



RCM Technologies, Inc.
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P R E S S R E L E A S E

RCM TECHNOLOGIES, INC. ANNOUNCES FOURTH QUARTER AND FISCAL YEAR 2023 RESULTS

Pennsauken, NJ – March 13, 2024 -- RCM Technologies, Inc. (NasdaqGM: RCMT), a premier provider of business and technology solutions designed to enhance and maximize the operational performance of its customers through the adaptation and deployment of advanced engineering, specialty health care, and information technology services, today announced financial results for the thirteen and fifty-two weeks ended December 30, 2023.

RCM Technologies reported revenue of \$71.0 million for the thirteen weeks ended December 30, 2023 (the current quarter), an increase of 1.1% compared to \$70.2 million for the thirteen weeks ended December 31, 2022 (the comparable prior quarter). Gross profit was \$21.6 million for the current quarter, a 5.7% increase compared to \$20.5 million for the comparable prior quarter. The Company experienced GAAP operating income of \$7.9 million for the current quarter compared to \$6.8 million for the comparable prior quarter. The Company experienced GAAP net income of \$5.3 million, or \$0.65 per diluted share, for the current quarter compared to \$4.8 million, or \$0.48 per diluted share, for the comparable prior quarter. The Company experienced adjusted EBITDA (non-GAAP) of \$8.9 million for the current quarter compared to \$7.5 million for the comparable prior quarter. The Company experienced \$0.71 of adjusted net income per diluted share (non-GAAP) for the current quarter as compared to \$0.52 for the comparable prior quarter.

RCM Technologies reported revenue of \$263.2 million for the fifty-two weeks ended December 30, 2023 (the current year), a decrease of 7.5% compared to \$284.7 million for the fifty-two weeks ended December 31, 2022 (the comparable prior year). Gross profit was \$76.7 million for the current year, a 7.5% decrease compared to \$82.9 million for the comparable prior year. The Company experienced GAAP operating income of \$23.7 million for the current year compared to \$28.8 million for the comparable prior year. The Company experienced GAAP net income of \$16.8 million, or \$1.96 per diluted share, for the current year compared to \$20.9 million, or \$2.00 per diluted share, for the comparable prior year. The Company experienced adjusted EBITDA (non-GAAP) of \$26.6 million for the current year compared to \$31.1 million for the comparable prior year. The Company experienced \$2.11 of adjusted net income per diluted share (non-GAAP) for the current year as compared to \$2.08 for the comparable prior year.

Bradley Vizi, Executive Chairman of RCM Technologies, commented, “We finished 2023 strong with \$8.9 million of adjusted EBITDA in the fourth quarter, a growth rate of 18.5%. All three business segments provided healthy contributions to growth.”

Kevin Miller, Chief Financial Officer of RCM Technologies, commented, “Improved cash collections in the first quarter have helped bolster our confidence in achieving our goal of \$20 million in cash flow from operations in fiscal 2024.”

Conference Call

On Thursday, March 14, 2024, RCM Technologies will host a conference call to discuss these results. The call will begin at 11:00 a.m. Eastern Time. The dial-in number is (800) 285-6670.

About RCM

RCM Technologies (NasdaqGM: RCMT) is a business and technology solutions provider with world-class talent in key market segments. We help design, build, and enable the Industries of Tomorrow, Today. Operating at the intersection of resources, critical infrastructure and modernization of industries through advanced technologies, RCM is a provider of services in Health Care, Engineering, Aerospace & Defense, Process & Industrial, Life Sciences and Data & Solutions. www.rcmt.com.

