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P R E S S R E L E A S E

RCM TECHNOLOGIES, INC. ANNOUNCES THIRD QUARTER RESULTS

Pennsauken, NJ – November 6, 2019 -- 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 thirty-nine week periods ended September 28, 2019.

RCM Technologies reported revenue of \$40.2 million for the thirteen week period ended September 28, 2019 (the current period), a 5.4% decrease as compared to \$42.6 million for the thirteen week period ended September 29, 2018 (the comparable prior year period). Gross profit was \$10.6 million for the current period, a 3.4% decrease as compared to \$11.0 million for the comparable prior year period. The Company experienced GAAP operating income of \$0.7 million for the current period, as compared to \$1.2 million for the comparable prior year period. GAAP net income was \$0.3 million, or \$0.03 per diluted share, for the current period as compared to \$0.7 million, or \$0.06 per diluted share, for the comparable prior year period.

RCM Technologies reported revenue of \$142.6 million for the thirty-nine week period ended September 28, 2019 (the current period), a 1.7% decrease as compared to \$145.1 million for the thirty-nine week period ended September 29, 2018 (the comparable prior year period). Gross profit was \$35.9 million for the current period, a 0.9% decrease as compared to \$36.3 million for the comparable prior year period. The Company experienced GAAP operating income of \$4.6 million for the current period, as compared to \$3.8 million for the comparable prior year period. GAAP net income was \$3.0 million, or \$0.24 per diluted share, for the current period as compared to \$2.1 million, or \$0.17 per diluted share, for the comparable prior year period.

The Company had adjusted EBITDA (non-GAAP) of \$1.1 million for the thirteen weeks ended September 28, 2019, a 29.1% decrease as compared to \$1.6 million for the comparable prior year period. The Company had adjusted EBITDA (non-GAAP) of \$5.8 million for the thirty-nine weeks ended September 29, 2018, a 9.4% decrease as compared to \$6.4 million for the comparable prior year period. A reconciliation of adjusted EBITDA (non-GAAP) to EBITDA (non-GAAP) and net income (GAAP) can be found on the fourth page of this press release.

The Company experienced \$1.4 million in severance, professional fees and other charges for the thirty-nine week period ended September 29, 2018. These charges include severance accrued for the Company's former chief executive officer and related payroll taxes, continuation of certain benefits and professional fees, totaling approximately \$0.9 million. The additional charges of \$0.5 million incurred related to transactional financial advisory fees, legal fees associated with defending a frivolous lawsuit with a competitor of the Company, and search fees associated with hiring a senior executive.

Bradley Vizi, Executive Chairman of RCM Technologies, commented, “We continued to experience strong performance from our Health Care & Information Technology segments. While we’re disappointed with the softness in Engineering revenue, we believe we are taking positive steps towards growth in fiscal 2020 and beyond.”

Kevin Miller, Chief Financial Officer of RCM Technologies, added, “We expect strong cash flow through the remainder of the year and in fiscal 2020.”

Conference Call

On Thursday, November 7, 2019, RCM Technologies will host a conference call to discuss these results. The call will begin at 10:00 a.m. Eastern Time. The dial-in number is (866) 403-9129.

About RCM

RCM Technologies, Inc. is 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 information technology and engineering services. RCM is an innovative leader in the delivery of these solutions to commercial and government sectors. RCM is also a provider of specialty healthcare services to major health care institutions and educational facilities. RCM’s offices are located in major metropolitan centers throughout North America. Additional information can be found at 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 and 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, as well as 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 growth in our business. Such statements are based on current expectations that involve a number of 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 Income
(Unaudited)
(In Thousands, Except Per Share Amounts)

| | Thirteen Week Periods Ended | |
|---|------------------------------------|-------------------------------|
| | September 28, 2019 | September 29, 2018 |
| Revenue | \$40,250 | \$42,559 |
| Cost of services | 29,635 | 31,571 |
| Gross profit | 10,615 | 10,988 |
| Selling, general and administrative | 9,498 | 9,412 |
| Depreciation and amortization of property and equipment | 304 | 337 |
| Amortization of acquired intangible assets | 82 | 7 |
| Operating income | 731 | 1,232 |
| Other expense, net | (326) | (295) |
| Income before income taxes | 405 | 937 |
| Income tax expense | 70 | 253 |
| Net income | <u>\$335</u> | <u>\$684</u> |
| Diluted net earnings per share data | \$0.03 | \$0.06 |

