

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-K

Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended September 30, 2023

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission File Number 1-05707

GEE GROUP INC.

(Exact name of registrant as specified in its charter)

Illinois

(State or other jurisdiction of incorporation or organization)

36-6097429

(I.R.S. Employer Identification Number)

7751 Belfort Parkway, Suite 150, Jacksonville, FL

(Address of principal executive offices)

32256

(Zip Code)

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

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
<u>Common Stock, no par value</u>	<u>JOB</u>	<u>NYSE American</u>

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act (check one):

Large accelerated filer
Non-accelerated filer

Accelerated filer
Smaller reporting company
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

The aggregate market value of shares of common stock held by non-affiliates of the registrant on March 31, 2023 was $107,292,755 \times \$0.42 = \$5,062,957$.

The number of shares outstanding of the registrant's common stock as of December 15, 2023 was 109,092,402.

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PART I

Forward Looking Statements

This Annual Report on Form 10-K includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The Company has based these forward-looking statements on the Company's current expectations and projections about future events. These forward-looking statements are subject to known and unknown risks, uncertainties and assumptions about us and the Company's subsidiaries that may cause the Company's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "could," "would," "expect," "plan," "anticipate," "believe," "estimate," "continue" or the negative of such terms or other similar expressions. Factors that might cause or contribute to such a material difference include, but are not limited to, those discussed elsewhere in this Annual Report, including the section entitled "Risk Factors" and the risks discussed in the Company's other Securities and Exchange Commission filings. The following discussion should be read in conjunction with the Company's audited Financial Statements and related Notes thereto included elsewhere in this report.

Item 1. Business

General

GEE Group Inc. (the "Company," "us," "our" or "we") was incorporated in the State of Illinois in 1962 and is the successor to employment offices doing business since 1893. We are a provider of human resources solutions which primarily include the provision of temporary and permanent personnel in the professional and industrial services sectors to customers located in the United States. We, through our operating subsidiaries, deliver our services from a network of four virtual locations and 26 branch office locations located in or near several major U.S. cities, including, but not limited to: Atlanta, Dallas, Denver, and Miami.

The Company has several subsidiary corporations all of which are wholly owned and consolidated under GEE Group Inc. Our material operating subsidiaries include Access Data Consulting Corporation, Agile Resources, Inc., BMCH, Inc., Paladin Consulting, Inc., Scribe Solutions, Inc., SNI Companies, Inc., Triad Logistics, Inc., and Triad Personnel Services, Inc. In addition, we and our operating subsidiaries own and operate under other trade names, including Accounting Now, Ashley Ellis, Staffing Now®, SNI Banking, SNI Certes®, SNI Energy®, SNI Financial®, SNI Technology®, GEE Group (Columbus), General Employment, Omni One and Triad Staffing.

Services Provided

We provide our services to a broad range of customers from small and medium-sized businesses to the Fortune 1000. Our services include the provision of highly specialized contract or permanently placed professionals in several verticals, including IT, engineering, accounting and finance, office support, and specialized contract healthcare professionals, including scribes who specialize in electronic medical record ("EMR") services for emergency departments, specialty physician practices and clinics. We also provide temporary staffing services in the light industrial (blue collar) areas.

Our contract and placement services are principally provided under two operating divisions or segments: Professional Staffing Services and Industrial Staffing Services.

Our operating subsidiaries and end markets served under each of its operating divisions are as follows:

Professional Division

- *Access Data Consulting* provides hard-to-find IT talent to customers on a direct hire or contract basis and human resources consulting services and solutions in the higher-end IT vertical including project management support to businesses regionally (Western and Southwestern U.S.) and, to a lesser extent, throughout the rest of the U.S.
- *Agile Resources* delivers unique CIO advisory services, IT project support and human resources solutions regionally (Southeastern U.S.) and, to a lesser extent, nationally in the areas of application architecture and delivery, enterprise operations, digital, information lifecycle management and project management all with flexible delivery options including contract staffing and direct hire.
- *Ashley Ellis* works with C-suite and senior executives to offer full cycle engineering and IT contract staffing services, with a focus on business intelligence, application development and network infrastructure, to clients in the Southeastern U.S. region and, to a lesser extent, throughout the rest of the U.S.
- *GEE Group (Columbus)* primarily provides direct hire placement and contract staffing services in the accounting and engineering verticals, with an emphasis on placing personnel with specialized skills in the mechanical, manufacturing and equipment maintenance areas to clients throughout the Midwestern U.S.
- *Omni One* specializes in technical and professional direct-hire and contract staffing solutions in the manufacturing and engineering verticals for clients primarily located in the Midwestern U.S.
- *Paladin Consulting* primarily provides highly skilled IT professionals on a contract or direct hire basis directly to customers or through RPO, MSP and VMS arrangements and other non-IT staffing solutions to customers nationwide including government contractors who require that the provider of staffing services have required security clearance; such security certification is maintained by Paladin Consulting.
- *Scribe Solutions* provides hospital and free-standing emergency rooms and physician practices in the Southeastern U.S. with highly trained medical scribes for personal assistant work in connection with EMR.
- *SNI Companies* provides human resource solutions, including direct hire and contract staffing, project support and retained search services specializing primarily in the accounting, finance, banking, IT and office support verticals to customers located in major U.S. metropolitan markets, such as Dallas/Fort Worth, Chicago, Denver, Miami, Minneapolis, Princeton, Tampa, Jacksonville, Hartford, Andover and surrounding areas. SNI Companies' brands include Accounting Now, Staffing Now®, SNI Banking, SNI Certes®, SNI Energy®, SNI Financial®, and SNI Technology®.

Industrial Division

- *Triad Staffing* provides light industrial contract labor services for all phases of manufacturing and electronic assembly, warehousing, picking, packing and shipping and custodial and general labor operations throughout Ohio.

The percentage of revenues derived from each of the Company's direct hire and contract services lines are as follows:

	Fiscal	
	2023	2022
Professional direct hire placement services	12.7%	16.1%
Professional contract services	78.7%	74.2%
Industrial contract services	8.6%	9.7%

Business Strategy

Our business strategy is multi-dimensional and encompasses both organic growth and growth through strategic acquisitions. Since 2015, the Company has completed four acquisitions, the most recent of which was SNI, which to date has been its largest. The main tenants of our strategy are to grow organically by:

- Providing innovative solutions for clients delivered through an enhanced and expanded menu of professional services offerings while increasing the penetration of clients in our existing markets for our IT, finance and accounting, healthcare, engineering and office support verticals;
- Entering other fast-growing markets following existing customers who are expanding their operations and cross-selling services by leveraging strategic customer relationships capitalizing on the Company's national managed services agreements MSA, MSP and VMS relationships;
- Expanding our geographic footprint of professional services offerings into new markets believed to possess high growth potential, particularly with regard to our IT brands;
- Adding recruiting and sales talent to our existing delivery network to obtain new customers and increase the number of placements made to increase revenue;
- Increasing scalability and expanding operating margins through the on-going process of streamlining back office operations, establishing and leveraging regional centers of excellence, improving upon per desk production averages, elimination of duplicative costs among our businesses, and continued realization of economies of scale; and
- Capitalizing on hiring opportunities created by volatility in the economic and labor markets by providing on-demand labor to fill the personnel voids of businesses following corporate America's reactions and resulting on-going realignments since the on-set of the COVID-19 pandemic. As the economy recovers and companies have returned to sustained operations and growth, demand for our services has accelerated, with a particular focus on IT, E-Commerce and Logistics. We expect to continue to capitalize on these opportunities and to explore and innovate others, particularly in IT, including frontier areas such as digital content and information management disciplines.

Growth Through Strategic Acquisitions:

Since 2015, a significant portion of our growth has been achieved through acquisitions of complementary businesses. We intend to continue to expand our business through strategic acquisitions, subject to our business plans and management's ability to identify, acquire and develop suitable acquisition or investment targets in both new and existing service categories. Along with our significant business growth to date, we have built a robust platform with the appropriate infrastructure and scalability, which we believe is necessary to assimilate acquisitions.

We continue to explore opportunities for potential acquisitions in the fragmented staffing industry. Our acquisition strategy includes, but is not limited to, targeting companies or transactions that we believe may have one or more of the following characteristics:

- A focus on IT specialties and other verticals, including cyber security, government and targets in the professional services sectors;
- A well-managed business with experienced operators and with high gross profit and EBITDA margins, as well as consistent revenue growth;
- Limited enterprise risk and successful due diligence; and
- Pricing commensurate with profitability and growth, must be accretive to earnings and consideration generally consisting of a combination of cash, seller and/or bank financing and stock.

Marketing

We market our staffing services using our corporate and trade names in our respective vertical markets. As of September 30, 2023, we operated from locations in eleven (11) states, including twenty-six (26) branch offices in downtown or suburban areas of major U.S. cities and four (4) additional U.S. locations utilizing local staff members working remotely. We have offices or serve markets remotely, as follows; (i) one office in each of Connecticut, Illinois, Minnesota, and New Jersey, and one remote local market presence in Virginia; (ii) two offices each in Georgia and Massachusetts; (iii) three offices in Colorado; (iv) two offices and two additional local market presences in Texas; (v) six offices and one additional local market presence in Florida; and (vi) seven offices in Ohio.

We market our staffing services to prospective clients primarily through the use of the internet, specialty brands and corporate websites, digital direct mail campaigns, publishing annual electronic and widely distributed salary guides, advertising in tech, HR and accounting publications, attendance and booth displays at specialty trade shows, participation and membership in chambers of commerce and other business organizations, and support for our employees' philanthropic activities. Our sales consultants and business development managers also engage in telephone marketing using our CRM tools to identify prospects, and through the mailing of tailored employment bulletins which list highly-skilled candidates available for placement and contract employees available for assignment.

There was no customer that represented more than 10% of the Company's consolidated revenue in fiscal 2023 or fiscal 2022.

Competition

The staffing industry is highly fragmented with a multitude of competitors. There are relatively few barriers to entry by firms offering direct hire placement and staff augmentation services although significant amounts of working capital typically are required to fund the payroll of temporary workers for businesses providing contract staffing services. New entrants to the staffing industry are constantly introduced to the marketplace. Our competitors include sole-proprietorship operations, local and regional firms as well as national organizations. In the U.S., large national firms have annual revenue of approximately \$100 million and up to \$10 billion. Local and regional firms' yearly revenue can range from one to several million dollars or more. The largest portion of the marketplace consists of small, individual-sized or family-run operations. With low barriers to entry, sole proprietorships and smaller entities routinely enter the staffing industry. Many competitors are larger corporations with substantially greater resources than ours; however, as described below, we believe we are able to compete successfully in the verticals and end markets in which we operate.

Our professional and industrial staffing services compete effectively by providing highly qualified candidates who are well matched for the position, by developing and maintaining outstanding client relationships on a local level, by responding quickly to client requests, and by establishing offices and presences in convenient locations. As part of our services, we provide professional reference checking, scrutiny of candidates' work experience and optional custom background checks. In general, we believe that a positive client experience is most important, and pricing often is secondary to quality of service as a competitive factor. During slow hiring periods, competition can put pressure on our pricing; however, we believe we are able to effectively compete on price in such situations.

Our Competitive Strengths

We believe that we are able to compete effectively in the staffing industry because we have:

- Deep experience and vertical specialization and expertise in niche markets;
- Invested in robust sales programs and marketing tools and technology and CRM software to successfully target and reach out to potential new customers;
- Long-tenured division leaders, business development managers and vertical specialists (e.g., certified public accountants for accounting, tax and financial placements) with deep and relevant staffing industry experience;
- Strong and proven capability to deliver outstanding results for our clients under significant time constraints on large-scale projects leveraging our wide office network and experienced project team leaders, including experience with MSP and VMS programs;
- Well established strategies and procedures for both temporary and permanent virtual working supported by technology to facilitate communication, recruiting, onboarding and management of the business virtually;
- Specialized state-of-the-art databases, applicant tracking systems (“ATS”) and other technology tools that facilitate swift, expert matching of candidates to job requirements providing highly-qualified multiple choices to clients;
- Localized decision-making and a lack of a multi-layered bureaucracy which provides for more rapid responses to customized client requests and a streamlined approval process in place for speedy recruitment of personnel; and
- Hands-on training with specialized modules for newly hired recruiters and account management personnel.

Recruiting

The success of our services is highly dependent on our ability to recruit and retain qualified candidates. Prospective employment candidates are generally recruited through job postings and contact made electronically using various internet tools as well as telephone contact by our employment consultants. For internet postings, we maintain our corporate web page at www.geegroup.com and our specialty brand web pages in addition to extensive use of internet job posting bulletin board services. We also maintain database records of applicants’ skills through our ATS to assist in matching applicant skills with job openings and contract assignments. We generally screen, interview and, in many cases background check, all applicants who are presented to our clients.

Industry Overview

The staffing industry is divided into three major segments: temporary staffing services, professional employer organizations (“PEOs”) and placement agencies. Temporary staffing services provide workers for limited periods, often to substitute for absent permanent workers or to help during periods of peak demand. These workers, who are often employees of the temporary staffing agency, will generally fill clerical, technical, or industrial positions. PEOs, sometimes referred to as employee leasing agencies, contract to provide workers to customers for specific functions, often related to human resource management. In many cases, a customer’s employees are hired by a PEO and then contracted back to the customer. Placement agencies, sometimes referred to as executive recruiters or headhunters, find workers to fill permanent positions at customer companies. These agencies may specialize in placing senior managers, mid-level managers, technical workers, or clerical and other support workers.

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Our business is mainly that of a temporary staffing company within the broader staffing industry, however, we also offer and provide permanent placement services in our Professional Staffing Services segment. We employ the substantial portion of our staff members we place on temporary assignments with our clients. In addition to assisting our clients in managing peaks and valleys in their staffing needs, the temporary workers we place come in the form of a broader human resources management solution. That is, our clients do not bear the usual employment risks and compliance burdens associated with our temporary workers; instead, we retain these costs and risks as the employer of record. We believe this is a significant value add for our temporary staffing clients.

Staffing companies identify potential candidates through online advertising and referrals, and interview, test and counsel workers before sending them to the customer for approval. Pre-employment screening can include skills assessment and reference checking, as well as drug tests and criminal background checks. The personnel staffing industry has been radically changed by the internet. Many employers list available positions with one or several internet personnel sites, such as those offered by firms like Monster or CareerBuilder, and on their own websites. Personnel agencies operate their own sites and often still work as intermediaries by helping employers accurately describe job openings and by screening candidates who submit applications.

Major end-use customers include businesses from virtually all industries. Marketing involves direct sales presentations, referrals from existing clients and advertising. Agencies compete both for customers and workers. Depending on market supply and demand at any given time, agencies may allocate more resources either to finding potential employers or potential workers. Permanent placement agencies work either on a retained or on a contingency basis. Clients may retain an agency for a specific job search or on contract for a specific period. Temporary staffing services charge customers a fixed price per hour or a standard markup on prevailing hourly rates.

For many staffing companies, including ours, demand is lower late in the fourth calendar quarter and early in the first calendar quarter, partly because of holidays, and is higher during the rest of the year. Staffing companies may have high receivables from customers. Temporary staffing agencies and PEOs must manage a high cash flow because they make payroll payments to their employees on behalf of client employers. Cash flow imbalances also occur because agencies must pay workers even if they have not been paid by clients.

The revenue of staffing companies depends on the number of jobs they fill, which in turn can depend upon the economic environment. During economic slowdowns, many client companies may slow down or stop hiring altogether. During the recent COVID-19 pandemic, many client companies closed their businesses and stopped hiring or contracting employees. Internet employment sites expand a Company's ability to find workers without the help of traditional agencies. Staffing companies often work as intermediaries, helping employers accurately describe job openings and screen candidates. Increasing the use of sophisticated, automated job description and candidate screening tools could make many traditional functions of personnel agencies obsolete. Free social networking sites such as LinkedIn and Facebook are also becoming a common way for recruiters and employees to connect without the assistance of a staffing agency.

To avoid large placement agency fees, big companies may use in-house personnel staff, current employee referrals, or human resources consulting companies to find and hire new personnel. Because placement agencies typically charge a fee based on a percentage of the first year's salary of a new worker, companies with many jobs to fill have a financial incentive to avoid use of agencies.

Many staffing companies are small and may depend heavily on a big customer for a large portion of revenue. Large customer concentration may lead to increased revenue, but also expose agencies to higher risks. When major accounts experience financial hardships, and have less need for temporary employment services, agencies stand to lose large portions of revenue.

The loss of a staff member who handles a large volume of business may result in a large loss of revenue for a staffing company. Individual staff members, rather than the staffing company itself, often develop strong relationships with customers. Non-compete agreements are commonly used by staffing companies, however, staff members who move to another staffing company are often able to work around terms and conditions of their non-compete agreements and move customers with them.

Some of the best opportunities for temporary employment are in industries traditionally active in seasonal cycles, such as manufacturing, construction, wholesale and retail. However, seasonal demand for workers also creates cash flow fluctuations throughout the year.

Staffing companies are subject to regulations promulgated by the U.S. Department of Labor and the Equal Employment Opportunity Commission, and often by state authorities. Many federal anti-discrimination rules regulate the type of information that employment firms can request from candidates or provide to customers about candidates. In addition, the relationship between the agency and its temporary employees, or its employee candidates may not always be clear, resulting in legal and regulatory uncertainty.

Trends in the Staffing Business

Start-up costs for a staffing company can be relatively low. Individual offices can be profitable and consolidation is driven by opportunities for large or growing agencies to develop national relationships with big customers or build resources and scale for future growth. Some agencies expand by starting new offices in promising markets, others prefer to buy existing independent offices with proven staff and an existing customer roster, while still others focus on both.

At some companies, temporary workers have become such a large part of the workforce that staffing company employees sometimes work at the customer's site to recruit, train, and manage temporary employees. Staffing companies try to match the best qualified employees for the customer's needs, but often provide additional training specific to that company, such as instruction in the use of proprietary software.

Some personnel consulting firms and human resource departments use psychological tests to evaluate potential job candidates. In addition to more comprehensive background checks, headhunters often check the credit history of prospective employees.

We believe the trends of outsourcing entire departments and dependence on temporary and leased workers will continue to expand creating opportunities for staffing companies. Taking advantage of their in-house expertise in assessing worker capabilities, some staffing companies manage their clients' entire human resource functions. Human resources outsourcing ("HRO") may include management of personnel and payroll administration, tax filings, and benefit administration services. HRO may also include recruitment process outsourcing ("RPO"), whereby an agency manages all recruitment activities for a client.

New online technology is improving staffing efficiency. For example, some online applications coordinate workflow for staffing agencies, their clients and temporary workers, and allow agencies and customers to share work order requests, submit and track candidates, approve timesheets and expenses, and run reports. Interaction between candidates and potential employers is increasingly being handled online.

Initially viewed as rivals, some Internet job-search companies and traditional employment agencies are now collaborating. While some Internet sites do not allow agencies to use their services to post jobs or look through resumes, others find that agencies are their biggest customers, earning the sites a large percentage of their revenue. Some staffing companies contract to help client employers find workers online.

The COVID-19 pandemic has caused staffing companies to significantly rethink and alter their operations and, in some cases, even their fundamental business models. Staffing companies played a prominent, if not leading, role in recent new workplace trends, including flexible scheduling and remote work arrangements, as two significant examples. A natural result of the shutdowns, quarantines, social distancing and other COVID-19 guidelines is reinforcement of these types of newer workplace trends in many cases. Therefore, we expect that even as the threat of COVID-19 has substantially lessened, these workplace trends are likely to continue on and occupy a permanent place going forward.

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Most recently, the staffing industry overall has experienced a material decline in business during 2023, following record or near record performance in 2022. Staffing Industry Analysts (“SIA”), a leading industry trade organization, recently published in its September 2023 Industry Forecast update, that the U.S. Staffing Industry is expected to decline by 10% in 2023. The SIA report cites forecasted declines in virtually all professional and industrial or commercial verticals. The identified causes vary within different verticals and scenarios, with the overall level of uncertainties that persist in the U.S. and global economies and labor markets receiving significant mention. Other cited causes of the decline particularly in light industrial and administrative and clerical markets are the rise of new B2C trends, such as Uber and DoorDash, and, in other markets, “side gigs” that offer potential candidates alternative opportunities and increased competition for recruiters.

Employees

As of September 30, 2023, the Company had approximately 251 regular employees and the number of contract service employees varied week to week during fiscal 2023, from a minimum of approximately 1,530 to a maximum of 1,996.

Our Corporate Information

We were incorporated in the State of Illinois in 1962 and are the successor to employment offices doing business since 1893. Our principal executive offices are located at 7751 Belfort Parkway, Suite 150, Jacksonville, Florida 32256, and our telephone number at that location is (904) 512-7501.

Available Public Information

We file annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy and information statements and amendments to reports filed or furnished pursuant to Sections 13(a), 14 and 15(d) of the Exchange Act. The public may obtain these filings at the Securities and Exchange Commission (the “SEC”) Public Reference Room at 100 F Street, NE, Washington DC 20549 or by calling the SEC at 1-800-SEC-0330. The SEC also maintains a website at www.sec.gov that contains reports, proxy and information statements, and other information regarding the Company and other companies that file material with the SEC electronically. Copies of the Company’s reports can be obtained, free of charge, electronically through our internet website, www.geegroup.com. Information on the Company’s website is not incorporated in this report by the foregoing reference.

Item 1A. Risk Factors.

THE U.S. ECONOMY CURRENTLY IS BEING NEGATIVELY IMPACTED BY HISTORICALLY SIGNIFICANT INFLATION, A LOOMING RECESSION, AND DISRUPTIONS IN SUPPLY AND THE WORKFORCE; RECENT GLOBAL SOCIOECONOMIC TRENDS, INCLUDING THE WAR IN UKRAINE AND U.S. RELATIONS WITH CERTAIN FOREIGN POWERS MAY HAVE A FURTHER ADVERSE EFFECT ON THE U.S. ECONOMY AND OUR BUSINESS.

The U.S. and larger global economies experienced historically high inflation during 2022, which continued into 2023. The Federal Reserve and other Central Banks already have raised interest rates more aggressively and to their highest levels in decades. As a result, the prospect for a recession is considered by many to be likely. Some sources have declared that the U.S. already has experienced a recession. Consumer prices, including basic costs of food, fuel, utilities, healthcare, mortgage and personal loan rates, and other non-discretionary and discretionary consumer items have risen significantly. Wages are up, however, increases in wages have lagged price inflation resulting in a net decline in real personal incomes relative to consumer spending. Volatility continues to exist in the workforce making it more difficult and costly for employers to recruit, hire and/or retain workers. U.S. unemployment remains relatively low, however the labor utilization rate and ratio of workers to the total population also remain low. Shortages in the workforce are a significant factor in supply shortages relative to demand and also help fuel inflation. On the global stage, two wars are now being waged, the first led by the invasion of Ukraine by Russia, and the second, following the recent invasion of Israel by Hamas terrorists. These and overtures by China over Taiwan and the South China Sea, also add instability to the uncertainty driving socioeconomic forces, which in turn, impact the Company's and its subsidiaries' operations.

The present conditions and state of our U.S. and global economies make it difficult to predict the extent to which a recession has occurred or will occur or worsen in the near future, and we and other members of the U.S. Staffing Industry already have seen significant declines in business in 2023. In the event of recurring or worsening conditions, in which the U.S. economy remains uncertain or contracts, we expect that our business will continue to be negatively impacted, accordingly. The Company has taken significant actions to shore up its resources and means in order to mitigate the negative effects of economic downturns; however, should economic conditions remain uncertain or worsen in the future, one may expect either scenario to continue to have an adverse effect on the business of the Company and its subsidiaries.