The statements contained in this release that are not purely historical are forward-looking statements within the Private Securities Litigation Reform Act of 1995. They are subject to various risks, uncertainties, and other factors that could cause the Company's actual results, performance, or achievements to differ materially from those expressed or implied by such forward-looking statements. These statements often include words such as "may," "will," "expect," "anticipate," "continue," "estimate," "project," "intend," "believe," "plan," "seek," "could," "can," "should," "are confident" or similar expressions. In addition, statements that are not historical should also be considered forward-looking statements. These statements are based on assumptions that we have made in light of our experience in the industry, and our perceptions of historical trends, current conditions, expected future developments, and other factors we believe are appropriate in these circumstances. Forward-looking statements include, but are not limited to, those relating to demand for the Company's services, expectations regarding our future revenues and other financial results, our pipeline, and potential project wins, and our expectations for investment and growth in our business. Such statements are based on current expectations that involve several known and unknown risks, uncertainties, and other factors, which may cause actual events to be materially different from those expressed or implied by such forward-looking statements. Risk, uncertainties, and other factors may emerge from time to time that could cause the Company's actual results to differ from those indicated by the forward-looking statements. Investors are directed to consider such risks, uncertainties, and other factors described in documents filed by the Company with the Securities and Exchange Commission, including our most recent Annual Report on Form 10-K and subsequent Quarterly Reports on Form 10-Q. The Company assumes no obligation (and expressly disclaims any such obligation) to update any forward-looking statements contained in this release as a result of new information or future events or developments, except as may be required by law.

Tables to Follow

RCM Technologies, Inc.
Condensed Consolidated Statements of Operations
(Unaudited)
(In Thousands, Except Per Share Amounts)

| | Thirteen Weeks Ended | |
|---|------------------------------|------------------------------|
| | December 30, 2023 | December 31, 2022 |
| Revenue | \$71,028 | \$70,221 |
| Cost of services | 49,397 | 49,755 |
| Gross profit | 21,631 | 20,466 |
| Selling, general and administrative | 13,403 | 13,433 |
| Depreciation and amortization of property and equipment | 276 | 266 |
| Amortization of acquired intangible assets | 46 | 46 |
| Remeasurement of acquisition related contingent consideration | - | (88) |
| Operating income | 7,906 | 6,809 |
| Other expense, net | 532 | 349 |
| Income before income taxes | 7,374 | 6,460 |
| Income tax expense | 2,119 | 1,623 |
| Net income | <u>\$5,255</u> | <u>\$4,837</u> |
| | | |
| Diluted net earnings per share data | \$0.65 | \$0.48 |
| Diluted weighted average shares outstanding | 8,142,184 | 10,076,898 |

| | Fifty-Two Weeks Ended | |
|---|------------------------------|------------------------------|
| | December 30, 2023 | December 31, 2022 |
| Revenue | \$263,237 | \$284,680 |
| Cost of services | 186,541 | 201,753 |
| Gross profit | 76,696 | 82,927 |
| Selling, general and administrative | 52,185 | 53,395 |
| Depreciation and amortization of property and equipment | 1,032 | 995 |
| Amortization of acquired intangible assets | 182 | 46 |
| Gain on sale of assets | (395) | (219) |
| Remeasurement of acquisition related contingent consideration | - | (88) |
| Operating income | 23,692 | 28,798 |
| Other expense, net | 1,497 | 318 |
| Income before income taxes | 22,195 | 28,480 |
| Income tax expense | 5,364 | 7,591 |
| Net income | <u>\$16,831</u> | <u>\$20,889</u> |
| | | |
| Diluted net earnings per share data | \$1.96 | \$2.00 |
| Diluted weighted average shares outstanding | 8,592,572 | 10,442,176 |

RCM Technologies, Inc.
Supplemental Operating Results on a Non-GAAP Basis
(Unaudited)
(In Thousands)

The following non-GAAP measures, which adjust for the categories of expenses described below, are non-GAAP financial measures. Our management believes that these non-GAAP financial measures (“Adjusted operating income,” “EBITDA” and “Adjusted EBITDA”) are useful information for investors, shareholders, and other stakeholders of our Company in gauging our results of operations on an ongoing basis and to enhance investors’ overall understanding of our current financial performance and period-to-period comparisons. Adjusted operating income, EBITDA and Adjusted EBITDA should not be considered alternatives to net income as an indicator of performance. In addition, Adjusted operating income, EBITDA and Adjusted EBITDA do not take into account changes in certain assets and liabilities and interest and income taxes that can affect cash flows. We do not intend the presentation of these non-GAAP measures to be considered in isolation or as a substitute for results prepared in accordance with GAAP. These non-GAAP measures should be read-only in conjunction with our consolidated financial statements prepared in accordance with GAAP.

