

Volt Information Sciences, Inc. (VOLT)

VOLT's 4Q:F21 Results Top Expectations, Signal A Business At An Inflection Point; We Foresee Sustained Revenue Growth And Profitability, Despite Ongoing Macro Headwinds; Maintain \$6 Target

	F2020		F2021		F2022E		F2023E	
		OLD	NEW	OLD	NEW	OLD	NEW	
Jan.	(\$0.45)	(\$0.08)A		(\$0.11)	(\$0.13)	(\$0.14)		
Apr.	(0.23)	0.12A		0.03		0.05		
July	(0.09)	0.05A		0.09		0.15		
Oct.	0.11	0.07	0.11A	0.13		0.22		
Adjusted EPS (FY)	(\$0.65)	\$0.16	\$0.21	\$0.14	\$0.12	\$0.28		
Adjusted EPS (Cal.)	(\$0.29)	\$0.13	\$0.15	\$0.11				
P/E (FY)					27.0x	11.6x		
P/E (Cal.)			21.6x	29.5x				

Note: NR = Not Rated. Risk Ratings: H = Highly risky; M = Moderately risky. F2020 EPS exclude \$0.91 in restructuring, severance and one-time expenses. F2021-F2023 exclude \$0.08-\$0.15 in impairment charges. F2020-F2023E include \$0.09-\$0.14 of stock comp expense. *FCF excludes the add-back of stock comp. Sum of quarterly EPS may not equal full-year total due to rounding or changes in share count.

Year	F2014	F2015	F2016	F2017	F2018	F2019	F2020	F2021	F2022E	F2023E
Rev.(Mil.)	\$1710.0	\$1496.9	\$1334.7	\$1194.4	\$1039.2	\$997.1	\$822.1	\$885.4	\$923.0	\$965.0
GAAP EPS*	(\$0.16)	(\$0.95)	(\$0.70)	\$1.37	(\$1.55)	(\$0.72)	(\$1.56)	\$0.06	\$0.04	\$0.19

* F2017 GAAP EPS include \$2.47 gain on divestiture of two business units and other one-time items.

Description: Volt Information Sciences, Inc. (www.volt.com) is an international provider of staffing, outsourcing, workforce management and customer care services. The company operates four business units: North American Staffing (84% of F2020 revenue), International Staffing (12%) and North American MSP (4%). Headquarters are in Orange, CA.

- VOLT's 4Q:F21 results topped our estimates across the board. Revenue was \$228 million, up 8% year-to-year; we estimated \$223 million. The beat again came from the core *North American Staffing* unit (83% of revenue), up 7% from 4Q:F20 due to a growing mix of new higher-margin clients and expansion with existing accounts.**
- The gross margin of 16.8% topped our estimate of 16.5%, which was the high-end of the guidance range. We attribute this to mix and a surge in direct hire work. Coupled with ongoing cost containment on the SG&A line, VOLT posted 4Q:F21 adjusted EPS (excluding one-time items) of \$0.11, besting our estimate of \$0.07.**
- Other highlights from the earnings report included year-over-year revenue growth and positive EBITDA for every quarter of the fiscal year (a first for VOLT in nine years), as well as annual revenue growth across all segments.**
- Guidance for 1Q:F22 was also upbeat. Management anticipates revenue growth of 3%-4% over 1Q:F21 despite ongoing labor/talent shortages and COVID-related pressures; we adjust our model accordingly. We trim our loss per share estimate, however, to \$0.13, from \$0.11, due to a slightly lower gross margin outlook.**
- Overall, we reiterate our stance that the company is in the early innings of a sustained revenue growth and profitability period, outside of seasonal payroll tax trends. Our upbeat revenue, margin and EPS estimates are intact for 2Q:F22-F2023.**
- VOLT's balance sheet has steadily improved in recent years; this was evident in F2021. The company ended the year with a net cash position of \$0.54 per share, aided by a few favorable cash flow trends, versus net debt of \$0.95 in F2020. Based on our EPS and FCF forecasts, that include the repayment of \$26 million in deferred payroll taxes, we project year-end F2023 net cash of \$0.42 per share.**
- We maintain our price target of \$6, based on 20x our unchanged F2023 EPS estimate of \$0.28. The 20x multiple is a premium to our 5-year EPS CAGR projection, which reflects our view that the business is at an inflection point.**
- The Moderately Risky rating reflects the improving results of late and expectations that VOLT will be profitable going forward (outside of seasonal payroll tax trends).**

NR

Price Target: \$6

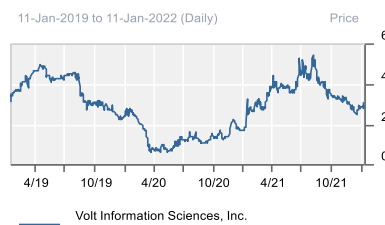
Price: \$3.24

Risk Rating: M

Josh Vogel
(212) 453-7016
(jvogel@sidoti.com)