THE NEGATIVE EFFECTS OF THE CORONAVIRUS PANDEMIC AND ITS SUBSEQUENT VARIANTS, CARES ACT REQUIREMENTS, AND TRENDS IN THE FINANCIAL MARKETS COULD ADVERSELY AFFECT OUR BUSINESS, LIQUIDITY AND FINANCIAL RESULTS.

Recent global socioeconomic conditions, including the negative effects of the Coronavirus Pandemic ("COVID-19"), and disruption of financial markets, severely affected our business and results of operations during fiscal 2020 and, although to a lesser extent, fiscal 2021. The negative effects initially limited our access to credit or equity capital, our ability to refinance debt and disrupted ours and our clients' businesses. In fiscal 2021 and 2022, we were able to regain reasonable access to credit and equity capital markets, but also have continued to experience some lingering negative effects on our business operations in certain markets.

The operations and liquidity of our operating subsidiaries were severely impacted by COVID-19. As a result and out of necessity, in fiscal 2020, we applied for and obtained financial relief in the form of funds received in exchange for promissory notes issued by the U.S. Small Business Administration ("SBA") and U.S. Treasury under the Payroll Protection Program of the CARES Act ("PPP loans"). The Company and eight of its operating subsidiaries received PPP loans, totaling \$19,927 thousand, and have since applied for and received forgiveness of their respective PPP loans from the SBA. The forgiveness of these loans, including their respective accrued and unpaid interest amounts, have been recognized by eliminating them from the Company's consolidated balance sheets with corresponding gains in consolidated net income in fiscal 2021 and 2022.

The former PPP loans obtained by GEE Group Inc., and its operating subsidiaries together as an affiliated group, exceeded the \$2 million audit threshold established by the SBA, and therefore, will be subject to audit by the SBA in the future. If any of the nine forgiven PPP loans are reinstated in whole or in part as the result of a future audit, a charge or charges would be incurred, accordingly, and they would need to be repaid. If the companies are unable to repay the portions of their PPP loans that ultimately may be reinstated from available liquidity or operating cash flow, we may be required to raise additional equity or debt capital to repay the PPP loans.

THE TERMS OF OUR SENIOR BANK ASSET BACKED LOAN AGREEMENT MAY PLACE SOME RESTRICTIONS ON OUR OPERATING AND FINANCIAL FLEXIBILITY, AND FAILURE TO COMPLY WITH COVENANTS OR TO SATISFY CERTAIN CONDITIONS OF THE AGREEMENT MAY RESULT IN ACCELERATION OF OUR REPAYMENT OBLIGATIONS, WHICH COULD HARM OUR LIQUIDITY, FINANCIAL CONDITION, OPERATING RESULTS, BUSINESS AND PROSPECTS AND CAUSE THE PRICE OF OUR SECURITIES TO DECLINE.

GEE Group Inc. and its subsidiaries, Agile Resources, Inc., Access Data Consulting Corporation, BMCH, Inc., GEE Group Portfolio, Inc., Paladin Consulting, Inc., Scribe Solutions, Inc., SNI Companies, Inc., Triad Personnel Services, Inc., and Triad Logistics, Inc. are co-borrowers under a Loan, Security and Guaranty Agreement for a \$20 million asset-based senior secured revolving credit facility with CIT Bank, N.A. (the "CIT Facility"). The CIT Facility is collateralized by 100% of the assets of the Company and its subsidiaries who are co-borrowers and/or guarantors. The CIT Facility matures on the fifth anniversary of the closing date (May 14, 2026). The CIT Facility contains some restrictions and limitations that might inhibit our ability to engage in certain activities and transactions that may otherwise be in our long-term best interests. The affirmative and negative covenants contained in the Credit Agreement that may adversely affect our ability to operate our business include covenants that limit and restrict, among other things, our ability to incur additional indebtedness, transfer or sell certain assets, issue stock of subsidiaries, pay dividends on, repurchase or make distributions with respect to our capital stock or make other restricted payments, incur or permit liens or other encumbrances on assets, make certain investments, loans and advances, acquire other businesses, merge, consolidate, sell or otherwise dispose of all or substantially all of our assets, enter into certain transactions with our affiliates and amend certain agreements, without amendment of the CIT facility or the express approval of CIT Bank. Under the CIT Facility, advances are subject to a borrowing base formula based on 85% of eligible accounts receivable of the Company and subsidiaries, as defined, and subject to certain other criteria, conditions, and applicable reserves, including any additional eligibility requirements as determined by the administrative agent. Although the stated face amount of the CIT Facility is \$20 million, the borrowing base formula significantly limits amounts available for us to borrow.

The CIT Facility also contains customary events of default, including, among others, payment default, bankruptcy events, cross-default, breaches of covenants and representations and warranties, change of control and judgment defaults. A breach of any of these covenants could result in default under our Credit Agreement, which could prompt the lenders to declare all amounts outstanding under the Credit Agreement to be immediately due and payable and terminate all commitments to extend further credit. In addition, a breach of the Credit Agreement would cause a cross-default of certain other indebtedness. If we were unable to repay those amounts, the lenders could proceed against the collateral granted to them to secure that indebtedness. If the lenders under the Credit Agreement accelerate the repayment of borrowings, we cannot ensure that we will have sufficient assets and funds to repay the borrowings under the Credit Agreement and our other indebtedness. An acceleration of our outstanding indebtedness could have serious consequences to our financial condition, operating results, and business, and could cause us to become insolvent or enter bankruptcy proceedings.

IF WE ARE UNABLE TO GENERATE OR BORROW SUFFICIENT CASH TO MAKE PAYMENTS ON OUR INDEBTEDNESS OUR FINANCIAL CONDITION WOULD BE MATERIALLY HARMED, OUR BUSINESS COULD FAIL AND OUR SHAREHOLDERS MAY LOSE ALL OF THEIR INVESTMENT.

Our ability to make scheduled payments on or to refinance our obligations is dependent upon our financial and operating performance, which is affected by economic, financial, competitive, business, and other factors, some of which are beyond our control. While we believe we will be able to meet our liquidity requirements for the foreseeable future and for at least the next twelve months, we cannot assure you that our business will generate sufficient cash flow from operations to service our indebtedness or to fund our other liquidity needs. If we are unable to meet our debt obligations or fund our other liquidity needs, we may need to restructure or refinance all or a portion of our indebtedness on or before maturity. We cannot assure you that we will be able to restructure or refinance any of our indebtedness on commercially reasonable terms, if at all, which could cause us to default on our debt obligations and impair our liquidity. Any refinancing of our indebtedness could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations.

THE COMPANY HAS MATERIAL INTANGIBLE ASSETS, INCLUDING GOODWILL, CUSTOMER LISTS, TRADEMARKS AND TRADENAMES. THESE ASSETS ARE SUBJECT TO IMPAIRMENT RISKS, WHICH COULD RESULT IN FUTURE MATERIAL IMPAIRMENT CHARGES TO INCOME AND NEGATIVELY IMPACTING THE FUTURE OPERATING RESULTS AND FINANCIAL POSITION OF THE COMPANY.

The Company is required to evaluate its goodwill annually or when one or more triggering events or circumstances indicate that assets might be impaired. The other long-lived assets, including definite-lived intangible assets, have to be tested for impairment only when triggering events occur or circumstances indicate that these assets might be impaired. The Company has recognized impairments of its goodwill, including most recently during the first quarter of its fiscal year ended September 30, 2022. In testing for impairments, management applies one or more valuation techniques to estimate the fair values of the reporting units, individual assets or groups of individual assets, as required under the circumstances. These valuation techniques rely on assumptions and other factors, such as the estimated future cash flows, the discount rates used to determine the present value of associated cash flows, and the market comparable assumptions. Changes to input assumptions and other factors used or considered in the analysis could result in materially different evaluations of impairment.

The valuation techniques utilized by management, for impairment testing, including estimated future cash flows, fundamentally include the inherent underlying assumption that the economy, the markets served by the Company, and the Company itself, will continue to grow. In the event the assumptions relied upon by management are not achieved, including assumed future growth rates, impairments of goodwill or other long-lived assets could be recorded and such amounts could be material to the consolidated financial statements. A reduction in the projected long-term operating performance of one or both of the Company's reporting units or other long-lived assets, future market declines, changes in discount rates or other conditions also could result in material impairments in the future. Thus, there can be no assurance that the Company's goodwill or other long-lived assets will not become impaired in the future.

WE HAVE SIGNIFICANT WORKING CAPITAL NEEDS AND IF WE ARE UNABLE TO SATISFY THOSE NEEDS FROM CASH GENERATED FROM OUR OPERATIONS OR BORROWINGS UNDER OUR DEBT INSTRUMENTS, WE MAY NOT BE ABLE TO CONTINUE OUR OPERATIONS.

We require significant amounts of working capital to operate our business. We often have high receivables from our customers, and as a staffing company, we are prone to cash flow imbalances because we have to fund payroll payments to temporary workers before receiving payments from clients for our services. If we experience a significant and sustained drop in operating profits, or if there are unanticipated reductions in cash inflows or increases in cash outlays, we may be subject to cash shortfalls. If a sustained shortfall were to occur, it could have an adverse effect on our business. In particular, we use working capital to fund expenses relating to our temporary workers and our other operating expenses and liabilities. As a result, we must maintain sufficient cash availability to pay temporary workers and fund related tax liabilities prior to receiving payment from customers.

In addition, our operating results tend to be unpredictable from quarter to quarter. Demand for our services is typically lower during traditional national vacation periods in the United States when customers and candidates are on vacation. No single quarter is predictive of results of future periods. Any extended period of time with low operating results or cash flow imbalances could have a material adverse effect on our business, financial condition and results of operations.

We derive working capital for our operations through cash generated by our operating activities and borrowings under our debt instruments. If our working capital needs increase in the future, we may be forced to seek additional sources of capital, which may not be available on commercially reasonable terms. The amount we are entitled to borrow under our debt instruments is calculated monthly based on the aggregate value of certain eligible trade accounts receivable generated from our operations, which are affected by financial, business, economic and other factors, as well as by the daily timing of cash collections and cash outflows. The aggregate value of our eligible accounts receivable may not be adequate to allow for borrowings for other corporate purposes, such as capital expenditures or growth opportunities, which could reduce our ability to react to changes in the market or industry conditions.

OUR REVENUE CAN VARY BECAUSE OUR CUSTOMERS CAN TERMINATE THEIR RELATIONSHIP WITH US AT ANY TIME WITH LIMITED OR NO PENALTY.

We focus on providing professional and light industrial personnel on a temporary assignment-by-assignment basis, which customers can generally terminate at any time or reduce their level of use when compared to prior periods. To avoid large placement agency fees, large companies may use in-house personnel staff, current employee referrals, or human resources consulting companies to find and hire new personnel. Because placement agencies typically charge fees as a mark-up to the hourly pay rate or based on a percentage of the first year's salary of a new worker, companies with many jobs to fill may have a large financial incentive to avoid agencies.

Our business is also significantly affected by our customers' hiring needs and their views of their future prospects. Our customers may, on very short notice, terminate, reduce or postpone their recruiting assignments with us and, therefore, affect demand for our services. As a result, a significant number of our customers can terminate their agreements with us at any time, making us particularly vulnerable to a significant decrease in revenue within a short period of time that could be difficult to quickly replace. This could have a material adverse effect on our business, financial condition and results of operations.

MOST OF OUR CONTRACTS DO NOT OBLIGATE OUR CUSTOMERS TO UTILIZE A SIGNIFICANT AMOUNT OF OUR STAFFING SERVICES AND MAY BE CANCELLED ON LIMITED NOTICE, SO OUR REVENUE STREAM MAY BE INCONSISTENT AND IS NOT GUARANTEED.

Substantially all of our revenue is derived from multi-year contracts that are terminable for convenience of the customer. Under our multi-year agreements, we contract to provide customers with staffing services through work or service orders at the customers' request. Under these agreements, our customers often have little or no obligation to request our staffing services. In addition, most of our contracts are cancellable on limited notice, even if we are not in default under the contract. We may hire employees permanently to meet anticipated demand for services under these agreements that may ultimately be delayed or cancelled. We could face a significant decline in revenues and our business, financial condition or results of operations could be materially adversely affected if:

- we see a significant decline in the staffing services requested from us under our service agreements; or
- our customers cancel or defer a significant number of staffing requests; or our existing customer agreements expire or lapse and we cannot renew or replace them with similar agreements.

IF WE ARE UNABLE TO RETAIN A BROAD GROUP OF EXISTING CUSTOMERS, LOSE ONE OR MORE SIGNIFICANT CUSTOMERS, OR FAIL TO ATTRACT NEW CUSTOMERS, OUR RESULTS OF OPERATIONS COULD SUFFER.

Increasing the growth and profitability of our business is particularly dependent upon our ability to retain existing customers and capture additional customers. Our ability to do so is dependent upon our ability to provide high quality services and offer competitive prices. If we are unable to execute these tasks effectively, we may not be able to attract a significant number of new customers and our existing customer base could decrease, including the loss of a significant customer, either or all of which could have an adverse impact on our revenues.

SUBSTANTIAL ALTERATION OF OUR CURRENT BUSINESS AND REVENUE MODEL COULD HURT SHORT-TERM RESULTS.

Our present business and revenue model represents our view of optimal business and revenue generation, which is to derive revenues and achieve profitability in the shortest period. There can be no assurance that current models will not be altered significantly or replaced with one or more alternatives driven by motivations other than near-term revenues and/or profitability (for example, building market share ahead of our competitors). Any such alteration or replacement of our current business and revenue model may ultimately result in the deferring of certain revenues in favor of potentially establishing larger market share. We cannot assure that any such adjustment or change in the business and revenue model would prove to be successful whether adopted in response to industry changes or for other reasons.

WE DEPEND ON OUR SENIOR MANAGEMENT TEAM AND THE LOSS OF ONE OR MORE KEY EMPLOYEES OR AN INABILITY TO ATTRACT AND RETAIN HIGHLY SKILLED EMPLOYEES COULD ADVERSELY AFFECT OUR BUSINESS.

Our success depends largely upon the continued services of our executive officers and on certain other mission-critical individual contributors. We rely on our leadership team for the management and oversight of our business operations, including but not limited to, developing and executing our strategy, business and financial planning, research and development, marketing, sales, human resources, client services, finance, and other general and administrative functions. From time to time, our executive management team may change from the hiring or departure of executives, which could disrupt our business. Employment agreements with our executive officers or other key personnel contain terms and conditions while employed by us, however, they also continue to be considered “at will” employees and, as such, they are not legally required to continue to work for us for any specified period and may terminate their employment with us at any time should they choose. The loss of one or more of our executive officers or key employees could have a serious adverse effect on our business.

To execute our growth plan, we must attract and retain highly qualified personnel. Competition for these personnel is intense, especially for experienced software engineers and senior sales executives. If we are unable to attract such personnel in cities where we are located, we may need to hire in other locations, which may add to the complexity and costs of our business operations. We expect to continue to experience challenges in hiring and retaining employees with appropriate qualifications. Extended stay-at-home, business closure, and other restrictive orders also may be expected to impact our ability to identify, hire, and train new personnel. Many of the companies with which we compete for experienced personnel have greater resources than we have. If we hire employees from competitors or other companies, their former employers may attempt to assert that these employees or we have breached legal obligations, resulting in a diversion of our time and resources. In addition, job candidates and existing employees often consider the value of the stock awards they receive in connection with their employment. If the perceived value of our stock awards declines, it may adversely affect our ability to recruit and retain highly skilled employees. If we fail to attract new personnel or fail to retain and motivate our current personnel, it could adversely affect our business and future growth prospects.

WE DEPEND ON ATTRACTING, INTEGRATING, MANAGING, AND RETAINING QUALIFIED PERSONNEL.

Our success depends upon our ability to attract, integrate, manage and retain personnel who possess the skills and experience necessary to fulfill our clients’ needs. Our ability to hire and retain qualified personnel could be impaired by any diminution of our reputation, decrease in compensation levels relative to our competitors, modifications to our total compensation philosophy that might be perceived negatively, or aggressive competitor hiring programs. If we cannot attract, hire and retain required qualified personnel, our business, financial condition and results of operations would be negatively impacted. Our future success also depends upon our ability to manage the successful performance of our personnel. Failure to successfully manage the performance of our personnel could affect our profitability by causing operating inefficiencies that could increase operating expenses and reduce operating income.

WE DEPEND ON OUR ABILITY TO ATTRACT AND RETAIN QUALIFIED TEMPORARY WORKERS.

In addition to the members of our own team, our success is substantially dependent on our ability to recruit and retain large numbers of qualified temporary workers who possess the skills and experience necessary to meet the staffing requirements of our customers. We are required to continually evaluate our base of available qualified personnel to keep pace with changing customer needs. Competition for individuals with proven professional skills is intense, and demand for these individuals is expected to remain strong for the foreseeable future.

Staffing Industry Analysts, a leading industry trade organization, recently published in its September 2023 Industry Forecast update, that the U.S. Staffing Industry is expected to decline by 10% in 2023. The identified causes vary within different market verticals and scenarios, with the overall level of uncertainties that persist in the U.S. and global economies and labor markets receiving significant mention. Other cited causes of the decline particularly in light industrial and administrative and clerical markets are the rise of new B2C trends, such as Uber and DoorDash, and, in other markets, “side gigs” that offer alternative opportunities to potential employment candidates and increased competition amongst recruiters.

WE OPERATE IN AN INTENSELY COMPETITIVE AND RAPIDLY CHANGING BUSINESS ENVIRONMENT, AND THERE IS A SUBSTANTIAL RISK THAT OUR SERVICES COULD BECOME OBSOLETE OR UNCOMPETITIVE.

The markets for our services are highly competitive and include many larger, more established companies. Our markets are characterized by pressures to provide high levels of service, incorporate new capabilities and technologies, accelerate job completion schedules and reduce prices. Furthermore, we face competition from a number of sources, including other executive search firms and professional search, staffing and consulting firms. Several of our competitors have greater financial and marketing resources than we do. New and existing competitors are aided by technology, and the market has low barriers to entry. Furthermore, Internet employment sites expand a company’s ability to find workers without the help of traditional agencies. Personnel agencies often work as intermediaries, helping employers accurately describe job openings and screen candidates. Increasing the use of sophisticated, automated job description and candidate screening tools could make many traditional functions of staffing companies obsolete. Specifically, the increased use of the internet may attract technology-oriented companies to the professional staffing industry. Free social networking sites such as LinkedIn and Facebook are also becoming a common way for recruiters and employees to connect without the assistance of a staffing company.

Our future success will depend largely upon our ability to anticipate and keep pace with those developments and advances. Current or future competitors could develop alternative capabilities and technologies that are more effective, easier to use or more economical than our services. In addition, we believe that, with continuing development and increased availability of IT, the industries in which we compete may attract new competitors. If our capabilities and technologies become obsolete or uncompetitive, our related sales and revenue would decrease. Due to competition, we may experience reduced margins on our services, loss of market share, and loss of customers. If we are not able to compete effectively with current or future competitors as a result of these and other factors, our business, financial condition and results of operations could be materially adversely affected.

CHANGES IN GOVERNMENT REGULATION COULD LIMIT OUR GROWTH OR RESULT IN ADDITIONAL COSTS OF DOING BUSINESS.

We are subject to the same federal, state, and local laws as other companies conducting placement and staffing services, which are extensive. The adoption or modification of laws that affect the placement and staffing industry, including but not limited to, Federal and state laws and regulations pertaining to labor and minimum wages, workplace standards and safety, workers compensation laws, independent contractor status, the Family Medical Leave Act, Affordable Care Act, and others could harm our business, operating results, and financial condition by increasing our costs and administrative burdens.

WE MAY NOT BE ABLE TO OBTAIN THE NECESSARY ADDITIONAL FINANCING TO ACHIEVE OUR STRATEGIC GOALS.

There is no guarantee that we will be able to obtain any additional financing that may be required to continue to expand our business. Our continued viability depends on our ability to raise capital. Changes in economic, regulatory or competitive conditions may lead to cost increases. Management may also determine that it is in our best interest to expand more rapidly than currently intended, to expand marketing activities, to develop new or enhance existing services or products, to respond to competitive pressures or to acquire complementary services, businesses or technologies. In any such case or other change of circumstance, additional financing will be necessary. If any additional financing is required, there can be no assurances that we will be able to obtain such additional financing on terms acceptable to us and at times required by us, if at all. In such event, we may be required to materially alter our business plan or curtail all or a part of our expansion plans.

WE MAY NOT BE ABLE TO MANAGE EXPECTED GROWTH AND INTERNAL EXPANSION.

Our ability to manage growth effectively will be important to our business and future results of operations and financial condition. Expansion of our resources and operations will be required to address anticipated growth of our customer base and market opportunities. Expansion may be expected to place additional strain on our management, operational and financial resources, and thereby our ability to provide quality services and support for our clients and other stakeholders. In these regards, we anticipate the need to enhance existing resources, processes and controls, including but not limited to, implementation of new operational and financial systems, and development of additional procedures and controls to expand, train and manage our growing employee base and to service new and growing customers. Our failure to manage growth effectively, therefore, could have a materially negative effect on our business, results of operations and financial condition.

WE ARE DEPENDENT UPON TECHNOLOGY SERVICES, AND IF WE EXPERIENCE DAMAGE, SERVICE INTERRUPTIONS OR FAILURES IN OUR COMPUTER AND TELECOMMUNICATIONS SYSTEMS, OUR EXISTING CUSTOMER RELATIONSHIPS AND OUR ABILITY TO ATTRACT NEW CUSTOMERS MAY BE ADVERSELY AFFECTED.

Our business could be interrupted by damage to or disruption of our computer and telecommunications equipment and software systems, and we may lose data. Our customers' businesses may be adversely affected by any system or equipment failure we experience. As a result of any of the foregoing, our relationships with our customers may be impaired, we may lose customers, our ability to attract new customers may be adversely affected and we could be exposed to contractual liability. Precautions in place to protect us from, or minimize the effect of, such events may not be adequate. If an interruption by damage to or disruption of our computer and telecommunications equipment and software systems occurs, we could be liable and the market perception of our services could be harmed.

WE COULD BE HARMED BY IMPROPER DISCLOSURE OR LOSS OF SENSITIVE OR CONFIDENTIAL COMPANY, EMPLOYEE, ASSOCIATE OR CLIENT DATA, INCLUDING PERSONAL DATA, BY EMPLOYEE ERROR AND/OR CYBER RISKS.

In connection with the operation of our business, we store, process and transmit a large amount of data, including personnel and payment information, about our employees, clients, associates and candidates, a portion of which is confidential and/or personally sensitive. In doing so, we rely on our own technology and systems, and those of third-party vendors we use for a variety of processes. We and our third-party vendors have established policies and procedures to help protect the security and privacy of this information. Unauthorized disclosure or loss of sensitive or confidential data may occur through a variety of methods. These include, but are not limited to, systems failure, employee negligence, fraud or misappropriation, or unauthorized access to or through our information systems, whether by our employees or third parties, including a cyberattack by computer programmers, hackers, members of organized crime and/or state-sponsored organizations, who may develop and deploy viruses, worms or other malicious software programs.

Such disclosure, loss or breach could harm our reputation and subject us to government sanctions and liability under our contracts and laws that protect sensitive or personal data and confidential information, resulting in increased costs or loss of revenues. It is possible that security controls over sensitive or confidential data and other practices we and our third-party vendors follow may not prevent the improper access to, disclosure of, or loss of such information. The potential risk of security breaches and cyberattacks may increase as we introduce new services and offerings, such as mobile technology. Further, data privacy is subject to frequently changing rules and regulations, which sometimes conflict among the various jurisdictions in which we provide services. Any failure or perceived failure to successfully manage the collection, use, disclosure, or security of personal information or other privacy related matters, or any failure to comply with changing regulatory requirements in this area, could result in legal liability or impairment to our reputation in the marketplace.