The following unaudited table presents the Company’s GAAP net income and the corresponding adjustments used to calculate Adjusted operating income, EBITDA and Adjusted EBITDA for the thirteen and fifty-two weeks ended December 30, 2023 and December 31, 2022.

| | Thirteen Weeks Ended | | Fifty-Two Weeks Ended | |
|--|------------------------------|------------------------------|------------------------------|------------------------------|
| | December 30, 2023 | December 31, 2022 | December 30, 2023 | December 31, 2022 |
| GAAP operating income | \$7,906 | \$6,809 | \$23,692 | \$28,798 |
| Adjustments | | | | |
| Gain on sale of assets | - | - | (395) | (219) |
| Remeasurement of acquisition related contingent consideration | - | (88) | - | (88) |
| Equity compensation | 641 | 452 | 2,092 | 1,582 |
| Adjusted operating income (non-GAAP) | \$8,547 | \$7,173 | \$25,389 | \$30,073 |
| GAAP net income | \$5,255 | \$4,837 | \$16,831 | \$20,889 |
| Income tax expense | 2,119 | 1,623 | 5,364 | 7,591 |
| Interest expense, net | 429 | 169 | 1,399 | 370 |
| Depreciation of property and equipment | 276 | 266 | 1,032 | 995 |
| Amortization of acquired intangible assets | 46 | 46 | 182 | 46 |
| EBITDA (non-GAAP) | \$8,125 | \$6,941 | \$24,808 | \$29,891 |
| Adjustments | | | | |
| Gain on sale of assets | - | - | (395) | (219) |
| Remeasurement of acquisition related contingent consideration | - | (88) | - | (88) |
| Loss (gain) on foreign currency transactions | 103 | 180 | 98 | (52) |
| Equity compensation | 641 | 452 | 2,092 | 1,582 |
| Adjusted EBITDA (non-GAAP) | \$8,869 | \$7,485 | \$26,603 | \$31,114 |

RCM Technologies, Inc.
Supplemental Operating Results on a Non-GAAP Basis (Continued)
(Unaudited)
(In Thousands)

| | Thirteen Weeks Ended | | Fifty-Two Weeks Ended | |
|--|----------------------|----------------------|-----------------------|----------------------|
| | December 30, 2023 | December 31, 2022 | December 30, 2023 | December 31, 2022 |
| GAAP net income | \$5,255 | \$4,837 | \$16,831 | \$20,889 |
| Adjustments | | | | |
| Gain on sale of assets | - | - | (395) | (219) |
| Remeasurement of acquisition related contingent consideration | - | (88) | - | (88) |
| Loss (gain) on foreign currency transactions | 103 | 180 | 98 | (52) |
| Equity compensation | 641 | 452 | 2,092 | 1,582 |
| Tax impact from normalized rate | (186) | (147) | (467) | (356) |
| Adjusted net income (non-GAAP) | \$5,813 | \$5,234 | \$18,159 | \$21,756 |
| GAAP diluted net earnings per share | \$0.65 | \$0.48 | \$1.96 | \$2.00 |
| Adjustments | | | | |
| Gain on sale of assets | - | - | (\$0.05) | (\$0.02) |
| Remeasurement of acquisition related contingent consideration | - | (0.01) | - | (\$0.01) |
| Loss (gain) on foreign currency transactions | 0.01 | 0.02 | \$0.01 | (\$0.01) |
| Equity compensation | 0.07 | 0.05 | \$0.24 | \$0.15 |
| Tax impact from normalized rate | (0.02) | (0.02) | (\$0.05) | (\$0.03) |
| Adjusted diluted net earnings per share (non-GAAP) | \$0.71 | \$0.52 | \$2.11 | \$2.08 |

RCM Technologies, Inc.
Summary of Selected Income Statement Data
(Unaudited)
(In Thousands)