Key Statistics

Analysts Covering	1
Market Cap (Mil)	\$70
Enterprise Value	\$59
52-Week Range (NYSE)	6-2
5-Year EPS CAGR	15%
Avg. Daily Trading Volume	60,000
Shares Out (Mil)	22.079
Float Shares (Mil)	14.250
Insider Ownership	42%
Institutional Holdings	38%
Annualized Dividend	Nil
Dividend Yield	N/A
FCF Per Share (F2023E)*	\$0.15
FCF Yield (F2023E)	4.6%
Net Cash Per Share (F2023E)	\$0.42
Price to Book Value	2.3x
Return on Equity (F2023E)	9.2%
Total Debt to Capital	76%
Interest Coverage Ratio	4.9x
Short Interest %	1.0%
Short Interest Days To Cover	2.5
Russell 2000	2,176
Russell 2000 – Last 12 Months	4.9%
VOLT – Last 12 Months	57.8%



Source: FactSet Prices

VOLT's 4Q:F21 earnings report showcased broad-based revenue gains and margin expansion that fueled a \$0.04 adjusted EPS beat, relative to our model. The company posted 4Q:F21 revenue of \$228 million, up 8% year-to-year and 2% above our estimate. As witnessed throughout the bulk of F2021, the primary driver of the company's revenue recovery came from the core *North American Staffing* unit (84% of revenue), which was up 7% from a year ago. The relative strength was attributed to business wins with higher-margin retail and mid-market clients, as well as expanded work with existing clients. We also saw growth within the *International Staffing* business (12%) of 14% over 4Q:F20 as the company saw traction with existing clients in France and Belgium, as well as increased direct hire volume in the U.K. and Singapore. Lastly, the *North American MSP* division (4%) grew by 7% due to increased payroll service business. Looking at the gross margin, management guided to 16.0%-16.5%, versus 16.2% in 4Q:F20. We were at the high end; however, given an almost doubling of direct hire work, gross margin was 16.8%. Also aiding this was another strong quarter of retail client signings/volume, which was up over 20% year-to-year for F2021. We remind investors that this client segment continues to grow 3x-4x faster than business from enterprise clients, with gross margins that are about 500 basis points higher. Lastly, SG&A expense was in line with our estimate and guidance on a total dollar basis, but was only 15.2% of revenue, versus our estimate of 15.5%. Strategic cost reductions, including those tied to labor and general headcount and a lower real estate footprint were partly offset by incentives on higher sales volume and increased medical expenses. Given the better-than-expected revenue and gross margin performance, as well as in line SG&A spend (in total dollars), VOLT posted 4Q:F21 adjusted EPS (excluding restructuring and impairment charges) of \$0.11, which was \$0.04 above our estimate of \$0.07. Year-to-year adjusted EPS were flat although we acknowledge that the year-ago quarter benefitted from unsustainably low SG&A spend at the depths of the pandemic.

Exhibit 1: Volt Information Sciences, Inc. Results Variance Table (\$ in '000s, except per share data)

	4Q:F21 Actual	4Q:F20 Actual	4Q:F21 Estimated	Variance (Act. Vs. Est.)	% change	Variance ('F21 vs. 'F20)	% change
Revenue	\$227,809	\$211,073	\$223,500	\$4,309	1.9%	\$16,736	7.9%
Gross Profit	38,161	34,229	36,810	1,351	3.7%	\$3,932	11.5%
Adjusted Operating Income (Loss)	3,470	3,494	2,243	1,227	54.7%	(\$24)	-0.7%
GAAP Net Income (Loss)	1,326	(12,517)	1,001	325	32.5%	\$13,843	NM
Diluted GAAP EPS (Loss per Share)	\$0.06	(\$0.58)	\$0.04	0	31.5%	\$0.64	NM
Non-GAAP Net Income	\$2,469	\$2,439	\$1,501	\$968	64.5%	\$30	1.2%
Non-GAAP EPS	\$0.11	\$0.11	\$0.07	0.04	63.3%	(\$0.00)	-2.6%

Sources: Company filings and Sidoti & Company, LLC estimates

Despite ongoing macro pressures tied to labor/supply constraints and the lingering pandemic, 1Q:F22 revenue guidance also surpassed expectations; we fine-tune our estimate with our 2Q:F22-F2023 outlook intact. Looking forward, we are excited about several developments for VOLT. For one, the company is focused on the continued evolution to a more balanced portfolio that includes a greater mix of higher-margin retail and direct hire work, as well as specialty focus. We also see the expansion of existing technologies and tools that enable improved productivity and efficiency, as well as candidate engagement. In addition to leveraging the back-office capabilities in India, the company is benefitting from the use of chat bots and has rolled out a new AI-powered job board that more effectively engages with candidates in real-time. Although the historic labor market supply constraints and uncertainty around the Omicron variant and vaccine mandates remain an overhang, we were encouraged that management guided for year-over-year revenue growth of 3%-4% for 1Q:F22. At the midpoint, this was 2.5% above our projection; we raise our estimate to \$225.5 million, from \$220 million. However, with the reset in payroll taxes and lower expected government subsidies relative to a year ago, gross margin guidance was 15%, flat year-to-year; we trim our estimate to 15%, from 15.5%. Lastly, SG&A expense is expected to be in the "high-\$35 million range", which was on target with our estimate, albeit on a lower revenue number. When adjusting for these assumptions, we now estimate a 1Q:F22 loss per share of \$0.13, from a loss of \$0.11; we remind investors that the first fiscal quarter of each year is usually a net loss due to the annual reset in payroll taxes and other seasonal items. Nonetheless, despite the near-term macro headwinds, we are confident that VOLT can achieve sustained revenue growth and profitability going forward; our unchanged 2Q:F22-F2023 outlook reflects this.