| | Thirty-Nine Week Periods Ended | |
|---|---------------------------------------|-------------------------------|
| | September 28, 2019 | September 29, 2018 |
| Revenue | \$142,550 | \$145,081 |
| Cost of services | 106,615 | 108,803 |
| Gross profit | 35,935 | 36,278 |
| Selling, general and administrative | 30,165 | 29,909 |
| Depreciation and amortization of property and equipment | 944 | 1,116 |
| Severance, professional fees and other charges | - | 1,371 |
| Amortization of acquired intangible assets | 247 | 40 |
| Operating income | 4,579 | 3,842 |
| Other expense, net | (1,275) | (990) |
| Income before income taxes | 3,304 | 2,852 |
| Income tax expense | 255 | 736 |
| Net income | <u>\$3,049</u> | <u>\$2,116</u> |
| Diluted net earnings per share data | \$0.24 | \$0.17 |

RCM Technologies, Inc.
Summary Consolidated Selected Balance Sheet Data
(In Thousands)

| | September 28, 2019 | December 29, 2018 |
|---------------------------------|-------------------------------|------------------------------|
| | (Unaudited) | |
| Cash and cash equivalents | \$393 | \$482 |
| Accounts receivable, net | \$57,470 | \$52,335 |
| Total current assets | \$64,928 | \$58,811 |
| Total assets | \$91,740 | \$81,510 |
| Total current liabilities | \$21,421 | \$23,188 |
| Borrowing under line of credit | \$31,735 | \$27,540 |
| Net debt (borrowings less cash) | \$31,342 | \$27,058 |
| Total liabilities | \$60,689 | \$54,311 |
| Stockholders' equity | \$31,051 | \$27,199 |

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

The following non-GAAP data, which adjusts for the categories of expenses described below, is a non-GAAP financial measure. Our management believes that this non-GAAP financial measure is useful information for investors, shareholders and other stakeholders of our Company in gauging our results of operations on an ongoing basis. We believe that EBITDA and Adjusted EBITDA are performance measures and have provided a reconciliation between net income and EBITDA and Adjusted EBITDA. Neither EBITDA nor Adjusted EBITDA should be considered as an alternative to net income as an indicator of performance. In addition, neither EBITDA nor Adjusted EBITDA takes into account changes in certain assets and liabilities as well as 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 measure and the corresponding adjustments used to calculate "EBITDA" and "Adjusted EBITDA" for the thirteen and thirty-nine week periods ended September 28, 2019 and September 29, 2018.

| | Thirteen | | Thirty-Nine | |
|--|---------------------------|----------------------|---------------------------|----------------------|
| | Week Periods Ended | | Week Periods Ended | |
| | September 28, | September 29, | September 28, | September 29, |
| | 2019 | 2018 | 2019 | 2018 |
| GAAP net income | \$335 | \$684 | \$3,049 | \$2,116 |
| Income tax expense | 70 | 253 | 255 | 736 |
| Interest expense | 390 | 305 | 1,276 | 971 |
| Imputed interest on contingent consideration | (56) | - | 40 | - |
| Depreciation of property and equipment | 304 | 337 | 944 | 1,116 |
| Amortization of acquired intangible assets | 82 | 7 | 247 | 40 |
| EBITDA (non-GAAP) | \$1,125 | \$1,586 | \$5,811 | \$4,979 |
| Adjustments | | | | |
| Severance, professional fees and other charges | - | - | - | 1,371 |
| (Loss) gain on foreign currency transactions | (8) | (10) | (41) | 19 |
| Adjusted EBITDA (non-GAAP) | \$1,117 | \$1,576 | \$5,770 | \$6,369 |