WE RECENTLY EXPERIENCED A NETWORK SECURITY INCIDENT AFFECTING OUR IT NETWORK, INFORMATION SYSTEMS AND STORED INFORMATION. NETWORK SECURITY INCIDENTS AFFECTING OUR SYSTEMS AND INFORMATION TECHNOLOGY SUCH AS THIS ONE OR OTHERS COULD ADVERSELY IMPACT OUR ABILITY TO OPERATE AND HAVE WIDER-REACHING MATERIAL ADVERSE EFFECTS ON OUR BUSINESS AND FINANCIAL POSITION AND RESULTS.

On February 1, 2022, the Company detected and stopped a network security incident. An unauthorized third party gained access into our network, encrypted various systems, and demanded money to decrypt the affected systems and to delete and not publicly release stolen information. The Company's IT professionals immediately disconnected and isolated the affected systems to prevent any further compromise. The senior executive management team was immediately notified who in turn reported the network security incident to the Company's Audit Committee chairman who has board oversight authority for these types of matters. The Company's audit committee and board of directors were fully briefed and a special committee of the board of directors was appointed to assist and oversee management in the investigations, response and full remediation of the incident. The Company engaged third party cyber security experts to assist its internal IT professionals and conducted a comprehensive investigation to determine the extent of the unauthorized activity. The Company also notified law enforcement and its cyber liability insurance carrier about the incident.

The Company's investigation determined that the unauthorized third party acquired a relatively small amount of data maintained on the encrypted servers, to include in some cases, individual personal information such as names, social security numbers, passport and driver license information. Our forensic investigation has been concluded and we believe we have reasonably determined the scope of the incident. Individuals affected by this incident were sent formal notification in accordance with applicable state and federal laws. The cost of investigating and resolving the incident has been immaterial. Based on what management and the Company's third-party cyber security experts have determined in their investigation, the Company also does not foresee this incident having any future material detrimental effect on our business or financial position. The Company has in place cyber liability insurance coverage, subject to certain policy limitations and deductibles. The Company had also immediately notified the cyber insurance carrier of the network security incident, who worked with management and the Company's third-party cyber security experts on this matter.

The Company's network environment is fully operational and additional security measures have been added and/or are being evaluated to prevent further intrusions. The Company has not observed any additional malicious activity on the network to date. The Company's operations were only minimally impacted by the incident, and we were able to serve our clients and other stakeholders without issue throughout.

OUR STRATEGY OF GROWING THROUGH ACQUISITIONS MAY BE IMPEDED BY A LACK OF FINANCIAL RESOURCES AND IMPACT OUR BUSINESS IN UNEXPECTED WAYS. WE COULD BE ADVERSELY AFFECTED BY RISKS ASSOCIATED WITH ACQUISITIONS.

We intend to expand our business through acquisitions of complementary businesses, technologies, services or products, subject to our business plans and management's ability to identify, acquire and develop suitable acquisition or investment targets in both new and existing service categories. In certain circumstances, acceptable acquisition or investment targets might not be available. Acquisitions involve a number of risks, including, but not limited to:

- difficulty in integrating the operations, technologies, products and personnel of an acquired business, including consolidating redundant facilities and infrastructure;
- potential disruption of our ongoing business and the distraction of management from our day-to-day operations;
- difficulty entering markets in which we have limited or no prior experience and in which competitors have a stronger market position;
- difficulty maintaining the quality of services that such acquired companies have historically provided;
- impact of liabilities of the acquired businesses undiscovered or underestimated as part of the acquisition due diligence;

- failure to realize anticipated growth opportunities from a combined business, because existing and potential clients may be unwilling to consolidate business with a single supplier or to stay with the acquirer post acquisition;
- impacts of cash on hand and debt incurred to finance acquisitions, thus increasing debt leverage and reducing liquidity for other significant strategic objectives;
- internal controls, disclosure controls, corruption prevention policies, human resources and other key policies and practices of the acquired companies may be inadequate or ineffective;
- overpayment for the acquired company or assets or failure to achieve anticipated benefits, such as cost savings (“synergies”) and revenue enhancements;
- increased expenses associated with completing an acquisition and amortizing any acquired intangible assets;
- challenges in implementing uniform standards, accounting policies, customs, controls, procedures and policies throughout an acquired business;
- failure to retain, motivate and integrate key management and other employees of the acquired business; and
- loss of customers and a failure to integrate and retain customer bases.

In addition, if we incur indebtedness to finance an acquisition, it may reduce our capacity to borrow additional amounts and requiring us to dedicate a greater percentage of our cash flow from operations to payments on our debt, thereby reducing the cash resources available to us to fund capital expenditures, pursue other acquisitions or investments in new business initiatives and meet general corporate and working capital needs. This increased indebtedness may also limit our flexibility in planning for, and reacting to, changes in or challenges relating to our business and industry.

The use of our common stock or other securities (including those that might be convertible into or exchangeable or exercisable for our common stock) to finance any such acquisition may also result in dilution of our existing shareholders.

The potential risks associated with recent and future acquisitions could disrupt our ongoing business, result in the loss of key customers or personnel, increase expenses and otherwise have a material adverse effect on our business, results of operations and financial condition.

WE MAY BE EXPOSED TO EMPLOYMENT-RELATED CLAIMS AND LOSSES, INCLUDING CLASS ACTION LAWSUITS, WHICH COULD HAVE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS.

We employ people internally and in the workplaces of other businesses. Many of these individuals have access to client information systems and confidential information. The risks of these activities include possible claims relating to:

- discrimination and harassment;
- wrongful termination or denial of employment;
- violations of employment rights related to employment screening or privacy issues;
- classification of temporary workers;

- assignment of illegal aliens;
- violations of wage and hour requirements;
- retroactive entitlement to temporary worker benefits;
- errors and omissions by our temporary workers;
- release, misuse or appropriation of client intellectual property, or other confidential or other property or proprietary information;
- misappropriation of funds;
- cybersecurity breaches affecting our clients and/or us;
- damage to customer facilities due to negligence of temporary workers; and
- criminal misconduct or illegal activity by our temporary workers.

We may incur fines and other losses or negative publicity with respect to these problems and claims. Such claims may result in negative publicity, injunctive relief, criminal investigations and/or charges, payment by us of monetary damages or fines, or other material adverse effects on our business. In addition, these claims may give rise to litigation, which could be time-consuming and expensive. New employment and labor laws and regulations may be proposed or adopted that may increase the potential exposure of employers to employment-related claims and litigation. There can be no assurance that the corporate policies we have in place to help reduce our exposure to these risks will be effective or that we will not experience losses as a result of these risks. There can also be no assurance that the insurance policies we have purchased to insure against certain risks will be adequate or that insurance coverage will remain available on reasonable terms or be sufficient in amount or scope of coverage.

WE FACE SIGNIFICANT EMPLOYMENT-RELATED LEGAL RISK.

We employ people internally and in the workplaces of other businesses. Many of these individuals have access to client information systems and confidential information. An inherent risk of such activity includes possible claims of errors and omissions; intentional misconduct; release, misuse or misappropriation of client intellectual property, confidential information, funds, or other property; cyber security breaches affecting our clients and/or us; discrimination and harassment claims; employment of illegal aliens; criminal activity; torts; or other claims. Such claims may result in negative publicity, injunctive relief, criminal investigations and/or charges, civil litigation, payment by us of monetary damages or fines, or other material adverse effects on our business.

OUR ABILITY TO UTILIZE OUR NET OPERATING CARRYFORWARDS AND CERTAIN OTHER TAX ATTRIBUTES MAY BE LIMITED.

Federal and state tax laws impose restrictions on the utilization of net operating loss (“NOL”) and tax credit carryforwards in the event of an “ownership change” as defined by section 382 of the Internal Revenue Code of 1986, as amended (“Section 382”). Generally, an ownership change occurs if the percentage of the value of the stock that is owned by one or more direct or indirect “five percent shareholders” increases by more than 50% over their lowest ownership percentage at any time during the applicable testing period (typically, three years).

Under Section 382, if a corporation undergoes an “ownership change,” the corporation’s ability to use its pre-change NOL carryforwards and other pre-change tax attributes to offset its post-change income may be limited. We have not completed a study to assess whether an “ownership change” has occurred or whether there have been multiple ownership changes since we became a “loss corporation” as defined in Section 382. Future changes in our stock ownership, which may be outside of our control, may trigger an “ownership change”. In addition, future equity offerings or acquisitions that have equity as a component of the purchase price could result in an “ownership change.” If an “ownership change” has occurred or does occur in the future, utilization of the NOL carryforwards or other tax attributes may be limited, which could potentially result in increased future tax liability to us.

THE MARKET PRICE OF SHARES OF OUR COMMON STOCK HAS BEEN VOLATILE, WHICH COULD CAUSE THE VALUE OF YOUR INVESTMENT TO DECLINE. A MORE ACTIVE, LIQUID TRADING MARKET FOR OUR COMMON STOCK MAY NOT DEVELOP, AND THE PRICE OF OUR COMMON STOCK MAY FLUCTUATE SIGNIFICANTLY.

The market price of our common stock has been highly volatile and could be subject to wide fluctuations. Securities markets worldwide experience significant price and volume fluctuations. The securities markets have experienced significant volatility as a result of the COVID-19 pandemic and more recently, significant inflation, rising interest rates, economic uncertainty and volatility and uncertainty in our labor market. Market volatility, as well as general economic, market, or political conditions, could reduce the market price of shares of our common stock regardless of our operating performance.

Although our common stock is listed on the NYSE American, we cannot assure you that an active public market will develop for our common stock. There has been relatively limited trading volume in the market for our common stock, and a more active, liquid public trading market may not develop or may not be sustained. Limited liquidity in the trading market for our common stock may adversely affect a shareholder's ability to sell its shares of common stock at the time it wishes to sell them or at a price that it considers acceptable. If a more active, liquid public trading market does not develop, we may be limited in our ability to raise capital by selling shares of common stock and our ability to acquire other companies or assets by using shares of our common stock as consideration. In addition, if the relatively limited trading volumes for our stock persists, the market price for our common stock may fluctuate significantly more than the stock market as a whole. Without large enough trading volumes, our common stock may be expected to remain less liquid than the stock of other more actively traded companies and, as a result, the trading prices of our common stock may be more volatile. Furthermore, the stock market is subject to significant price and volume fluctuations, and the price of our common stock could fluctuate widely in response to several factors, including:

- our quarterly or annual operating results and financial position;
- adverse market reaction to changes in our indebtedness, if any;
- the perceived impact of the present uncertainties in the economy and labor markets on our industry and our own results;
- announcements by our competitors of significant contracts, acquisitions, dispositions, strategic partnerships, joint ventures, or capital commitments;
- litigation and government investigations;
- pending acquisitions, if any;
- investment recommendations by securities analysts following our business or our industry;
- additions or departures of key personnel;
- changes in the business, earnings estimates or market perceptions of our competitors;
- our failure to achieve operating results consistent with securities analysts' projections;
- future changes in industry, general market or economic conditions; and
- changes or proposed changes in laws or regulations or differing interpretations or enforcement of laws or regulations affecting our business.

In response, the market price of shares of our common stock could decrease significantly. You may be unable to resell your shares of common stock at or above the public offering price.

Following periods of volatility in the overall market and the market price of a company's securities, securities class action litigation has often been instituted against these companies. Such litigation, if instituted against us, could result in substantial costs and a diversion of our management's attention and resources.

OUR COMMON STOCK COULD BE DELISTED FROM THE NYSE AMERICAN IF WE DO NOT MEET ITS CONTINUED LISTING REQUIREMENTS.

The NYSE American has established certain standards for the continued listing of a security on the NYSE American. There can be no assurance that we will be able to meet these standards in the future to maintain the listing of our common stock on the NYSE American. Factors that could have an impact on our ability to maintain the listing of our common stock on NYSE American include the status of the market for our common stock at the time, our reported results of operations in future periods, and general economic, market and industry conditions.

If we are delisted from the NYSE American, our common stock may be eligible for trading on an over-the-counter market. In the event that we are not able to obtain a listing on another stock exchange or quotation service for our common stock, it may be extremely difficult or impossible for shareholders to sell their common stock. Moreover, if we are delisted from the NYSE American, but obtain a substitute listing for our common stock, it will likely be on a market with less liquidity, and therefore experience potentially more price volatility than experienced on the NYSE American. Shareholders may not be able to sell their common stock on any such substitute market in the quantities, at the times, or at the prices that could potentially be available on a more liquid trading market. As a result of these factors, if our common stock is delisted from Nasdaq, the price of our common stock is likely to decline. A delisting of our common stock from the NYSE American could also adversely affect our ability to obtain financing for our operations and/or result in a loss of confidence by investors, or employees.

WE HAVE NO CURRENT PLANS TO PAY CASH DIVIDENDS ON OUR COMMON STOCK; AS A RESULT, YOU MAY NOT RECEIVE ANY RETURN ON INVESTMENT UNLESS YOU SELL YOUR COMMON STOCK FOR A PRICE GREATER THAN THAT WHICH YOU PAID FOR IT.

We intend to retain a substantial portion of future earnings for use in the development of our business and do not anticipate paying any cash dividends on our common stock in the near future. We are presently repurchasing our own common shares in the open market, under authorization of our board of directors and in accordance with applicable Federal and state laws, regulations and rules. However, any future determination to pay dividends will be made at the discretion of our board of directors, subject to applicable laws. It will depend on a number of factors, including our financial condition, results of operations, capital requirements, contractual, legal, tax and regulatory restrictions, general business conditions, and other factors that our board of directors may deem relevant. In addition, our ability to pay cash dividends is restricted by the terms of our debt financing arrangements, and any future debt financing arrangement likely will contain terms restricting or limiting the amount of dividends that may be declared or paid on our common stock. As a result, you may not receive any return on an investment in our common stock unless you sell your common stock for a price greater than that which you paid for it.

THERE MAY BE FUTURE SALES OF OUR SECURITIES OR OTHER DILUTION OF OUR EQUITY, WHICH MAY ADVERSELY AFFECT THE MARKET PRICE OF OUR COMMON STOCK.

We may need to raise additional capital in the future to finance our operations, which may not be available on acceptable terms, or at all. Failure to obtain this necessary capital when needed may force us to delay, limit or terminate our product development efforts or other operations.

We have experienced losses from operations and negative operating cash flow in the past and have an accumulated deficit. We have had to raise additional funds in order to deleverage, recapitalize and finance our current operations and may have to in the future if we are unable to sustain our current operations and results. If additional capital is not available to us when and if needed or on acceptable terms, we may not be able to continue to operate our business pursuant to our business plan or we may have to discontinue our operations entirely. Any additional capital raised through the sale of equity or equity-backed securities may be expected to dilute our shareholders' ownership percentages and could also result in a decrease in the market value of our equity securities. The terms of any securities issued by us in future capital transactions may be more favorable to new investors, and may include preferences, superior voting rights and the issuance of warrants or other derivative securities, which may have a further dilutive effect on the holders of any of our securities then outstanding.

If we are unable to secure additional funds when needed or on acceptable terms, we may be required to defer, reduce or eliminate significant planned expenditures, restructure, curtail or eliminate some or all of our operations, dispose of technology or assets, pursue an acquisition of our company by a third party at a price that may result in a loss on investment for our shareholders, file for bankruptcy or cease operations altogether. Any of these events could have a material adverse effect on our business, financial condition and results of operations. Moreover, if we are unable to obtain additional funds on a timely basis, there will be substantial doubt about our ability to continue as a going concern and increased risk of insolvency and up to a total loss of investment by our shareholders.

PROVISIONS IN OUR AMENDED AND RESTATED ARTICLES OF INCORPORATION, AS AMENDED, OUR AMENDED AND RESTATED BY-LAWS, AS AMENDED AND ILLINOIS LAW MIGHT DISCOURAGE, DELAY OR PREVENT A CHANGE IN CONTROL OF OUR COMPANY OR CHANGES IN OUR MANAGEMENT AND, THEREFORE, DEPRESS THE TRADING PRICE OF OUR COMMON STOCK.

Provisions of our amended and restated articles of incorporation, as amended, our amended and restated by-laws, as amended, and Illinois law may have the effect of deterring unsolicited takeovers or delaying or preventing a change in control of our company or changes in our management, including transactions in which our shareholders might otherwise receive a premium for their shares over then current market prices. In addition, these provisions may limit the ability of shareholders to approve transactions that they may deem to be in their best interests. These provisions include, but are not limited to:

- restrictions on the ability of shareholders to call special meetings of shareholders. Special meetings of our shareholders may be called only by the chairman of the board of directors, our president, a majority of the members of the board of directors, or by one or more shareholders holding shares in the aggregate entitled to cast not less than 20% of the votes at the special meeting;
- establishing a staggered board of directors. Our board is divided into three classes, each of which shall serve for a term of three years, with only one class of directors being elected in each year. As a result, successors to the directors whose terms have expired will be elected to serve from the time of election and qualification until the third annual meeting following their election;
- requiring advance notice of shareholder proposals for business to be conducted at meetings of our shareholders and for nominations of candidates for election to our board of directors;
- the ability of our board of directors to designate the terms of and issue new series of preferred stock without shareholder approval, which could include the right to approve an acquisition or other change in our control or could be used to institute a rights plan, also known as a poison pill, that would work to dilute the stock ownership of a potential hostile acquirer, likely preventing acquisitions that have not been approved by our board of directors; and
- restrictions pursuant to the Illinois Business Corporation Act (the “IBCA”) that prohibit a publicly held Illinois corporation from engaging in a “business combination” with an “interested shareholder” for a period of three years following the time the person became an interested shareholder, unless the business combination or the acquisition of shares that resulted in a shareholder becoming an interested shareholder is approved in a prescribed manner. Generally, a “business combination” includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested shareholder. Generally, an “interested shareholder” is a person who, together with affiliates and associates, owns (or within three years prior to the determination of interested shareholder status did own) 15% or more of a corporation’s voting stock. The existence of this provision would be expected to have an anti-takeover effect with respect to transactions not approved in advance by our board of directors, including discouraging attempts that might result in a premium over the market price for our stock.

The existence of the forgoing provisions and anti-takeover measures could limit the price that investors might be willing to pay in the future for shares of our common stock. They could also deter potential acquirers of our company, thereby reducing the likelihood that you could receive a premium for your common stock in an acquisition.

IF SECURITIES OR INDUSTRY ANALYSTS DO NOT PUBLISH OR CEASE PUBLISHING RESEARCH OR REPORTS ABOUT US, OUR BUSINESS OR OUR MARKET, OR IF THEY CHANGE THEIR RECOMMENDATIONS REGARDING OUR STOCK ADVERSELY, OUR STOCK PRICE AND TRADING VOLUME COULD DECLINE.

The trading market for our common stock will be influenced by the research and reports that industry or securities analysts may publish about us, our business, our market or our competitors. If any of the analysts who may cover us change their recommendation regarding our stock adversely, or provide more favorable relative recommendations about our competitors, our stock price would likely decline. If any analyst who may cover us were to cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline.

A POSSIBLE “SHORT SQUEEZE” DUE TO A SUDDEN INCREASE IN DEMAND OF OUR COMMON STOCK THAT LARGELY EXCEEDS SUPPLY MAY LEAD TO FURTHER PRICE VOLATILITY IN OUR COMMON STOCK.

Investors may purchase our common stock to hedge existing exposure in our common stock or to speculate on the price of our common stock. Speculation on the price of our common stock may involve long and short exposures. To the extent aggregate short exposure exceeds the number of shares of our common stock available for purchase in the open market, investors with short exposure may have to pay a premium to repurchase our common stock for delivery to lenders of our common stock. Those repurchases may in turn, dramatically increase the price of our common stock until investors with short exposure are able to purchase additional common shares to cover their short position. This is referred to as a “short squeeze” in lay terms. A short squeeze could lead to volatile price movements in our common stock that are not directly correlated to the performance or prospects of our company and once investors purchase the shares of common stock necessary to cover their short position the price of our common stock may decline.

THE REQUIREMENTS OF BEING A PUBLIC COMPANY MAY STRAIN OUR FINANCIAL AND HUMAN RESOURCES AND DISTRACT MANAGEMENT.

As a public company, we are subject to the reporting requirements of the Exchange Act of 1934, as amended (the “Exchange Act”), and the Sarbanes-Oxley Act of 2002 (the “Sarbanes-Oxley Act”). These requirements are extensive. The Exchange Act requires that we file annual, quarterly and current reports with respect to our business and financial condition. The Sarbanes-Oxley Act requires that we maintain effective disclosure controls and procedures and internal controls over financial reporting.

We incur significant costs associated with our public company reporting requirements and costs associated with applicable corporate governance requirements. These applicable rules and regulations significantly increase our legal and financial compliance costs and to make some activities more time consuming and costly than privately owned companies that are not SEC registrants. This also may divert management’s attention from other business concerns, which must be balanced so as not to cause material adverse effects on our business, financial condition and results of operations. We also believe compliance risks associated with these rules and regulations tend to make it more difficult and expensive to obtain director and officer liability insurance and could result in our need to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for us to attract and retain qualified individuals to serve on our Board of Directors or as executive officers. We are currently evaluating and monitoring developments with respect to these rules, and we cannot predict or estimate the amount of additional costs we may incur or the timing of such costs.

Additionally, shareholder activism, the current political environment, and the current high level of government intervention and regulatory reform may lead to substantial new regulations and disclosure obligations, which may lead to additional compliance costs and impact the manner in which we operate our business in ways we cannot currently anticipate. Our management and other personnel will need to devote a substantial amount of time to these compliance initiatives. Moreover, these rules and regulations have increased our legal and financial compliance costs and will make some activities more time consuming and costly.

WE MAY BE UNABLE TO IMPLEMENT AND MAINTAIN APPROPRIATE INTERNAL CONTROLS OVER FINANCIAL REPORTING. IF WE FAIL TO MAINTAIN AN EFFECTIVE SYSTEM OF INTERNAL CONTROL OVER FINANCIAL REPORTING, WE MAY NOT BE ABLE TO ACCURATELY REPORT OUR FINANCIAL RESULTS AND CURRENT AND POTENTIAL SHAREHOLDERS MAY LOSE CONFIDENCE IN OUR FINANCIAL REPORTING.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, and the Sarbanes-Oxley Act of 2002 and the SEC rules require that our management report annually on the effectiveness of our internal control over financial reporting and our disclosure controls and procedures. Among other things, our management must conduct an assessment of our internal control over financial reporting to allow management to report on the effectiveness of our internal control over financial reporting, as required by Section 404 of the Sarbanes-Oxley Act of 2002.

A “material weakness” is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim consolidated financial statements will not be prevented or detected on a timely basis. While we are not aware of any material weaknesses, we cannot assure you that one or more will not be identified in the future.

Any failure to implement or maintain required new or improved controls, or any difficulties we encounter in their implementation, could result in additional material weaknesses, or could result in material misstatements in our consolidated financial statements. These misstatements could result in a restatement of our consolidated financial statements, cause us to fail to meet our reporting obligations, reduce our ability to obtain financing or cause investors to lose confidence in our reported financial information, leading to a decline in our stock price.

THERE ARE INHERENT LIMITATIONS IN ALL CONTROL SYSTEMS, AND MISSTATEMENTS DUE TO ERROR OR FRAUD MAY OCCUR AND NOT BE DETECTED.

