UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K/A

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **March 31, 2017**

GEE GROUP, INC.

(Exact name of registrant as specified in its charter)

Illinois	**1-05707**	**36-6097429**
(State or other jurisdiction of incorporation or organization)	(Commission File Number)	(I.R.S. Employer Identification Number)

184 Shuman Blvd., Ste. 420, Naperville, Illinois	**60563**
(Address of principal executive offices)	(Zip Code)

Registrant’s telephone number, including area code: **(630) 954-0400**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

EXPLANATORY NOTE

This Form 8-K/A ("Amendment") amends and supplements the Current Report on Form 8-K filed on April 6, 2017 ("Original 8-K"), by GEE Group, Inc. (the "Company") to include the financial statements of SNI Holdco Inc., a Delaware corporation ("SNIH"), for the years ended December 31, 2016 and 2015; for the three months ended March 31, 2017 and 2016; and pro forma financial information, pursuant to Item 9.01.

No other changes have been made to the Original 8-K. Except as reflected in Item 9.01 of this Amendment, this Amendment does not reflect events that may have occurred subsequent to the original filing date, and does not modify or update in any way the disclosures made in the Original 8-K.

Item 9.01 Financial Statements and Exhibits.

(a) Financial Statements of Businesses Acquired. The audited financial statements for the years ended December 31, 2016 and 2015 of SNIH and the unaudited financial statements for the three months ended March 31, 2017 and 2016 of SNIH.

(b) Pro Forma Financial Information.

Exhibit No.	Description
2.1	Agreement and Plan of Merger dated as of March 31, 2017 by and among GEE Group, Inc., an Illinois corporation, GEE Group Portfolio, Inc., a Delaware corporation, SNI Holdco Inc., a Delaware corporation, Smith Holdings, LLC a Delaware limited liability company, Thrivent Financial for Lutherans, a Wisconsin corporation, organized as a fraternal benefits society, Madison Capital Funding, LLC, a Delaware limited liability company and Ronald R. Smith, in his capacity as a stockholder and Ronald R. Smith in his capacity as the representative of the SNIH Stockholders incorporated by reference to form 8-K filed on April 6, 2017.
3.1	Statement of Resolution Establishing Series of Series B Convertible Preferred Stock incorporated by reference to Form 8-K filed on April 6, 2017.
4.1	Form of 9.5% Convertible Subordinated Note due October 3, 2021incorporated by reference to Form 8-K filed on April 6, 2017.
10.1	Subordination and Intercreditor Agreement dated as of March 31, 2017 by and among PNC Bank, National Association, as administrative agent and collateral agent for the Senior Lenders referred to therein , Maurice R. Harrison IV , GEE Group Inc., an Illinois corporation ("Parent"), each Subsidiary of the Parent listed as a "Borrower" on the signature pages thereto and each subsidiary of the Parent listed as a "Guarantor" on the signature pages thereto incorporated by reference to Form 8-K filed on April 6, 2017.
10.2	Subordination and Intercreditor Agreement dated as of March 31, 2017 by and among PNC Bank, National Association, as administrative agent and collateral agent for the Senior Lenders referred to therein , Peter Langlois , GEE Group Inc., an Illinois corporation ("Parent"), each Subsidiary of the Parent listed as a "Borrower" on the signature pages thereto and each subsidiary of the Parent listed as a "Guarantor" on the signature pages thereto incorporated by reference to Form 8-K filed on April 6, 2017.
10.3	Subordination and Intercreditor Agreement dated as of March 31, 2017 by and among PNC Bank, National Association, as administrative agent and collateral agent for the Senior Lenders referred to therein , Shane Parr , GEE Group Inc., an Illinois corporation ("Parent"), each Subsidiary of the Parent listed as a "Borrower" on the signature pages thereto and each subsidiary of the Parent listed as a "Guarantor" on the signature pages thereto incorporated by reference to Form 8-K filed on April 6, 2017.

10.4	Subordination and Intercreditor Agreement dated as of March 31, 2017 by and among PNC Bank, National Association, as administrative agent and collateral agent for the Senior Lenders referred to therein , Vincent Lombardo , GEE Group Inc., an Illinois corporation ("Parent"), each Subsidiary of the Parent listed as a "Borrower" on the signature pages thereto and each subsidiary of the Parent listed as a "Guarantor" on the signature pages thereto incorporated by reference to Form 8-K filed on April 6, 2017.
10.5	Subordination and Intercreditor Agreement dated as of March 31, 2017 by and among PNC Bank, National Association, as administrative agent and collateral agent for the Senior Lenders referred to therein , Madison Capital Funding LLC , GEE Group Inc., an Illinois corporation ("Parent"), each Subsidiary of the Parent listed as a "Borrower" on the signature pages thereto and each subsidiary of the Parent listed as a "Guarantor" on the signature pages thereto incorporated by reference to Form 8-K filed on April 6, 2017.
10.6	Subordination and Intercreditor Agreement dated as of March 31, 2017 by and among PNC Bank, National Association, as administrative agent and collateral agent for the Senior Lenders referred to therein , Thrivent Financial for Lutherans , GEE Group Inc., an Illinois corporation ("Parent"), each Subsidiary of the Parent listed as a "Borrower" on the signature pages thereto and each subsidiary of the Parent listed as a "Guarantor" on the signature pages thereto incorporated by reference to Form 8-K filed on April 6, 2017.
10.7	Agreement dated as of April 3, 2017 by and between GEE Group, Inc., an Illinois corporation and Thrivent Financial for Lutherans, a Wisconsin corporation, organized as a fraternal benefits society incorporated by reference to Form 8-K filed on April 6, 2017.
23.1	Consent of Independent Auditor
99.2	Financial Statements of Businesses Acquired. In accordance with Item 9.01(a), audited financial statements for the years ended December 31, 2016 and 2015 of SNI Holdco, Inc. are filed with this Current Report as Exhibit 99.2.
99.3	Unaudited Financial Statements of Businesses Acquired. In accordance with Item 9.01(a), financial statements for the three months ended March 31, 2017 and March 31, 2016 of SNI Holdco, Inc. are filed with this Current Report as Exhibit 99.3.
99.4	Pro Forma Financial Information. In accordance with Item 9.01(b), our pro forma financial statements are filed with this Current Report as Exhibit 99.4.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

GEE GROUP, INC.

Date: June 15, 2017

By: */s/ Andrew J. Norstrud*
Andrew J. Norstrud
Chief Financial Officer

EXHIBIT 23.1

Consent of Independent Auditor

We consent to the incorporation by reference in the Registration Statement on Form S-3 (No. 333-204080) and Registration Statements on Form S-8 (Nos. 333-207179, 333-166173 and 333-25129) of GEE Group, Inc. of our report dated March 29, 2017 relating to the consolidated financial statements of SNI Holdco Inc., appearing in this Form 8-K/A of GEE Group, Inc.

/s/ RSM US LLP

Des Moines, Iowa
June 15, 2017

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Independent Auditor's Report

Board of Directors
SNI Holdco Inc.

