

## INVESTOR PRESENTATION



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December 2023

# SAFE HARBOR STATEMENT

This presentation and other documents referenced herein include, and our officers and representatives may from time to time make or provide, certain estimates and other forward-looking statements within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act, and Section 21E of the Exchange Act including, among others, statements with respect to the Company's future revenues, including opportunities to expand revenues without compromising margins, system-wide sales, earnings and income, profitability, the impact of any global pandemic including the coronavirus disease ("COVID-19"), strategies, including with respect to future acquisitions and conversion to franchises, system sales, revenue, expenses, or income at the corporate or franchisee level, our plans to expand geographically and increase national accounts, prospects, the benefits of our California trademark license arrangement, capital outlays, consequences, and all other statements that are not purely historical and that may constitute statements of future expectation. Forward-looking statements can be identified by words such as: "anticipate," "intend," "plan," "goal," "seek," "believe," "project," "estimate," "effect," "strategy," "future," "likely," "may," "should," "will," and similar references to future periods. While we believe these statements are accurate, forward-looking statements are not historical facts and are inherently uncertain. They are based only on current beliefs, expectations, and assumptions regarding the future of our business, future plans, and strategies, projections, anticipated events and trends, the economy, and other future conditions. We cannot assure you that these expectations will occur, and our actual results may be significantly different. You should not place undue reliance on forward-looking statements. Factors that may cause actual results to differ materially from those contemplated in any forward-looking statements made by us are sometimes presented within the forward-looking statements themselves or are otherwise discussed in filings we make with the United States Securities and Exchange Commission (SEC), including our Annual Report on Form 10-K for the year ended December 31, 2022 that is available on our website: <http://www.hirequest.com> or on the SEC's website. Any forward-looking statement made by us in this presentation is based only on information currently available to us and speaks only as of the date on which it is made. The Company disclaims any obligation to update or revise any forward-looking statement, whether written or oral, that may be made from time to time, based on the occurrence of future events, the receipt of new information, or otherwise, except as required by law.

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# HIREQUEST – AT A GLANCE

*National Reach,  
Local Ownership*

- **Leading national franchisor** of direct dispatch, executive search, and commercial staffing services
- Profitable franchise-business model with **multiple growth drivers**
- **Proprietary, purpose-built software** supports franchisees

**400+**

Locations

**300+**

Franchises

**10,000+**

Customers

**81,000+**

Employees

## STRONG FINANCIAL PERFORMANCE

- Multiple recurring revenue streams
- Strong balance sheet with low debt
- Franchise-centric model proved resilient to pandemic
- Quarterly dividend

## DIFFERENTIATED FRANCHISOR MODEL

- Profitable, franchise-centric model yields substantial operating leverage as the business grows
- Higher margins and less volatility than non-franchised staffing companies
- Asset light, scalable operations