Thirteen Weeks Ended December 30, 2023

| | Specialty Health Care | Engineering | Life Sciences and IT | Consolidated |
|---------------------|--------------------------|---------------|-------------------------|---------------|
| Revenue | \$36,688 | \$22,719 | \$11,621 | \$71,028 |
| Cost of services | <u>25,686</u> | <u>16,589</u> | <u>7,122</u> | <u>49,397</u> |
| Gross profit | \$11,002 | \$6,130 | \$4,499 | \$21,631 |
| Gross profit margin | 30.0% | 27.0% | 38.7% | 30.5% |

Thirteen Weeks Ended December 31, 2022

| | Specialty Health Care | Engineering | Life Sciences and IT | Consolidated |
|---------------------|--------------------------|---------------|-------------------------|---------------|
| Revenue | \$35,810 | \$24,211 | \$10,200 | \$70,221 |
| Cost of services | <u>24,771</u> | <u>18,565</u> | <u>6,419</u> | <u>49,755</u> |
| Gross profit | \$11,039 | \$5,646 | \$3,781 | \$20,466 |
| Gross profit margin | 30.8% | 23.3% | 37.1% | 29.15% |

Fifty-Two Weeks Ended December 30, 2023

| | Specialty Health Care | Engineering | Life Sciences and IT | Consolidated |
|---------------------|--------------------------|---------------|-------------------------|----------------|
| Revenue | \$136,241 | \$84,675 | \$42,321 | \$263,237 |
| Cost of services | <u>96,309</u> | <u>64,071</u> | <u>26,161</u> | <u>186,541</u> |
| Gross profit | \$39,932 | \$20,604 | \$16,160 | \$76,696 |
| Gross profit margin | 29.3% | 24.3% | 38.2% | 29.1% |

Fifty-Two Weeks Ended December 31, 2022

| | Specialty Health Care | Engineering | Life Sciences and IT | Consolidated |
|---------------------|--------------------------|---------------|-------------------------|----------------|
| Revenue | \$159,448 | \$85,937 | \$39,295 | \$284,680 |
| Cost of services | <u>111,543</u> | <u>64,218</u> | <u>25,992</u> | <u>201,753</u> |
| Gross profit | \$47,905 | \$21,719 | \$13,303 | \$82,927 |
| Gross profit margin | 30.0% | 25.3% | 33.9% | 29.1% |

RCM Technologies, Inc.
Condensed Consolidated Balance Sheets
(Unaudited)
(In Thousands, Except Share Amounts)

| | December 30, 2023 | December 31, 2022 |
|--|----------------------|----------------------|
| Current assets: | | |
| Cash and cash equivalents | \$6,284 | \$339 |
| Accounts receivable, net | 70,690 | 50,762 |
| Contract assets | 8,891 | 3,280 |
| Prepaid expenses and other current assets | 4,637 | 4,636 |
| Total current assets | 90,502 | 59,017 |
| Property and equipment, net | 4,005 | 2,098 |
| Other assets: | | |
| Deposits | 313 | 173 |
| Deferred tax assets, net, domestic | - | - |
| Deferred tax assets, foreign | 55 | - |
| Goodwill | 22,147 | 22,147 |
| Operating right of use asset | 2,779 | 3,665 |
| Intangible assets, net | 683 | 864 |
| Total other assets | 25,977 | 26,849 |
| Total assets | \$120,484 | \$87,964 |
| Current liabilities: | | |
| Accounts payable and accrued expenses | \$12,454 | \$14,147 |
| Contract liabilities | 31,102 | 9,767 |
| Accrued payroll and related costs | 11,203 | 13,023 |
| Finance lease payable | 233 | 462 |
| Income taxes payable | 330 | 85 |
| Operating right of use liability | 693 | 1,349 |
| Contingent consideration from acquisitions | 300 | 472 |
| Deferred revenue | 1,881 | 1,119 |
| Total current liabilities | 58,196 | 40,424 |
| Deferred income taxes, net, foreign | 187 | 166 |
| Deferred income taxes, net, domestic | 1,568 | 1,495 |
| Finance lease payable | - | 232 |
| Contingent consideration from acquisitions, net of current portion | 1,671 | 1,970 |
| Operating right of use liability, net of current portion | 2,268 | 2,932 |
| Borrowings under line of credit | 30,804 | 8,783 |
| Total liabilities | 94,694 | 56,002 |
| Contingencies (note 16) and Commitments (note 18) | | |
| Stockholders' equity: | | |
| Preferred stock, \$1.00 par value; 5,000,000 shares authorized; no shares issued or outstanding | - | - |
| Common stock, \$0.05 par value; 40,000,000 shares authorized; 17,673,427 shares issued and 7,844,821 shares outstanding at December 30, 2023, 17,287,967 shares issued and 9,285,318 shares outstanding at December 31, 2022 and 16,903,157 shares issued and 10,290,935 shares outstanding at January 1, 2022 | 882 | 863 |
| Additional paid-in capital | 116,579 | 113,878 |
| Accumulated other comprehensive loss | (2,813) | (2,863) |
| Accumulated deficit | (19,265) | (36,096) |
| Treasury stock, 9,828,606 shares at December 30, 2023, 8,002,649 shares at December 31, 2022 and 6,612,222 shares at January 1, 2022 | (69,593) | (43,820) |
| Stockholders' equity | 25,790 | 31,962 |
| Total liabilities and stockholders' equity | \$120,484 | \$87,964 |

