plus any paid in kind interest now or hereafter added to the principal balance thereof, together with any and all promissory notes at any time issued in substitution, exchange or replacement thereof from time to time, provided that the terms of any such promissory notes issued in substitution, exchange or replacement thereof do not violate Section 7.2 of this Agreement.

“Term Debt Cap” with respect to the Term Note and the August 2023 Senior Note, means the aggregate principal amount of the following (all as determined exclusive of all interest, whether such interest is paid in cash or paid in kind and added to the principal amount of the Term Note and the August 2023 Senior Note, fees (including attorneys’ fees) and expenses, including but not limited to any fees and expenses expended by the Term Note Purchaser and remitted to Persons other than the Credit Parties to enforce its rights and remedies in respect of the Collateral, the Term Note, the August 2023 Senior Note or any other Term Debt Document, and all indemnity obligations): (i) \$11,293,140.47 in aggregate advances, minus (ii) the amount of all payments of principal on the Term Note and the August 2023 Senior Note made after the Sixth Amendment Closing Date.

“Term Note” shall mean that certain Third Amended and Restated 12% Senior Secured Note due October 14, 2024, dated October 27, 2022 in the principal amount of \$9,016,248.71 plus any paid in kind interest now or hereafter added to the principal balance thereof, together with any and all promissory notes at any time issued in substitution, exchange or replacement thereof from time to time, provided that the terms of any such promissory notes issued in substitution, exchange or replacement thereof do not violate Section 7.2 of this Agreement.

“Term Note Agreement” shall mean that certain Third Amended and Restated Note and Warrant Purchase Agreement dated as of October 27, 2022, as amended by (i) that certain Amendment to Third Amended and Restated Note Purchase Agreement, dated as of June 30, 2022 among the Parent, certain subsidiaries of the Parent and the Term Note Purchaser and (ii) that certain August 2023 Amendment Agreement, dated as of the Sixth Amendment Closing Date, among the Parent, certain subsidiaries of the Parent and the Term Note Purchaser, as the same may be amended, restated, supplemented or otherwise modified from time to time in accordance with the terms of this Agreement.

3. Pursuant to the terms of Section 7.2 of the Intercreditor Agreement, Agent on behalf of itself and the other ABL Lenders hereby consents to the August 2023 Amendment Agreement, as an amendment, modification or supplement to the terms of the Term Debt or the Term Debt Documents, as applicable. The limited consent set forth in this Section 3 is effective solely for the purposes set forth herein and shall be limited precisely as written and shall not be deemed to (a) except as expressly provided herein, be a consent to any amendment, waiver or modification of any term or condition of the Intercreditor Agreement or of any other Term Debt Document; (b) prejudice any right that Agent or the holders from time to time of the ABL Debt have or may have in the future under or in connection with the ABL Loan Agreement or any other ABL Loan Document; (c) waive any Event of Default (as such terms are defined in the ABL Loan Agreement) that exists as of the date hereof; or (d) establish a custom or course of dealing among any of the Term Note Purchaser on the one hand, or Agent or any holder from time to time of the ABL Debt, on the other hand.

4. Pursuant to the terms of Section 7.1 of the Intercreditor Agreement, Term Note Purchaser hereby consents to the Twenty-Eighth Amendment to ABL Loan Agreement as an amendment, modification or supplement to the terms of the ABL Debt. The limited consent set forth in this Section 4 is effective solely for the purposes set forth herein and shall be limited precisely as written and shall not

be deemed to (a) except as expressly provided herein, be a consent to any amendment, waiver or modification of any term or condition of the Intercreditor Agreement or of any other ABL Loan Document; (b) prejudice any right that Term Note Purchaser or the holders from time to time of the Term Debt have or may have in the future under or in connection with the Term Note Agreement or any other Term Debt Document; (c) waive any Event of Default (as such terms are defined in the Term Note Agreement) that exists as of the date hereof; or (d) establish a custom or course of dealing among any of the ABL Lenders on the one hand, or Term Note Purchaser or any holder from time to time of the Term Debt, on the other hand.

5. Except as amended herein, the Intercreditor Agreement shall remain in full force and effect.

6. Upon the effectiveness of this Amendment, each reference in the Intercreditor Agreement to “this Intercreditor Agreement,” “this Agreement,” “hereunder,” “hereof,” “herein,” or words of similar import shall mean and be a reference to the Intercreditor Agreement, as amended by this Amendment.

7. This Amendment constitutes the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and supersedes all prior negotiations, understandings, and agreements between such parties with respect to the subject matter hereof. To the extent of any conflict between the terms and conditions of this Amendment and the Intercreditor Agreement, the terms and conditions of this Amendment shall govern.