VOLT has a sturdy and improving financial profile, in our view. The company ended F2021 with cash and equivalents of \$71 million, debt of \$60 million and net cash per share of \$0.54, versus net debt of \$1.18 exiting F2019. Free cash flow (FCF; excludes the addback of stock-based compensation expense) per share was \$0.52 in F2020 (aided in part by the CARES Act and payroll tax deferral program) and \$0.83 in F2021 (aided in part by several favorable fiscal year-end working capital trends). Given our EPS and cash flow forecasts, that include the repayment of the full \$26 million in deferred payroll taxes in two installments (in January 2022 and again in early C2023), we model a free cash outflow of \$0.39 per share in F2022 and FCF per share of \$0.15 in F2023. Our model shows VOLT ending F2023 with net cash per share of \$0.42.

Valuation

We maintain a \$6 price target on VOLT shares. Following VOLT's better-than-expected 4Q:F21 result and upbeat commentary for 1Q:F22, we remain confident that the business is at an inflection point and in the early innings of a sustained revenue growth and profitability period, outside of seasonal payroll tax trends. We also think that not enough credit is being given to the successful cost-cutting maneuvers that were on display in recent quarters. We contend the shares should trade at a premium to our 5-year EPS CAGR projection of 15% (F2022 base year). Thus, at an unchanged 20x our F2023 adjusted EPS estimate of \$0.28, we derive a \$6 price target. Our Moderately Risky rating reflects VOLT's improving margin trends and the sustained turn to profitability that we envision for F2021-F2023.

Key Risks

U.S. recession

Unfavorable pricing/wage terms

Worker supply constraints, notably in North America

VOLT INFORMATION SCIENCES, INC.

Table 1: Volt Information Sciences, Inc., Income Statement (\$ in 000s except per-share data)

	F2019	Jan	Apr	Jul	Oct	F2020	Jan	Apr	Jul	Oct	F2021	JanE	AprE	JulE	OctE	F2022E	F2023E
Net Revenue	\$ 997,090	\$ 217,766	\$ 207,275	\$ 185,941	\$ 211,073	\$ 822,055	\$ 217,958	\$ 222,092	\$ 217,534	\$ 227,809	\$ 885,393	\$ 225,500	\$ 230,000	\$ 232,500	\$ 235,000	\$ 923,000	\$ 965,000
Cost of Services	844,527	186,339	175,038	155,983	176,844	694,204	185,276	185,613	181,334	189,648	741,871	191,590	192,881	193,706	195,441	773,618	804,936
Gross Profit	152,563	31,427	32,237	29,958	34,229	127,851	32,682	36,479	36,200	38,161	143,522	33,911	37,119	38,794	39,559	149,383	160,064
Expenses:																	
Selling, Admin and Other	157,052	39,497	36,189	31,245	30,735	137,666	33,747	32,950	34,039	34,691	135,427	35,802	35,935	35,881	35,538	143,155	149,776
Restructuring and Severance	4,656	1,246	411	546	438	2,641	632	595	489	1,123	2,839	500	500	500	500	2,000	2,000
Impairment Charges	688	11		2,384	14,518	16,913	31	261	112	20	424					0	0
Gain from Divestiture	0					0					0					0	0
