

Recruiter.com Announces Second Quarter 2021 Results

38% quarter-over-quarter growth with year-to-date revenue up over 81%

Expects continued strong demand for its recruiting solutions throughout 2021

NEW YORK, NY / ACCESSWIRE / August 16, 2021 / Recruiter.com Group, Inc. (NASDAQ:RCRT, RCRTW) ("Recruiter.com," the "Company"), an on-demand [recruiting solutions platform](#), today announced its results of operations for the second quarter ended June 30, 2021. Recruiter.com's full quarterly results can be found on the filings page of the investor relations website at [investors.recruiter.com](#) and as filed with the SEC at [www.sec.gov](#). The Company will host a [conference call and webcast](#) on Wednesday, August 18th, at 4:30 pm EST to discuss its financial results.

"In our first quarter as a Nasdaq listed company, Recruiter.com continued its rapid growth trajectory, with revenues rising 38% quarter-over-quarter and 81% year-to-date," said Evan Sohn, CEO of Recruiter.com. "We are excited to report that our on-demand recruiting service grew 88% quarter-over-quarter, showing clear market demand. We expect strong growth throughout the second half of 2021 and beyond, as we advance our mission of revolutionizing recruiting and talent acquisition into a rapid, on-demand service."



Second Quarter 2021 Financial Results

- Revenue increased 38% from the first quarter of 2021 to \$4.4 million. This increase resulted primarily from a rise in Recruiters on Demand business and the introduction of Software Subscriptions.
- Net profit in the second quarter of 2021 was \$3.5 million, or \$.99 per share, which included \$7.5 million in non-cash income. After adjusting for bad debt expense, the gain in fair value of derivatives and stock-based compensation, the adjusted EBITDA loss was \$776K for the quarter.

Key Highlights: Q2 2021

- Recruiter.com Group, Inc. common stock (RCRT) and warrants (RCRTW) began trading on Nasdaq on June 30, 2021.
- Acquired OneWire, a leading SaaS-based financial services recruiting and sourcing platform
- Formed a partnership with WeWork, the global flexible workspace provider, to bring on-demand hiring services to the WeWork startup ecosystem
- Discussed the job market and the results of Recruiter Index®, Recruiter.com's proprietary survey of recruiter sentiment, on CNBC, Yahoo Finance, and leading industry podcasts and publications.

Key Highlights: Since Q2 2021

- Closed an upsized underwritten public offering of 2.4M units, each including one share of common stock and one warrant, at a price to the public of \$5.00 per unit, for gross proceeds of \$12M before deducting underwriting discounts and other expenses.
- Closed the sale of an additional 360,000 shares of common stock, pursuant to the exercise of the underwriter's over-allotment option, with gross proceeds of approximately \$1.8M, before deducting underwriting discounts and other expenses.
- Acquired the technology division of Uncubed and Finalist, which brings to Recruiter.com proprietary job board creation technology and MediaBistro, a leading professional community for media, content, and creative professionals.
- Appointed Xuan Smith as Chief Technology Officer and Ashley Saddul to the position of Chief Web Officer

"With advanced Artificial Intelligence ("AI") technology, recruitment marketing software, and a network of now over 30,000 recruiters, Recruiter.com is at the forefront of a revolution in recruiting," said Miles Jennings, President and COO of Recruiter.com. "By delivering effective results for both high-growth startups and Fortune 100 clients inside a tight job market with high demand for specialized talent, Recruiter.com is positioned for exceptional growth."

Jennings continued, "One of the biggest challenges facing the re-opening of the economy is the shifting dynamics of the job market; an incredibly tight job market in highly skilled labor, a shift from in-person to remote work opening up the 'work from anywhere' theme, the lack of lower hourly workers seeking to re-enter the job market, and the increasing voluntary employment churn resulting in the potential



for a 'great resignation' of employees. These challenges are being addressed head on through the Recruiter.com On Demand recruiting service, which we believe re-invents the recruiting industry, empowering companies large and small to extend their in-house hiring team with experienced freelance recruiters along with AI-driven candidate search and engagement tools. As our Recruiter On Demand solution saw a 88% quarter over quarter increase and with our new software subscriptions delivering over \$175,000 in recurring revenue, we are confident in our ability to rapidly scale our business and continue to recruit talent faster."