RCM Technologies, Inc.
Condensed Consolidated Statements of Cash Flows
(Unaudited)
(In Thousands)

| | Thirteen Weeks Ended | |
|--|------------------------------|------------------------------|
| | December 30, 2023 | December 31, 2022 |
| Net income | \$5,255 | \$4,837 |
| Adjustments to reconcile net income to cash used in operating activities | 1,526 | 2,989 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (13,880) | 81 |
| Prepaid expenses and other current assets | 678 | (2,953) |
| Net of transit accounts receivable and payable | (6,660) | 6,431 |
| Accounts payable and accrued expenses | 292 | 3,440 |
| Accrued payroll and related costs | (3,421) | (4,211) |
| Right of use liabilities | (337) | (336) |
| Income taxes payable | 80 | (2,298) |
| Deferred revenue | 1,546 | (441) |
| Deposits | (145) | 3 |
| Total adjustments | <u>(20,321)</u> | <u>2,705</u> |
| Net cash (used in) provided by operating activities | (\$15,066) | \$7,542 |
| Net cash used in investing activities | (2,056) | (4,367) |
| Net cash provided by (used in) financing activities | 22,706 | (3,659) |
| Effect of exchange rate changes on cash and cash equivalents | 46 | 62 |
| Increase in cash and cash equivalents | <u>\$5,630</u> | <u>(\$422)</u> |
| Common stock repurchase | (1,324) | (11,166) |
| | | |
| | Fifty-Two Weeks Ended | |
| | December 30, 2023 | December 31, 2022 |
| Net income | \$16,831 | \$20,889 |
| Adjustments to reconcile net income to cash used in operating activities | 4,321 | 4,539 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (20,576) | (1,509) |
| Prepaid expenses and other current assets | 3 | (2,350) |
| Net of transit accounts receivable and payable | 15,724 | 5,433 |
| Accounts payable and accrued expenses | (1,506) | 4,919 |
| Accrued payroll and related costs | (1,825) | 24 |
| Right of use liabilities | (1,353) | (1,642) |
| Income taxes payable | 242 | 276 |
| Deferred revenue | 762 | (2,299) |
| Deposits | (141) | 3 |
| Total adjustments | <u>(4,349)</u> | <u>7,394</u> |
| Net cash provided by operating activities | 12,482 | 28,283 |
| Net cash used in investing activities | (2,536) | (4,820) |
| Net cash used in financing activities | (3,852) | (23,127) |
| Effect of exchange rate changes on cash and cash equivalents | (149) | (232) |
| Increase in cash and cash equivalents | <u>\$5,945</u> | <u>\$104</u> |
| Common stock repurchase | (25,773) | (17,560) |