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

| | Thirteen Week Periods Ended | |
|---|------------------------------------|-------------------------------|
| | September 28, 2019 | September 29, 2018 |
| Net income | \$335 | \$684 |
| Adjustments to reconcile net income to cash used in operating activities | 442 | 1,125 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | 727 | 4,496 |
| Prepaid expenses and other current assets | (175) | (867) |
| Net of transit accounts receivable and payable | (39) | (466) |
| Accounts payable and accrued expenses | (1,901) | 1,206 |
| Accrued payroll and related costs | (769) | (760) |
| Right of use assets and liabilities | (14) | - |
| Income taxes payable | 1 | 256 |
| Total adjustments | (1,728) | 4,990 |
| Cash (used in) provided by operating activities | (\$1,393) | \$5,674 |
| Net cash used in investing activities | (58) | (810) |
| Net cash provided by (used in) financing activities | 1,020 | (4,552) |
| Effect of exchange rate changes | (44) | (33) |
| (Decrease) increase in cash and cash equivalents | (\$475) | \$279 |

| | Thirty-Nine Week Periods Ended | |
|---|---------------------------------------|-------------------------------|
| | September 28, 2019 | September 29, 2018 |
| Net income | \$3,049 | \$2,116 |
| Adjustments to reconcile net income to cash used in operating activities | 1,936 | 2,527 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (5,184) | (1,664) |
| Prepaid expenses and other current assets | 483 | (593) |
| Net of transit accounts receivable and payable | 923 | (1,560) |
| Accounts payable and accrued expenses | (3,366) | (219) |
| Accrued payroll and related costs | (1,986) | 905 |
| Right of use assets and liabilities | 245 | - |
| Income taxes payable | 30 | 552 |
| Total adjustments | (6,919) | (52) |
| Cash (used in) provided by operating activities | (\$3,870) | \$2,064 |
| Net cash used in investing activities | (296) | (1,423) |
| Net cash provided by (used in) financing activities | 4,160 | (2,735) |
| Effect of exchange rate changes | (83) | (47) |
| Decrease in cash and cash equivalents | (\$89) | (\$2,141) |

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

Thirteen Week Period Ended September 28, 2019

| | <u>Engineering</u> | <u>Specialty Health Care</u> | <u>Information Technology</u> | <u>Consolidated</u> |
|---------------------|--------------------|----------------------------------|-----------------------------------|---------------------|
| Revenue | \$15,140 | \$16,765 | \$8,345 | \$40,250 |
| Cost of services | <u>10,984</u> | <u>12,795</u> | <u>5,856</u> | <u>29,635</u> |
| Gross profit | \$4,156 | \$3,970 | \$2,489 | \$10,615 |
| Gross profit margin | 27.5% | 23.7% | 29.8% | 26.4% |

Thirteen Week Period Ended September 29, 2018

| | <u>Engineering</u> | <u>Specialty Health Care</u> | <u>Information Technology</u> | <u>Consolidated</u> |
|---------------------|--------------------|----------------------------------|-----------------------------------|---------------------|
| Revenue | \$19,424 | \$15,106 | \$8,029 | \$42,559 |
| Cost of services | <u>14,049</u> | <u>11,665</u> | <u>5,857</u> | <u>31,571</u> |
| Gross profit | \$5,375 | \$3,441 | \$2,172 | \$10,988 |
| Gross profit margin | 27.7% | 22.8% | 27.1% | 25.8% |

Thirty-Nine Week Period Ended September 28, 2019

| | <u>Engineering</u> | <u>Specialty Health Care</u> | <u>Information Technology</u> | <u>Consolidated</u> |
|---------------------|--------------------|----------------------------------|-----------------------------------|---------------------|
| Revenue | \$52,778 | \$64,305 | \$25,467 | \$142,550 |
| Cost of services | <u>38,666</u> | <u>49,395</u> | <u>18,554</u> | <u>106,615</u> |
| Gross profit | \$14,112 | \$14,910 | \$6,913 | \$35,935 |
| Gross profit margin | 26.7% | 23.2% | 27.1% | 25.2% |

Thirty-Nine Week Period Ended September 29, 2018

| | <u>Engineering</u> | <u>Specialty Health Care</u> | <u>Information Technology</u> | <u>Consolidated</u> |
|---------------------|--------------------|----------------------------------|-----------------------------------|---------------------|
| Revenue | \$62,412 | \$60,599 | \$22,070 | \$145,081 |
| Cost of services | <u>45,706</u> | <u>46,822</u> | <u>16,275</u> | <u>108,803</u> |
| Gross profit | \$16,706 | \$13,777 | \$5,795 | \$36,278 |
| Gross profit margin | 26.8% | 22.7% | 26.3% | 25.0% |