## ORGANIC & ACQUISITIVE GROWTH

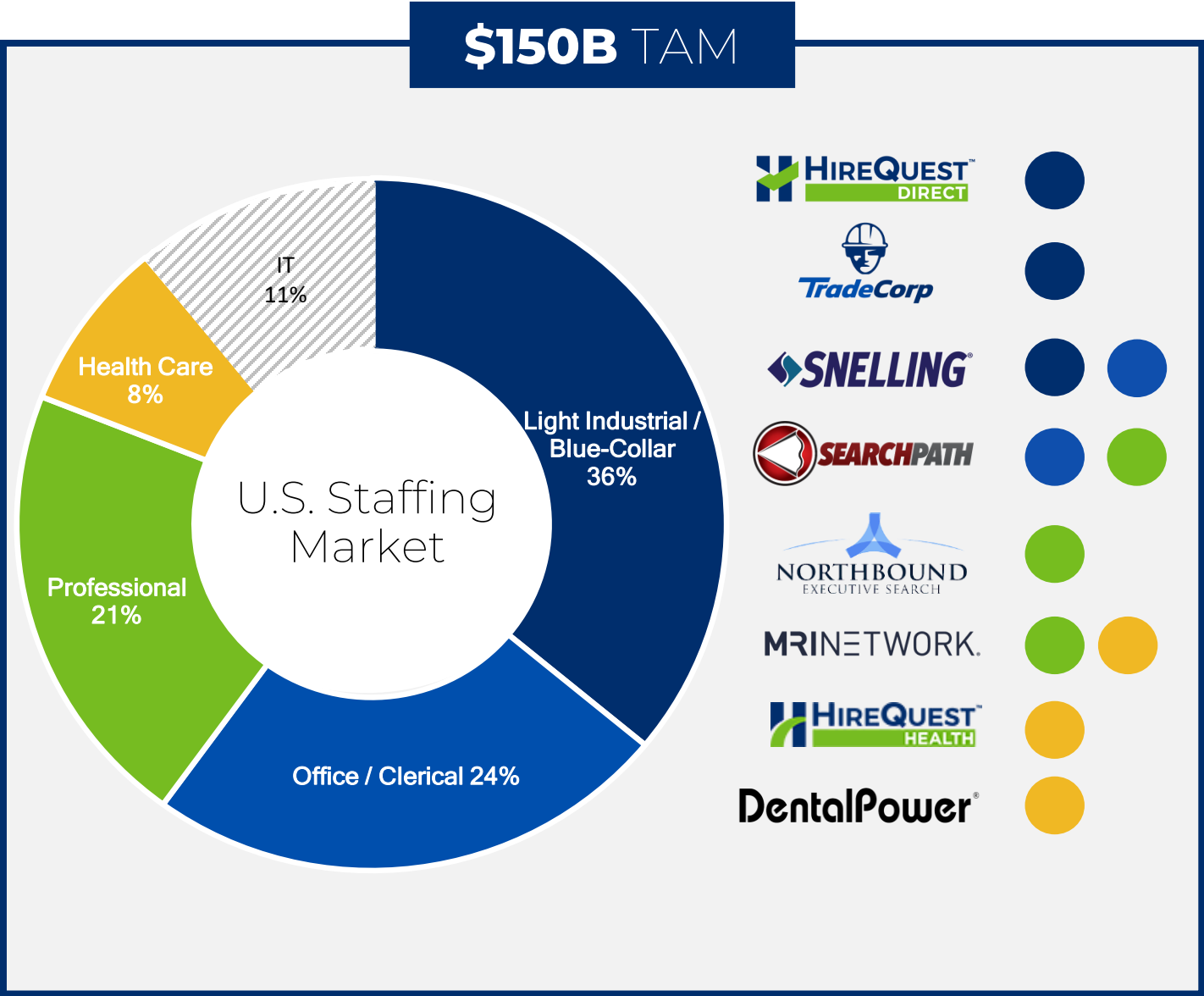
- Organic locations opened by new and existing franchisees
- Active M&A strategy – growing existing franchise offerings and creating new brands/offerings
  - 8 acquisitions since 2021
- Franchise model replicable outside of HQI's current core markets

# STAFFING SOLUTIONS LEADER WITH DIVERSE SERVICE OFFERINGS

DIRECT DISPATCH STAFFING	 <ul style="list-style-type: none"> <li>Flexible labor solutions, per diem</li> <li><b>Key Client Verticals:</b> construction, hospitality, landscaping, janitorial, special events</li> </ul>
COMMERCIAL STAFFING	 <ul style="list-style-type: none"> <li>Short and long-term staffing solutions</li> <li><b>Staffing Services:</b> skilled trades, permanent placement, medical</li> <li><b>Key Client Verticals:</b> warehousing/logistics, hospitals, manufacturing, office workers, retail</li> </ul>
EXECUTIVE & PROFESSIONAL SEARCH	 <ul style="list-style-type: none"> <li>Executive and professional placement solutions tailored specifically to client expectations</li> <li><b>Staffing Services:</b> executive search, short-term consulting</li> <li><b>Key Client Verticals:</b> healthcare, accounting &amp; finance, legal &amp; compliance, engineering, IT, general management, consulting/temporary</li> </ul>
VERTICAL-FOCUSED STAFFING	 <ul style="list-style-type: none"> <li>Staffing solutions coupled with industry specific knowledge</li> <li><b>Staffing Services:</b> on-demand, temp-to-hire, permanent placement</li> <li><b>Key Client Verticals:</b> trucking (long-haul and last-mile), skilled trades, dental, medical</li> </ul>