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of SNI Holdco Inc. and its subsidiary which comprise the consolidated balance sheets as of December 31, 2016 and 2015, and the related consolidated statements of income, stockholders' equity and cash flows for the years then ended and the related notes to the consolidated financial statements (collectively, financial statements).

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SNI Holdco Inc. and its subsidiary as of December 31, 2016 and 2015, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

/s/ RSM US LLP
Des Moines, Iowa
March 29, 2017

SNI Holdco Inc.

Consolidated Balance Sheets
December 31, 2016 and 2015

	2016	2015
Assets		
Current assets:		
Cash	**$ 789,937**	$ 267,360
Accounts receivable, net of allowance for doubtful accounts of $267,004 and $254,510 in 2016 and 2015, respectively	**13,686,381**	13,704,922
Income taxes receivable	**938,642**	-
Prepaid expenses	**665,663**	571,152
Deferred income taxes (Note 5)	**-**	1,500,000
Total current assets	**16,080,623**	16,043,434
Equipment, net (Note 1)	**588,876**	951,187
Other assets:		
Goodwill	**22,344,325**	22,344,325
Intangible assets, net (Note 2)	**258,877**	685,466
Other	**1,398,312**	1,792,694
	24,001,514	24,822,485
Total assets	**$40,671,013**	$41,817,106
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	**$ 114,578**	$ 404,395
Accrued expenses	**4,166,184**	4,696,090
Current portion of long-term debt (Note 3)	**4,584,163**	3,570,415
Total current liabilities	**8,864,925**	8,670,900
Deferred income taxes (Note 5)	**2,990,000**	2,680,000
Long-term debt (Note 3)	**18,245,875**	24,796,472
Stockholders' equity (Note 6):		
Common stock, $0.001 par value, 10,000 shares authorized, 3,118.46 shares issued and outstanding in 2016 and 2015	**3**	3
Additional paid-in capital	**3,150,674**	3,150,674
Treasury shares, 214.87 shares in 2016 and 2015	**(856,312)**	(856,312)
Retained earnings	**8,275,848**	3,375,369
Total stockholders' equity	**10,570,213**	5,669,734
Total liabilities and stockholders' equity	**$40,671,013**	$41,817,106

See notes to consolidated financial statements.

SNI Holdco Inc.

Consolidated Statements of Income
Years Ended December 31, 2016 and 2015

	2016	2015
Net revenue:		
Contract staffing revenue	**$ 94,701,109**	$ 99,327,574
Permanent placement revenue	**18,758,771**	17,822,016
	113,459,880	117,149,590
Direct cost of contract staffing revenue	**63,385,561**	67,300,172
Gross margin	**50,074,319**	49,849,418
Operating expenses:		
Salaries and compensation	**31,337,310**	30,234,908
Advertising	**1,384,512**	1,480,599
General and administrative	**7,900,168**	8,722,538
Restructuring costs	**155,890**	342,791
Gain contingency settlement (Note 9)	**(2,152,097)**	-
Depreciation	**492,739**	594,184
Amortization of intangible assets	**426,589**	426,589
Total operating expenses	**39,545,111**	41,801,609
Operating income	**10,529,208**	8,047,809
Other (income) expenses:		
Interest expense	**2,432,223**	3,479,359
Amortization of deferred financing costs	**438,575**	434,860
Total other expenses	**2,870,798**	3,914,219
Income before income taxes	**7,658,410**	4,133,590
Income tax expense (Note 5)	**2,757,931**	1,519,961
Net income	**$ 4,900,479**	$ 2,613,629

See notes to consolidated financial statements.

SNI Holdco Inc.

Consolidated Statements of Stockholders' Equity
Years Ended December 31, 2016 and 2015

	Common Stock	Additional Paid-In Capital	Treasury Shares	Retained Earnings	Total Stockholders' Equity
Balance, December 31, 2014	$ 3	$ 3,150,674	$ (897,652)	$ 761,740	$ 3,014,765
Purchase of treasury shares	-	-	(43,500)	-	(43,500)
Issuance of treasury shares	-	-	84,840	-	84,840
Net income	-	-	-	2,613,629	2,613,629
Balance, December 31, 2015	3	3,150,674	(856,312)	3,375,369	5,669,734
Net income	-	-	-	4,900,479	4,900,479
Balance, December 31, 2016	**$ 3**	**$ 3,150,674**	**$ (856,312)**	**$ 8,275,848**	**$ 10,570,213**

See notes to consolidated financial statements.

SNI Holdco Inc.

Consolidated Statements of Cash Flows
Years Ended December 31, 2016 and 2015

	2016	2015
Cash flows from operating activities:		
Net income	**$ 4,900,479**	$ 2,613,629
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	**1,357,903**	1,455,633
Deferred income tax expense	**1,810,000**	1,910,000
Changes in operating assets and liabilities:		
Accounts receivable	**18,541**	606,431
Income taxes receivable	**(938,642)**	-
Prepaid expenses	**(94,511)**	(88,224)
Other assets	**(44,193)**	39,613
Accrued litigation settlement	**-**	(6,867,191)
Accounts payable and accrued expenses	**(819,723)**	333,276
Net cash provided by operating activities	**6,189,854**	3,167
Cash flows from investing activities:		
Purchases of equipment	**(130,428)**	(209,030)
Cash flows from financing activities:		
Proceeds from term loan	**-**	7,314,000
Payments on term loan	**(6,286,849)**	(4,346,852)
Proceeds from revolving loan	**4,150,000**	5,472,565
Payments on revolving loan	**(3,400,000)**	(7,972,565)
Payment of deferred financing costs	**-**	(174,565)
Purchase of treasury shares	**-**	(9,075)
Net cash provided by (used in) financing activities	**(5,536,849)**	283,508
Net increase in cash	**522,577**	77,645
Cash:		
Beginning of year	**267,360**	189,715
End of year	**$ 789,937**	$ 267,360
Supplemental disclosure:		
Cash paid for interest	**$ 2,427,854**	$ 3,460,102
Cash paid for taxes	**$ 1,604,573**	$ 2,141
Supplemental schedule of noncash financing activities:		
Noncash treasury stock activity, net	**$ -**	$ 50,415

See notes to consolidated financial statements.

Note 1. Significant Accounting Policies

Description of business: SNI Holdco Inc. through its wholly owned subsidiary SNI Companies (collectively, the Company), provides contract staffing and permanent personnel placement services in the fields of office administration, accounting, information technology, legal, sales, marketing and human resources. The Company operates 35 personnel placement offices located in Colorado, Connecticut, District of Columbia, Florida, Georgia, Illinois, Louisiana, Maryland, Massachusetts, Minnesota, New Jersey, Pennsylvania, Texas and Virginia.

Principles of consolidation: The consolidated financial statements include the accounts of SNI Holdco Inc. and its wholly owned subsidiary, SNI Companies. Significant intercompany accounts and transactions have been eliminated in consolidation.