The ongoing internal control provisions of Section 404 of the Sarbanes-Oxley Act of 2002 require us to identify material weaknesses in internal control over financial reporting, which is a process to provide reasonable assurance regarding the reliability of financial reporting for external purposes in accordance with accounting principles generally accepted in the United States. Our management, including our Chief Executive Officer and Principal Financial Officer, does not expect that our internal controls and disclosure controls will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. In addition, the design of a control system must reflect the fact that there are resource constraints and the benefit of controls must be relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, in our Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple errors or mistakes. Further, controls can be circumvented by individual acts of some persons, by collusion of two or more persons, or by management override of the controls. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving our stated goals under all potential future conditions. Over time, a control may be inadequate because of changes in conditions, such as growth of the Company or increased transaction volume, or the degree of compliance with the policies or procedures may deteriorate. Because of inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

In addition, discovery and disclosure of a material weakness, could have a material adverse impact on our consolidated financial statements. Such an occurrence could discourage certain customers or suppliers from doing business with us, cause downgrades in our future debt ratings leading to higher borrowing costs and affect how our stock trades. This could, in turn, negatively affect our ability to access public debt or equity markets for capital.

OUR OPERATIONS MAY BE AFFECTED BY DOMESTIC AND GLOBAL ECONOMIC FLUCTUATIONS.

Customers' demand for our services may fluctuate widely with changes in economic conditions in the markets in which we operate. Those conditions include slower employment growth or reductions in employment, which directly impact our service offerings. As a staffing company, our revenue depends on the number of jobs we fill, which in turn depends on economic growth. During economic slowdowns, many customer companies stop hiring altogether. For example, in prior economic downturns, many employers in our operating regions reduced their overall workforce to reflect the slowing demand for their products and services. We may face lower demand and increased pricing pressures during these periods, which this could have a material adverse effect on our business, financial condition and results of operations.

INTERRUPTION OF OUR BUSINESS COULD RESULT FROM INCREASED SECURITY MEASURES IN RESPONSE TO TERRORISM OR CIVIL UNREST.

The continued threat of terrorism within the United States and the ongoing military action and heightened security measures in response to such threat has and may cause significant disruption to commerce. The U.S. economy, in general, is being adversely affected by terrorist activities and the potential activities for terrorist activities or other civil unrest. Any resulting economic downturn could adversely impact our results of operations, impair our ability to raise capital or otherwise adversely affect our ability to grow the business. It is impossible to predict how this may affect our business or the economy in the U.S. and in the world. In the event of further threats or acts of terrorism or civil unrest, our business and operations may be further severely and adversely affected.

OUR BUSINESS MAY BE IMPACTED BY POLITICAL EVENTS, WAR, PUBLIC HEALTH ISSUES, INCLEMENT WEATHER, NATURAL DISASTERS AND OTHER BUSINESS INTERRUPTIONS.

War, geopolitical uncertainties, public health issues (such as the COVID-19 pandemic) and other business interruptions have caused and could cause damage or disruption to commerce and the economy, and thus could have a material adverse effect on us and our customers. Two wars are now being waged at the global level, the first led by the invasion of Ukraine by Russia, and the second, following the recent invasion of Israel by Hamas terrorists. These and continuing overtures by China over Taiwan and the South China Sea, also add instability to the uncertainty driving socioeconomic forces, which in turn, impact the Company's and its subsidiaries' operations. Our business operations also are subject to interruption by, among others, inclement weather, natural disasters, whether as a result of climate change or otherwise, fire, power shortages, nuclear power plant accidents and other industrial accidents, terrorist attacks, civil unrest and other hostile acts, labor disputes, public health issues and other events beyond our control. Such events could decrease demand for our services.

OUR COMPLIANCE WITH COMPLICATED REGULATIONS CONCERNING CORPORATE GOVERNANCE AND PUBLIC DISCLOSURE HAS RESULTED IN ADDITIONAL EXPENSES.

We are faced with expensive, complicated and evolving disclosure, governance and compliance laws, regulations and standards relating to corporate governance and public disclosure. New standards are developing concerning environmental, social and governance matters ("ESG") and other emerging socioeconomic trends and matters. In addition, as a staffing company, we are regulated by the U.S. Department of Labor, the Equal Employment Opportunity Commission, and often by state authorities. New or changing laws, regulations and standards are subject to varying interpretations in many cases due to their lack of specificity, and their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies, which could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing compliance work.

Our failure to comply with all laws, rules and regulations applicable to U.S. public companies could subject us or our management to regulatory scrutiny or sanction, which could harm our reputation and stock price. Our efforts to comply with evolving laws, regulations and standards are likely to continue to result in increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities.

FINANCIAL CHALLENGES AT OTHER BANKING INSTITUTIONS COULD LEAD TO DEPOSITOR CONCERNS THAT SPREAD WITHIN THE BANKING INDUSTRY CAUSING DISRUPTIVE DEPOSIT OUTFLOWS AND OTHER DESTABILIZING RESULTS.

In March and April 2023, certain specialized banking institutions with elevated concentrations of uninsured deposits experienced large deposit outflows coupled with insufficient liquidity to meet withdrawal demands, resulting in the institutions being placed into Federal Deposit Insurance Corporation (“FDIC”) receiverships. In the aftermath, there has been market disruption and indications that diminished depositor confidence could spread across the banking industry, leading to deposit outflows and other destabilizing results. The Federal Reserve Board announced that it would provide funding to ensure that banks have sufficient liquidity to meet the needs of their depositors, but there can be no assurance whether such funding will be adequate to fully address these issues. The Company currently has bank deposits with financial institutions in the U.S. that exceed FDIC insurance limits. However, the Company has taken measures to diversify its deposit base, that are intended to mitigate and minimize its potential exposure to losses as a result of maintaining cash deposits in accounts that exceed FDIC insurance limits. Among these, during fiscal 2023, the Company established, and initially deposited \$13 million of its excess cash, under a brokerage arrangement with a major financial advisory institution that manages and deposits these funds under a specialized program whereby the funds are allocated among FDIC insured banks in amounts that individually do not exceed the established FDIC insured limit of \$250 thousand. To date, the Company has not experienced any material loss as a result of the failure of any financial institution in which it has funds or other assets on deposit.

Item 1B. Unresolved Staff Comments.

Not applicable.

Item 2. Properties.

The Company’s policy is to lease (rather than purchase) commercial office space for all of its offices. The Company’s headquarters are located with one of its branch locations in Jacksonville Florida, for which the applicable lease expires in 2026.

The Company markets its services using the trade names General Employment Enterprises, Omni One, Ashley Ellis, Agile Resources, Scribe Solutions Inc., Access Data Consulting Corporation, Paladin Consulting Inc., SNI Companies, Accounting Now, Staffing Now®, SNI Banking, SNI Certes®, SNI Energy®, SNI Financial®, SNI Technology®, Triad Personnel Services and Triad Staffing. As of September 30, 2023, we operated from locations in eleven (11) states, including twenty-six (26) branch offices in downtown or suburban areas of major U.S. cities and four (4) additional U.S. locations utilizing local staff members working remotely. We have offices or serve markets remotely, as follows; (i) one office in each of Connecticut, Illinois, Minnesota, and New Jersey, and one remote local market presence in Virginia; (ii) two offices each in Georgia and Massachusetts; (iii) three offices in Colorado; (iv) two offices and two additional local market presences in Texas; (v) six offices and one additional local market presence in Florida; and (vi) seven offices in Ohio.

Established offices are operated from leased spaces ranging from 800 to 7,500 square feet, and generally for initial lease periods of one to seven years, with cancellation clauses after certain periods of occupancy in some cases. Management believes that existing facilities are adequate for the Company’s current needs and that its leasing strategies provide the Company with sufficient flexibility to open or close offices to accommodate business needs.

As the Company’s leases for its existing offices near their expiration or renewal dates, the Company evaluates the continued necessity for maintaining the location, including consideration of matters ranging from whether they are in close proximity of other available service offices, proximity and importance of a local presence to existing clients and as a competitive advantage in the local market, the size and number of staff located there, whether staff have the means to work effectively on a remote basis supported by resources available from other larger locations, and other factors.

Item 3. Legal Proceedings.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II**Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.****Market Information**

The Company’s common stock is listed on the NYSE American and is traded under the symbol “JOB.”

Holders of Record

There were 745 holders of record of the Company’s common stock on September 30, 2023.

Dividends

No dividends were declared or paid during the fiscal years ended September 30, 2023 and 2022. We do not anticipate paying any cash dividends for the foreseeable future.

Share Repurchase Program

On April 27, 2023, the Company’s Board of Directors approved a share repurchase program authorizing the Company to purchase up to an aggregate of \$20 million of the Company’s currently outstanding shares of common stock. The share repurchase program will continue through December 31, 2023, may be suspended or discontinued at any time and does not obligate the Company to repurchase any number of shares of common stock. The share repurchase program is being conducted in accordance with Rule 10b-18 of the Securities Exchange Act of 1934, as amended. Subject to applicable rules and regulations, the shares of common stock may be purchased from time to time in the open market transactions and in amounts as the Company deems appropriate, based on factors such as market conditions, legal requirements, and other business considerations. The Company has conducted repurchases consistently since the program’s implementation and intends to continue to take advantage of the present attractive market prices for its common stock.

Our purchases of our common stock during the three months ended September 30, 2023, were as follows:

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Dollar Value of Shares that May Yet Be Purchased Under the Program (a)
July 1, 2023 - July 31, 2023	584,098	\$ 0.51	584,098	\$ 19,245,696
August 1, 2023 - August 31, 2023	809,371	0.60	809,371	18,762,928
September 1, 2023 - September 30, 2023	1,147,615	0.59	1,147,615	18,084,617
	<u>2,541,084</u>		<u>2,541,084</u>	

(a) Excludes brokerage commissions paid by the Company.

As of December 15, 2023, the Company has repurchased 5,808,053 shares of its common stock pursuant to the share repurchase program (accounting for approximately 5.1% of our issued and outstanding common shares immediately prior to the program).

Securities Authorized for Issuance under Equity Compensation Plans

As of September 30, 2023, there were stock options outstanding under the Company's Amended and Restated 2013 Incentive Stock Plan. The plan granted specified numbers of options to non-employee directors, and they authorized the Compensation Committee of the Board of Directors to grant either restricted stock and incentive or non-statutory stock options to employees. Effective July 13, 2022, the tenth anniversary of the Plan, incentive stock options are no longer eligible to be granted. Vesting periods are established by the Compensation Committee at the time of grant. All stock options outstanding as of September 30, 2023 and September 30, 2022 were non-qualified stock options, had exercise prices equal to the market price on the date of grant, and had expiration dates ten years from the date of grant. The maximum number of shares that may be granted under the 2013 Plan is 15 million (7,500 thousand for restricted stock grants and 7,500 thousand for stock option grants). This number is subject to adjustment to reflect changes in the capital structure or organization of the Company.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in first column)
Equity compensation plans approved by security holders	5,317,644	\$ 1.03	7,782,356
Total	<u>5,317,644</u>	<u>\$ 1.03</u>	<u>7,782,356</u>

Item 6. [Reserved].

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

Management’s discussion and analysis contains forward-looking statements that are provided to assist in the understanding of anticipated future performance. However, future performance involves risks and uncertainties which may cause actual results to differ materially from those expressed in the forward-looking statements. Item 7 should be read in conjunction with the information contained in “Forward-Looking Statements” at the beginning of this report and with the consolidated financial statements and notes thereto included in Item 8. References such as the “Company,” “we,” “our” and “us” refer to GEE Group Inc. and its consolidated subsidiaries.

Overview

GEE Group Inc. and its wholly owned material operating subsidiaries, Access Data Consulting Corporation, Agile Resources, Inc., BMCH, Inc., Paladin Consulting, Inc., Scribe Solutions, Inc., SNI Companies, Inc., Triad Logistics, Inc., and Triad Personnel Services, Inc. are providers of permanent and temporary professional and industrial staffing and placement services in and near several major U.S cities. We specialize in the placement of information technology, accounting, finance, office, and engineering professionals for direct hire and contract staffing for our clients, data entry assistants (medical scribes) who specialize in electronic medical records (EMR) services for emergency departments, specialty physician practices and clinics, and provide temporary staffing services for our industrial clients. The acquisitions of Scribe Solutions, Inc., a Florida corporation (“Scribe”) in April 2015, Agile Resources, Inc., a Georgia corporation (“Agile”) in July 2015, Access Data Consulting Corporation, a Colorado corporation (“Access”) in October 2015, Paladin Consulting Inc. (“Paladin”) in January 2016, and SNI Companies, Inc., a Delaware corporation (“SNI”) in April 2017, expanded our geographical footprint within the professional placement and contract staffing verticals or end markets of information technology, accounting, finance, office, engineering professionals, and medical scribes.

The Company markets its services using the trade names General Employment Enterprises, Omni One, Ashley Ellis, Agile Resources, Scribe Solutions Inc., Access Data Consulting Corporation, Paladin Consulting Inc., SNI Companies (including Staffing Now, Accounting Now, and Certes), Triad Personnel Services and Triad Staffing. As of September 30, 2023, we operated from locations in eleven (11) states, including twenty-six (26) branch offices in downtown or suburban areas of major U.S. cities and four (4) additional U.S. locations utilizing local staff members working remotely. We have offices or serve markets remotely, as follows; (i) one office in each of Connecticut, Illinois, Minnesota, and New Jersey, and one remote local market presence in Virginia; (ii) two offices each in Georgia and Massachusetts; (iii) three offices in Colorado; (iv) two offices and two additional local market presences in Texas; (v) six offices and one additional local market presence in Florida; and (vi) seven offices in Ohio.

Management has implemented a strategy which includes organic and acquisition growth components. Management’s organic growth strategy includes seeking out and winning new client business, as well as expansion of existing client business and on-going cost reduction and productivity improvement efforts in operations. Management’s acquisition growth strategy includes identifying strategic, accretive acquisitions, financed primarily through a combination of cash and debt, including seller financing, the issuance of equity in appropriate circumstances, and the use of earn-outs where efficient to improve the overall profitability and cash flows of the Company.

The Company’s contract and placement services are principally provided under two operating divisions or segments: Professional Staffing Services and Industrial Staffing Services. We believe our current segments and array of businesses and brands within our segments complement one another and position us for future growth.

(Amounts in thousands except per share data, unless otherwise stated)

Results of Operations

Fiscal year ended September 30, 2023 (“fiscal 2023”), and fiscal year ended September 30, 2022 (“fiscal 2022”)

Summary and Outlook

Fiscal 2023 results declined from those of fiscal 2022, as expected, primarily as the result of economic and labor market uncertainties and instability, which negatively impacted the numbers of orders and candidates available to fill orders across our businesses. Fiscal 2022 also was an above average year in terms of performance, and while fiscal 2023 results were lower overall, the Company once again was profitable and generated positive cash flow from operations, as it has consistently done since completion of the significant deleveraging initiatives and a follow-on offering during the quarter ended June 30, 2021. We also believe our top line performance was in line with our industry peers and above average in regards to our IT brands. Our lowest performing businesses continued to be those serving light industrial and office clerical markets. We are cautiously optimistic about our ability to return to growth once again, and especially in our largest professional services businesses, led by IT, as uncertainties and unknowns about the economy and labor environments lessen.

We experienced twelve quarters of cumulative pre-tax income during our fiscal third quarter ended June 30, 2023, for purposes of evaluation of our deferred income tax valuation allowance, which had been set at 100% of our net deferred tax assets. As a result of this and our evaluations of other positive and negative evidence, we have recognized a net deferred tax benefit of \$7,249 for the fiscal year ended September 30, 2023, which accounted for approximately \$0.06 of this period’s earnings per share. The reversal of this allowance during fiscal 2023 represented a significant milestone and indication of our progress.

We also implemented a \$20 million share repurchase program during fiscal 2023, providing a means to return excess capital to our shareholders from our growing cash balances. As of September 30, 2023, we had repurchased 3,411 shares. As of December 15, 2023, the Company has repurchased 5,808 shares (accounting for approximately 5.1% of our issued and outstanding common shares immediately prior to the program). The Company has conducted repurchases consistently since the program’s implementation and intends to continue to take advantage of the present attractive market prices for its common shares.

Net Revenues

Consolidated net revenues are comprised of the following:

	Fiscal		\$ Change	% Change
	2023	2022		
Professional contract services	\$ 120,046	\$ 122,562	\$ (2,516)	(2)%
Industrial contract services	13,005	15,945	(2,940)	(18)%
Total contract services revenues	133,051	138,507	(5,456)	(4)%
Direct hire placement services	19,392	26,605	(7,213)	(27)%
Consolidated net revenues	\$ 152,443	\$ 165,112	\$ (12,669)	(8)%

Contract staffing services contributed \$133,051, or approximately 87%, of consolidated revenue and direct hire placement services contributed \$19,392, or approximately 13%, of consolidated revenue for fiscal 2023. This compares to contract staffing services revenue of \$138,507, or approximately 84%, of consolidated revenue and direct hire placement revenue of \$26,605, or approximately 16%, of consolidated revenue for fiscal 2022.

As a result of the economic headwinds encountered during fiscal 2023, including persistent inflation and threats of recession, consolidated contract staffing services revenues for fiscal 2023 were down only \$5,456, or 4%, when compared to fiscal 2022. Professional contract services revenue decreased by \$2,516, or 2%, which can be attributed to completion of certain discreet (non-recurring) projects in fiscal 2022, including professional staffing support provided to former COVID-19 response vaccination and testing facilities. These discreet projects generated \$3,152 in revenue during fiscal 2022. Excluding the effects of these discreet projects, professional contract services revenues would have increased \$636, or 0.5%, during fiscal 2023. Industrial staffing services revenues decreased by \$2,940, or 18%, mainly due to a decrease in orders from clients. Our industrial staffing markets in Ohio, as well as office clerical markets in various locations, continue to be affected by workforce volatility following COVID-19, resulting in more competition for orders and temporary labor to fill orders. According to a U.S. Staffing Industry Forecast report published in September 2023 by Staffing Industry Analysts, U.S. staffing industry revenues are expected to decline 10% over the 2023 calendar year.

(Amounts in thousands except per share data, unless otherwise stated)

Direct hire placement revenue for fiscal 2023 decreased by \$7,213, or 27%, over fiscal 2022. Direct hire opportunities tend to be highly cyclical and demand dependent, tending to rise during economic recovery and decline during downturns. Demand for the Company's direct hire services in fiscal 2022 was extraordinarily high driven by post-COVID employment recovery trends, and is down in 2023 on the presence of economic uncertainties. Management believes that the Company's direct hire performance during fiscal 2023 was on par with larger employment and industry trends.

Cost of Contract Services

Cost of contract services includes wages and related payroll taxes, employee benefits of the Company's contract services employees, and certain other employee-related costs, while they work on contract assignments. Cost of contract services for fiscal 2023 decreased by approximately 4% to \$99,571 compared to \$103,434 for fiscal 2022. The \$3,863 decrease in cost of contract services is consistent with the decrease in revenues as discussed above.

Gross Profit percentage by service:

	Fiscal	
	2023	2022
Professional contract services	26.1%	26.6%
Industrial contract services	16.5%	15.4%
Consolidated contract services	25.2%	25.3%
Direct hire placement services (1)	100.0%	100.0%
Combined gross profit margin (1)	34.7%	37.4%

(1) Includes gross profit from direct hire placements, for which all associated costs are recorded as selling, general and administrative expenses.

The Company's combined gross profit margin, including direct hire placement services (recorded at 100% gross margin) for fiscal 2023 was approximately 34.7% versus approximately 37.4% for fiscal 2022. The substantial portion of the decline in fiscal 2023 compared with fiscal 2022, is due to the corresponding declines in the volume and mix of direct hire placement revenues in fiscal 2023.

In the professional contract staffing services segment, the gross margin excluding direct placement services was approximately 26.1% for fiscal 2023 compared to approximately 26.6% for fiscal 2022. This decrease is due in part to increases in contractor pay associated with the recent rise in inflation resulting in some margin compression. The Company stepped-up counter-inflationary measures during the second half of fiscal 2023, including seeking increases in bill rates and spreads, where possible, to address margin compression.

The Company's industrial staffing services gross margin for fiscal 2023 was approximately 16.5% as compared with approximately 15.4% for fiscal 2022. This increase is mainly attributable to price increases enacted to offset increases in contractor payroll and achieve higher spreads in the Industrial segment.

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(Amounts in thousands except per share data, unless otherwise stated)

Selling, General and Administrative Expenses

Selling, general and administrative expenses include the following categories:

- Compensation and benefits in the operating divisions, which includes salaries, wages and commissions earned by the Company's employment consultants, recruiters and branch managers on permanent and temporary placements;
- Administrative compensation, which includes salaries, wages, share-based compensation, payroll taxes and employee benefits associated with general management and the operation of corporate functions, including principally, finance, human resources, information technology and administrative functions;
- Occupancy costs, which includes office rent, and other office operating expenses;
- Recruitment advertising, which includes the cost of identifying and tracking job applicants; and
- Other selling, general and administrative expenses, which includes travel, bad debt expense, fees for outside professional services and other corporate-level expenses such as business insurance and taxes.

The Company's SG&A for fiscal 2023 decreased by \$4,336 as compared to fiscal 2022. SG&A for fiscal 2023 as a percentage of revenue was approximately 31.2% versus 31.4% for fiscal 2022. The decrease in SG&A relative to revenue, despite the effects of inflation on compensation and other operating costs, is largely a result of certain cost reductions implemented by the Company during the second quarter of fiscal 2023. These cost reductions were expected to provide annual savings of approximately \$4.0 million. The Company monitors operating costs including the impacts of inflation with a view towards identifying and taking advantage of potential cost reductions on a routine basis.

SG&A includes certain non-cash costs and expenses incurred related to acquisition, integration and restructuring and other non-recurring activities, such as certain corporate legal and general expenses associated with capital markets activities that either are not directly associated with core business operations or have been eliminated on a going forward basis. These costs were \$838 and \$2,060 for fiscal 2023 and 2022, respectively, and include mainly expenses associated with former closed and consolidated locations, legal fees and a settlement, and personnel costs associated with eliminated positions.

Depreciation and Amortization Expense

Depreciation expense was \$383 and \$371 for fiscal 2023 and 2022, respectively. The increase in depreciation expense is due to recent net additions to fixed assets. Amortization expense was \$2,879, and \$3,469 for fiscal 2023 and 2022, respectively. The decrease is due to intangible assets related to certain non-compete agreements and trade names becoming fully amortized.

Goodwill Impairment

The Company completed its most recent annual goodwill impairment assessment as of September 30, 2023 and determined that its goodwill was not impaired. During fiscal 2022, as of December 31, 2021, an interim assessment was performed as the amount of discount inherent in the Company's market capitalization as reported on the NYSE American exchange when compared with consolidated stockholders' equity, or net book value, had increased since the annual goodwill impairment assessment as of September 30, 2021. The estimated fair values of its Professional Services and Industrial Services reporting units were adjusted based on qualitative and quantitative analysis so that they reconciled more precisely with the Company's market capitalization as of December 31, 2021, plus an assumed control premium. As a result, the Company recognized a non-cash impairment charge of \$2,150 during the first quarter of fiscal 2022. Upon completion of the annual goodwill impairment assessment as of September 30, 2022, it was determined that the Company's goodwill was not impaired.

Income from Operations

Income from operations was \$2,033 and \$3,775 for fiscal 2023 and 2022, respectively. This decrease of \$1,742 is consistent with the decrease in revenues, mainly in direct hire placements, as discussed above, and taking into account the goodwill impairment charge of \$2,150 included in fiscal 2022 income from operations.

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(Amounts in thousands except per share data, unless otherwise stated)

Interest Expense

Interest expense decreased by \$41 to \$336 for fiscal 2023 from \$377 for fiscal 2022.

Interest Income

The Company began holding excess cash in interest bearing accounts in August 2022 on which interest income earned was \$472 and \$16 in fiscal 2023 and 2022, respectively.