# HIREQUEST TARGETING 89% OF THE TOTAL STAFFING MARKET

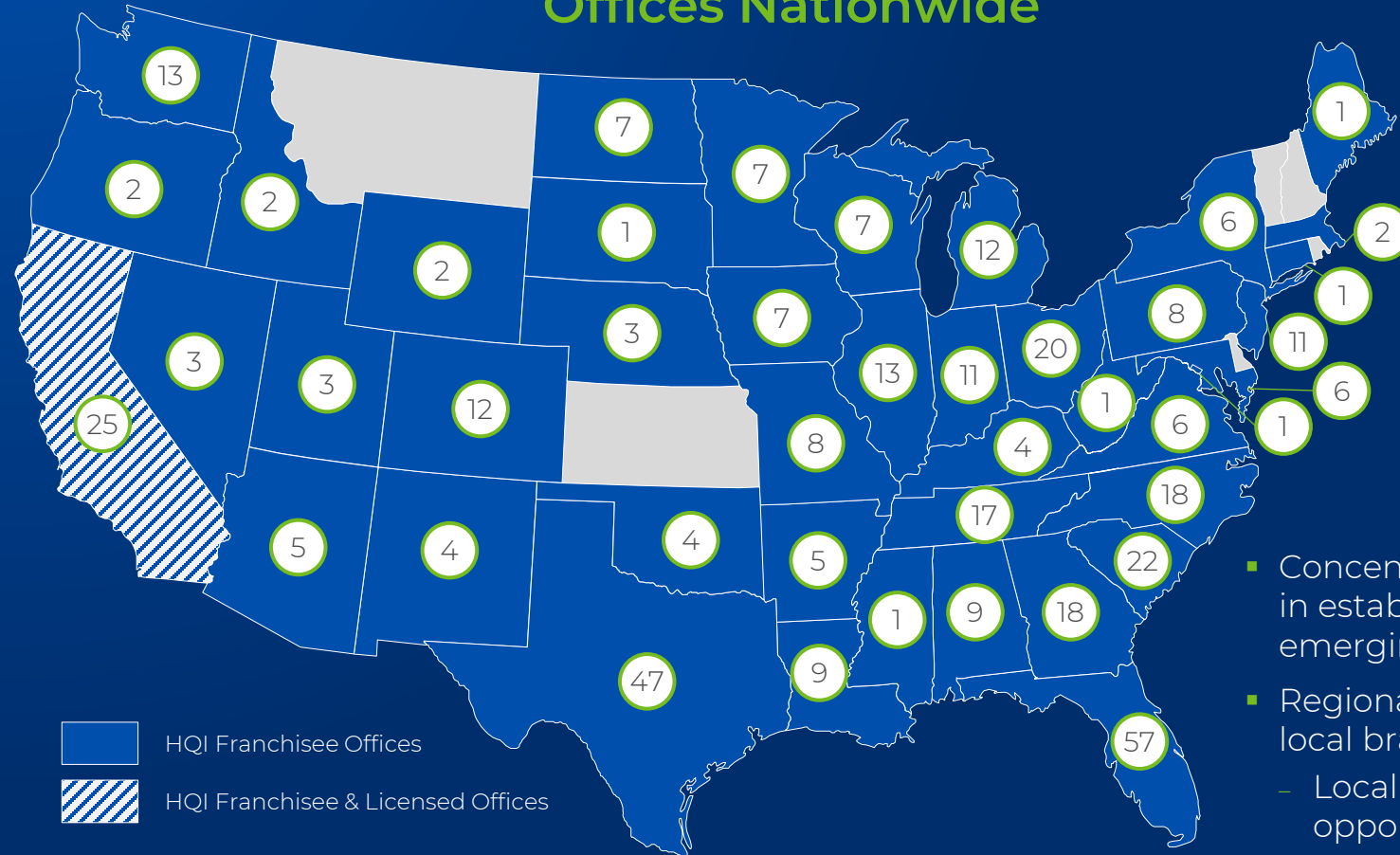
Current offerings target  
virtually all segments of  
the \$168 billion staffing  
and recruiting market





Source: American Staffing Association – 2021 National Staffing Statistics – measured by sales.