Use of estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Accounts receivable: Concentrations of credit risk with respect to trade receivables are limited due to the number of customers and their geographic dispersion. The Company performs initial and periodic credit evaluations of its customers and does not require collateral. Receivables are carried at original invoice amount less an estimate made for doubtful accounts. Management determines the allowance for doubtful accounts by evaluating individual customer accounts and using historical experience. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received.

Equipment: Equipment is stated at cost. Depreciation is computed by the straight line method over the estimated useful lives of the assets, primarily 4 to 7 years. As of December 31, 2016 and 2015, accumulated depreciation was $4,672,109 and $4,189,084, respectively.

Goodwill: Goodwill represents the excess of purchase price over the fair value of underlying net assets of businesses acquired. Under accounting requirements, goodwill is not amortized but is subject to annual impairment tests. The Company has performed the required impairment tests, which have resulted in no impairment adjustments.

Intangible assets: Intangible assets are amortized on a straight-line basis over their estimated useful lives or the terms of the related agreements, including 8 years for trademarks, 3 years for customer relationships, 7 years for noncompete agreements, and 3 years for candidate database.

Revenue recognition: Contract staffing revenue is recognized when the services are rendered by the Company's contract employees. Permanent placement revenue is recognized when employment candidates accept offers of permanent employment. The Company has an ability and history of estimating candidates who do not begin employment or remain with clients (fall-offs) through the limited guarantee period (generally 30-60 days). Allowances are established as necessary for known or estimated fall-offs.

Note 1. Significant Accounting Policies (Continued)

Income taxes: Deferred income taxes are provided on the liability method whereby deferred tax assets are recognized for deductible temporary differences and net operating loss carryforwards, and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

Advertising: The Company expenses advertising costs as incurred.

Subsequent events: Management has evaluated potential subsequent events through March 29, 2017, which is the date the financial statements were available to be issued.

Recent accounting pronouncements: In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, covering revenue recognition. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. In August 2015, the FASB issued ASU 2015-14 which defers the effective date of ASU 2014-09 by one year, making it effective beginning in fiscal year 2019 for the Company. The Company has not yet determined the effect, if any, that the new accounting standard may have on the financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the existing U.S. GAAP leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard will be effective beginning in fiscal year 2020 for the Company. The Company has not yet determined the effect that the new accounting standard may have on the financial statements.

Note 2.Intangible Assets

Intangible assets consist of the following at December 31, 2016 and 2015:

	2016	**2015**
Noncompete agreements	$ 1,174,000	$ 1,174,000
Customer relationships	1,758,000	1,758,000
Trademarks	2,071,000	2,071,000
Candidate database	843,000	843,000
	5,846,000	5,846,000
Less accumulated amortization	(5,587,123)	(5,160,534)
	$ 258,877	$ 685,466

Approximate future expected amortization expense for intangible assets during the year ending December 31, 2017, is $259,000.

Note 3. Long-Term Debt

Long-term debt consists of the following as of December 31, 2016 and 2015:

	2016	2015
Revolving loan due December 31, 2018, interest-only payments due monthly at LIBOR plus an applicable margin with a 1.00% LIBOR floor (9% as of December 31, 2016).	$ 1,250,000	$ 500,000
Term loan, payable in increasing quarterly installments with balance due at maturity on December 31, 2018, with interest at LIBOR plus an applicable margin with a 1.00% LIBOR floor (9% as of December 31, 2016).	21,426,913	27,407,512
Note payable, due in semi-annual installments of $153,125, plus interest at 10%.	153,125	459,375
	22,830,038	28,366,887
Less current portion	4,584,163	3,570,415
	$18,245,875	$24,796,472

The revolving and term loans are issued under a credit agreement and are collateralized by all assets of the Company and a pledge of the Company's common stock. The revolving loan has availability up to the lesser of $5 million or a defined borrowing base amount based on eligible accounts receivable. Unused availability as of December 31, 2016, was approximately $3.75 million. An annual commitment fee of 0.5 percent is required on the unused portion of the revolving loan. Quarterly installments on the term loan are approximately $933,000 at December 31, 2016, increasing to $1,166,000 in June 2017. In addition to scheduled amortization, additional loan principal payments are required each year based on the Company's defined annual excess cash flow. Certain mandatory prepayments are also required if a defined asset sale or equity offering are consummated. Specified optional prepayments can be made without prepayment penalties.

The credit agreement contains various restrictive covenants, including certain restrictions on payments of dividends, restrictions on incurring additional indebtedness, restrictions on rental payments under operating leases and requirements to maintain certain financial covenants.

Aggregate future maturities of long-term debt as of December 31, 2016, are as follows:

Years ending December 31:	
2017	$ 4,584,163
2018	18,245,875
	$22,830,038

Note 4. Commitments and Contingencies

The Company conducts its operations from office space rented under operating leases. Total rent expense was approximately $2,583,000 and $2,810,000 for the years ended December 31, 2016 and 2015, respectively. Minimum future rental commitments under operating leases as of December 31, 2016, are as follows:

Years ending December 31:	
2017	$2,370,000
2018	1,540,000
2019	1,094,000
2020	390,000
2021	37,000
	$5,431,000

The Company is periodically involved in various legal proceedings in the ordinary course of business. In management's opinion, the ultimate disposition of any such matters pending as of December 31, 2016, is not expected to have a material effect on the financial statements.

Note 5. Income Taxes

Components of the net deferred tax (liabilities) as of December 31, 2016 and 2015, are as follows:

	2016	**2015**
Deferred income tax assets	$ 1,480,000	$ 2,730,000
Deferred income tax liabilities	(4,470,000)	(3,910,000)
	$(2,990,000)	$(1,180,000)

The Company's temporary differences result primarily from depreciation, amortization of goodwill and intangible assets, prepaid expenses, and certain reserves and accruals.

In November 2015, the FASB issued ASU 2015-17, *Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes*. This ASU simplifies the presentation of deferred income taxes by eliminating the requirement for entities to separate deferred tax liabilities and assets into current and noncurrent amounts in the balance sheet. Instead, it requires all deferred tax assets and liabilities be classified as noncurrent. ASU 2015-17 is effective for the Company beginning in fiscal 2018. The Company elected to early adopt the ASU for the year ended December 31, 2016, using a prospective approach. Accordingly, all deferred taxes have been reported as noncurrent for 2016. Adoption of the standard did not have a material impact on the Company's financial statements.

Components of the income tax expense for the years ended December 31, 2016 and 2015, are as follows:

	2016	**2015**
Current tax expense (benefit)	$ 947,931	$ (390,039)
Deferred tax expense	1,810,000	1,910,000
	$2,757,931	$1,519,961

Note 5. Income Taxes (Continued)

The relationship of the actual tax expense to the reported pretax income differs from the federal statutory tax rate primarily due to state income taxes, permanent differences, and certain tax credits.

Management has evaluated the Company's material tax positions and determined there were no uncertain tax positions that require adjustment to the financial statements. The Company does not currently anticipate significant changes in its uncertain tax positions over the next 12 months.

Note 6. Stockholders' Equity

The Company has authorized 1,000 shares of Series A Preferred Stock, with a par value of $0.001 per share. There were no shares issued or outstanding as of December 31, 2016 or 2015.