Provision for Income Taxes

The Company recognized income tax benefits (expense) of \$7,249 and \$(588) for fiscal 2023 and 2022, respectively. Our effective tax rates for fiscal years ended September 30, 2023 and 2022 are lower than the statutory rate primarily due to the effect of the change in valuation allowance on the net deferred tax asset (“DTA”) position.

As of each reporting date, management considers new evidence, both positive and negative, that could affect its view of the future realization of deferred tax assets. As of June 30, 2023, in part due to the fact that in the current year we achieved three years of cumulative pretax income, management determined that there is sufficient positive evidence to conclude that it is more likely than not that the deferred taxes are realizable. As a result, the Company released \$7,581 of the valuation allowance accordingly during fiscal 2023.

Net Income

The Company’s net income was \$9,418 and \$19,599 for fiscal 2023 and 2022, respectively. In addition to the changes in income from operations as outlined above, the decrease is primarily due to gains of \$16,773 recorded in fiscal 2022 from forgiveness and extinguishment of the Company’s remaining PPP loans, offset by the deferred tax benefit of \$7,249 during fiscal 2023.

Liquidity and Capital Resources

The primary sources of liquidity for the Company are revenues earned and collected from its clients and borrowings available under its asset-based senior secured revolving credit facility. Uses of liquidity include primarily the costs and expenses necessary to fund operations, including payment of compensation to the Company’s contract and permanent employees, employment-related expenses, operating costs and expenses, taxes and capital expenditures.

The following table sets forth certain consolidated statements of cash flows data:

	Fiscal	
	2023	2022
Cash flows provided by operating activities	\$ 5,890	\$ 9,396
Cash flows used in investing activities	(89)	(328)
Cash flows used in financing activities	(2,178)	(167)

As of September 30, 2023, the Company had \$22,471 of cash which was an increase of \$3,623 from \$18,848 as of September 30, 2022. The Company reported \$5,890 and \$9,396 in cash flow from operations for the fiscal years ended September 30, 2023 and 2022, respectively.

As of September 30, 2023, the Company had working capital of \$30,290 compared to \$26,643 as of September 30, 2022. The increase in working capital is mainly attributable to positive cash flow from operations less purchases of treasury stock during fiscal 2023. Cash flows were reduced by installment payments of deferred payroll taxes under the CARES Act from fiscal 2020, of \$1,847 each, during the fiscal years ended September 30, 2023 and 2022.

The primary uses of cash for investing activities were for the acquisition of property and equipment, principally information technology equipment, during fiscal 2023 and 2022.

(Amounts in thousands except per share data, unless otherwise stated)

The cash flows used in financing activities were for purchases of treasury stock during fiscal 2023, and payments made on finance leases during fiscal 2023 and 2022.

The Company had approximately \$11,251 in availability for borrowings under its CIT facility as of September 30, 2023. There were no outstanding borrowings on the CIT Facility as of September 30, 2023, or September 30, 2022, except for certain accrued carrying fees and costs, which are included in other current liabilities in the accompanying consolidated balance sheets.

On April 27, 2023, the Company's Board of Directors approved a share repurchase program authorizing the Company to purchase up to an aggregate of \$20 million of the Company's currently outstanding shares of common stock. The share repurchase program will continue through December 31, 2023, may be suspended or discontinued at any time and does not obligate the Company to repurchase any number of shares of common stock. The share repurchase program is to be conducted in accordance with Rule 10b-18 of the Securities Exchange Act of 1934, as amended. Subject to applicable rules and regulations, the shares of common stock may be purchased from time to time in the open market transactions and in amounts as the Company deems appropriate, based on factors such as market conditions, legal requirements, and other business considerations. During fiscal 2023, the Company repurchased 3,411 shares of its common stock at a total cost of \$1,984.

As of December 15, 2023, the Company has repurchased 5,808 shares (accounting for approximately 5.1% of our issued and outstanding common shares immediately prior to the program).

All the Company's office facilities are leased. Minimum lease payments under all the Company's lease agreements for the twelve-month period commencing after the close of business on September 30, 2023, are approximately \$1,669. There are no minimum debt service principal payments due during the twelve-month period commencing after the close of business on September 30, 2023.

Management believes that the Company can generate adequate liquidity to meet its obligations for the foreseeable future and at least for the next twelve months after the date this Annual Report on Form 10-K is filed.

Off-Balance Sheet Arrangements

As of September 30, 2023, and 2022, and during the two fiscal years then ended, there were no transactions, agreements, or other contractual arrangements to which an unconsolidated entity was a party, under which the Company (a) had any direct or contingent obligation under a guarantee contract, derivative instrument or variable interest in the unconsolidated entity, or (b) had a retained or contingent interest in assets transferred to the unconsolidated entity.

Critical Accounting Policies and Estimates

The consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America and the rules of the United States Securities and Exchange Commission.

Management makes estimates and assumptions that can affect the amounts of assets and liabilities reported as of the date of the consolidated financial statements, as well as the amounts of reported revenues and expenses during the periods presented. Those estimates and assumptions typically involve expectations about events to occur subsequent to the balance sheet date, and it is possible that actual results could ultimately differ from the estimates. If differences were to occur in a subsequent period, the Company would recognize those differences when they became known.

Significant accounting and disclosure matters requiring the use of estimates and assumptions include, but may not be limited to, revenue recognition, accounts receivable allowances, determining fair values of financial assets and liabilities, income tax provisions and benefits, including deferred income tax valuation allowances, accounting for asset impairments, and accounting for share-based compensation. Management believes that its estimates and assumptions are reasonable, based on information that is available at the time they are made.

(Amounts in thousands except per share data, unless otherwise stated)

The following accounting policies are considered by management to be “critical” because of the judgments and uncertainties involved, and because different amounts would be reported under different conditions or using different assumptions.

Revenue Recognition

Our revenues are recognized when promised services are performed for customers, and in an amount that reflects the consideration the Company expects to be entitled to in exchange for those services. Our revenues are recorded net of variable consideration such as sales adjustments or allowances. Direct hire placement service revenues from contracts with customers are recognized when employment candidates accept offers of employment, less a provision for estimated credits or refunds to customers as the result of applicants not remaining employed for the entirety of the Company's guarantee period (referred to as “falloffs”). The Company's guarantee periods for permanently placed employees generally range from 60 to 90 days from the date of hire.

Falloffs and refunds during the period, including estimates for future falloffs associated with revenues that have been recognized, are reflected in the consolidated statements of operations as a reduction of placement service revenues and in the consolidated balance sheets, in combination with allowance for uncollectible accounts, as a reduction of accounts receivable. Estimated future falloffs are determined by analyzing recent historical trends of actual falloffs and applying a formula comprised of average numbers of falloffs, average falloff amounts, and average cycle times between billing and fall off dates to derive an allowance for falloffs. Thus, the estimated allowance is derived from observed trends in actual historical falloffs and assumes that historical trends are indicative of future falloff activity.

Temporary staffing service revenues from contracts with customers are recognized in amounts for which the Company has a right to invoice, as the services are rendered by the Company's temporary employees. The Company records temporary staffing revenue on a gross basis as a principal versus on a net basis as an agent in the presentation of revenues and expenses. The Company has concluded that gross reporting is appropriate because the Company controls the specified service before that service is performed for a customer. The Company has the risk of identifying and hiring qualified employees, has the discretion to select the employees and establish their price, and bears the risk for services that are not fully paid for by customers.

Accounts Receivable

The Company extends credit to its various customers based on evaluation of the customer's financial condition and ability to pay the Company in accordance with the payment terms. An allowance for doubtful accounts is recorded, as a charge to bad debt expense, where collection is considered to be doubtful due to credit issues. An allowance for placement falloffs is recorded, as a reduction of revenues, for estimated losses due to applicants not remaining employed for the Company's guarantee period. These allowances together reflect management's estimate of the potential losses inherent in the accounts receivable balances, based on historical loss statistics and known factors impacting its customers. Management believes that the nature of the contract service business, wherein client companies are generally dependent on our contract employees in the same manner as permanent employees for their production cycles and the conduct of their respective businesses contributes to a relatively small accounts receivable allowance.

Fair Value Measurement

The Company follows the provisions of Financial Accounting Standards Board (“FASB”), Accounting Standards Codification (“ASC”) 820, *Fair Value Measurement*, which defines fair value, establishes a framework for measuring fair value and enhances fair value measurement disclosure. Under these provisions, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the “exit price”) in an orderly transaction between market participants at the measurement date.

The standard establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances when observable inputs are not available. The hierarchy is described below:

(Amounts in thousands except per share data, unless otherwise stated)

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable prices that are based on inputs not quoted on active markets but corroborated by market data.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

Income Taxes

The Company accounts for income taxes under the asset and liability method, FASB ASC 740, *Income Taxes*, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and liabilities are determined on the basis of the differences between the financial statement and tax bases of assets and liabilities by using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

The Company recognizes deferred tax assets to the extent that it is believed these assets are more likely than not to be realized. In making such a determination, all available positive and negative evidence is considered, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. In the event it is determined that the Company would not be able to realize the entire amount of recorded deferred tax assets in the future, an adjustment would be made to the deferred tax asset valuation allowance, which would increase the provision for income taxes.

The Company records uncertain tax positions in accordance with ASC 740 on the basis of a two-step process in which (1) we determine whether it is more likely than not that the tax positions will be sustained on the basis of the technical merits of the position and (2) for those tax positions that meet the more-likely-than-not recognition threshold, the Company recognizes the largest amount of tax benefit that is more than 50 percent likely to be realized upon ultimate settlement with the related tax authority.

Interest and penalties related to uncertain tax benefits are recognized on the income tax expense line in the accompanying consolidated statement of operations. As of September 30, 2023 and 2022, no accrued interest or penalties are included on the related tax liability line in the accompanying consolidated balance sheet.

Goodwill

The Company evaluates its goodwill for possible impairment as prescribed by FASB ASU 2017-04 *Intangibles — Goodwill and Other (Topic 350), Simplifying the Test for Goodwill Impairment*, at least annually and on an interim basis when one or more triggering events or circumstances indicate that the goodwill might be impaired. Under this guidance, annual or interim goodwill impairment testing is performed by comparing the estimated fair value of a reporting unit with its carrying amount. An impairment charge is recognized for the amount by which the carrying amount exceeds the reporting unit's fair value, not to exceed the carrying value of goodwill.

The Company performed annual goodwill impairment testing effective as of September 30, 2023, and allocated its goodwill among two reporting units: its professional reporting unit and its industrial reporting unit for purposes of evaluation for impairments. In determining the fair value of our two reporting units, we use one or a combination of commonly accepted valuation methodologies: (1) the income approach, which is based on the present value of discounted cash flows projected for the reporting unit or, in certain instances, capitalization of earnings, and (2) the market approach, which estimates a fair value based on an appropriate revenue and/or earnings multiple(s) derived from comparable companies. These valuation techniques rely upon assumptions and other factors, such as the estimated future cash flows of our reporting units, the discount rate used to determine the present value of future cash flows, and the market multiples of comparable companies utilized. In applying our methods, we consider and use averages and medians in the selection of assumptions derived from comparable companies or market data, where applicable, and in the application of the income and/or market approaches if we determine that this will provide a more appropriate estimated fair value or range of fair value estimates of the reporting units. Changes to input assumptions and other factors used or considered in the analysis could result in materially different evaluations of goodwill impairment.

(Amounts in thousands except per share data, unless otherwise stated)

For purposes of performing this goodwill impairment assessment, management applied the valuation techniques and assumptions to its professional and industrial segments as reporting units discussed above; and also considered recent trends in the Company's stock price, implied control or acquisition premiums, earnings, and other possible factors and their effects on estimated fair value of the Company's reporting units.

As a result of the evaluation performed, the estimated fair values exceeded the carrying values of its net assets of the Company's professional and industrial reporting units as of September 30, 2023.

Intangible Assets

Separately identifiable intangible assets held in the form of customer relationships and trade names were recorded at their estimated fair value at the date of acquisition and are amortized over their estimated useful lives ranging from two to ten years using both accelerated and straight-line methods.

Impairment of Long-lived Assets (other than Goodwill)

The Company recognizes an impairment of long-lived intangible assets used in operations, other than goodwill, when events or circumstances indicate that these assets might be impaired and the estimated undiscounted cash flows to be generated by those assets over their remaining lives are less than the carrying amount of those items. The net carrying value of assets not recoverable is reduced to fair value, which is typically calculated using the discounted cash flow method. For purposes of testing the long-lived assets other than goodwill, long-lived assets are grouped and considered with other assets and liabilities within the professional and industrial reporting units. The Company did not record any impairments to its long-lived assets during fiscal 2023 and 2022.

Share-Based Compensation

The Company accounts for share-based awards to employees in accordance with FASB ASC 718, *Compensation-Stock Compensation*, which requires compensation expense related to share-based transactions, including employee stock options, to be measured and recognized in the consolidated financial statements based on a determination of the fair value of the stock options or restricted stock grants. The grant date fair value of stock options is determined using the Black-Scholes-Merton ("Black-Scholes") pricing model. For all employee stock options and restricted stock grants, the Company recognizes expense over the employee's requisite service period (generally the vesting period of the equity grant) and records an estimate for forfeitures. The Company's option pricing model requires the input of subjective assumptions, including the expected stock price volatility, and expected term. Any changes in these subjective assumptions significantly impact our share-based compensation expense.

See Note 10 for the assumptions used to calculate the fair value of share-based employee and non-employee compensation. Upon the exercise of options, it is the Company's policy to issue new shares rather than utilizing treasury shares.

Recent Accounting Pronouncements

Not Yet Adopted

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280)*, which enhances prior reportable segment disclosure requirements in part by requiring entities to disclose significant expenses related to their reportable segments. The guidance also requires disclosure of the Chief Operating Decision Maker's ("CODM") position for each segment and detail of how the CODM uses financial reporting to assess their segment's performance. The new guidance is effective for fiscal years beginning after December 15, 2023. The Company does not expect implementation of the new guidance to have a material impact on its consolidated financial statements and disclosures.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments-Credit Losses*, authoritative guidance amending how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The guidance requires the application of a current expected credit loss model, which is a new impairment model based on expected losses. The new guidance is effective for fiscal years beginning after December 15, 2022. The Company is still evaluating the impact of this guidance on its consolidated financial statements but does not expect implementation of the new guidance to have a material impact on its consolidated financial statements and related disclosures.

No other recent accounting pronouncements were issued by FASB and the SEC that are believed by management to have a material impact on the Company's present or future financial statements.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Not applicable.

Item 8. Consolidated Financial Statements and Supplementary Data.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders, Board of Directors, and Audit Committee
GEE Group Inc.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of GEE Group Inc. (the “Company”) as of September 30, 2023 and 2022, the related consolidated statements of operations, shareholders’ equity, and cash flows for each of the years in the two-year period ended September 30, 2023, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of September 30, 2023 and 2022, and the results of its operations and its cash flows for each of the years in the two-year period ended September 30, 2023, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits.

We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) related to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing separate opinions on the critical audit matter or on the accounts or disclosures to which it relates.

Goodwill Impairment Assessment

As of September 30, 2023, the Company's goodwill was \$61.3 million. As discussed in Notes 2 and 6 of the financial statements, the Company evaluates goodwill for impairment at the reporting unit level annually, as of September 30, and whenever events or changes in circumstances indicate the carrying value of goodwill may not be recoverable. The Company performed a Step 1 analysis as of September 30, 2023, for the Company's annual impairment test, and the analysis noted no impairment of goodwill as of such date. The Company's goodwill impairment analysis relies on assumptions and other factors, such as industry multiples applied to earnings, estimated future cash flows, the discount rates used to determine the present value of associated cash flows, and market comparable assumptions.

We identified the goodwill impairment assessment as a critical audit matter. The principal considerations for our determination are the high degree of auditor judgment and subjectivity in evaluating management's significant assumptions used in the impairment analyses, particularly as it relates to industry multiples applied to earnings, estimated future cash flows, the discount rates used to determine the present value of associated cash flows, and market comparable assumptions.

The primary procedures we performed to address this critical audit matter included:

- Obtained an understanding of management's process for developing fair value estimates.
- Tested the completeness, accuracy, and relevance of underlying data used in the Company's analysis.
- Evaluated the significant management assumptions utilized in the estimated future cash flows by comparing revenues and performance in management's forecast to periods incurred to-date subsequent to September 30, 2023, and assessed the forecasts of revenues and expenses and the gross margin impact in future periods.
- Utilized personnel with specialized knowledge and skills in valuation to assist in: (i) assessing the appropriateness of the fair value methodology and estimation process, (ii) evaluating the reasonableness of certain assumptions used including assessing the appropriateness of the discount rate, industry multiples, and the market comparable assumptions, and (iii) testing the mathematical accuracy and completeness of the discounted cash flow models and the impairment assessment analyses.

/s/ FORVIS, LLP

We have served as the Company's auditor since 2022.

**Tampa, Florida
December 18, 2023**

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GEE GROUP INC.
CONSOLIDATED BALANCE SHEETS

(Amounts in thousands)

	September 30,	
	2023	2022
ASSETS		
CURRENT ASSETS:		
Cash	\$ 22,471	\$ 18,848
Accounts receivable, less allowances (\$680 and \$738, respectively)	18,333	22,770
Prepaid expenses and other current assets	847	604
Total current assets	41,651	42,222
Property and equipment, net	846	1,140
Goodwill	61,293	61,293
Intangible assets, net	8,406	11,285
Deferred tax assets, net	7,064	-
Right-of-use assets	3,637	2,830
Other long-term assets	596	784
TOTAL ASSETS	\$ 123,493	\$ 119,554
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 2,762	\$ 2,958
Accrued compensation	5,464	5,750
Current operating lease liabilities	1,475	1,333
Other current liabilities	1,660	5,538
Total current liabilities	11,361	15,579
Deferred tax liabilities, net	-	528
Noncurrent operating lease liabilities	2,470	1,889
Other long-term liabilities	361	555
Total liabilities	14,192	18,551
Commitments and contingencies (Note 12)		
SHAREHOLDERS' EQUITY:		
Common stock, no-par value; authorized - 200,000 shares; 114,900 shares issued and 111,489 shares outstanding at September 30, 2023 and 114,450 shares issued and outstanding at September 30, 2022	112,915	112,051
Accumulated deficit	(1,630)	(11,048)
Treasury stock; at cost - 3,411 shares at September 30, 2023	(1,984)	-
Total shareholders' equity	109,301	101,003
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 123,493	\$ 119,554

The accompanying notes are an integral part of these consolidated financial statements.

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GEE GROUP INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Amounts in thousands, except basic and diluted earnings per share)

	Year Ended September 30,	
	2023	2022
NET REVENUES:		
Contract staffing services	\$ 133,051	\$ 138,507
Direct hire placement services	19,392	26,605
NET REVENUES	152,443	165,112
Cost of contract services	99,571	103,434
GROSS PROFIT	52,872	61,678
Selling, general and administrative expenses	47,577	51,913
Depreciation expense	383	371
Amortization of intangible assets	2,879	3,469
Goodwill impairment charge	-	2,150
INCOME FROM OPERATIONS	2,033	3,775
Gain on extinguishment of debt	-	16,773
Interest expense	(336)	(377)
Interest income	472	16
INCOME BEFORE INCOME TAX PROVISION	2,169	20,187
Provision for income tax benefit (expense)	7,249	(588)
NET INCOME	\$ 9,418	\$ 19,599
BASIC EARNINGS PER SHARE	\$ 0.08	\$ 0.17
DILUTED EARNINGS PER SHARE	\$ 0.08	\$ 0.17
WEIGHTED AVERAGE SHARES OUTSTANDING:		
BASIC	114,021	114,139
DILUTED	114,715	114,890

The accompanying notes are an integral part of these consolidated financial statements.

GEE GROUP INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(Amounts in thousands)

	Common Stock Shares	Common Stock	Accumulated Deficit	Treasury Stock	Total Shareholders' Equity
Balance, September 30, 2021	114,100	\$ 111,416	\$ (30,647)	\$ -	\$ 80,769
Share-based compensation	-	635	-	-	635
Issuance of stock for restricted stock	350	-	-	-	-
Net income	-	-	19,599	-	19,599
Balance, September 30, 2022	114,450	\$ 112,051	\$ (11,048)	\$ -	\$ 101,003
Purchase of treasury stock	-	-	-	(1,984)	(1,984)
Share-based compensation	-	864	-	-	864
Issuance of stock for restricted stock	450	-	-	-	-
Net income	-	-	9,418	-	9,418
Balance, September 30, 2023	<u>114,900</u>	<u>\$ 112,915</u>	<u>\$ (1,630)</u>	<u>\$ (1,984)</u>	<u>\$ 109,301</u>

The accompanying notes are an integral part of these consolidated financial statements.

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GEE GROUP INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in thousands)

	Year Ended September 30,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 9,418	\$ 19,599
Adjustments to reconcile net income to cash provided by operating activities:		
Gain on extinguishment of debt	-	(16,773)
Depreciation and amortization	3,262	3,840
Non-cash lease expense	1,399	1,384
Goodwill impairment charge	-	2,150
Share-based compensation	864	635
Increase (decrease) in allowance for doubtful accounts	(58)	452
Deferred income taxes	(7,592)	10
Amortization of debt issuance costs	153	153
Changes in operating assets and liabilities:		
Accounts receivable	4,495	(152)
Accounts payable	(196)	701
Accrued compensation	(286)	(663)
Other assets	(243)	151
Other liabilities	(5,326)	(2,091)
Net cash provided by operating activities	<u>5,890</u>	<u>9,396</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(89)	(328)
Net cash used in investing activities	<u>(89)</u>	<u>(328)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Purchases of treasury stock	(1,984)	-
Payments on finance leases	(194)	(167)
Net cash used in financing activities	<u>(2,178)</u>	<u>(167)</u>
Net change in cash	3,623	8,901
Cash at beginning of year	<u>18,848</u>	<u>9,947</u>
Cash at end of year	<u>\$ 22,471</u>	<u>18,848</u>
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for interest	\$ 183	\$ 192
Cash paid for taxes	464	482

The accompanying notes are an integral part of these consolidated financial statements.

1. Description of Business

GEE Group Inc. was incorporated in the State of Illinois in 1962 and is the successor to employment offices doing business since 1893. GEE Group Inc. and its wholly owned material operating subsidiaries, Access Data Consulting Corporation, Agile Resources, Inc., BMCH, Inc., Paladin Consulting, Inc., Scribe Solutions, Inc., SNI Companies, Inc., Triad Logistics, Inc., and Triad Personnel Services, Inc. (collectively referred to as the “Company,” “us,” “our” or “we”) are providers of permanent and temporary professional and industrial staffing and placement services in and near several major U.S. cities. We specialize in the placement of information technology, accounting, finance, office, engineering, and medical professionals for direct hire and contract staffing for our professional clients and provide temporary staffing services for our industrial clients.

The Company markets its services using the trade names General Employment Enterprises, Omni One, Ashley Ellis, Agile Resources, Scribe Solutions Inc., Access Data Consulting Corporation, Paladin Consulting Inc., SNI Companies (including Staffing Now, Accounting Now, and Certes), Triad Personnel Services and Triad Staffing. As of September 30, 2023, we operated from locations in eleven (11) states, including twenty-six (26) branch offices in downtown or suburban areas of major U.S. cities and four (4) additional U.S. locations utilizing local staff members working remotely.

The Company’s fiscal year begins on October 1 and ends on September 30 of each year. Fiscal 2023 and fiscal 2022 refer to the fiscal years ended September 30, 2023 and 2022, respectively.