Total Expenses	162,396	40,754	36,600	34,175	45,691	157,220	34,410	33,806	34,640	35,834	138,690	36,302	36,435	36,381	36,038	145,155	151,776
Operating Income/(Loss)	(9,833)	(9,327)	(4,363)	(4,217)	(11,462)	(29,369)	(1,728)	2,673	1,560	2,327	4,832	(2,391)	684	2,413	3,522	4,227	8,289
Adjusted Operating Income (ex 1-time items)	(4,489)	(8,070)	(3,952)	(1,287)	3,494	(9,815)	(1,065)	3,529	2,161	3,470	8,095	(1,891)	1,184	2,913	4,022	6,227	10,289
Interest Income (Expense), (net)	(2,882)	(700)	(621)	(467)	(431)	(2,219)	(477)	(430)	(445)	(416)	(1,768)	(400)	(400)	(400)	(400)	(1,600)	(1,300)
Foreign Exchange Gain (Loss), net	(612)	(328)	(266)	571	(62)	(85)	242	71	(34)	39	318	0	0	0	0	0	0
Other Income (Expense), net	(881)	(258)	(152)	(168)	(291)	(869)	(156)	(147)	(152)	(150)	(605)	(150)	(150)	(150)	(150)	(600)	(600)
Pretax Income (Loss)	(14,208)	(10,613)	(5,402)	(4,281)	(12,246)	(32,542)	(2,119)	2,167	929	1,800	2,777	(2,941)	134	1,863	2,972	2,027	6,389
Income Tax (Benefit)	978	195	23	556	271	1,045	327	288	314	474	1,403	441	20	279	446	1,186	1,915
GAAP Net Income (Loss)	(15,186)	(10,808)	(5,425)	(4,837)	(12,517)	(33,587)	(2,446)	1,879	615	1,326	1,374	(3,382)	114	1,583	2,526	841	4,474
Non-GAAP Net Income (ex 1-time items)	(11,786)	(9,551)	(5,014)	(1,907)	2,439	(14,033)	(1,783)	2,735	1,216	2,469	4,637	(2,882)	614	2,083	3,026	2,841	6,474
GAAP Diluted EPS (Loss)	(0.72)	(0.50)	(0.25)	(0.22)	(0.58)	(1.56)	(0.11)	0.08	0.03	0.06	0.06	(0.15)	0.00	0.07	0.11	0.04	0.19
Non-GAAP EPS	(0.56)	(0.45)	(0.23)	(0.09)	0.11	(0.65)	(0.08)	0.12	0.05	0.11	0.21	(0.13)	0.03	0.09	0.13	0.12	0.28
Avg. Diluted Shares O/S	21,119	21,416	21,416	21,589	21,607	21,507	21,793	22,588	22,651	22,811	22,609	22,850	22,900	22,900	22,950	22,900	23,050
Margin Analysis																	
Gross Margin	15.3%	14.4%	15.6%	16.1%	16.2%	15.6%	15.0%	16.4%	16.6%	16.8%	16.2%	15.0%	16.1%	16.7%	16.8%	16.2%	16.6%
Selling, Admin & Other % of Revenue	15.8%	18.1%	17.5%	16.8%	14.6%	16.7%	15.5%	14.8%	15.6%	15.2%	15.3%	15.9%	15.6%	15.4%	15.1%	15.5%	15.5%
Operating Margin	-1.0%	-4.3%	-2.1%	-2.3%	-5.4%	-3.6%	-0.8%	1.2%	0.7%	1.0%	0.5%	-1.1%	0.3%	1.0%	1.5%	0.5%	0.9%
Effective Tax Rate	NM	NM	NM	NM	20.0%	NM	NM	13.3%	33.8%	26.3%	50.5%	NM	15.0%	15.0%	15.0%	58.5%	30.0%
Net Margin	-1.5%	-5.0%	-2.6%	-2.6%	-5.9%	-4.1%	-1.1%	0.8%	0.3%	0.6%	0.2%	-1.5%	0.0%	0.7%	1.1%	0.1%	0.5%
Year-over-year Comparisons:																	
Rev Growth	-4.0%	-14.1%	-17.8%	-20.3%	-18.3%	-17.6%	0.1%	7.1%	17.0%	7.9%	7.7%	3.5%	3.6%	6.9%	3.2%	4.2%	4.6%
Gross Profit Growth	-0.7%	-16.6%	-11.1%	-16.0%	-20.3%	-16.2%	4.0%	13.2%	20.8%	11.5%	12.3%	3.8%	1.8%	7.2%	3.7%	4.1%	7.2%
Adjusted Operating Income Growth	NM	NM	NM	NM	NM	NM	NM	NM	NM	-0.7%	NM	NM	-66.4%	34.8%	15.9%	-23.1%	65.2%
Net Income Growth	NM	NM	-5.0%	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	-38.8%	NM
Diluted EPS	NM	NM	-3.4%	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	-39.6%	NM
Non-GAAP Diluted EPS	NM	NM	NM	NM	NM	NM	NM	NM	NM	-2.6%	NM	NM	NM	NM	NM	-39.5%	NM