Note 7. Employee Benefit Plan

The Company has a 401(k) plan covering all full-time employees meeting certain service requirements. Expense related to the plan was approximately $89,000 and $83,000 for the years ended December 31, 2016 and 2015, respectively.

Note 8. Management Incentive Plan

The Company has established a long-term management incentive plan (MIP) to provide certain key management employees incentive awards to benefit from the growth of the Company. The plan allows up to 100 units to be issued at the sole discretion of the Company's Board of Directors. As of December 31, 2016, a total of 55 units have been granted. Upon a sale of the Company, an incentive pool may be established based on a defined percentage of the net proceeds from the sale after debt, if net proceeds exceed $50 million. This incentive pool would be allocated to employees who hold the outstanding units on a pro-rata basis. The defined percentage pool is based on the level of net proceeds, beginning at a 2 percent pool for net proceeds at a $50 million level and increasing at defined amounts thereafter. Due to the contingent and discretionary nature of the plan, no expense or other effects of the plan have been recognized in the financial statements.

Note 9. Gain Contingency Settlement

In March 2016, the Company entered into a settlement and release agreement in connection with claims the Company made against certain parties related to a prior litigation matter. Under the agreement, the Company received a cash settlement of $2,250,000. Under GAAP, this matter is considered a "gain contingency" which is reported as a gain, net of related legal expense, in the 2016 income statement.

Note 10. Subsequent Event

As of March 2017, the Company and its shareholders were in active discussion and negotiation for the potential sale of the Company. No definitive agreements or commitments had been entered into by the Company.

EXHIBIT 99.3

INDEX TO SNIH FINANCIAL STATEMENTS (UNAUDITED)

SNI Holdco Inc.

Condensed Consolidated Balance Sheets (unaudited)
March 31, 2017 and December 31, 2016

	March 31, 2017	December 31, 2016
Assets		
Current assets:		
Cash	$ 592,450	$ 789,937
Accounts receivable, net of allowance for doubtful accounts of $275,004 and $267,004 in 2017 and 2016, respectively	13,666,360	13,686,381
Income taxes receivable	-	938,642
Prepaid expenses	818,273	665,663
Total current assets	15,077,083	16,080,623
Equipment, net (Note 1)	510,256	588,876
Other assets:		
Goodwill	22,344,325	22,344,325
Intangible assets, net (Note 2)	194,159	258,877
Other	1,051,832	1,398,312
Total other assets	23,590,316	24,001,514
Total assets	$39,177,655	$40,671,013
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 72,910	$ 114,578
Accrued expenses	4,786,045	4,166,184
Current portion of long-term debt (Note 3)	4,664,250	4,584,163
Total current liabilities	9,523,205	8,864,925
Deferred income taxes	2,990,000	2,990,000
Long-term debt (Note 3)	15,285,770	18,245,875
Stockholders' equity		
Common stock, $0.001 par value, 10,000 shares authorized, 3,118.46 shares issued and outstanding in March 31, 2017 and December 31, 2016	3	3
Additional paid-in capital	3,150,674	3,150,674
Treasury shares, 214.87 shares in March 31, 2017 and December 31, 2016	(856,312)	(856,312)
Retained earnings	9,084,315	8,275,848
Total stockholders' equity	11,378,680	10,570,213
Total liabilities and stockholders' equity	$39,177,655	$40,671,013

See notes to condensed consolidated financial statements.

SNI Holdco Inc.

Condensed Consolidated Statements of Income (unaudited)
Three Months Ended March 31, 2017 and 2016

	2017	2016
Net revenue:		
Contract staffing revenue	**$20,879,916**	$23,834,389
Permanent placement revenue	**5,695,738**	3,991,987
Net revenue	**26,575,654**	27,826,376
Direct cost of contract staffing revenue	**14,052,906**	15,947,758
Gross margin	**12,522,748**	11,878,618
Operating expenses:		
Salaries and compensation	**7,674,738**	7,423,126
Advertising	**357,759**	327,700
General and administrative	**2,243,086**	1,965,436
Restructuring costs	**13,573**	42,308
Depreciation	**111,017**	133,498
Amortization of intangible assets	**64,719**	106,647
Total operating expenses	**10,464,892**	**9,998,715**
Operating income	**2,057,856**	1,879,903
Other (income) expenses:		
Interest expense	**519,492**	712,487
Amortization of deferred financing costs	**109,644**	109,644
Total other expenses	**629,136**	822,131
Income before income taxes	**1,428,720**	1,057,772
Income tax expense	**620,252**	422,910
Net income	**$ 808,468**	$ 634,862

See notes to condensed consolidated financial statements.

SNI Holdco Inc.

Condensed Consolidated Statements of Cash Flows (unaudited)
Three Months Ended March 31, 2017 and 2016

	2017	2016
Cash flows from operating activities:		
Net income	**$ 808,468**	$ 634,862
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	**285,380**	349,789
Changes in operating assets and liabilities:		
Accounts receivable	**(20,021)**	(21,808)
Prepaid expenses	**152,610**	15,489
Other assets	**500**	-
Accounts payable and accrued expenses	**1,487,991**	304,816
Net cash provided by operating activities	**2,714,928**	1,283,148
Cash flows from investing activities:		
Purchases of equipment	**(32,397)**	(34,863)
Cash flows from financing activities:		
Payments on term loan	**(2,230,369)**	(1,788,441)
Proceeds from revolving loan	**2,250,000**	5,150,000
Payments on revolving loan	**(2,899,649)**	(3,750,000)
Net cash (used in) financing activities	**(2,880,018)**	(388,441)
Net increase (decrease) in cash	**(197,487)**	859,844
Cash:		
Beginning of period	**789,937**	267,360
End of period	**$ 592,450**	$ 1,127,204
Supplemental disclosure:		
Cash paid for interest	**$ 519,492**	$ 712,487
Cash paid for taxes	**$ 385,814**	$ 622,438

See notes to condensed consolidated financial statements.

Note 1. Significant Accounting Policies

Description of business: SNI Holdco Inc. through its wholly owned subsidiary SNI Companies (collectively, the Company), provides contract staffing and permanent personnel placement services in the fields of office administration, accounting, information technology, legal, sales, marketing and human resources. The Company operates 35 personnel placement offices located in Colorado, Connecticut, District of Columbia, Florida, Georgia, Illinois, Louisiana, Maryland, Massachusetts, Minnesota, New Jersey, Pennsylvania, Texas and Virginia.

Principles of consolidation: The condensed unaudited consolidated financial statements include the accounts of SNI Holdco Inc. and its wholly owned subsidiary, SNI Companies. Significant intercompany accounts and transactions have been eliminated in consolidation.

Interim financial statements: The accompanying unaudited interim financial statements, in the opinion of management, reflect all adjustments which are necessary for a fair presentation of the financial position and operating results for the interim periods. These unaudited financial statements and notes should be read in conjunction with the annual audited financial statements of the Company for the year ended December 31, 2016. The results of operations for the interim periods presented are not necessarily indicative of the results for the entire year.