Conference Call Details:

The Company will host a conference call on Wednesday, August 18, 2021 at 4:30 pm. Eastern Time (ET) to discuss its financial results for the second quarter ended June 30, 2021 and provide a business update.

Conference Call Details:

Date: Wednesday, August 18, 2021
Time: 4:30 PM Eastern Time
Toll-free Dial-in Number: 888-506-0062
International Dial-in Number: 973-528-0011
Conference ID: 402513
Participant Link: <https://www.webcaster4.com/Webcast/Page/2765/42551>

Recruiter.com Group, Inc.

Recruiter.com is an online hiring platform delivering on-demand recruiting technology and services to both large and small businesses. With AI and video technology, and the world's largest network of recruiters, Recruiter.com delivers on-tap recruiting that flexes with hiring needs. To learn more, visit <https://www.recruiter.com>. For investor information, visit <https://investors.recruiter.com>

Please follow social media channels for additional updates:

- LinkedIn Recruiter Network Group: <https://www.linkedin.com/groups/42370/>
- LinkedIn Company Page: <https://www.linkedin.com/company/1240434>
- Twitter Company Page: <https://twitter.com/recruiterdotcom>
- Facebook Company Page: <https://www.facebook.com/RecruiterDotCom>

Company Contact:

Evan Sohn
Recruiter.com Group, Inc.
info@recruiter.com
Phone: (855) 931-1500

Investor Relations:

Dave Gentry
RedChip Companies, Inc.
Phone: (407) 491-4498
dave@redchip.com

Cautionary Note Regarding Forward-Looking Statements:

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The words "forecasts" "believe," "may," "estimate," "continue," "anticipate," "intend," "should," "plan," "could," "target," "potential," "is likely," "will," "expect" and similar expressions, as they relate to us, are intended to identify forward-looking statements. We have based these forward-looking statements primarily on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy, and financial needs. Important factors that could cause actual results to differ from those in the forward-looking statements include continued demand for professional hiring, the accuracy of the Recruiter Index® survey, the impact of the COVID-19 pandemic on the job market and the economy as virus levels are again rising in many states, and the Risk Factors contained within our filings with the Securities and Exchange Commission, including our Annual Report on Form 10-K for the year ended December 31, 2020. Any forward-looking statement made by us herein speaks only as of the date on which it is made. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future developments or otherwise, except as may be required by law.



Recruiter.com Group, Inc.
Condensed Consolidated Statements of Operations
(Unaudited)

	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Revenue (including related party revenue of \$0, \$7,020, \$970 and \$13,430, respectively)	\$ 4,380,894	\$ 1,853,414	\$ 7,545,439	\$ 4,166,537
Cost of revenue (including related party costs of \$212,279, \$298,172, \$417,540 and \$954,096, respectively)	<u>2,946,084</u>	<u>1,418,242</u>	<u>5,200,994</u>	<u>3,169,438</u>
Gross profit	1,434,810	435,172	2,344,445	997,099
Operating expenses:				
Sales and marketing	75,006	15,068	132,549	40,311
Product development (including related party expense of \$54,696, \$57,401, \$112,684 and \$118,380, respectively)	75,004	57,401	145,664	140,494
Amortization of intangibles	675,095	159,173	834,268	318,346
General and administrative (including share based compensation expense of \$1,112,834, \$709,230, \$1,615,241 and \$1,650,202, respectively, and related party expenses of \$106,149, \$121,280, \$232,781 and \$244,198, respectively)	<u>3,062,597</u>	<u>1,626,362</u>	<u>5,608,502</u>	<u>3,775,305</u>
Total operating expenses	<u>3,887,702</u>	<u>1,858,004</u>	<u>6,720,983</u>	<u>4,274,456</u>
Loss from operations	(2,452,892)	(1,422,832)	(4,376,538)	(3,277,357)
Other income (expenses):				
Interest expense (including related party interest expense of \$18,193, \$0, \$30,466 and \$0, respectively)	(1,592,822)	(203,874)	(3,020,410)	(248,080)
Initial derivative expense	-	(3,340,554)	(3,585,983)	(3,340,554)
Change in derivative value due to anti-dilution adjustments	-	(2,642,175)	-	(2,642,175)
Change in fair value of derivative liability	7,574,750	(339,088)	8,203,371	(904,176)
Forgiveness of debt income	-	-	24,925	-
Grant income	-	7,262	3,382	7,262
Net recognized loss on marketable securities	<u>(757)</u>	<u>46</u>	<u>(534)</u>	<u>(18,740)</u>