Sources: Sidoti & Company, LLC estimates; Company reports

VOLT INFORMATION SCIENCES, INC.

Table 2: Volt Information Sciences, Inc., Statement of Cash Flow (\$ in thousands except per-share data)

	F2019	Jan	Apr	Jul	F2020	JanA	AprA	JulA	F2021E	F2022E	F2023E
Cash Flow from Operating Activities:											
Net Income (Loss)	\$ (15,186)	\$ (10,808)	\$ (5,425)	\$ (4,837)	\$ (33,587)	\$ (2,446)	\$ 1,879	\$ 615	\$ 1,374	\$ 841	\$ 4,474
Loss from Discontinued Operations, net											
Depreciation and Amortization	6,955	1,973	2,027	1,884	7,981	1,705	1,951	1,986	7,560	8,054	8,437
Operating Lease Amortization		2,082	1,961	1,981	7,611	2,269	2,252	2,201	8,835	9,000	9,000
Provision (Release) of Doubtful Accounts	(245)	5	(12)	11	(13)	(22)	13	(191)	(200)	(100)	(100)
Unrealized Foreign Currency Exchange Loss	510	472	(179)	503	621	629	(118)	28	539		
Impairment Charges	688	11	0	2,384	16,913	31	261	112	404		
Deferred Income Tax Provision (Benefit)	(88)				(11)						
Gain from Divestitures	14	(327)	40	0	(287)						
Share-Based Compensation Expense	499	511	508	414	1,736	226	531	537	2,101	3,200	3,200
Gross Cash Flow	(8,797)	(6,081)	(1,080)	2,340	964	2,392	6,769	5,288	20,613	20,994	25,011
Changes in Operating Assets and Liabilities:											
Trade Accounts Receivable	22,472	10,957	8,450	8,408	14,057	(7,888)	2,409	283	(5,295)	(7,547)	(7,580)
Other Assets	432	248	(531)	1,294	1,209	651	(1,082)	(1,161)	(2,754)	(3,419)	(336)
Accounts Payable	2,839	(6,468)	(143)	(2,896)	(5,166)	(5,519)	(920)	3,877	5,323	376	1,680
Accrued Expenses and Other Liabilities	(9,712)	1,205	(3,736)	1,663	7,897	4,148	1,284	(5,668)	6,045	(11,019)	(7,075)
Income Taxes	134	172	(83)	(637)	(807)	(283)	(149)	443	(65)	(44)	0
Net Cash Used in Operating Activities	16,165	6,114	3,957	7,832	17,190	(8,891)	1,542	(2,226)	3,254	(21,653)	(13,311)
Operating Cash Flow	7,368	33	2,877	10,172	18,154	(6,499)	8,311	3,062	23,867	(658)	11,700
CAPEX	(9,053)	(1,370)	(1,722)	(833)	(5,268)	(959)	(796)	(894)	(3,112)	(5,000)	(5,000)
Free Cash Flow	(1,685)	(1,337)	1,155	9,339	12,886	(7,458)	7,515	2,168	20,755	(5,658)	6,700
Free Cash Flow (excl. Stock-Based Comp)	(2,184)	(1,848)	647	8,925	11,150	(7,684)	6,984	1,631	18,654	(8,858)	3,500
Cash Flows From Investing Activities:											
Sales of Investments	391		547	112	822	115	92	193	500	500	500
Purchases of Investments	(221)	(16)	(268)	(185)	(582)	(125)	(138)	(123)	(500)	(500)	(500)
Proceeds from Divestitures and Asset Sales	41	352	0	47	399	6	10	4	52		
Cash Flows From Financing Activities:											
Draw-Down on Borrowings	25,000	10,000	10,000	0	20,000						
Repayment of Borrowings	(20,000)	(10,000)	(5,000)	0	(15,000)				0	(2,500)	(7,500)
Debt Issuance Costs	(783)	(230)	(13)	(88)	(343)	(161)	(5)	0	(166)	(500)	(500)
Stock Option Proceeds and Withholdings on RSAs	(318)	(6)	0	(68)	(77)	(5)	28	(451)	(414)	(100)	(100)
Total	4,110	100	5,266	(182)	5,219	(170)	(13)	(377)	(528)	(3,100)	(8,100)
Beginning Cash and Equivalents	36,544	38,444	36,642	43,107	38,444	56,433	48,792	56,588	56,433	76,609	67,851
Effects of Exchange Rates	(525)	(565)	44	58	(116)	(13)	294	(310)	(51)	0	0
Change in Cash	1,900	(1,802)	6,465	9,215	17,989	(7,641)	7,796	1,481	20,176	(8,758)	(1,400)
Ending Cash and Equivalents	38,444	36,642	43,107	52,322	56,433	48,792	56,588	58,069	76,609	67,851	66,451
Less: Restricted Cash	9,772	5,766	16,884	21,394	17,883	8,730	9,357	8,474	5,236	7,500	7,500
Available Cash and Cash Equivalents	28,672	30,876	26,223	30,928	38,550	40,062	47,231	49,595	71,373	60,351	58,951
Per Share Data (diluted shares):											
Gross cash flow	(0.42)	(0.28)	(0.05)	0.11	0.04	0.11	0.30	0.23	0.91	0.92	1.09
Operating cash flow	0.35	0.00	0.13	0.47	0.84	(0.30)	0.37	0.14	1.06	(0.03)	0.51
Free cash flow	(0.08)	(0.06)	0.05	0.43	0.60	(0.34)	0.33	0.10	0.92	(0.25)	0.29
Free Cash Flow (excluding Stock-based Comp)	(0.10)	(0.09)	0.03	0.41	0.52	(0.35)	0.31	0.07	0.83	(0.39)	0.15
Cash, Cash Equivalents and Restricted	1.82	1.71	2.01	2.42	2.62	2.24	2.51	2.56	3.39	2.96	2.88
Number of shares (diluted)	21,119	21,416	21,416	21,589	21,507	21,793	22,588	22,651	22,609	22,900	23,050

Sources: Sidoti & Company, LLC estimates; Company reports

VOLT INFORMATION SCIENCES, INC.

Table 3: Volt Information Sciences, Inc., Balance Sheet (\$ in thousands except per-share data)