# GLOBAL COVERAGE

## 400+ Franchised and Licensed Offices Nationwide



 HQI Franchisee Offices  
 HQI Franchisee & Licensed Offices

- Concentration of branches in established and emerging regions
- Regional branches provide local brand recognition
  - Local market opportunities and trends are more readily identified
- Diverse staffing offerings allow for multiple locations in many markets

## 18 Franchised International Offices



# BENEFITS OF THE FRANCHISE SOLUTION

## HIREQUEST INC.™ FRANCHISE MODEL

### Incentive Alignment

- Franchisees are owners and drive branch-level performance and management expectations

### Expense Control

- Less need for regional/middle management, significantly reduces operating expenditures
- Providing lower cost payroll financing and workers compensation insurance to franchisees

### Enhanced Economic Resiliency

- Exposure to diverse set of customer verticals and recurring revenue streams helps mitigate HQI's exposure to economic risk

### National Scale Drives Local Service

- National accounts, payroll financing and technology solutions reduce franchisee workload to drive stronger staffing operations at the local level

## Traditional Staffing Model

### Fluctuating Compensation

- Difficult to incentivize employees profitably - variable compensation structures across locations/verticals can result in inconsistent performance

### Obstacles to Expense Control

- Additional management required as offerings and locations grow
- Small-mid scale competitors may have a harder time obtaining low-cost financing and adequate workers compensation programs at reasonable costs

### Increased Exposure to Economic Risk

- Current economic environment largely impacts cyclical performance



# FINANCIAL HIGHLIGHTS

*HireQuest generated significant momentum through 2022*

## Q3 '23 LTM METRICS

**\$36.2M**

Total Revenue<sup>1</sup>

**\$10.9M**

Income from Operations<sup>1</sup>

**\$8.5M**

Net Income<sup>2</sup>

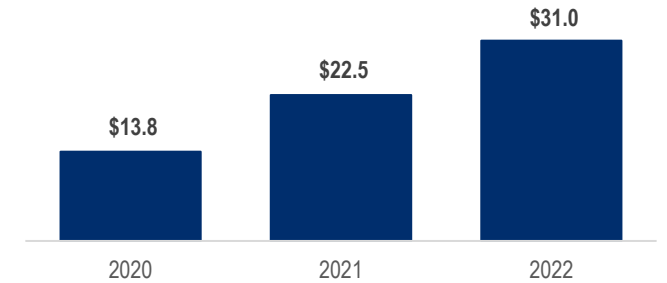
**\$0.62**

Diluted EPS<sup>2</sup>

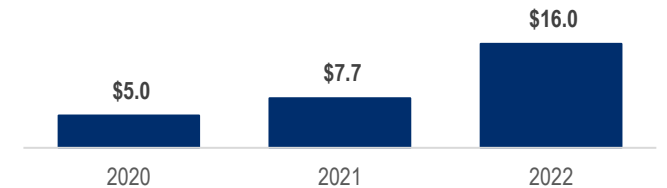
**\$16.6M**

Adjusted EBITDA<sup>3</sup>

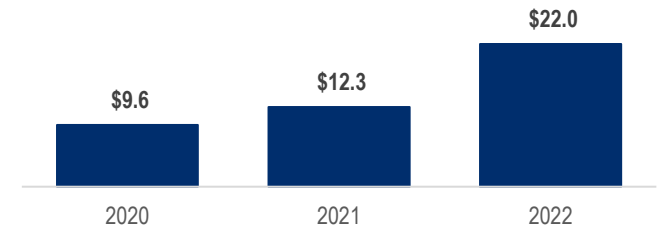
## TOTAL REVENUE<sup>1</sup>



## INCOME FROM OPERATIONS<sup>1</sup>



## ADJUSTED EBITDA<sup>3</sup>



1) From continuing operations, Dental Power owned operations reclassified as discontinued operations.

2) Net Income and diluted EPS are for continuing operations and exclude income from discontinued operations.

3) Non-GAAP financial measure. EBITDA adjusted for stock-based compensation, WOTC related costs, impairment of notes receivable, and net acquisition-related charges. See appendix for further detail.