Liquidity

The primary sources of liquidity for the Company are revenues earned and collected from its clients for the placement of contractors and permanent employment candidates and borrowings available under its asset-based senior secured revolving credit facility. Uses of liquidity include primarily the costs and expenses necessary to fund operations, including payment of compensation to the Company’s contract and permanent employees, payment of operating costs and expenses, payment to lessors, payment of taxes, payment of interest, fees and principal under its debt agreements, if any, purchases of treasury stock, and capital expenditures.

Management believes that the Company has adequate cash and working capital and can generate adequate liquidity to meet its obligations for the foreseeable future and at least for one year after the date that these consolidated financial statements are issued.

2. Significant Accounting Policies and Estimates

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) for financial information and with the instructions to Article 8 of Regulation S-X. Certain reclassifications have been made to the prior year’s consolidated financial statements and/or related disclosures to conform to the current year’s presentation.

Principles of Consolidation

The consolidated financial statements include the accounts and transactions of the Company and its wholly owned subsidiaries. All significant inter-company accounts and transactions are eliminated in consolidation.

Use of Estimates

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

GEE GROUP INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands except per share data, unless otherwise stated)

Revenue Recognition

Revenues from contracts with customers are generated from direct hire placement services, professional contract services, and industrial contract services. Revenues are recognized when promised services are performed for customers, and in an amount that reflects the consideration the Company expects to be entitled to in exchange for those services. Our revenues are recorded net of variable consideration such as sales adjustments or allowances. Payment terms in our contracts vary by the type and location of our customer and the services offered. The terms between invoicing and when payments are due are not significant.

Direct hire placement service revenues from contracts with customers are recognized when employment candidates accept offers of employment, less a provision for estimated credits or refunds to customers as the result of applicants not remaining employed for the entirety of the Company's guarantee period (referred to as "falloffs"). The Company's guarantee periods for permanently placed employees generally range from 60 to 90 days from the date of hire. Fees associated with candidate placement are generally calculated as a percentage of the new employee's annual compensation. No fees for permanent placement services are charged to employment candidates.

Temporary staffing service revenues from contracts with customers are recognized in amounts the Company has a right to invoice as the services are rendered by the Company's temporary employees. The Company records temporary staffing revenue on a gross basis rather than on a net basis as an agent in the presentation of revenues and expenses. The Company has concluded that gross reporting is appropriate because the Company maintains primary responsibility for and controls the staff members that it provides to perform services for its clients. The Company has the risk of identifying and hiring qualified employees (as opposed to client employees), has the discretion to select the employees and establish their price, is responsible for compensating them, and bears the risk for services that are not fully paid for by customers.

Falloffs and refunds during the period are reflected in the consolidated statements of operations as a reduction of placement service revenues and were approximately \$43 in fiscal 2023 and \$2,297 in fiscal 2022. Expected future falloffs and refunds are estimated and reflected in the consolidated balance sheets as a reduction of accounts receivable as described under Accounts Receivable, below.

See Note 14 for disaggregated revenues by segment.

Cost of Contract Staffing Services

The cost of contract services includes the wages and the related payroll taxes, employee benefits and certain other employee-related costs of the Company's contract service employees while they work on contract assignments.

Cash and Cash Equivalents

Highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. As of September 30, 2023, and September 30, 2022, there were no cash equivalents.

Cash deposit accounts are maintained at financial institutions and, at times, balances may exceed federally insured limits guaranteed by the FDIC. During 2023, the Company entered into an enhanced deposit arrangement with a financial institution in which monies are deposited through a brokerage account and are further placed on deposit by the broker amongst U.S. banks pre-screened by the broker in amounts per bank that do not exceed the individual \$250 FDIC per depositor limit. The aggregate amount of all funds on deposit under this program was \$13,298 as of September 30, 2023. We have never experienced any material losses related to cash on deposit with banks.

GEE GROUP INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands except per share data, unless otherwise stated)

Accounts Receivable

The Company extends credit to its various customers based on evaluation of the customer's financial condition and ability to pay the Company in accordance with the payment terms. An allowance for doubtful accounts is recorded as a charge to bad debt expense where collection is considered to be doubtful due to credit issues. The Company charges off uncollectible accounts against the allowance once the invoices are deemed unlikely to be collectible. An allowance for placement falloffs is also recorded as a reduction of revenues for estimated losses due to applicants not remaining employed for the Company's guarantee period. These allowances together reflect management's estimate of the potential losses inherent in the accounts receivable balances, based on historical loss statistics and known factors impacting its customers. Management believes that the nature of the contract service business, wherein client companies are generally dependent on our contract employees in the same manner as permanent employees for their production cycles and the conduct of their respective businesses contributes to a relatively small accounts receivable allowance.

As of September 30, 2023 and September 30, 2022, the combined allowance for doubtful accounts and falloffs were \$80 and \$738, respectively. The allowance consists of \$562 and \$548 for doubtful accounts and \$118 and \$190 for falloffs as of September 30, 2023 and September 30, 2022, respectively.

Property and Equipment

Property and equipment are recorded at cost. Depreciation expense is calculated on a straight-line basis over estimated useful lives of five years for computer equipment and two to ten years for office equipment, furniture and fixtures. Depreciation expense for leasehold improvements is also calculated on a straight-line basis over the lesser of the useful life of the asset or the corresponding lease terms, which generally range from three to five years. The Company capitalizes computer software purchased or developed for internal use and amortizes it over an estimated useful life of five years. The carrying value of property and equipment is reviewed for impairment whenever events or changes in circumstances indicate that it may not be recoverable. If the carrying amount of an asset group is greater than its estimated future undiscounted cash flows, the carrying value is written down to the estimated fair value. There was no impairment of property and equipment for fiscal 2023 and fiscal 2022.

Leases

The Company determines if a contractual arrangement is a lease at inception. Operating leases are included in operating lease right-of-use ("ROU") assets, current operating lease liabilities, and noncurrent operating lease liabilities on the Company's consolidated balance sheet. The Company evaluates and classifies leases as operating or finance leases for financial reporting purposes. The classification is determined at the commencement date and the lease term used in the evaluation includes the non-cancellable period for which the Company has the right to use the underlying asset, together with renewal option periods when the exercise of the renewal option is reasonably certain and failure to exercise such option would result in an economic penalty. All the Company's real estate leases are classified as operating leases. Also, the Company elected the practical expedient which allows aggregation of non-lease components with the related lease components when evaluating accounting treatment.

ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the commencement date of the lease based on the present value of lease payments over the lease term. The lease payments included in the present value are fixed lease payments. As most of the Company's leases do not provide an implicit rate, the Company estimates its collateralized incremental borrowing rate, based on information available at the commencement date, in determining the present value of lease payments. The Company applies the portfolio approach in applying discount rates to its classes of leases. The operating lease ROU assets include any payments made before the commencement date. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Company does not currently have subleases. The Company does not currently have residual value guarantees or restrictive covenants in its leases.

Goodwill

The Company evaluates its goodwill for possible impairment as prescribed by FASB ASC 350, *Intangibles — Goodwill and Other: Goodwill*, at least annually, and more frequently when one or more triggering events or circumstances indicate that the goodwill might be impaired. Under this guidance, annual or interim goodwill impairment testing is performed by comparing the estimated fair value of a reporting unit with its carrying amount. The Company allocates its goodwill among two reporting units: its Professional Services reporting unit and its Industrial Services reporting unit for purposes of evaluation for impairments. An impairment charge is recognized for the amount by which the carrying amount exceeds a reporting unit's estimated fair value, not to exceed the carrying value of goodwill. In testing for impairments, management applies one or more valuation techniques to estimate the fair values of the reporting units, individual assets or groups of individual assets, as required under the circumstances. These valuation techniques rely on assumptions and other factors, such as industry multiples applied to earnings, estimated future cash flows, the discount rates used to determine the present value of associated cash flows, and market comparable assumptions.

Intangible Assets

Separately identifiable intangible assets held in the form of customer relationships and trade names were recorded at their estimated fair value at the date of acquisition and are amortized over their estimated useful lives ranging from two to ten years using both accelerated and straight-line methods.

Impairment of Long-lived Assets (other than Goodwill)

The Company recognizes an impairment of long-lived intangible assets used in operations, other than goodwill, when events or circumstances indicate that the asset might be impaired and the estimated undiscounted cash flows to be generated by those assets over their remaining lives are less than the carrying amount of those items. The net carrying value of assets not recoverable is reduced to fair value, which is typically calculated using the discounted cash flow method. For purposes of testing the long-lived assets other than goodwill, long-lived assets are grouped and considered with other assets and liabilities within the professional and industrial reporting units. The Company did not record any impairments to its long-lived assets during fiscal 2023 and 2022.

Fair Value Measurement

The Company follows the provisions of FASB ASC 820, *Fair Value Measurement*, which defines fair value, establishes a framework for measuring fair value and enhances fair value measurement disclosure. Under these provisions, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date.

The standard establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances when observable inputs are not available. The hierarchy is described below:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable prices that are based on inputs not quoted on active markets but corroborated by market data.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

The fair values of the Company's current assets and current liabilities approximate their carrying values due to their short-term nature. The carrying value disclosures of the Company's long-term liabilities approximate their respective fair values based on current yield for debt instruments with similar terms. The Company has no assets or liabilities which are measured at fair value on a recurring basis. Fair value measurements utilized in evaluating the Company's goodwill and other intangible assets for impairments are measured at fair value on a non-recurring basis using a combination of Level 2 and Level 3 inputs.

Earnings per Share

Basic earnings per share are computed by dividing net income attributable to common stockholders by the weighted average common shares outstanding for the period, which is computed using shares issued and outstanding. Diluted earnings per share is computed giving effect to all potentially dilutive common shares. Potentially dilutive common shares may consist of incremental shares issuable upon the vesting of restricted shares granted but unissued, exercise of stock options and warrants. The dilutive effect of the common stock equivalents is reflected in earnings per share by use of the treasury stock method.

The weighted average dilutive incremental shares, or common stock equivalents, included in the calculations of dilutive shares were 693 and 752 for fiscal 2023 and 2022, respectively. Common stock equivalents, which are excluded because their effect is anti-dilutive, were approximately 3,786 and 942 for fiscal 2023 and 2022, respectively.

Advertising Expenses

The Company expenses the costs of print and internet media advertising and promotions as incurred and reports these costs in selling, general and administrative expenses. Advertising expense totaled \$2,224 and \$1,981 for fiscal 2023 and fiscal 2022, respectively.

Share-Based Compensation

The Company accounts for share-based awards to employees in accordance with FASB ASC 718, *Compensation-Stock Compensation*, which requires compensation expense related to share-based transactions, including employee stock options, to be measured and recognized in the consolidated financial statements based on a determination of the fair value of the stock options or restricted stock grants. The grant date fair value of stock options is determined using the Black-Scholes-Merton ("Black-Scholes") pricing model. For all employee stock options and restricted stock grants, the Company recognizes expense over the employee's requisite service period (generally the vesting period of the equity grant) and records an estimate for forfeitures. The Company's option pricing model requires the input of subjective assumptions, including the expected stock price volatility, and expected term. Any changes in these subjective assumptions significantly impact our share-based compensation expense.

See Note 10 for the assumptions used to calculate the fair value of share-based employee and non-employee compensation. Upon the exercise of options, it is the Company's policy to issue new shares rather than utilizing treasury shares.

Income Taxes

The Company accounts for income taxes under the asset and liability method, FASB ASC 740, *Income Taxes*, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and liabilities are determined on the basis of the differences between the financial statement and tax bases of assets and liabilities by using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

The Company recognizes deferred tax assets to the extent that it is believed these assets are more likely than not to be realized. In making such a determination, all available positive and negative evidence is considered, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. In the event it is determined that the Company would not be able to realize the entire amount of recorded deferred tax assets in the future, an adjustment would be made to the deferred tax asset valuation allowance, which would increase the provision for income taxes.

GEE GROUP INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands except per share data, unless otherwise stated)

The Company records uncertain tax positions on the basis of a two-step process in which (1) determines whether it is more likely than not that the tax positions will be sustained on the basis of the technical merits of the position and (2) for those tax positions that meet the more-likely-than-not recognition threshold, the Company recognizes the largest amount of tax benefit that is more than 50 percent likely to be realized upon ultimate settlement with the related tax authority.

Interest and penalties related to uncertain tax benefits are recognized on the income tax expense line in the accompanying consolidated statement of operations. As of September 30, 2023 and 2022, no accrued interest or penalties are included on the related tax liability line in the accompanying consolidated balance sheet.

3. Recent Accounting Pronouncements*Not Yet Adopted*

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280)*, which enhances prior reportable segment disclosure requirements in part by requiring entities to disclose significant expenses related to their reportable segments. The guidance also requires disclosure of the Chief Operating Decision Maker's ("CODM") position for each segment and detail of how the CODM uses financial reporting to assess their segment's performance. The new guidance is effective for fiscal years beginning after December 15, 2023. The Company does not expect implementation of the new guidance to have a material impact on its consolidated financial statements and disclosures.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses*, authoritative guidance amending how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The guidance requires the application of a current expected credit loss model, which is a new impairment model based on expected losses. The new guidance is effective for fiscal years beginning after December 15, 2022. ASU 2016-13 became effective for the Company on October 1, 2023. The Company does not expect implementation of the new guidance to have a material impact on its consolidated financial statements and related disclosures.

No other recent accounting pronouncements were issued by FASB and the SEC that are believed by management to have a material impact on the Company's present or future financial statements.

4. Property and Equipment

Property and equipment, net, consisted of the following:

	<u>September 30,</u> <u>2023</u>	<u>September 30,</u> <u>2022</u>
Computer software	\$ 481	\$ 481
Office equipment, furniture, fixtures and leasehold improvements	3,828	3,739
Total property and equipment, at cost	4,309	4,220
Accumulated depreciation and amortization	(3,463)	(3,080)
Property and equipment, net	<u>\$ 846</u>	<u>\$ 1,140</u>

GEE GROUP INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands except per share data, unless otherwise stated)

5. Leases

The Company occasionally acquires equipment under finance leases including hardware and software used by our IT department to improve security and capacity, vehicles used by our Industrial Segment, and certain furniture for our offices. Terms for these leases generally range from two to six years.

Supplemental cash flow information related to finance leases consisted of the following:

	<u>Fiscal 2023</u>	<u>Fiscal 2022</u>
Cash paid for finance lease liabilities	\$ 194	\$ 168
Acquisition of equipment with finance lease	-	420

Supplemental balance sheet information related to finance leases consisted of the following:

	<u>Fiscal 2023</u>	<u>Fiscal 2022</u>
Weighted average remaining lease term for finance leases	2.8 years	3.3 years
Weighted average discount rate for finance leases	6.6%	7.3%

The table below reconciles the undiscounted future minimum lease payments under non-cancelable finance lease agreements to the total finance lease liabilities recognized on the consolidated balance sheet as of September 30, 2023:

Fiscal 2024	\$ 166
Fiscal 2025	108
Fiscal 2026	105
Fiscal 2027	21
Less: Imputed interest	(35)
Present value of finance lease liabilities (a)	<u>\$ 365</u>

(a) Includes current portion of \$148 for finance leases.

The Company leases space for all its branch offices, which are generally located either in downtown or suburban business centers, and for its corporate headquarters. Branch offices are generally leased over periods ranging from three to five years. The corporate office lease expires in 2026. The Company's leases generally provide for payment of basic rent plus a share of building real estate taxes, maintenance costs and utilities.

Operating lease expenses were \$2,219 and \$2,163 for fiscal 2023 and 2022, respectively.

Supplemental cash flow information related to operating leases consisted of the following:

	<u>Fiscal 2023</u>	<u>Fiscal 2022</u>
Cash paid for operating lease liabilities	\$ 1,764	\$ 1,994
Right-of-use assets obtained in exchange for new operating lease liabilities	2,206	294

Supplemental balance sheet information related to operating leases consisted of the following:

	<u>Fiscal 2023</u>	<u>Fiscal 2022</u>
Weighted average remaining lease term for operating leases	2.2 years	1.8 years
Weighted average discount rate for operating leases	5.7%	5.9%

GEE GROUP INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands except per share data, unless otherwise stated)

The table below reconciles the undiscounted future minimum lease payments under non-cancelable operating lease agreements having initial terms in excess of one year to the total operating lease liabilities recognized on the consolidated balance sheet as of September 30, 2023, including certain closed offices are as follows:

Fiscal 2024	\$	1,669
Fiscal 2025		1,111
Fiscal 2026		699
Fiscal 2027		544
Fiscal 2028		302
Less: Imputed interest		(380)
Present value of operating lease liabilities (a)	<u>\$</u>	<u>3,945</u>

(a) Includes current portion of \$1,475 for operating leases.

6. Goodwill and Intangible Assets

Goodwill

For purposes of performing its annual goodwill impairment assessment as of September 30, 2023 and 2022, the Company applied the valuation techniques and assumptions to its professional and industrial segments as reporting units discussed in Note 2, above; and also considered recent trends in the Company's stock price, implied control or acquisition premiums, earnings, and other possible factors and their effects on estimated fair value of the Company's reporting units.

The Company completed its most recent annual goodwill impairment assessment, as of September 30, 2023, and determined that its goodwill was not impaired. During the first quarter of fiscal 2022, the amount of discount inherent in the Company's market capitalization as reported on the NYSE American exchange when compared with consolidated stockholders' equity, or net book value, had increased since the annual goodwill impairment assessment as of September 30, 2021; therefore, the Company performed an interim assessment of its goodwill for impairment as of December 31, 2021. The estimated fair values of its Professional Services and Industrial Services reporting units were adjusted based on qualitative and quantitative analysis so that they reconcile more precisely with the Company's market capitalization as of December 31, 2021, plus an assumed control premium. As a result, the Company recognized a non-cash impairment charge of \$2,150 during fiscal 2022.

Intangible Assets

The following tables set forth the costs, accumulated amortization and net book value of the Company's separately identifiable intangible assets as of September 30, 2023 and September 30, 2022 and estimated future amortization expense.

	<u>September 30, 2023</u>			<u>September 30, 2022</u>		
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Customer relationships	\$ 29,070	\$ (21,120)	\$ 7,950	\$ 29,070	\$ (18,482)	\$ 10,588
Trade names	8,329	(7,873)	456	8,329	(7,632)	697
Total	<u>\$ 37,399</u>	<u>\$ (28,993)</u>	<u>\$ 8,406</u>	<u>\$ 37,399</u>	<u>\$ (26,114)</u>	<u>\$ 11,285</u>
Fiscal 2024				\$	2,879	
Fiscal 2025					2,741	
Fiscal 2026					1,870	
Fiscal 2027					916	
				<u>\$</u>	<u>8,406</u>	

Intangible assets that represent customer relationships are amortized on the basis of estimated future undiscounted cash flows or using the straight-line basis over estimated remaining useful lives of five to ten years. Trade names are amortized on a straight-line basis over their respective estimated useful lives of between five and ten years.

7. Accrued Compensation

Accrued Compensation is comprised of accrued wages, the related payroll taxes, employee benefits accrued for the Company's employees, including those working on contract assignments, commissions earned and not yet paid and estimated commissions and bonuses payable.

8. Senior Bank Loan, Security and Guarantee Agreement

On May 14, 2021, the Company and its subsidiaries entered a Loan, Security and Guaranty Agreement for a \$20 million asset-based senior secured revolving credit facility with CIT Bank, N.A. The CIT Facility is collateralized by 100% of the assets of the Company and its subsidiaries who are co-borrowers and/or guarantors. The CIT Facility matures on the fifth anniversary of the closing date (May 14, 2026).

As of September 30, 2023, the Company had no outstanding borrowings and \$11,251 available for borrowing under the terms of the CIT Facility. The Company had \$408 and \$561 in unamortized debt issuance costs associated with the CIT Facility as of September 30, 2023 and 2022, respectively. The amortization expense of these debt costs totaled \$153 in both fiscal 2023 and 2022.

Under the CIT Facility, advances will be subject to a borrowing base formula that is computed based on 85% of eligible accounts receivable of the Company and subsidiaries as defined in the CIT Facility, and subject to certain other criteria, conditions, and applicable reserves, including any additional eligibility requirements as determined by the administrative agent. The CIT Facility is subject to usual and customary covenants and events of default for credit facilities of this type. The interest rate, at the Company's election, was based on either the Base Rate, as defined, plus the applicable margin; or the London Interbank Offered Rate ("LIBOR"), or any successor thereto, for the applicable interest period, subject to a 1% floor, plus the applicable margin. In addition to interest costs on advances outstanding, the CIT Facility will provide an unused line fee ranging from 0.375% to 0.50% depending on the amount of undrawn credit, original issue discount and certain fees for diligence, implementation, and administration. The unused line fees incurred and included in interest expense totaled \$101 in both fiscal 2023 and 2022.

On May 18, 2023, the Company entered into a Consent and Amendment No. 1 to the Loan and Security and Guarantee Agreement ("Amendment No. 1"), by and among the Company, certain subsidiaries of the Company as Borrowers, the Guarantors, the financial institutions party to the agreement from time to time as the Lenders, and CIT Bank, a division of First-Citizen Bank & Trust Company (successor by merger to CIT Bank, N.A.), as Agent for the Lenders. Pursuant to the terms of Amendment No. 1 and subject to the terms and conditions set forth in Amendment No. 1, CIT and Lenders consented to the Company's previously announced 2023 Stock Repurchase Program (as defined in Amendment No. 1), which will continue through December 31, 2023; provided that (i) the aggregate amount paid for all such repurchase transactions shall not exceed \$20 million, and (ii) no Default or Event of Default (as defined in Amendment No. 1) exists or would exist after giving effect to each repurchase transaction consummated thereunder. In addition, effective as of the date of Amendment No. 1, LIBOR is no longer used as a benchmark rate or otherwise operative within Amendment No. 1 and was replaced with the Secured Overnight Financing Rate ("SOFR") as well as other conforming changes.

On December 15, 2023, the Company and CIT Bank entered into Amendment No. 2 to the CIT Facility ("Amendment No. 2"). Amendment No. 2 provides for an increase in the CIT Facility's concentration limits for certain large clients at the discretion of CIT Bank.

9. Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) Payroll Protection Program Loans

During April and May 2020, the Company obtained Payroll Protection Program loans (“PPP loans”) for each of its operating subsidiaries. The PPP loans were used primarily to restore employee pay-cuts, recall furloughed or laid-off employees, support the payroll costs for existing employees, hire new employees, and for other allowable purposes including interest costs on certain business mortgage obligations, rent and utilities. The Company and its operating subsidiaries were granted forgiveness of their respective PPP loans by the SBA during fiscal years 2021 and 2022. The Company’s last remaining PPP loans and interest were forgiven in December 2021 and corresponding gains in the aggregate amount of \$16,773 were recognized during fiscal 2022.

The former PPP loans obtained by GEE Group Inc., and its operating subsidiaries together as an affiliated group, exceeded the \$ million audit threshold established by the SBA, and therefore, will be subject to audit by the SBA in the future. If any of the nine forgiven PPP loans are reinstated in whole or in part as the result of a future audit, a charge or charges would be incurred, accordingly, and they would need to be repaid. If the companies are unable to repay the portions of their PPP loans that ultimately may be reinstated from available liquidity or operating cash flow, we may be required to raise additional equity or debt capital to repay the PPP loans.

10. Shareholders’ Equity and Share-based Compensation

Share Repurchase Program

On April 27, 2023, the Company’s Board of Directors approved a share repurchase program authorizing the Company to purchase up to an aggregate of \$20 million of the Company’s currently outstanding shares of common stock. The share repurchase program will continue through December 31, 2023, may be suspended or discontinued at any time and does not obligate the Company to repurchase any number of shares of common stock. The share repurchase program is to be conducted in accordance with Rule 10b-18 of the Securities Exchange Act of 1934, as amended. Subject to applicable rules and regulations, the shares of common stock may be purchased from time to time in the open market transactions and in amounts as the Company deems appropriate, based on factors such as market conditions, legal requirements, and other business considerations.