8. This Amendment may be executed in any number of duplicate originals or counterparts, each of such duplicate originals or counterparts shall be deemed to be an original and all taken together shall constitute but one and the same agreement. Each party to this Amendment agrees that the respective signatures of the parties may be delivered by fax, PDF, or other electronic means acceptable to the other parties and that the parties may rely on a signature so delivered as an original. Any party who chooses to deliver its signature in such manner agrees to provide promptly to the other parties a copy of this Amendment with its inked signature, but the party’s failure to deliver a copy of this Amendment with its inked signature shall not affect the validity, enforceability and binding effect of this Amendment.

[Signature Pages Follow]

IN WITNESS WHEREOF, intending to be legally bound, and intending that this Sixth Amendment to Intercreditor Agreement constitute an instrument executed and delivered under seal, the parties have caused this Amendment to be executed under seal as of the date first written above.

AGENT:

MIDCAP FUNDING IV TRUST, a Delaware statutory trust, as successor-by-assignment from MidCap Funding X Trust

By: Apollo Capital Management, L.P.,
its investment manager

By: Apollo Capital Management GP, LLC,
its general partner

By: /s/ Maurice Amsellem (SEAL)
Name: Maurice Amsellem
Title: Authorized Signatory

Agent’s Signature Page to Sixth Amendment to
Intercreditor Agreement

TERM NOTE PURCHASER:

JACKSON INVESTMENT GROUP, LLC

By: /s/ Richard L. Jackson (SEAL)
Name: Richard L. Jackson
Title: Chief Executive Officer

Term Note Purchaser's Signature Page to Sixth Amendment to
Intercreditor Agreement

PARENT:

STAFFING 360 SOLUTIONS, INC., a Delaware corporation

By: /s/ Brendan Flood (Seal)
Name: Brendan Flood
Title: Chairman and Chief Executive Officer

SUBSIDIARIES:

MONROE STAFFING SERVICES, LLC, a Delaware limited liability company

By: /s/ Brendan Flood (Seal)
Name: Brendan Flood
Title: Chairman and Chief Executive Officer

FARO RECRUITMENT AMERICA, INC., a New York corporation

By: /s/ Brendan Flood (Seal)
Name: Brendan Flood
Title: Chairman and Chief Executive Officer

LIGHTHOUSE PLACEMENT SERVICES, INC., a Massachusetts corporation

By: /s/ Brendan Flood (Seal)
Name: Brendan Flood
Title: Chairman and Chief Executive Officer

KEY RESOURCES, INC., a North Carolina corporation

By: /s/ Brendan Flood (Seal)
Name: Brendan Flood
Title: Chairman and Chief Executive Officer

Parent's and Borrowers' Signature Page to Sixth Amendment to
Intercreditor Agreement (1 of 2)

HEADWAY WORKFORCE SOLUTIONS, INC., a Delaware corporation

By: /s/ Brendan Flood (Seal)

Name: Brendan Flood
Title: President

HEADWAY PAYROLL SOLUTIONS, LLC, a Delaware limited liability company

By: /s/ Brendan Flood (Seal)
Name: Brendan Flood
Title: President

HEADWAY EMPLOYER SERVICES, LLC, a Delaware limited liability company

By: /s/ Brendan Flood (Seal)
Name: Brendan Flood
Title: President

HEADWAY HR SOLUTIONS, INC., a New York corporation

By: /s/ Brendan Flood (Seal)
Name: Brendan Flood
Title: President

NC PEO HOLDINGS, LLC, a Delaware limited liability company

By: /s/ Brendan Flood (Seal)
Name: Brendan Flood
Title: President

Parent's and Borrowers' Signature Page to Sixth Amendment to
Intercreditor Agreement (2 of 2)

Cover

Aug. 30, 2023

Cover [Abstract]

<u>Document Type</u>	8-K
<u>Amendment Flag</u>	false
<u>Document Period End Date</u>	Aug. 30, 2023
<u>Entity File Number</u>	001-37575
<u>Entity Registrant Name</u>	STAFFING 360 SOLUTIONS, INC.
<u>Entity Central Index Key</u>	0001499717
<u>Entity Tax Identification Number</u>	68-0680859
<u>Entity Incorporation, State or Country Code</u>	DE
<u>Entity Address, Address Line One</u>	757 3rd Avenue
<u>Entity Address, Address Line Two</u>	27th Floor
<u>Entity Address, City or Town</u>	New York
<u>Entity Address, State or Province</u>	NY
<u>Entity Address, Postal Zip Code</u>	10017
<u>City Area Code</u>	(646)
<u>Local Phone Number</u>	507-5710
<u>Written Communications</u>	false
<u>Soliciting Material</u>	false
<u>Pre-commencement Tender Offer</u>	false
<u>Pre-commencement Issuer Tender Offer</u>	false
<u>Title of 12(b) Security</u>	Common stock
<u>Trading Symbol</u>	STAF
<u>Security Exchange Name</u>	NASDAQ
<u>Entity Emerging Growth Company</u>	false


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