Use of estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Accounts receivable: Concentrations of credit risk with respect to trade receivables are limited due to the number of customers and their geographic dispersion. The Company performs initial and periodic credit evaluations of its customers and does not require collateral. Receivables are carried at original invoice amount less an estimate made for doubtful accounts. Management determines the allowance for doubtful accounts by evaluating individual customer accounts and using historical experience. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received.

Equipment: Equipment is stated at cost. Depreciation is computed by the straight line method over the estimated useful lives of the assets, primarily 4 to 7 years. As of March 31, 2017 and December 31, 2016, accumulated depreciation was $4,783,126 and $4,672,109, respectively.

Goodwill: Goodwill represents the excess of purchase price over the fair value of underlying net assets of businesses acquired. Under accounting requirements, goodwill is not amortized but is subject to annual impairment tests. The Company has performed the required impairment tests, which have resulted in no impairment adjustments.

Intangible assets: Intangible assets are amortized on a straight-line basis over their estimated useful lives or the terms of the related agreements, including 8 years for trademarks, 3 years for customer relationships, 7 years for noncompete agreements, and 3 years for candidate database.

Revenue recognition: Contract staffing revenue is recognized when the services are rendered by the Company’s contract employees. Permanent placement revenue is recognized when employment candidates accept offers of permanent employment. The Company has an ability and history of estimating candidates who do not begin employment or remain with clients (fall-offs) through the limited guarantee period (generally 30-60 days). Allowances are established as necessary for known or estimated fall-offs.

Note 1. Significant Accounting Policies (Continued)

Income taxes: Deferred income taxes are provided on the liability method whereby deferred tax assets are recognized for deductible temporary differences and net operating loss carryforwards, and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

Advertising: The Company expenses advertising costs as incurred.

Recent accounting pronouncements: In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, covering revenue recognition. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. In August 2015, the FASB issued ASU 2015-14 which defers the effective date of ASU 2014-09 by one year, making it effective beginning in fiscal year 2019 for the Company. The Company has not yet determined the effect, if any, that the new accounting standard may have on the financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the existing U.S. GAAP leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard will be effective beginning in fiscal year 2020 for the Company. The Company has not yet determined the effect that the new accounting standard may have on the financial statements.

Note 2. Intangible Assets

Intangible assets consist of the following at March 31, 2017 and December 31, 2016:

	March 31, 2017	December 31, 2016
Noncompete agreements	$ 1,174,000	$ 1,174,000
Customer relationships	1,758,000	1,758,000
Trademarks	2,071,000	2,071,000
Candidate database	843,000	843,000
	5,846,000	5,846,000
Less accumulated amortization	(5,651,841)	(5,587,123)
	$ 194,159	$ 258,877

Approximate future expected amortization expense for intangible assets during the year ending December 31, 2017, is $259,000.

Note 3. Long-Term Debt

Long-term debt consists of the following as of March 31, 2017 and December 31, 2016:

	March 31, 2017	December 31, 2016
Revolving loan due December 31, 2018, interest-only payments due monthly at LIBOR plus an applicable margin with a 1.00% LIBOR floor (9% as of March 31, 2017).	$ 600,351	$ 1,250,000
Term loan, payable in increasing quarterly installments with balance due at maturity on December 31, 2018, with interest at LIBOR plus an applicable margin with a 1.00% LIBOR floor (9% as of March 31, 2017).	19,349,669	21,426,913
Note payable, due in semi-annual installments of $153,125, plus interest at 10%.	-	153,125
	19,950,020	22,830,038
Less current portion	4,664,250	4,584,163
	$15,285,770	$18,245,875

The revolving and term loans are issued under a credit agreement and are collateralized by all assets of the Company and a pledge of the Company's common stock. The revolving loan has availability up to the lesser of $5 million or a defined borrowing base amount based on eligible accounts receivable. Unused availability as of March 31, 2017, was approximately $4.4 million. An annual commitment fee of 0.5 percent is required on the unused portion of the revolving loan. Quarterly installments on the term loan are approximately $933,000 at March 31, 2017, increasing to $1,166,000 in June 2017. In addition to scheduled amortization, additional loan principal payments are required each year based on the Company's defined annual excess cash flow. Certain mandatory prepayments are also required if a defined asset sale or equity offering are consummated. Specified optional prepayments can be made without prepayment penalties.

The credit agreement contains various restrictive covenants, including certain restrictions on payments of dividends, restrictions on incurring additional indebtedness, restrictions on rental payments under operating leases and requirements to maintain certain financial covenants.

Aggregate future maturities of long-term debt as of December 31, 2016, are as follows:

Years ending December 31:	
2017	$ 4,584,163
2018	18,245,875
	$22,830,038

On April 3, 2017, the above debt was repaid in full in connection with the transaction described in Note 5.

Note 4. Commitments and Contingencies

The Company conducts its operations from office space rented under operating leases. Total rent expense was approximately $746,000 and $726,000 for the three months ended March 31, 2017 and 2016, respectively. Minimum future rental commitments under operating leases as of December 31, 2016, are as follows:

Years ending December 31:	
2017	$2,370,000
2018	1,540,000
2019	1,094,000
2020	390,000
2021	37,000
	$5,431,000

The Company is periodically involved in various legal proceedings in the ordinary course of business. In management's opinion, the ultimate disposition of any such matters pending as of March 31, 2017, is not expected to have a material effect on the financial statements.

Note 5. Subsequent Events

On April 3, 2017, 100% of the equity ownership of the Company was sold pursuant to consummation of a merger agreement for aggregate consideration of approximately $66.6 million. As a result of the sale, the Company became an indirect wholly-owned subsidiary of GEE Group, Inc. In connection with the sale, a payout of approximately $2.2 million was made under the Company's management incentive plan and the plan was terminated.

GEE GROUP, INC.

UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION

The following unaudited pro forma combined financial information is based on the historical consolidated financial statements of the Company and SNIH and its wholly owned subsidiary SNI Companies, Inc., (collectively the "Acquired Companies"), after giving effect to the Company's acquisition of the Acquired Companies in the Merger. The notes to the unaudited pro forma financial information describe the reclassifications and adjustments to the financial information presented.

The unaudited pro forma combined balance sheet as of March 31, 2017 and statements of operations for the six month period ended March 31, 2017 and the fiscal year ended September 30, 2016, are presented as if the acquisition of the Acquired Companies had occurred on September 30, 2015 and were carried forward through each of the periods presented.

The allocation of the purchase price used in the unaudited pro forma combined financial information is based upon the estimated respective fair values of the assets and liabilities of the Acquired Companies as of the date on which the Merger Agreement was signed.

The unaudited pro forma combined financial information is not intended to represent or be indicative of the Company's consolidated results of operations or financial position that the Company would have reported had the Merger been completed as of the dates presented, and should not be taken as a representation of the Company's future consolidated results of operation or financial position.