During fiscal 2023, the Company repurchased 3,411 shares of its common stock for \$1,984, including commissions and fees, at an average price of \$0.56 per share excluding these associated costs.

Preferred Stock

The Company has authorized 20,000 shares of preferred stock of which 1,000 shares have been designated Series A Preferred Stock, and no shares were issued or are outstanding; 5,950 shares have been designated Series B Preferred Stock, of which 5,926 shares were issued and none remain outstanding, and 3,000 shares have been designated Series C Preferred Stock, of which 2,093 shares were issued and none remained outstanding as of September 30, 2023 and 2021. Based on the terms of the Series B Convertible Preferred Stock, if certain fundamental transactions were to occur, the Series B Convertible Preferred Stock would require redemption, which would preclude permanent equity classification on the accompanying consolidated balance sheets. The Series C Convertible Preferred Stock has a Liquidation Value equal to \$1.00 per share and ranks pari passu with the Company’s Series B Convertible Preferred Stock and senior to all “Junior Securities” (including the Company’s Common Stock) with respect to any distribution of assets upon liquidation, dissolution or winding up of the Company, whether voluntary or involuntary.

Amended and Restated 2013 Incentive Stock Plan, as amended

As of September 30, 2023, there were vested and unvested shares of restricted stock and stock options outstanding under the Company's Amended and Restated 2013 Incentive Stock Plan, as amended ("Incentive Stock Plan"). During fiscal 2021, the Incentive Stock Plan was amended to increase the total shares available for restricted stock and stock options by 10,000 to a total of 15,000 (7,500 restricted stock shares and 7,500 stock option shares). The Incentive Stock Plan authorizes the Compensation Committee of the Board of Directors to grant either incentive or non-statutory stock options to employees. Vesting periods are established by the Compensation Committee at the time of grant.

As of September 30, 2023, there were 7,782 shares available to be granted under the Plan (4,216 shares available for restricted stock grants and 3,566 shares available for non-qualified stock option grants).

Restricted Stock

The Company has granted 742 and 100 shares of restricted stock during fiscal 2023 and 2022, respectively. Of the restricted shares granted during fiscal 2023, 150 were granted to new members of the Board of Directors upon their election in fiscal 2023. During fiscal 2022, the Company granted 100 shares of restricted stock to a non-executive member of management.

On September 27, 2022, the Company adopted a new annual incentive compensation program ("AICP") for its executives to be administered under the Company's Incentive Stock Plan, under which the remaining 592 shares granted in fiscal 2023 were awarded. The AICP includes a long-term incentive ("LTI") compensation plan in the form of restricted stock awards comprised of two components: one that vests based on future service only, and a second that vests based on future service and performance. Initial awards under both service-only and service plus performance-based components of the AICP LTI plan are determined based on financial performance measures for the immediately preceding fiscal year.

During fiscal 2023, 551 of the 592 restricted shares granted under the AICP were granted based on actual results for fiscal 2022, as measured against corresponding financial targets for that year, and will cliff vest as of December 2, 2025. The remaining 41 of the 592 restricted shares granted under the AICP during fiscal 2023, represent the earned portion of the initial performance-based shares granted based on fiscal 2022 results, as adjusted for the outcome with regard to the financial targets applicable to those shares set by the Company's board of directors for fiscal 2023. The final 41 restricted shares of the initial portion of the fiscal 2022 service plus performance-based restricted shares granted were determined based on the actual financial performance of the Company for fiscal 2023 and will cliff vest on December 2, 2025, the third anniversary from their date of grant.

Under the AICP LTI plan, the service plus performance-based grants of 41 restricted shares during fiscal 2023 represent the first tranche of a three-year schedule of awards. The next two tranches of up to 262 shares each (up to an additional 524 restricted shares in total) are scheduled to become effective as the Company's financial plans and targets are set by the board of directors prior to each anniversary date for each of the two subsequent fiscal years, respectively. As the vesting of the two subsequent tranches will be based in part on performance conditions that have not yet been determined, the grant dates and fair values of these scheduled awards will be established in the future. The end of the requisite service periods for the 592 restricted shares granted under the AICP during fiscal 2023, plus the additional 524 restricted shares eligible to be granted in the future, once the performance conditions are determined for fiscal 2024 and fiscal 2025, is December 2, 2025. Therefore, the remaining two tranches of the fiscal 2022 service plus performance-based awards may be expected to have grant dates corresponding with the establishment of the fiscal 2024 and fiscal 2025 financial performance targets by the Company's board of directors. However, all final shares determined for each of the two subsequent annual tranches also will cliff vest on December 2, 2025.

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(Amounts in thousands except per share data, unless otherwise stated)

Share-based compensation expense attributable to restricted stock was \$318 and \$293 in fiscal 2023 and 2022, respectively. As of September 30, 2023, there was approximately \$508 of unrecognized compensation expense related to restricted stock outstanding and the weighted average vesting period for those grants was 3.00 years.

A summary of restricted stock activity is presented as follows:

	Number of Shares	Weighted Average Fair Value (\$)
Non-vested restricted stock outstanding as of September 30, 2021	1,442	0.60
Granted	100	0.53
Vested	(350)	0.52
Non-vested restricted stock outstanding as of September 30, 2022	1,192	0.61
Granted	742	0.79
Forfeited	(100)	0.53
Vested	(450)	0.85
Non-vested restricted stock outstanding as of September 30, 2023	<u>1,384</u>	<u>0.62</u>

Warrants

The Company had 77 warrants outstanding as of September 30, 2023 and September 30, 2022 with a weighted average exercise price per share of \$2. The outstanding warrants had a weighted average remaining contractual life of 1.50 and 2.50 as of September 30, 2023 and 2022, respectively. No warrants were granted or expired during fiscal 2023 and 2022.

Stock Options

All stock options outstanding as of September 30, 2023 and September 30, 2022 were non-qualified stock options, had exercise prices equal to the market price on the date of grant, and had expiration dates ten years from the date of grant.

The Company granted 1,720 and 940 stock options in fiscal 2023 and 2022, respectively. The stock options generally vest on annual schedules during periods ranging from two to four years from the date of grant, although some options are fully vested upon grant. Share-based compensation expense attributable to stock options was \$546 and \$342 in fiscal 2023 and fiscal 2022, respectively. As of September 30, 2023, there was approximately \$859 of unrecognized compensation expense related to unvested stock options outstanding, and the weighted average vesting period for those options was 3.97 years.

A summary of stock option activity is as follows:

	Number of Shares	Weighted Average Exercise Price per share (\$)	Weighted Average Fair Value per share (\$)	Weighted Average Remaining Contractual Life (Years)	Total Intrinsic Value of Options (\$)
Options outstanding as of September 30, 2021	1,672	2.14	1.73	7.35	4
Granted	940	0.59	0.55	-	3
Forfeited	(185)	1.05	1.91	-	2
Options outstanding as of September 30, 2022	2,427	1.54	1.26	7.65	30
Granted	1,720	0.64	0.52	-	-
Forfeited	(214)	0.94	0.86	-	3
Options outstanding as of September 30, 2023	<u>3,933</u>	<u>1.18</u>	<u>0.96</u>	<u>7.96</u>	<u>27</u>
Exercisable as of September 30, 2022	<u>1,111</u>	<u>2.58</u>	<u>2.02</u>	<u>5.82</u>	<u>13</u>
Exercisable as of September 30, 2023	<u>2,190</u>	<u>1.64</u>	<u>1.31</u>	<u>6.80</u>	<u>23</u>

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(Amounts in thousands except per share data, unless otherwise stated)

The fair value of stock options granted was made using the Black-Scholes option pricing model and the following assumptions:

	2023	2022
Weighted average fair value of options	\$ 0.52	\$ 0.55
Weighted average risk-free interest rate	4.3%	2.8%
Weighted average volatility factor	106%	112%
Weighted average expected life (years)	5.9	10.0

11. Income Taxes

The components of the provision for income taxes is as follows:

	Year Ended September 30,	
	2023	2022
Current expense (benefit):		
Federal	\$ -	\$ -
State	343	578
Total current expense (benefit):	\$ 343	\$ 578
Deferred expense (benefit):		
Federal	\$ (6,268)	\$ 4
State	(1,324)	6
Total deferred expense (benefit):	\$ (7,592)	\$ 10
Total income tax expense (benefit):	<u>\$ (7,249)</u>	<u>\$ 588</u>

A reconciliation of the Company's statutory income tax rate to the Company's effective income tax rate is as follows:

	Year Ended September 30,	
	2023	2022
Income tax at US statutory rate	\$ 455	\$ 4,239
State taxes, net of federal benefit	(1,053)	490
Tax credits	(111)	(209)
Stock compensation	37	270
Goodwill impairment	-	342
PPP related matters	-	(3,522)
Valuation allowance	(6,615)	(885)
Other	38	(137)
	<u>\$ (7,249)</u>	<u>\$ 588</u>

GEE GROUP INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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The net deferred income tax asset balance related to the following:

	Year Ended September 30,	
	2023	2022
Net operating loss carryforwards	\$ 4,368	\$ 4,255
Stock options	1,795	1,566
Allowance for doubtful accounts	174	183
Accrued and prepaid expenses	417	730
Tax credit carryforwards	1,145	1,034
ROU liability	916	723
Interest	3,338	3,204
Other	7	8
Total deferred tax assets	<u>\$ 12,160</u>	<u>\$ 11,703</u>
Intangibles	\$ (4,262)	\$ (4,002)
ROU asset	(827)	(615)
Depreciation	(7)	(33)
Total deferred tax liability	<u>\$ (5,096)</u>	<u>\$ (4,650)</u>
Deferred tax asset	\$ 7,064	\$ 7,053
Valuation allowance	-	(7,581)
Net deferred tax asset (liability)	<u>\$ 7,064</u>	<u>\$ (528)</u>

As of September 30, 2023, the Company had federal and state net operating loss carryforwards of approximately \$17.4 million and \$22.9 million, respectively, which begin to expire in tax years 2031 for federal and 2023 for state purposes. Of the \$17.7 million of federal net operating losses, \$14.6 million can be carried indefinitely.

Future realization of the tax benefits of existing temporary differences and net operating loss carryforwards ultimately depends on the existence of sufficient taxable income within the carryforward period. As of September 30, 2023, and 2022, the Company performed an evaluation to determine whether a valuation allowance was needed. The Company considered all available evidence, both positive and negative, which included the results of operations for the current and preceding years. The Company also considered whether there was any currently available information about future years. As of September 30, 2023, in part because in the current year we achieved three years of cumulative pretax income, management determined that there is sufficient positive evidence to conclude that it is more likely than not that the deferred taxes are realizable. It therefore released the valuation allowance accordingly.

Under Internal Revenue Code 382, if a corporation undergoes an “ownership change,” the corporation’s ability to use its pre-change NOL carryforwards and other pre-change tax attributes to offset its post-change income may be limited. We have not completed a study to assess whether an “ownership change” has occurred or whether there have been multiple ownership changes since we became a “loss corporation” as defined in Section 382. Future changes in our stock ownership, which may be outside of our control, may trigger an “ownership change”. In addition, future equity offerings or acquisitions that have equity as a component of the purchase price could result in an “ownership change.” If an “ownership change” has occurred or does occur in the future, utilization of the NOL carryforwards or other tax attributes may be limited, which could potentially result in increased future tax liability to us.

The calculation of our tax liabilities involves dealing with uncertainties in the application of complex tax laws and regulations for both federal taxes and the many states and local tax jurisdictions in which we operate or do business in. ASC 740 states that a tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, on the basis of the technical merits.

We record tax positions as liabilities in accordance with ASC 740 and adjust these liabilities when our judgement changes as a result of the evaluation of new information not previously available. Because of the complexity of some of these uncertainties, the ultimate resolution may result in a payment that is materially different from our current estimate of the recognized tax benefit liabilities. These differences will be reflected as increases or decreases to income tax expense in the period in which new information is available. As of September 30, 2023, and 2022 we have not recorded any material uncertain tax positions in our consolidated financial statements.

We recognize interest and penalties related to uncertain tax benefits on the income tax expense line in the accompanying consolidated statements of operations. As of September 30, 2023, and 2022, no accrued interest or penalties are included on the related tax liability line in the consolidated balance sheets.

The Company files tax returns as prescribed by the tax laws of the jurisdictions in which it operates. In the normal course of business, the Company is subject to examination by federal and state jurisdictions, where applicable. There are currently no pending tax examinations. The Company's tax years are still open under statute from September 30, 2020, to the present. Earlier years may be examined to the extent that the net operating loss carryforwards from those earlier years are used in future periods. The resolution of tax matters is not expected to have a material effect on the Company's consolidated financial statements.

12. Commitment and Contingencies

Litigation and Claims

The Company and its subsidiaries are involved in various other litigation that arises in the ordinary course of business. As previously disclosed, on March 23, 2022, the Company settled the Sands Brothers Venture Capital II, LLC lawsuit. Under the terms of the agreement and release, neither the plaintiff nor the Company admitted or conceded to any wrongdoing and the matter was settled in its entirety for a one-time payment to the plaintiff of approximately \$1,175, of which the Company's portion was \$975, with insurance paying the balance. This payment was due and paid by April 8, 2022, and recorded in selling, general, and administrative expenses as a pre-tax charge in the Company's consolidated financial statements during fiscal 2022.

Indemnification Agreements

On April 27, 2023, the Company entered into Indemnification Agreements with certain of its officers and members of the Board to provide for indemnification of each individual in their respective capacities as officers and members of the Board of the Company to the fullest extent permitted under the Company's Amended and Restated Articles of Incorporation, Amended and Restated Bylaws, and the Illinois Business Corporation Act. The Company carries directors and officers liability insurance, which is intended to provide protection for potential claims against the Company's directors and officers. Management is not aware of any matters or circumstances under which potential liability arising from these agreements would be material to the consolidated financial statements.

There are no other pending significant legal proceedings to which the Company is a party for which management believes the ultimate outcome would have a material adverse effect on the Company's financial position.

13. Defined Contribution Plan

The Company provides a defined contribution plan (the "401(k) Plan") for the benefit of its eligible core and field personnel, including those assigned to provide staffing services for clients. The 401(k) Plan allows participants to make contributions subject to applicable statutory limitations. The Company matches 10% of each participant's contributions on the first 10% of contributions from their wages. The Company match under the 401(k) Plan totaled \$94 and \$92 for fiscal 2023 and 2022, respectively.

14. Segment Data

The Company provides the following distinctive services: (a) direct hire placement services, (b) temporary professional services staffing in the fields of information technology, accounting, finance and office, engineering, and medical, and (c) temporary industrial staffing. These services can be divided into two reportable segments: Professional Staffing Services and Industrial Staffing Services. Some selling, general and administrative expenses are not fully allocated among these segments.

Unallocated corporate expenses primarily include certain executive and administrative salaries and related expenses, corporate legal expenses, share-based compensation expenses, consulting expenses, audit fees, corporate rent and facility costs, board related fees, acquisition, integration and restructuring expenses, and interest expense.

	Year Ended September 30,	
	2023	2022
Industrial Staffing Services		
Contract services revenue	\$ 13,005	\$ 15,945
Contract services gross margin	16.5%	15.4%
Income from operations	\$ 83	\$ 873
Depreciation and amortization	56	64
Accounts receivable – net	1,347	1,991
Intangible assets	-	-
Goodwill	1,083	1,083
Total assets	2,986	3,817
Professional Staffing Services		
Permanent placement revenue	\$ 19,392	\$ 26,605
Permanent placement services gross margin	100%	100%
Contract services revenue	\$ 120,046	\$ 122,562
Contract services gross margin	26.1%	26.6%
Income from operations	\$ 9,041	\$ 11,108
Depreciation and amortization	3,206	3,776
Accounts receivable – net	16,986	20,779
Intangible assets	8,406	11,285
Goodwill	60,210	60,210
Total assets	120,507	115,737
Unallocated Expenses		
Corporate administrative expenses	\$ 5,455	\$ 7,049
Corporate facility expenses	443	379
Share-based compensation expense	864	635
Board related expenses	329	143
Total unallocated expenses	<u>\$ 7,091</u>	<u>\$ 8,206</u>
Consolidated		
Total revenue	\$ 152,443	\$ 165,112
Income from operations	2,033	3,775
Depreciation and amortization	3,262	3,840
Total accounts receivables – net	18,333	22,770
Intangible assets	8,406	11,285
Goodwill	61,293	61,293
Total assets	123,493	119,554

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

As of September 30, 2023, the Company's management carried out an evaluation as required by the Exchange Act of the effectiveness of the design and operations of our disclosure controls and procedures (rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (rules 13a-15(f) and 15d-15(f)). Based on that evaluation, the Company's Chief Executive Officer and its Principal Financial Officer concluded that the Company's disclosure controls and procedures and internal control over financial reporting were effective as of September 30, 2023.

The evaluation of the Company's disclosure controls and procedures and internal control over financial reporting included a review of our objectives and processes, implementation by us and the effect on the information generated for use in this Annual Report. In the course of this evaluation and in accordance with Section 302 of the Sarbanes Oxley Act, we sought to identify material weaknesses in our controls, to determine whether we had identified any acts of fraud involving personnel who have a significant role in our internal control over financial reporting that would have a material effect on our consolidated financial statements, and to confirm that any necessary corrective action, including process improvements, were being undertaken. Our evaluation of our disclosure controls and procedures is done quarterly and management reports the effectiveness of our controls and procedures in our periodic reports filed with the Securities and Exchange Commission. Our internal control over financial reporting is also evaluated on an ongoing basis by our executive management and by other individuals in our organization. The overall goals of these evaluation activities are to monitor our disclosure controls and procedures and internal control over financial reporting, and to make modifications as necessary. We periodically evaluate our processes and procedures and make improvements as required.

Because of inherent limitations, disclosure controls and procedures and internal control over financial reporting may not prevent or detect misstatements. In addition, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate. Management applies its judgment in assessing the benefits of controls relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. The design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote.

Disclosure Controls and Procedures

Disclosure controls and procedures are designed with the objective of ensuring that (i) information required to be disclosed in our reports filed under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission, and (ii) information is accumulated and communicated to management, including our Chief Executive Officer and Principal Financial Officer, as appropriate to allow timely decisions regarding required disclosures. Based on their evaluation, our Chief Executive Officer and Principal Financial Officer have concluded that our disclosure controls and procedures were effective as of September 30, 2023.

Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Under the supervision and with the participation of our management, including our Chief Executive Officer and Principal Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP and includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit the preparation of financial statements in accordance with U.S. GAAP, and that receipts and expenditures of the Company are being made only in accordance with authorizations of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements. Based on the foregoing evaluation, our management concluded that our internal control over financial reporting was effective as of September 30, 2023.

There were no changes in our internal controls over financial reporting during fiscal 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information.

None.

PART III**Item 10. Directors, Executive Officers and Corporate Governance.****DIRECTORS AND EXECUTIVE OFFICERS****Executive Officers**

The named executive officers and directors of the Company are as follows:

Name	Age	Position
Derek Dewan (4)	68	Chief Executive Officer, Chairman of the Board
Alex Stuckey	57	Chief Operating Officer
Kim Thorpe	68	Senior Vice President and Chief Financial Officer
Peter Tanous (1)(2)(3)(5)	85	Director
Darla Moore (1)(2)(3)(4)(5)	68	Director
William Isaac (1)(3)(4)(5)	79	Director
Jyrl James (2)(3)(5)	70	Director
Matthew Gormly (1)(2)(4)	64	Director
Thomas Vetrano (2)(3)(6)	62	Director, Lead Independent Director
J. Randall Waterfield (1)(4)	50	Director
David Sandberg (4)(5)	50	Director

(1) Member of the Audit Committee.

(2) Member of the Compensation Committee.

(3) Member of the Nominating Committee.

(4) Member of the Mergers & Acquisition Committee.

(5) Member of the Corporate Governance Committee.

(6) Lead independent Director

Derek Dewan – Chief Executive Officer, Chairman of the Board

Derek Dewan was appointed Chairman and CEO of General Employment Enterprises, Inc. (k/k/a GEE Group Inc.) (NYSE American: JOB) in 2015, following its merger with Scribe Solutions, Inc. He is a highly accomplished executive with a proven track record of success and outstanding leadership achievements. Throughout his career, he has demonstrated exceptional abilities in driving organic growth, executing strategic acquisitions, and delivering outstanding financial performance. With extensive experience in the staffing services industry, Mr. Dewan has consistently achieved remarkable results and established himself as a respected figure in the industry. Since 2015, Mr. Dewan has successfully led JOB through 5 strategic acquisitions, significant post-acquisition integration, the COVID-19 pandemic, significant deleveraging of JOB resulting in the elimination of approximately \$120 million in debt, and a \$57.5 million follow-on public equity offering. The results of these activities have been transformational, including transitioning JOB away from industrial staffing towards professional staffing led by IT, revenue growth of 3-4 times, significantly higher gross profit and earnings margins, consistent profitability and positive cash flow.

Prior to this, Mr. Dewan served as Chairman and CEO of MPS Group, Inc., a publicly-traded staffing company. His tenure at MPS Group began in January 1994 when he joined AccuStaff Incorporated, MPS Group's predecessor, as President and Chief Executive Officer and led the IPO in August of that year. Notably, under Mr. Dewan's leadership, the company underwent significant organic growth and successfully executed over 100 strategic acquisitions, transforming it into a Fortune 1000 world-class, global multi-billion-dollar staffing services provider.

MPS Group's expansion under Mr. Dewan's guidance extended its reach to include a vast network of offices across the United States, Canada, the United Kingdom, Continental Europe, Asia, and Australia. The company consistently achieved remarkable success during his tenure, marked by completed secondary stock offerings of \$110 million and \$370 million, inclusion in the Standard and Poor's (S&P) Mid-Cap 400, and recognition on the Wall Street Journal's "top performing stock list" for three consecutive years. He led the company's growth from a microcap to one of the largest U.S. professional staffing firms with human resources solutions verticals in IT, accounting, legal, healthcare and engineering. Under his leadership, the premier software vendor management system ("VMS") Beeline, and managed services provider ("MSP") Pontoon, were developed. Mr. Dewan's final pivotal leadership achievement was the sale of MPS Group to Adecco Group in 2010, the largest staffing company in the world, for an impressive \$1.3 billion. To our knowledge, this was the largest and most successful shareholder return story within the staffing industry at the time and still sets a high water mark today. This transaction exemplified Mr. Dewan's ability to navigate complex negotiations and deliver exceptional value to stakeholders.

Before his tenure at MPS Group, Mr. Dewan started his career as a CPA with Price Waterhouse and rapidly ascended to the manager level in less than five (5) years. Subsequently, he moved to Coopers & Lybrand where he was promoted to the positions of Tax Partner in Charge and Managing Partner at that international accounting firm, now PricewaterhouseCoopers LLP (“PwC”). He was admitted as a partner at age 29, one of the youngest individuals to achieve this status in the history of the firm. This role provided him with a strong foundation in organizational leadership and excellence, operational and financial management, and expertise in tax and accounting practices, further enhancing his abilities as a strategic and effective business leader.