	F2019	Jan	Apr	Jul	F2020	Jan	Apr	Jul	F2021	F2022E	F2023E
ASSETS											
Current Assets:											
Cash and Cash Equivalents	\$ 28,672	\$ 30,876	\$ 26,223	\$ 30,928	\$ 38,550	\$ 40,062	\$ 47,231	\$ 49,595	\$ 71,373	\$ 60,351	\$ 58,951
Restricted Cash and S-T Investments	12,794	8,484	19,445	24,285	20,736	11,876	12,788	11,918	8,729	10,993	10,993
Trade Accounts Receivable	135,950	125,113	116,373	108,395	121,916	129,907	127,435	127,200	127,211	134,758	142,338
Other Current Assets	7,252	7,595	8,480	7,067	7,058	6,152	7,567	8,503	6,229	7,384	7,720
Total Current Assets	184,668	172,068	170,521	170,675	188,260	187,997	195,021	197,216	213,542	213,486	220,001
Property, Plant and Equipment	25,890	25,274	24,792	23,706	22,167	21,438	20,180	18,977	17,482	14,428	10,992
Right of Use Assets - Operating Leases		45,158	43,495	40,146	25,107	24,772	23,513	23,700	22,496	19,500	16,000
Other Assets	7,446	6,781	6,538	6,802	6,311	6,654	6,633	6,775	6,584	6,500	6,500
Total Assets	218,004	249,281	245,346	241,329	241,845	240,861	245,347	246,668	260,104	253,914	253,493
LIABILITIES											
Current Liabilities:											
Accounts Payable	36,341	29,939	16,644	27,010	31,221	25,733	24,793	28,670	36,544	36,920	38,600
Accrued Compensation	21,507	20,713	29,668	16,412	18,357	18,957	18,630	19,700	22,629	23,075	24,125
Accrued Taxes Other Than Income Taxes	11,244	13,062	13,360	10,292	12,983	26,584	31,828	28,208	31,112	29,153	19,138
Accrued Insurance and Other	24,654	22,841	21,008	19,077	15,908	16,891	17,710	16,337	16,298	17,076	17,853
Operating Lease Liabilities		8,123	7,807	7,552	7,144	7,201	6,817	6,985	6,775	6,500	6,500
Income Taxes Payable	1,570	1,741	1,651	955	891	630	515	957	956	1,000	1,000
Total Current Liabilities	95,316	96,419	90,138	81,298	86,504	95,996	100,293	100,857	114,314	113,723	107,215
Accrued Insurance and Other	12,029	8,579	12,733	21,099	29,988	22,278	21,237	21,833	21,742	11,460	12,573
Operating Lease Liabilities, ex Current		41,693	40,312	39,442	38,232	36,836	35,424	35,005	33,558	30,000	28,500
Income Taxes Payable	289	289	289	289	90	90	90	90	90	90	90
Deferred Income Taxes	17	5	12	11	3						
Long-Term Debt	53,894	53,831	58,916	58,930	59,154	59,081	59,153	59,230	59,307	56,807	49,307
Total Liabilities	181,815	200,816	202,400	201,069	213,971	214,281	216,197	217,015	229,011	212,080	197,685
SHAREHOLDERS' EQUITY											
Common Stock	2,374	2,374	2,374	2,374	2,374	2,374	2,374	2,374	2,374	2,374	2,374
Paid-in Capital	77,688	78,085	78,593	79,686	79,937	80,142	80,673	79,338	80,062	84,074	88,574
Retained Earnings (Accumulated Deficit)	(10,917)	(248)	(5,673)	(16,777)	(29,793)	(32,384)	(30,505)	(33,405)	(32,208)	(31,367)	(26,893)
Accumulated Other Comprehensive Loss	(6,801)	(6,437)	(7,039)	(6,306)	(6,458)	(5,527)	(5,367)	(5,556)	(6,249)	(3,556)	(2,556)
Treasury Stock	(26,155)	(25,309)	(25,309)	(18,717)	(18,186)	(18,025)	(18,025)	(13,098)	(12,886)	(9,690)	(5,690)
Total Shareholders' Equity	36,189	48,465	42,946	40,260	27,874	26,580	29,150	29,653	31,093	41,835	55,809
Total Liabilities and Shareholders' Equity	218,004	249,281	245,346	241,329	241,845	240,861	245,347	246,668	260,104	253,914	253,493
Selected Data:											
Working Capital	89,352	75,649	80,383	89,377	101,756	92,001	94,728	96,359	99,228	99,763	112,786
Current Ratio (times)	1.94	1.78	1.89	2.10	2.18	1.96	1.94	1.96	1.87	1.88	2.05
Total Debt to Capital	60%	68%	71%	72%	79%	80%	78%	77%	76%	69%	60%
Pro-Forma ROA (average, ttm)	NM	NM	NM	NM	NM	NM	0.6%	1.9%	0.5%	0.3%	1.8%
Pro-Forma ROE (average, ttm)	NM	NM	NM	NM	NM	NM	4.1%	13.2%	4.7%	2.3%	9.2%
BV per Share	1.69	2.26	2.01	1.86	1.28	1.22	1.34	1.34	1.39	1.85	2.44
Net Cash (Debt) per Share	(1.18)	(1.07)	(1.53)	(1.29)	(0.95)	(0.87)	(0.55)	(0.44)	0.54	0.16	0.42
D50	49	52	51	52	56	54	52	53	50	54	54

Sources: Sidoti & Company, LLC estimates; Company reports

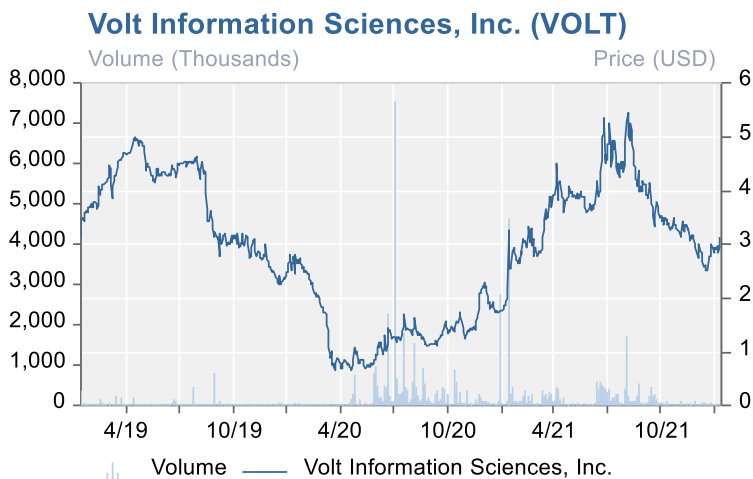
Appendix
Required Disclosures

Required Disclosures

Volt Information Sciences, Inc. (VOLT-\$3.24) NR Price Target: \$6 Risk Rating: M