The unaudited pro forma combined financial information should be read in conjunction with the historical audited consolidated financial statements and accompanying notes of the Company included in the Annual Report on Form 10-K for the fiscal year ended September 30, 2016 which is attached hereto as Annex F and incorporated herein by reference and with the historical consolidated financial statements and accompanying notes of the Company included in its Quarterly Report on Form 10-Q for the six months ended March 31, 2017 which is attached hereto as Annex G and incorporated herein by reference.

GEE GROUP, INC.
UNAUDITED PRO FORMA COMBINED BALANCE SHEET
AS OF MARCH 31, 2017
(UNAUDITED)

(In Thousands)	GEE GROUP	ACQUIRED COMPANIES	PROFORMA ADJUSTMENTS	PROFORMA
ASSETS				
CURRENT ASSETS:				
Cash	$ 1,562	$ 592(6)(7)	$ (1,000)	$ 1,154
Accounts receivable	13,099	13,666	-	26,765
Other current assets	1,492	819	-	2,311
Total current assets	16,153	15,077	(1,000)	30,230
Property and equipment, net	527	510	-	1,037
Goodwill	18,590	22,344(5)(9)	32,631	73,565
Intangible assets, net	10,356	(4)(9) 194(13)	28,360	38,910
Other assets	34	1,052	-	1,086
TOTAL ASSETS	$ 45,660	$ 39,177	$ 59,991	$ 144,828
LIABILITIES & SHAREHOLDERS' EQUITY				
Short term debt	$ 7,142	$ 1,500(7)(8)	$ (942)	$ 7,700
Accounts payable	1,263	73	-	1,336
Accrued compensation and payroll taxes	3,281	4,786	-	8,067
Current portion of capital lease obligations	20	-	-	20
Current portion of contingent liability	1,837	-	-	1,837
Other current liabilities	1,220	-	-	1,220
Total current liabilities	14,763	6,359	(942)	20,180
Deferred office rent	149	-	-	149
Other long term obligations	45	2,990	-	3,035
Senior secured long term debt	-	-(7)(11)	44,957	44,957
Deferred tax liability	-	-(12)	12,000	12,000
Long term debt	3,863	18,450(2)(8)	(5,950)	16,363
Note payable	1,000	-	-	1,000
Total long-term liabilities	5,057	21,440	51,007	77,504
SHAREHOLDERS' EQUITY				
Preferred stock	-	-(3)	29,300	29,300
Common stock, no-par value	39,000	2,294(1)	(2,294)	39,000
(Accumulated deficit) retained earnings	(13,160)	(1)(10) 9,084(13)	(17,080)	(21,156)
Total shareholders' equity	25,840	11,378	9,926	47,144
	$ 45,660	$ 39,177	$ 59,991	$ 144,828

See notes to unaudited pro forma combined financial information.

GEE GROUP, INC.
UNAUDITED PRO FORMA COMBINED STATEMENT OF OPERATIONS
FOR THE SIX MONTHS ENDED MARCH 31, 2017
(UNAUDITED)

(In Thousands, except per share data)	GEE GROUP	ACQUIRED COMPANIES	PROFORMA ADJUSTMENTS	PROFORMA
NET REVENUES:				
Contract staffing services	$ 39,946	$ 44,169	$ -	$ 84,115
Direct hire placement services	2,609	10,002	-	12,611
NET REVENUES	42,555	54,171	-	96,726
Cost of contract services	31,457	29,814	-	61,271
Selling, general and administrative expenses	9,306	19,795	-	29,101
Acquisition, integration and restructuring expenses	100	-	-	100
Depreciation expense	150	223	-	373
Amortization of intangible assets	738	391(a)(b)	1,841	2,970
INCOME (LOSS) FROM OPERATIONS	804	3,948	(1,841)	2,911
Change in derivative liability	-	-	-	-
Change in contingent consideration	-	-	-	-
Loss on extinguishment of debt	-	-	-	-
Interest expense	(752)	)(c)(d) (1,073(f)	(1,718)	(3,543)
INCOME (LOSS) BEFORE INCOME TAX PROVISION	52	2,875	(3,559)	(632)
Provision for income tax	(130)	(1,164)(e)	600	(694)
NET INCOME (LOSS)	$ (78)	$ 1,711	$ (2,959)	$ (1,326)
NET INCOME (LOSS) ATTRIBUTABLE TO COMMON STOCKHOLDERS	$ (78)	$ 1,711	$ (2,959)	$ (1,326)
BASIC INCOME (LOSS) PER SHARE	$ (0.01)			$ (0.07)
WEIGHTED AVERAGE NUMBER OF SHARES - BASIC	9,382	(g)	5,926	15,308
DILUTED INCOME (LOSS) PER SHARE	$ (0.01)			$ (0.07)
WEIGHTED AVERAGE NUMBER OF SHARES - DILUTED	9,382	(g)	5,926	15,308

See notes to unaudited pro forma combined financial information.

GEE GROUP, INC.
UNAUDITED PRO FORMA COMBINED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(UNAUDITED)

(In Thousands, Except Per Share Data)	GEE GROUP	ACQUIRED COMPANIES		PROFORMA ADJUSTMENTS	PROFORMA
NET REVENUES:					
Contract staffing services	$ 76,165	$ 18,601		$ -	$ 94,766
Direct hire placement services	6,909	96,794		-	103,703
NET REVENUES	83,074	115,395		-	198,469
Cost of contract services	59,445	64,700		-	124,145
Selling, general and administrative expenses	19,863	39,412		-	59,275
Acquisition, integration and restructuring expenses	702	-		-	702
Depreciation expense	331	519		-	850
Amortization of intangible assets	1,536	864	(A)(B)	3,600	6,000
INCOME (LOSS) FROM OPERATIONS	1,197	9,900		(3,600)	7,497
Change in derivative liability	-	-		-	-
Change in contingent consideration	1,581	-		-	1,581
Loss on extinguishment of debt	-	-		-	-
Interest expense	(1,602)	(2,706)	(C)(D)(F)	(4,380)	(8,688)
INCOME (LOSS) BEFORE INCOME TAX PROVISION	1,176	7,194		(7,980)	390
Provision for income tax	(3)	(2,905)	(E)	(120)	(3,028)
NET INCOME (LOSS)	$ 1,173	$ 4,289		$ (8,100)	$ (2,638)
NET INCOME (LOSS) ATTRIBUTABLE TO COMMON STOCKHOLDERS	$ 1,173	$ 4,289		$ (8,100)	$ (2,638)
BASIC INCOME (LOSS) PER SHARE	$ 0.13				$ (0.02)
WEIGHTED AVERAGE NUMBER OF SHARES - BASIC	9,313		(G)	5,926	15,239
DILUTED INCOME (LOSS) PER SHARE	$ 0.12				$ (0.02)
WEIGHTED AVERAGE NUMBER OF SHARES - DILUTED	9,891		(G)	5,926	15,817

See notes to unaudited pro forma combined financial information.

GEE GROUP, INC.
NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION

1. BASIS OF PRO FORMA PRESENTATION

The unaudited pro forma combined balance sheet as of March 31, 2017, and the unaudited pro forma statements of operations for the six months ended March 31, 2017 and the year ended September 30, 2016, are based on the historical financial statements of the Company and SNIH after giving effect to the Company's acquisition of the Acquired Companies and reclassification and adjustments described in the accompanying notes to the unaudited pro forma combined financial information.