Total other income (expenses)	<u>5,981,171</u>	<u>(6,518,383)</u>	<u>1,624,751</u>	<u>(7,146,463)</u>
Income (loss) before income taxes	3,528,279	(7,941,215)	(2,751,787)	(10,423,820)
Provision for income taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net income (loss)	<u>3,528,279</u>	<u>(7,941,215)</u>	<u>(2,751,787)</u>	<u>(10,423,820)</u>
Net income (loss) per common share - basic	<u>\$ 0.99</u>	<u>\$ (4.11)</u>	<u>\$ (0.89)</u>	<u>\$ (5.78)</u>
Net income (loss) per common share - diluted	<u>\$ (0.69)</u>	<u>\$ (4.11)</u>	<u>\$ (0.89)</u>	<u>\$ (5.78)</u>
Weighted average common shares - basic	<u>3,560,745</u>	<u>1,933,812</u>	<u>3,091,146</u>	<u>1,803,358</u>
Weighted average common shares - diluted	<u>5,879,481</u>	<u>1,933,812</u>	<u>3,091,146</u>	<u>1,803,358</u>

Recruiter.com Group, Inc.
Consolidated Balance Sheets

	June 30, 2021 unaudited	December 31, 2020
Assets		
Current assets:		
Cash	\$ 86,898	\$ 99,906
Accounts receivable, net of allowance for doubtful accounts of \$80,176 and \$33,000, respectively	2,916,391	942,842
Accounts receivable - related parties	46,726	41,124
Prepaid expenses and other current assets	353,374	167,045
Investments - marketable securities	<u>890</u>	<u>1,424</u>
Total current assets	3,404,279	1,252,341
Property and equipment, net of accumulated depreciation of \$2,405 and \$1,828, respectively	1,058	1,635
Right of use asset - related party	103,953	140,642
Deferred offering costs	473,896	-
Intangible assets, net	5,645,009	795,864
Goodwill	<u>4,929,897</u>	<u>3,517,315</u>
Total assets	<u>\$ 14,558,092</u>	<u>\$ 5,707,797</u>
Liabilities and Stockholders' (Deficit)		
Current liabilities:		
Accounts payable	\$ 1,168,155	\$ 616,421
Accounts payable - related parties	1,194,821	779,928



Accrued expenses	827,612	423,237
Accrued expenses - related party	9,647	8,000
Accrued compensation	1,192,888	617,067
Accrued compensation - related party	116,000	122,500
Accrued interest	376,272	60,404
Contingent consideration for acquisitions	2,000,118	-
Liability on sale of future revenues, net of discount of \$0 and \$2,719, respectively	-	8,185
Deferred payroll taxes	159,032	159,032
Other liabilities	14,493	14,493
Loans payable - current portion	30,653	28,249
Convertible notes payable, net of unamortized discount and costs of \$1,683,662 and \$1,205,699, respectively	4,154,697	1,905,826
Refundable deposit on preferred stock purchase	285,000	285,000
Warrant derivative liability	8,921,615	11,537,997
Lease liability - current portion - related party	73,378	73,378
Deferred revenue	<u>476,920</u>	<u>51,537</u>
 Total current liabilities	 21,001,301	 16,691,254
 Lease liability - long term portion - related party	 30,575	 67,264
Loans payable - long term portion	<u>33,965</u>	<u>73,541</u>
 Total liabilities	 21,065,841	 16,832,059
 Commitments and contingencies	 -	 -
 Stockholders' (Deficit):		
Preferred stock, 10,000,000 shares authorized, \$0.0001 par value: undesignated: 7,013,600 shares authorized; no shares issued and outstanding as of June 30, 2021 and December 31, 2020, respectively	-	-
Preferred stock, Series D, \$0.0001 par value; 2,000,000 shares authorized; 376,275 and 527,795 shares issued and outstanding as of June 30, 2021 and December 31, 2020, respectively	39	54
Preferred stock, Series E, \$0.0001 par value; 775,000 shares authorized; 731,845 shares issued and outstanding as of June 30, 2021 and December 31, 2020, respectively	74	74
Preferred stock, Series F, \$0.0001 par value; 200,000 shares authorized; 46,847 and 64,382 shares issued and outstanding as of June 30, 2021 and December 31, 2020, respectively	5	7
Common stock, \$0.0001 par value; 100,000,000 shares authorized; 3,765,739 and 2,203,009 shares issued and outstanding as of June 30, 2021 and December 31, 2020, respectively	377	220
Additional paid-in capital	30,768,568	23,400,408
Accumulated deficit	<u>(37,276,812)</u>	<u>(34,525,025)</u>
Total stockholders' (deficit)	<u>(6,507,749)</u>	<u>(11,124,262)</u>
 Total liabilities and stockholders' (deficit)	 <u>\$ 14,558,092</u>	 <u>\$ 5,707,797</u>