Rating and Price Target History Table

Action	Date	Px	Rating	PT	Risk Rating
Initiation	2/4/19	3.7	NR	8	M
PT	9/6/19	2.9		7	
PT	3/2/20	1.8		6	
PT	3/13/20	1.1		5	
PT	6/17/20	1.3		4	
PT	11/16/20	1.4		4	
PT	1/11/21	1.9		4	
PT	1/14/21	3.3		5	
PT	3/8/21	2.8		6	
PT	3/17/21	3.5		6	
PT	6/1/21	3.6		6	
PT	6/16/21	4.2		6	
PT	8/17/21	4.7		6	
PT	9/14/21	4.2		6	
PT	11/17/21	3.3		6	
PT	1/3/22	2.9		6	



Source: FactSet Prices

Valuation	We maintain a \$6 price target on VOLT shares. Following VOLT's better-than-expected 4Q:F21 result and upbeat commentary for 1Q:F22, we remain confident that the business is at an inflection point and in the early innings of a sustained revenue growth and profitability period, outside of seasonal payroll tax trends. We also think that not enough credit is being given to the successful cost-cutting maneuvers that were on display in recent quarters. We contend the shares should trade at a premium to our 5-year EPS CAGR projection of 15% (F2022 base year). Thus, at an unchanged 20x our F2023 adjusted EPS estimate of \$0.28, we derive a \$6 price target. Our Moderately Risky rating reflects VOLT's improving margin trends and the sustained turn to profitability that we envision for F2021-F2023.		
Key Risks	U.S. recession	Unfavorable pricing/wage terms	Worker supply constraints, notably in North America

Sidoti & Company. Sidoti & Company, LLC is a licensed broker/dealer, and publishes research reports about some of the securities it follows. All research published by Sidoti & Company, LLC is based on public information, or on information from the company discussed in the report that that company is required to promptly make public. This report was prepared for market professionals and institutional investor customers. Market professionals and institutional investors should consider this report as only one factor in making their investment decisions. This report is for information purposes only and is not intended as an offer to sell or a solicitation to buy securities. This research report is not a substitute for the exercise of your independent judgment. Information contained herein is based on sources we believe to be reliable but we do not guarantee their accuracy. The stock rating on this report reflects the analyst's recommendation based on a 12-month period. It should be presumed that the analyst who authored this report has had discussions with the subject company to ensure factual accuracy prior to publication.

Sidoti does NOT own securities of the issuers described herein, and Sidoti does not make a market in any securities. Sidoti does not engage in, or receive compensation from, any investment banking or corporate finance-related activities with the company discussed in the report. Sidoti's contracts with issuers protect Sidoti's full editorial control of all research, timing of release of reports, and release from liability for negative reports. To ensure further independence, the company discussed in the report has agreed to a minimum coverage term of one Initiation Report and three Update Reports, which that company cannot unilaterally terminate earlier. Sidoti & Company, LLC takes steps to ensure analyst independence including setting fees in advance and utilizing analysts who must abide by the CFA Institute Code of Ethics and Standards of Professional Conduct. Each Sidoti & Company, LLC analyst has full discretion on the rating and revenue target based on his or her own due diligence. Analysts are paid in part based on overall profitability of Sidoti & Company, LLC. Such profitability is derived from a variety of sources and

includes payments received from issuers of securities covered by Sidoti & Company, LLC for services described below. No part of analyst compensation was, or will be, directly or indirectly, related to the specific recommendations or views expressed in any report or article. All issuers to be considered for research obtain the approval of a stock selection committee comprised of the Director of Research, the Chief Compliance Officer, and an independent outside person for screening applicants.

Sidoti Company Sponsored Research Rating System The Sidoti & Company, LLC *Company Sponsored Research* rating system consists of “Moderately Risky” (M) and “Highly Risky” (H) ratings. “Moderately Risky” suggests companies, that while still subject to relatively high price volatility, are characterized by more stable and predictable cash flow, a more established operating history, and an operating environment that is somewhat less competitive with a potential for loss of principal. “Highly Risky” suggests high risk equities of companies with a short or unprofitable operating history, limited or less predictable revenues, very high risk associated with success, significant financial or legal issues, or a substantial risk/loss of principal. As of 01/13/22 and immediately prior to the publication of this report, Company Sponsored Research provides research on 32 companies, of which 27 (84.4%) are rated Moderately Risky and 5 (15.6%) are rated Highly Risky. *Earnings* targets and opinions concerning the composition of market sectors included in this report reflect analyst judgments as of this date and are subject to change without notice. A risk to our *earnings* targets is that the analyst’s estimates or forecasts may not be met. This report contains forward-looking statements, which involve risks and uncertainties. Actual results may differ significantly from such forward-looking statements. Factors that may cause such differences include, but are not limited to, those discussed in the “Risk Factors” section in the issuer’s SEC filings available in electronic format through SEC Edgar filings at www.sec.gov.