The Company accounts for business combinations pursuant to Accounting Standards Codification ASC 805, *Business Combinations.* In accordance with ASC 805, the Company uses it best estimates and assumptions to accurately assign fair value to the assets acquired and the liabilities assumed at the acquisition date. Goodwill as of the acquisition date is measured as the excess of the purchase consideration over the fair value of the assets acquired and the liabilities assumed.

The fair values assigned to the assets of the Acquired Companies acquired and liabilities assumed are based on management's estimates and assumptions. The estimated fair values of these assets acquired and liabilities assumed are considered preliminary and are based on the information that was available as of the date of acquisition. The Company believes that the information provides a reasonable basis for estimating the fair values of assets acquired and liabilities assumed, but is waiting for additional information, primarily related to estimated values of current and non-current income taxes payable and deferred taxes, which are subject to change, pending the finalization of certain tax returns. The Company expects to finalize the valuation of the assets and liabilities as soon as practicable, but not later than one year from the acquisition date.

The unaudited pro forma combined financial information is not intended to represent or be indicative of the Company's consolidated results of operations or financial position that the Company would have reported had the Merger been completed as of the dates presented, and should not be taken as a representation of the Company's future consolidated results of operation or financial position.

The unaudited pro forma combined financial information should be read in conjunction with the historical consolidated financial statements and accompanying notes of the Company included in the annual report on Form 10-K for the year ended September 30, 2016 which is attached hereto as Annex F and incorporated herein by reference and with the historical consolidated financial statements and accompanying notes of the Company included in its Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2017 which is attached hereto as Annex G and incorporated herein by reference.

Accounting Periods Presented

For purposes of the unaudited pro forma combined financial information, SNIH's historical year end was December 31 and has been aligned to more closely conform to the Company's year end of September 30, as explained below. Certain pro forma adjustments were made to conform SNIH's accounting policies to the Company's accounting policies as noted below.

The unaudited pro forma combined balance sheet as of March 31, 2017 and the statements of operations for the six months ended March 31, 2017 and the year ended September 30, 2016, are presented as if the acquisition of the Acquired Companies had occurred on September 30, 2015 and were carried forward through each of the periods presented.

Reclassifications

The Company reclassified certain accounts in the presentation of SNIH's historical financial statements in order to conform to the Company's presentation.

2. THE MERGER

The Company entered into an Agreement and Plan of Merger dated as of March 31, 2017 (the "Merger Agreement") by and among the Company, GEE Group Portfolio, Inc., a Delaware corporation and a wholly owned subsidiary of the Company, (the "GEE Portfolio"), SNI Holdco Inc., a Delaware corporation and its wholly owned subsidiary SNI Companies, Inc. (collectively the "Acquired Companies"), Smith Holdings, LLC a Delaware limited liability company, Thrivent Financial for Lutherans, a Wisconsin corporation, organized as a fraternal benefits society ("Thrivent"), Madison Capital Funding, LLC, a Delaware limited liability company ("Madison") and Ronald R. Smith, in his capacity as a stockholder ("Mr. Smith" and collectively with Smith Holdings, LLC, Thrivent and Madison, the "Principal Stockholders") and Ronald R. Smith in his capacity as the representative of the SNIH Stockholders ("Stockholders' Representative"). The Merger Agreement provided for the merger subject to the terms and conditions set forth in the Merger Agreement of SNI Holdco, Inc. with and into GEE Portfolio pursuant to which GEE Portfolio would be the surviving corporation (the "Merger"). The Merger was consummated on April 3, 2017. As a result of the merger, GEE Portfolio became the owner of 100% of the outstanding capital stock of SNI Companies, Inc., a Delaware corporation and wholly-owned subsidiary of SNI Holdco.

The aggregate consideration paid for the shares of SNIH (the "Merger Consideration") was $66.3 million.

The Merger Consideration was comprised of the following:

The Company paid an aggregate of $24,500,000 in cash to the SNIH Stockholders and others as they directed (the "Closing Cash Payment").

Issuance of 9.5% Convertible Subordinated Notes. At the Closing, the Company issued and paid to certain SNIH Stockholders an aggregate of $12,500,000 in aggregate principal amount of its 9.5% Convertible Subordinated Notes (the "9.5% Notes").

Issuance of Series B Convertible Preferred Stock. At the Closing, the Company agreed to issue to certain SNIH Stockholders upon receipt of duly executed letters of transmittal an aggregate of approximately 5,926,000 shares of its Series B Convertible Preferred Stock (based on the average daily VWAP of the Common Stock for the 20 trading days immediately prior to the closing date of the Merger). The value of the consideration paid was approximately $29,300,000 based on the closing price of $4.95 on March 31, 2017.

The SNIH Stockholders have agreed to indemnify the Company with respect to the breach of the representations and warranties set forth in the Merger Agreement. The relative responsibility and Indemnification Ceiling of each SNIH Stockholder is determined as set forth in the Merger Agreement. In addition, the indemnification obligations of the SNIH Stockholders are subject to certain overall baskets, deductibles and ceilings as set forth in the Merger Agreement. The Company is entitled to seek 'set off' or 'recoupment' for indemnification with respect to a respective SNIH Stockholder's 9.5% Notes or stock or other property, as may be owned by that SNIH Stockholder and held in escrow. $8.6 million in aggregate principal amount of the 9.5% Notes will be held in escrow by the Escrow Agent against which the Company may seek set-off in the event of certain indemnification obligations of the SNIH Stockholders. These 9.5% Notes will be released from escrow after a period of eighteen months if there are no outstanding claims for indemnification, but not if there are outstanding claims for indemnification.

The Company utilized approximately $24,500,000 of the proceeds from its new Credit Agreement to finance the Closing Cash Payment to the SNIH Stockholders.

Under the purchase method of accounting, the transaction was valued for accounting purposes at an estimated $90,495,000, which was the estimated fair value of the consideration paid by the Company, after it was determined post-closing that the net liabilities purchased were $24,177,000 which includes the estimated deferred tax liability of $12,000,000. The estimate was based on the consideration paid of cash paid of $24,500,000, issuance of $12,500,000 of 9.5% convertible subordinated notes and approximately $29,300,000 of Series B Convertible Preferred Stock.

The assets and liabilities of SNIH will be recorded at their respective fair values as of the closing date of the Merger Agreement, and the following table summarizes these values based on the estimated balance sheet at April 3, 2017.

The intangibles will be recorded, based on the Company's estimate of fair value, which are expected to consist primarily of customer lists with an estimated life of five to ten years and goodwill. Upon completion of an independent purchase price allocation and valuation, the allocation of intangible assets will be adjusted accordingly.