Our management uses and relies on EBITDA and Adjusted EBITDA, which are nonGAAP financial measures. We believe that both management and shareholders benefit from referring to the following non-GAAP financial measures in planning, forecasting, and analyzing future periods. Our management uses these non-GAAP financial measures in evaluating its financial and operational decision making and as a means to evaluate period to period comparison. Our management recognizes that the non-GAAP financial measures have inherent limitations because of the described excluded items.

We define Adjusted EBITDA as earnings (or loss) from continuing operations before the items in the table below. Adjusted EBITDA is an important measure of our operating performance because it allows management, investors and analysts to evaluate and assess our core operating results from period to period after removing the impact of items of a non operational nature that affect comparability.

We have included a reconciliation of our non-GAAP financial measures to the most comparable financial measure calculated in accordance with GAAP. We believe that providing the non-GAAP financial measures, together with the reconciliation to GAAP, helps investors make comparisons between the Company and other companies. In making any comparisons to other companies, investors need to be aware that companies use different nonGAAP measures to evaluate their financial performance. Investors should pay close attention to the specific definition being used and to the reconciliation between such measure and the corresponding GAAP measure provided by each company under applicable SEC rules.

The following table presents a reconciliation of net loss to Adjusted EBITDA:

Recruiter.com Group, Inc.
Reconciliation of Net Loss to Adjusted Ebitda
(Unaudited)

	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020
Net Income (loss)	\$ 3,528,279	\$ (7,941,215)
Interest Expense and finance cost, net	1,592,822	203,874
Depreciation & amortization	<u>675,384</u>	<u>159,461</u>
EBITDA (loss)	5,796,485	(7,577,880)
Bad debt expense	41,763	750
Initial Derivative Expense	-	3,340,554
Change in derivative value due to anti-dilution adjustments	-	2,642,175
Loss (gain) on change in fair value of derivative	(7,574,750)	339,088
Stock-based compensation	<u>960,334</u>	<u>709,230</u>
Adjusted EBITDA (loss)	\$ (776,168)	\$ (546,083)
	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Net Loss	\$ (2,751,787)	\$ (10,423,820)
Interest Expense and finance cost, net	3,020,410	248,080
Depreciation & amortization	<u>834,845</u>	<u>318,923</u>
EBITDA (loss)	1,103,468	(9,856,817)



Bad debt expense	58,726	12,000
Forgiveness of debt income	(24,925)	-
Initial Derivative Expense	3,585,983	3,340,554
Change in derivative value due to anti-dilution adjustments	-	2,642,175
Loss (gain) on change in fair value of derivative	(8,203,371)	904,176
Stock-based compensation	<u>1,615,241</u>	<u>1,650,202</u>
Adjusted EBITDA (loss)	\$ (1,864,878)	\$ (1,307,710)

SOURCE: Recruiter.com Group, Inc.