# COMPELLING RECURRING REVENUE MODEL

*Our three revenue streams generate uniquely high margins for the staffing industry*

Franchise  
Royalties

License  
Fees

Service  
Revenue

## HYPOTHETICAL SINGLE TEMPORARY STAFFING BRANCH

<b>~\$2.1 million</b> Franchisee Revenue	×	<b>~6.5%</b> Blended Royalty Rate & Service Revenue	→	<b>~\$136,500</b> HQI Revenue	−	<b>~3%</b> of System Sales	=	<b>~\$73,500</b> (~3.5% of System Sales)
System Sales				Revenue to HQI		HQI Expenses		HQI Net Income

## PATH FORWARD

*Leveraging organic and growth strategies*

### Strategic Acquisitions

Near immediate return through conversion to franchise model

### Expanding Verticals & Offerings

Significant expansion opportunities across the HQI portfolio

### Growing Franchisees & Geographic Footprint

Leveraging opportunities to expand national reach

### Enhancing National Account Presence

Addition of MRI / professional staffing increases exposure to new and existing national and global customers

### **HIREQUEST, INC.**

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# Appendix

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# STATEMENT OF OPERATIONS

*(in thousands, except per share data)*

	Three months ended	
	September 30, 2023	September 30, 2022
Franchise royalties	\$ 8,894	\$ 7,420
Service revenue	377	429
<b>Total revenue</b>	<b>9,271</b>	<b>7,849</b>
Selling, general and administrative expenses	6,354	2,111
Depreciation and amortization	699	497
<b>Income from operations</b>	<b>2,218</b>	<b>5,241</b>
Other miscellaneous income	117	(99)
Interest income	83	51
Interest and other financing expense	(302)	(99)
<b>Net income before income taxes</b>	<b>2,116</b>	<b>5,094</b>
Provision (benefit) for income taxes	518	946
<b>Income from continuing operations</b>	<b>1,598</b>	<b>4,148</b>
Income from discontinued operations, net of tax	(115)	98
<b>Net income</b>	<b>\$ 1,483</b>	<b>\$ 4,246</b>
<b>Basic earnings per share</b>		
Continuing operations	\$ 0.12	\$ 0.30
Discontinued operations	(0.01)	0.01
<b>Total</b>	<b>\$ 0.11</b>	<b>\$ 0.31</b>
<b>Diluted earnings per share</b>		
Continuing operations	\$ 0.12	\$ 0.30
Discontinued operations	(0.01)	0.01
<b>Total</b>	<b>\$ 0.11</b>	<b>\$ 0.31</b>

# SUMMARY BALANCE SHEETS

(in thousands)

	Period ended	
	September 30, 2023	December 31, 2022
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 1,110	\$ 3,049
Accounts receivable, net of allowance for doubtful accounts	50,171	45,728
Other current assets	4,870	3,153
Total current assets	56,151	51,930
Property and equipment, net	4,321	4,353
Franchise agreements, net	21,866	23,144
Other intangible assets, net	10,292	10,690
Goodwill	5,870	5,870
Other assets	6,738	7,296
Total assets	\$ 105,238	\$ 103,283
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 210	\$ 448
Line of credit	14,409	12,543
Term loan payable	510	704
Other current liabilities	21,949	23,085
Total current liabilities	37,078	36,780
Term loan payable, net of current portion	219	3,291
Other liabilities	4,943	4,958
Total liabilities	42,240	45,029
Stockholders' equity	62,998	58,254
Total liabilities and stockholders' equity	\$ 105,238	\$ 103,283

# RECONCILIATION OF NON-GAAP FINANCIAL MEASURE

(in thousands)

Net Income to Adjusted EBITDA <sup>1</sup>	Trailing Twelve Months (TTM) ended September 30, 2023	Twelve Months Ended		
		December 31, 2022	December 31, 2021	December 31, 2020
Net Income	\$ 8,839	\$ 12,458	\$ 11,850	\$ 5,359
Interest expense	1,268	368	157	50
Provision for income taxes	1,553	1,895	635	741
Depreciation & amortization	2,619	2,040	1,551	129
WOTC related costs	487	601	595	448
EBITDA	\$ 14,766	\$ 17,362	\$ 14,788	\$ 6,727
Non-cash compensation	1,406	1,673	1,628	1,227
Acquisition related charges, net	(11)	2,660	(4,399)	-
Impairment of notes receivable	417	350	307	1,599
Adjusted EBITDA <sup>1</sup>	\$ 16,578	\$ 22,045	\$ 12,324	\$ 9,553

1) Non-GAAP financial measure.