(in thousands)

$ 15,893	Assets Purchased
40,070	Liabilities Assumed
(24,177)	Net Liabilities Acquired
66,318	Purchase Price
$ 90,495	Intangible Asset from Purchase

3. PRO FORMA ADJUSTMENTS

Adjustments to the Pro Forma Consolidated Balance Sheet

(1) Elimination of SNIH's Capital Stock and retained earnings as part of purchase accounting
(2) $12,500 was recorded for the loan to sellers
(3) $29,300 was recorded in Series B Convertible Preferred Stock issued to SNIH Stockholders
(4) Represents the management estimated intangible asset as of closing date, to be verified post acquisition with full purchase price allocation
(5) Represents the management estimated goodwill as of closing date, to be verified post acquisition with full purchase price allocation
(6) Represents the initial cash paid at closing
(7) Represents $56,200 financed at closing

(8) Represents $27,000 debt refinanced at closing
(9) Elimination of SNIH's intangible assets of approximately $23,550
(10) $1,300 of acquisition costs
(11) $3,543 capitalized debt costs to be amortized over 4 years, netted against long term debt
(12) Represents the management estimate of deferred tax liability, to be verified post acquisition with full purchase price allocation
(13) Represents the estimated $6,696 of accumulated amortization since September 30, 2015

Adjustments to the Pro Forma Combined Statement of Operations, Six Months

(a) Represents the elimination of SNIH prior amortization approximately $391
(b) Represents the additional amortization of SNIH estimated intangible assets $2,232
(c) Represents the non-cash amortization of debt costs of approximately $443
(d) Represents the additional interest expense related to the new debt of approximately $3,100
(e) Represents the reduction of taxable income from the additional interest expense
(f) Represents the elimination of the prior interest for GEE Group, Inc. and SNIH
(g) Represents the fully converted series B convertible preferred shares of 5,926 into common shares of GEE common stock

Adjustments to the Pro Forma Combined Statement of Operations, Year Ended

(A) Represents the elimination of SNIH prior amortization approximately $864
(B) Represents the additional amortization of SNIH estimated intangible assets $4,464
(C) Represents the non-cash amortization of debt costs of approximately $886
(D) Represents the additional interest expense related to the new debt of approximately $6,200
(E) Represents the additional estimated tax
(F) Represents the elimination of the prior interest for GEE Group, Inc. and SNIH
(G) Represents the fully converted preferred shares of 5,926 into common shares of GEE common stock

4. FINANCING

The Company and its subsidiaries, as borrowers, entered into a Revolving Credit, Term Loan and Security Agreement (the "Credit Agreement") with PNC Bank, National Association ("PNC"), and certain investment funds managed by MGG Investment Group LP ("MGG"). All funds were distributed on April 3, 2017 (the "Closing Date").

Under the terms of the Credit Agreement, the Company may borrow up to $73,750,000 consisting of a four-year term loan in the principal amount of $48,750,000 ("Term Loan") and revolving loans ("Revolver") in a maximum amount up to the lesser of (i) $25,000,000 or (ii) an amount determined pursuant to a borrowing base that is calculated based on the outstanding amount of the Company's eligible accounts receivable, as described in the Credit Agreement. The loans under the Credit Agreement mature on March 31, 2021.

Amounts borrowed under the Credit Agreement may be used by the Company to repay existing indebtedness, to partially fund capital expenditures, to fund a portion of the purchase price for the acquisition of all of the issued and outstanding stock of SNI pursuant to that certain Agreement and Plan of Merger (the "Merger Agreement") noted below, to provide for on-going working capital needs and general corporate needs, and to fund future acquisitions subject to certain customary conditions of the lenders. On the closing date of the Credit Agreement, the Company borrowed $56,226,316 which was used by the Company to repay existing indebtedness, to pay fees and expenses relating to the Credit Agreement, and to pay a portion of the purchase price for the acquisition of all of the outstanding stock of SNI Holdco Inc.

The loans under the Credit Agreement will bear interest at rates at the Company's option of LIBOR rate plus 10% or PNC's floating base rate plus 9%. The Term Loans may consist of Domestic Rate Loans or LIBOR Rate Loans, or a combination thereof.

The Credit Agreement is secured by all of the Company's property and assets, whether real or personal, tangible or intangible, and whether now owned or hereafter acquired, or in which it now has or at any time in the future may acquire any right, title or interests.

The Term Loans were advanced on the Closing Date and are, with respect to principal, payable as follows, subject to acceleration upon the occurrence of an Event of Default under the Credit Agreement or termination of the Credit Agreement and provided that all unpaid principal, accrued and unpaid interest and all unpaid fees and expenses shall be due and payable in full on March 31, 2021. Principal payments are required as follows: Fiscal year 2017 - $609,000, Fiscal year 2018 – $5,789,000, Fiscal year 2019 – $6,094,000, Fiscal year 2020 – $6,398,000 and Fiscal year 2021 - $29,860,000.

The Credit Agreement contains certain covenants including the following:

<u>Fixed Charge Coverage Ratio.</u> The Company shall cause to be maintained as of the last day of each fiscal quarter, a Fixed Charge Coverage Ratio for itself and its subsidiaries on a Consolidated Basis of not less the amount set forth in the Credit Agreement, which ranges from 1.10 to 1.0 to 1.40 to 1.0 over the term of the Credit Agreement.

<u>Minimum EBITDA.</u> The Company shall cause to be maintained as of the last day of each fiscal quarter, EBITDA for itself and its subsidiaries on a Consolidated Basis of not less than the amount set forth in the Credit Agreement for each fiscal quarter specified therein, in each case, measured on a trailing four (4) quarter basis as set in the Credit Agreement, which ranges from $13,000,000 to $24,000,000 over the term of the Credit Agreement.

<u>Senior Leverage Ratio.</u> The Company shall cause to be maintained as of the last day of each fiscal quarter, a Senior Leverage Ratio for itself and its subsidiaries on a Consolidated Basis of not greater than the amount set forth in the Credit Agreement for each fiscal quarter, in each case, measured on a trailing four (4) quarter basis as set in the Credit Agreement, which ranges from 4.50 to 1.0 to 1.5 to 1.0 over the term of the Credit Agreement.

In addition to these financial covenants, the Credit Agreement includes other restrictive covenants. The Credit Agreement permits capital expenditures up to a certain level, and contains customary default and acceleration provisions. The Credit Agreement also restricts, above certain levels, acquisitions, incurrence of additional indebtedness, and payment of dividends.

Cash Payment to Former Senior Lender of the Company. At the Closing, the Company paid $7,630,697 to ACF FINCO, LLP, the Company’s former senior lender to repay in full the indebtedness owed by the Company to ACF FINCO, LLP as of the date of the Closing.

Cash Payment to Senior Lender of Acquired Companies. At the closing, the Company paid $20,220,710.88 to Monroe Capital, the senior lender to the Acquired Companies to repay in full the indebtedness owed by the Acquired Companies to Monroe Capital as of the date of the Closing.

In connection with this Credit Agreement, the Company agreed to pay an original discount fee of approximately $901,300, a closing fee for the term loan of approximately $75,000 and a closing fee for the revolving credit facility of approximately $500,000. In addition, the Company paid early termination fees of approximately $240,000 to ACF FINCO I, LP in connection with the refinancing of its indebtedness to ACF FINCO I, LP.