Every company in the Microcap sector bears certain inherent risks and Sidoti & Company, LLC will not provide any company subject to those risks with a rating below moderate because stock in the Microcap segment of the market have many risks that are not as prevalent in Large-Cap, Blue Chips, or even Small-Cap stocks. Often it is these risks that cause Microcap stocks to trade at discounts to their peers. The most common of these risks is liquidity risk, which is typically caused by small trading floats and very low trading volume which can lead to large spreads and high volatility in stock price. In addition, Microcaps tend to have significant company specific risks that contribute to lower valuations. Investors need to be aware of the higher probability of financial default and higher degree of financial distress inherent in the Microcap segment of the market.

Sidoti & Company policy is to update research reports as and when the Research Analyst and Research Management deem appropriate, based on developments with the issuer, the sector, or the market that may have a material impact on the research views or opinions stated therein. In addition, certain Research publications are intended to be updated on a regular periodic basis (weekly/monthly/quarterly/annual) and will ordinarily be updated with that frequency, unless the Research Analyst and Research Management determine that a different publication schedule is appropriate based on current conditions.

Sidoti & Company Research does not provide individually tailored investment advice. Sidoti & Company Research has been prepared without regard to the circumstances and objectives of those who receive it. Sidoti & Company recommends that investors independently evaluate particular investments and strategies, and encourages investors to seek the advice of a financial adviser. The appropriateness of an investment or strategy will depend on an investor’s circumstances and objectives. The securities, instruments, or strategies discussed in Sidoti & Company Research may not be suitable for all investors, and certain investors may not be eligible to purchase or participate in some or all of them. Sidoti & Company Research is not an offer to buy or sell or the solicitation of an offer to buy or sell any security/instrument or to participate in any particular trading strategy. The value of and income from your investments may vary because of changes in interest rates, foreign exchange rates, default rates, prepayment rates, securities/instruments prices, market indexes, operational or financial conditions of companies or other factors. There may be time limitations on the exercise of options or other rights in securities/instruments transactions. Past performance is not necessarily a guide to future performance. Estimates of future performance are based on assumptions that may not be realized. If provided, and unless otherwise stated, the closing price on the cover page is that of the primary exchange for the subject company’s securities/instruments.

These opinions may not fit to your financial status, risk and return preferences. For this reason, to make an investment decision by relying solely to this information stated here may not bring about outcomes that fit your expectations. The trademarks and service marks contained in Sidoti & Company Research are the property of their respective owners. Third-party data providers make no warranties or representations relating to the accuracy, completeness, or timeliness of the data they provide and shall not have liability for any damages relating to such data.

Investors should consider Sidoti & Company Research as only a single factor in making their investment decision. For valuation methodology and risks associated with any recommendation, rating or price target referenced in this research report, please contact the Client Support Team as follows: US/Canada +1 212-453-7000. Alternatively you may contact your investment representative or Sidoti & Company Research at 1177 Avenue of the Americas 5th Floor, (Attention: Director of Research), New York, NY 10036 USA.

Compensation. Sidoti & Company, LLC receives a flat fee of \$40,000, renewable annually from the company discussed in Company Sponsored Research reports for the creation and dissemination of an Initiation Report and three Update Reports. The purpose of the fee is to subsidize the high costs of research and monitoring. Sidoti holds multiple conferences a year and charges a fee up to \$6,000 per conference to presenting companies depending on the event. Sidoti does not currently have a current investment banking services relationship with companies discussed in Company Sponsored Research Reports, or contemporaneously with any other companies discussed in other (Sidoti) Company Sponsored Research reports. Investment banking services, as defined under FINRA Rule 2241, include, among other things, acting as an underwriter in, or as a member

of the selling group in, a securities underwriting. Sidoti's role in any issuer's investment banking transaction can be viewed in that issuer's filings at www.sec.gov.

Sidoti has non-research employees who will seek compensation for providing institutional investors with securities related services by virtue of commission sharing agreements. Sidoti & Company, LLC has received and expects to continue to receive compensation for non-investment banking services from companies under coverage from attendance fees for conferences sponsored by Sidoti and the arrangement of non-deal roadshow days. Sidoti may receive or seek to receive non-investment banking compensation from covered companies for investor relations-related serves, or certain advisory, research analysis, financial modeling or similar services.

Sidoti Analysts. Sidoti policy does not allow an analyst or a member of their household (i) to own, trade, or have any beneficial interest in any securities of any company that analyst covers, or (ii) serve as an officer or director of a covered company. Sidoti employees, including research analysts, receive compensation that is based in part upon the overall performance of the firm, including revenues generated by Sidoti's investment banking and brokerage activities, but compensation is not directly related to investment banking or brokerage revenues.

Sidoti maintains and enforces written policies and procedures reasonably designed to prevent any controlling persons, officers (or persons performing similar functions), or employees of Sidoti from influencing the activities of research analysts and the content of research reports prepared by the research analyst. Sidoti research analysts seek to have management of their covered companies meet with investors during non-deal road shows. Analysts' compensation may be related to their success in scheduling non-deal road shows. This approach could be viewed as presenting potential conflicts of interest.

Reprints of Sidoti & Company, LLC reports are prohibited without permission. Additional information is available upon request. For any further questions, please contact the Chief Compliance Officer at Sidoti.

Analyst Certification. Josh Vogel certifies that this report accurately reflects his/her personal views about the subject securities and issuers and that none of the research analyst's compensation was, is or will be, directly or indirectly, related to the analyst's specific recommendations or views contained in this research report.

Source

Key Statistics data is sourced from FactSet Research Systems