Mr. Dewan's extensive experience, demonstrated success, and exceptional leadership skills make him a valuable asset to the Company. With a proven ability to drive growth, execute strategic initiatives, and achieve outstanding financial results, he is well-positioned to contribute to the continued success of GEE Group's future endeavors. He is a recipient of the “Ellis Island Medal of Honor”, the ATFL “Joseph J. Jacobs Distinguished Achievement Award”, the RMF “Distinguished Lifetime Achievement Award” and the “USF Alumni Award for Entrepreneurship”. He has served on the NYSE Listed Company Advisory Committee, the SMU Cox School of Business Executive Board, the University of South Florida School of Accountancy Advisory Council and the ALSAC Board which is the fund-raising arm of St. Jude Children's Research Hospital. Mr. Dewan has a B.A. in Accounting with a concentration in finance from the University of South Florida.

Alex Stuckey – Chief Operating Officer

Alex Stuckey joined GEE Group when it merged with Scribe Solutions in 2015, and currently serves as the Chief Operating Officer. At the time of the merger, Mr. Stuckey held the position of President and Chief Operating Officer at Scribe Solutions, Inc., where he played a pivotal role in the company's achievements. His exceptional leadership skills and strategic insights contributed to Scribe Solutions' success, ultimately leading to his association with Derek Dewan, our Chairman and CEO, the merger of Scribe Solutions with General Employment Enterprises in 2015, and the beginnings of today's GEE Group Inc.

Mr. Stuckey is an accomplished business executive with a proven track record of success in various leadership roles and brings extensive experience and expertise to his position. Prior to his tenure at Scribe, Mr. Stuckey served as the Chief Executive Officer of Fire Fighters Equipment Co., where he successfully transformed a startup into a successful multi-million-dollar enterprise. Through his visionary approach, innovation and hard work, Mr. Stuckey implemented groundbreaking marketing strategies that revolutionized the fire safety industry and resulted in substantial net profits for his former company. His exemplary leadership attracted the attention of industry giant Cintas, which acquired Fire Fighters through a successful stock purchase.

In addition to his accomplishments in the business world, Mr. Stuckey possesses a wealth of experience in banking and finance. As a special assets officer at Barnett Bank, not only did Mr. Stuckey develop his keen understanding of financial management and risk assessment, he honed his skills in dispute resolution, negotiation and litigation management, skills that he brings to his current position as GEE Group's COO and valued member of the executive management team.

Mr. Stuckey served as Education Chairman and Forum Moderator, as a member of Y.P.O., Government Affairs & Legislative Chairman for eight years for BOMA, Board of Director of Sila Heating & Air Conditioning, Super Home Services and Castleworks Home Services Company, all private equity backed, providers of residential home services. His involvement in these roles showcases his commitment to contributing his expertise and leadership to multiple industries.

Mr. Stuckey earned his bachelor's degree in Entrepreneurship and Business Enterprises from Florida State University, establishing his educational foundation, that has and continues to serve him and his organizations well. This, coupled with his extensive professional experience, equips him with a comprehensive understanding of business operations and the skills necessary to drive growth and success.

Overall, Mr. Stuckey's remarkable career journey, marked by transformative achievements and valuable expertise, positions him as an invaluable asset of GEE Group. His ability to lead teams, implement innovative strategies, and drive sustainable growth makes him a respected and sought-after business executive.

Kim Thorpe – Senior Vice President and Chief Financial Officer

Kim Thorpe joined the Company on May 1, 2018, as the Vice President of Finance, and was appointed Senior Vice President and Chief Financial Officer on June 15, 2018. He is an accomplished financial executive with a wealth of experience spanning various industries over four decades. As the newest member of GEE Group's executive team, Mr. Thorpe already has played instrumental roles in the Company's successful restructuring and integration initiatives following the SNI acquisition, navigation through the COVID-19 pandemic, deleveraging initiatives resulting in the elimination of approximately \$120 million in debt, and completion of JOB's follow-on equity offering, which in combination, have led to the Company's return to profitable growth and generation of free cash flow.

Mr. Thorpe also serves as the Managing Principal of FRUS Capital LLC ("FRUS"), which he formed in February 2013, as a platform for providing consulting services to clients. At FRUS, he has been able to leverage his strong leadership skills and financial acumen, helping clients overcome obstacles toward achieving their goals and success. From November 2013 to May 2017, Mr. Thorpe accepted appointment as the Chief Financial Officer of one of his clients, Delta Company of Insurance Services, Inc., and became an investor, member and director, and was appointed CFO of NeuLife Neurological Services LLC, an affiliate, where he made significant contributions to the financial operations, capital formation, growth, and leadership of both organizations.

Prior to forming FRUS, Mr. Thorpe held senior executive positions in a privately-owned insurance organization and a specialty real estate lender from May 2006 to February 2013. In the case of the private insurance organization, Mr. Thorpe was instrumental in negotiations leading to its successful acquisition by its successor insurance organization. Leveraging his outstanding industry knowledge and M&A skills, in combination with his good reputation and relationships with decision makers at both buyer and seller, Mr. Thorpe remained a key figure in the transaction through its closing and post-acquisition integration stages.

From November 1999 to March 2006, Mr. Thorpe served as the Executive Vice President and Chief Financial Officer of FPIC Insurance Group, Inc., a prominent public company formerly listed on Nasdaq Global Select Market (NASDAQ: FPIC). His exceptional financial stewardship, strategic decision-making and leadership played a pivotal role in the successful turnaround of FPIC, following a period of accelerated growth through acquisitions accompanied by manifestations of significant post-acquisition integration and operational risks.

Mr. Thorpe also served as the Senior Vice President and Chief Financial Officer of a very large insurance and financial services business unit of GE Capital with assets of over \$30 billion and annual revenues of nearly \$2 billion. Although his time at GE Capital was relatively brief (March 1998 to November 1999), he honed his leadership skills and demonstrated his ability to manage very large, complex financial organizations, build and manage outstanding teams, and drive sustainable results. He also played a very important role, and one for which he specifically was recruited, in helping achieve improvements in the cultural assimilation of his business unit with GE Capital. For his many accomplishments in a short time, Mr. Thorpe achieved "Green Belt" status as a Six Sigma™ professional, had one of his Six Sigma™ projects nominated for an annual global Six Sigma™ award, one of GE's most coveted business awards, attended GE's invitation-only *Advance Finance Council*, and was invited to attend GE's prestigious, *Global Business Management Course*.

Earlier in his career, from October 1993 to February 1998, Mr. Thorpe was a partner at the international accounting firm Coopers & Lybrand, a predecessor firm to PricewaterhouseCoopers LLP. In this capacity, he honed his expertise in accounting and financial management, as well as organizational leadership, solidifying the foundation for his many successes since. During his tenure, Mr. Thorpe served as the engagement partner in charge of audits of some of the Firm's largest insurance clients and was considered one of his former Firm's subject matter experts in insurance industry accounting, auditing, SEC and other regulatory matters.

Mr. Thorpe earned his BSBA, with honors, in Accounting from the University of Florida, and is a Certified Public Accountant. His educational background, coupled with his extensive professional experience, equips him with a comprehensive understanding of business and financial strategies, and best practices.

Peter Tanous – Director

Peter Tanous is a highly accomplished and esteemed figure in the field of finance and investment. He currently holds the position of Chairman Emeritus at Lynx Investment Advisory, a SEC registered investment advisory firm located in Washington D.C. With an extensive career spanning several prestigious institutions, Mr. Tanous has created a lasting impact on the financial industry.

Before joining Lynx Investment Advisory, Mr. Tanous served as the International Director at Smith Barney and a member of the executive committee at Smith Barney International, Inc. Prior to that, he held the position of executive vice president and director at Bank Audi (USA) in New York for a decade. He also served as the chairman of Petra Capital Corporation in New York.

Education played a significant role in shaping Mr. Tanous's career. He is a graduate of Georgetown University, where he currently serves on the board of Georgetown University's Center for Contemporary Arab Studies and is a member of the Georgetown University Library Board. Additionally, he dedicated two decades to the university's investment committee. His educational journey also included attending The American School of Paris in France, where he became fluent in French.

Mr. Tanous is a distinguished author, having written several influential books in the financial realm. His book "Investment Gurus," published in 1997 by Prentice Hall, became a bestseller and garnered critical acclaim within financial circles. It was selected as a main choice by The Money Book Club. He followed up with "The Wealth Equation," which also became a main selection of the Money Book Club. Tanous's other publications include "Investment Visionaries" (published by Penguin Putnam in August 2003) and "Kiplinger's Build a Winning Portfolio" (published by Kaplan Press in January 2008). Notably, he co-authored "The End of Prosperity" with Dr. Arthur Laffer and Stephen Moore, which was published by Simon & Schuster in October 2008. Mr. Tanous also has authored several well-reviewed published novels.

In addition to his remarkable achievements in the financial sector, Mr. Tanous has been involved in various organizations and served on the boards of several publicly held companies. Notable among these are his current or former positions on the boards Accustaff, Inc., MPS Group, and GEE Group, Inc., all companies in the staffing industry, where he served as the chairman of the Audit Committee. He also served on the board of Worldcare, Ltd., a healthcare services and telemedicine diagnostics company based in Cambridge, Massachusetts. Another notable role was his service on the board of directors of Kistler Aerospace, a pioneer in Low Earth Orbit satellite development.

Mr. Tanous's commitment to promoting Lebanese American relations led him to found and serve as the founding chairman of The American Task Force on Lebanon in Washington D.C. He actively engaged prominent Lebanese Americans across the United States to further this cause. Notably, an award at the organization is named after Tanous. He also served on the National Committee of St. Jude Children's Research Hospital in Memphis, Tennessee, contributing his expertise to the investment committee of this renowned charity. Mr. Tanous also served as the Chairman of the Board of Trustees at Lebanese American University from 2018 to 2020.

Mr. Tanous also has generously supported Georgetown University by endowing the Tanous Lecture Series, which invites esteemed speakers from finance, government, and the arts to share their insights with the university community. The series has featured prominent individuals such as Treasury Secretary Janet Yellen, Pulitzer Prize winner Sara Ganim, Nobel Laureate George Akerlof, and Former Secretary of Defense Robert Gates. In recognition of his contributions, Tanous was honored with the Georgetown University William Gaston Alumni Award in 2021.

Darla Moore – Director

Darla Moore joined the Company as an independent director in June 2018, bringing with her a wealth of experience and expertise. Ms. Moore is a highly accomplished businesswoman and philanthropist who has made significant contributions to the business world and society at large throughout her career.

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As the Founder and Chair of the Palmetto Institute, a nonprofit think-tank, Ms. Moore is dedicated to fostering economic growth and increasing per capita income in South Carolina. She is also the visionary behind the Charleston Parks Conservancy, a foundation that focuses on enhancing the parks and public spaces of the City of Charleston, creating a better environment for its residents. Ms. Moore is the esteemed Chairwoman of the Darla Moore Foundation, further exemplifying her dedication to philanthropy and making a positive impact on society. In addition to her involvement with the Darla Moore Foundation, Ms. Moore holds positions on the Board of Directors of The Shed, a renowned cultural institution in New York City, the Lebanese American University of Beirut, the Santa Fe Institute, Oxbow Carbon, in addition to GEE Group.

Prior to her current roles, Ms. Moore served as the Vice President of Rainwater, Inc., a prestigious private investment company. During her tenure, she played a pivotal role in the company's success and demonstrated her exceptional leadership skills.

Ms. Moore's accomplishments have gained her significant recognition in the business world. She was featured on the cover of Fortune magazine, becoming the first woman to receive this distinction. Additionally, she has been named among the Top 50 Most Powerful Women in American Business, in recognition of her influence and impact on American business.

Throughout her career, Ms. Moore has served on numerous corporate and philanthropic boards, showcasing her commitment to making a difference. In addition to GEE Group, some notable organizations she has been involved with include Hospital Corporation of America (HCA), Martha Stewart Living Omnimedia, The South Financial Group, MPS Group, the National Advisory Board of JP Morgan, the National Teach for America Board of Directors, the Board of Trustees of the New York University Medical School and Hospital, and the University of South Carolina Board of Trustees.

In recognition of her outstanding achievements, the University of South Carolina's business school proudly bears her name, making it the first business school in America named after a woman. Ms. Moore's dedication to the business community has earned her the Business Person of the Year Award from the South Carolina Chamber of Commerce and induction into the South Carolina Business Hall of Fame.

Ms. Moore's passion for golf led her to become one of the first women members of the prestigious Augusta National Golf Club, alongside Condoleezza Rice. This accomplishment demonstrates her commitment to breaking barriers and paving the way for future generations of women in sports.

Ms. Moore holds an undergraduate degree from the University of South Carolina and an M.B.A. from The George Washington University, solidifying her academic foundation and complementing her remarkable professional achievements.

Through her leadership, vision, and philanthropic efforts, Ms. Moore has left an indelible mark on the world, inspiring others to strive for excellence and make a difference.

William Isaac – Director

Mr. Isaac joined the Company as a director in June 2015 and is currently Chairman of Secura/Isaac Group and its three branches Secura/Isaac Advisory, Secura/Isaac Technologies and Secura/Isaac Talent. He is a member of the boards of directors of Emigrant Bank and New York Private Bank & Trust and serves as Chairman of Sarasota Private Trust and Cleveland Private Trust, all of which are owned by Howard Milstein and his family.

William "Bill" Isaac served as Chairman of the FDIC during one of the most important and tumultuous periods in US banking history. Some 3,000 banks and thrifts failed during the 1980s, including Continental Illinois and nine of the ten largest banks in Texas. In addition to the failures of many of the largest regional banks throughout the US, most of the money center banks in the US were on the watch list due in large part to the enormous amount of loans on their books to less developed countries.

President Carter appointed Bill Isaac to the board of the FDIC in 1978. He was confirmed by the Senate at the age of 34. President Reagan named him Chairman of the FDIC two years later, making him the youngest FDIC board member and Chairman in history. Bill Isaac also served as Chairman of the Federal Financial Institutions Examination Council (1983-85), as a member of the Depository Institutions Deregulation Committee (1981–85), and on the Vice President’s Task Group on Regulation of Financial Services (1984).

After completing his service as Chairman of the FDIC at the end of 1985, Bill Isaac founded The Secura Group, a leading consulting firm, which he sold in 2008. He served as Chairman of the Board of Fifth Third Bancorp, one of the nation’s leading banks, and worked as Senior Managing Director at FTI Consulting from 2011 to 2019. He then joined Howard Milstein in the financial services business. Bill Isaac is a former board member at TSYS, a leading payment processing company that today is part of Global Payments. He has served on the boards of Amex Bank, The Associates (a finance company formerly owned by Ford Motor Company), credit reporting company TransUnion, and staffing firm MPS Group (now owned by Adecco).

Mr. Isaac is involved extensively in thought leadership relating to the financial industry. He is the author of ‘Senseless Panic: How Washington Failed America’ with a foreword by legendary former Federal Reserve Chairman Paul Volcker. ‘Senseless Panic’ provides an inside account of the banking and savings and loans crises of the 1980s and compares that period to the financial crisis of 2008/2009. Bill Isaac’s articles appear in the Wall Street Journal, the Washington Post, the New York Times, The Hill, American Banker, Forbes, the Financial Times, the Washington Times, and other leading publications. He appears regularly on television and radio, testifies before Congress, and is a speaker before audiences throughout the world.

Mr. Isaac is a former senior partner at Arnold & Porter, which was a founding partner of The Secura Group. He left the law firm in 1993 when Secura purchased Arnold & Porter’s interest in Secura. Before his appointment to the FDIC, Bill Isaac served as vice president, general counsel and secretary of First Kentucky National Corporation and its subsidiaries, including First National Bank of Louisville and First Kentucky Trust Company. He began his career with Foley & Lardner in Milwaukee where he practiced general corporate law specializing in banking law.

Mr. Isaac received a Distinguished Achievement Medal in 1995 from Miami University and a Distinguished Alumnus Award in 2013 from The Ohio State University. He is a Life member of both the Board of Directors of the Miami University Foundation and the Board of Directors of The Ohio State University Foundation. Bill co-founded in 2016, with his former classmate, the William Isaac & Michael Oxley Center for Business Leadership at Miami University.

Mr. Isaac began his career as an attorney with Foley & Lardner and was a senior partner with Arnold & Porter. Before his appointment to the FDIC, Bill Isaac served as Vice President, General Counsel and Secretary of First Kentucky National Corporation and its subsidiaries, including First National Bank of Louisville and First Kentucky Trust Company. He received a “Distinguished Achievement Medal” in 1995 from Miami University and a “Distinguished Alumnus Award” in 2013 from the Ohio State University (“OSU”). He is a former member of the Board of Directors of the Miami University Foundation and is a Life Member of the Board of Directors of the OSU Foundation. Mr. Isaac is involved with several charitable and not for profit organizations and in 2016, co-founded with his former classmate, the William Isaac & Michael Oxley Center for Business Leadership at Miami University. Mr. Isaac earned a B.B.A. from Miami University and a J.D. from OSU. Mr. Isaac’s extensive business experience spans over 40 years and includes expertise in financial services, consulting, contingent labor and mergers and acquisition. He has served in the roles of lawyer, consultant, regulator and director to numerous organizations. He brings a wealth of knowledge to the board and is an invaluable resource to GEE Group.

Jyrl James – Director

Jyrl James has served as a director of the Company since August 11, 2023. Ms. James has significant business and legal experience. She has been the general counsel and consultant to minority owned small businesses, such as Rae’s Playze Adult Daycare Center, Rightvarsity Technologies LLC, and Learning Right Technology LLC, since September 2012, where she has been overseeing and advising the businesses on matters of corporate governance, contracts, real estate, employment matters, internal policy development, participating in the ongoing strategic planning process as an integral member of the senior management team, advising on interactive computer technology and workforce development. Also, she has advised an education services company regarding intellectual property, employment and labor relations, contract issues and intellectual property. In addition, she has been a member of the board of directors of Rae’s Playze Adult Daycare Center. Mrs. James has been the President of Joslyse, LLC, a real estate investment company since June 2010, responsible for purchase, ownership, rental and sale of residential and commercial real estate and overseeing finance, operations, maintenance, administration, and improvement of commercial and residential properties. From September 2009 to December 2013, Ms. James served as general counsel and corporate secretary to an investment group at Queen City Venture Partners, LLC.

During her 30-year legal career Ms. James served as strategic leader in legal and business roles. She has been a key participant in company acquisitions and development of infrastructures for both legal and human resources functions. Ms. James has been instrumental in successfully guiding companies through business expansions and business crisis, including a chemical explosion with multiple fatalities, an SEC investigation and labor strife. During the course of her career, she led and developed professional staff and executives in North American countries and England. Her governance experience includes presenting to boards on various legal and structural matters and ensuring that the preparation of committee and board documents were thorough and complete.

Ms. James was the first in-house attorney for Adecco Group North America (“Adecco”), the largest subsidiary of the Zurich based global human resources solutions and staffing services company, Adecco SA, from 1998 to 2005. As Senior Vice President and General Counsel for North America, Ms. James was a member of key management of the then 4.5-billion-dollar billion enterprise of Adecco SA, then the world’s largest staffing services solutions and talent development provider. As part of the Adecco executive management team, Ms. James was a critical participant in setting the direction of the company, providing legal advice, and managing a wide range of legal activities through a team of 30 in-house attorneys in 3 countries and numerous outside counsels. She served as corporate secretary and held a government security clearance.

Ms. James served as vice president of human resources and general counsel at the Akron Beacon-Journal from 1994 to 1998. Previous to that, she was an attorney specializing in employment/labor/benefits law at the Atlantic Richfield Company and at private law firms. She also served as chairperson of the California Agricultural Labor Relations Board.

Ms. James has completed the University of Santa Clara Black Corporate Board Readiness program, a program that accelerates diversity in corporate governance by accompanying highly experienced, qualified Black leaders through a structured executive education program. She holds a degree in business and labor relations from the Illinois Institute of Technology and a law degree from DePaul University Law School.

Matthew Gormly – Director

Matthew Gormly joined the Company in March 2020, as an independent director, bringing with him a wealth of experience and expertise. Mr. Gormly is a Founder and the Managing Partner of Reynolds Gormly & Co., LLC (“Reynolds Gormly”), where he leads his organization on origination and capital market opportunities while overseeing the firm's overall management. His vast experiences have helped him hone his ability to navigate complex financial landscapes during which he has led or played a significant role in the origination of over \$1.5 billion in financings for acquisitions, leveraged recapitalizations, and re-financings throughout his esteemed career. He has served on the boards of directors for over 25 companies, spanning an impressive 30-year period. His board leadership has provided invaluable guidance and strategic insights to these companies, including GEE Group, contributing to their growth and success.

Mr. Gormly is an experienced, thoughtful executive leader and decision maker. He vast business and finance experience includes commercial banking, investment banking, management of small and medium size business, and private equity partnerships. His particular areas of expertise include business development and strategy, corporate finance, corporate governance, mergers, acquisitions, and divestitures, capital markets, policy formulation and execution, and strategic planning.

Prior to his involvement with Reynolds Gormly, Mr. Gormly played a pivotal role in the growth and transformation of Wicks Capital Partners (“Wicks”) during his seventeen-year tenure as a Managing Partner, before departing in 2016. The Wicks Funds invested in information, education and media companies broadly defined. Mr. Gormly was a managing partner and part owner of the management company. He also was a member of the Firm’s General Partner Management and Investment Committees. He and his partners managed all aspects of the management company and multiple funds and limited partner relationships and held board positions in all portfolio company investments.

During his time at Wicks, Mr. Gormly demonstrated exceptional leadership focusing his efforts on a wide range of responsibilities, including originating, acquiring, managing, growing, and divesting the firm's portfolio of control buyout investments. His extensive experience in every facet of the investment process, such as developing investment theses, origination, acquisitions, strategic planning, and divestitures, has been instrumental in his success. He was at the forefront of originating new investments, facilitating financing for transactions, and effectively managing these investments through the sale processes. And his contributions extend beyond his direct involvement with Reynolds Gormly and Wicks.

Educationally, Mr. Gormly holds a Bachelor of Arts degree from Hampden-Sydney College, complemented by a Master of Business Administration degree from the Babcock School of Management at Wake Forest University. Mr. Gormly's academic credentials, combined with his extensive professional experience, form a solid foundation for his exceptional performance and continued contributions to GEE Group.

Thomas Vetrano – Director, Lead Independent Director

Mr. Vetrano joined the Company as a director in March 2020. On July 5, 2023, the Nominating Committee elected Mr. Vetrano as the Lead Independent Director of the Board. He is an accomplished executive leader and business consultant who has over 40 years of international business experience in environmental, health, safety, and sustainability issues. With a strong track record of success in various leadership positions, Mr. Vetrano has made significant contributions to renowned organizations.

As President and Managing Director of Ramboll Environment and Health (REH) from 2014 to 2019, Mr. Vetrano led the largest division of Copenhagen-based Ramboll Group. REH is a \$450 million environmental and health sciences consultancy, with a global presence of over 2,600 employees in 25 countries. Under his guidance, the REH achieved exceptional financial performance and strategic growth, solidifying its position among the top ten global environmental consultancies. Mr. Vetrano oversaw all REH business operations, including finance and accounting, IT, risk management, human resources, marketing, sustainability, and employee health and safety. Prior to its acquisition by REH, Mr. Vetrano participated in the management buyout of ENVIRON Holdings, Inc. in 1998, and served as Chief Operating Officer and Secretary of ENVIRON from 2004 until 2014. During his tenure, ENVIRON experienced remarkable expansion, growing from 300 employees in the US and UK to over 1,500 employees across 25 countries. Under Mr. Vetrano's leadership, ENVIRON's revenues tripled to surpass \$300 million, achieving consistent top-quartile industry growth and profitability. Following the successful sale of ENVIRON to REH, Mr. Vetrano directed post-merger integration and synergy realization efforts.

Mr. Vetrano's career also includes positions such as Managing Director and Vice President of Environmental Services at Kroll Associates, and Practice Leader and West Coast Regional Manager at Fred C. Hart Associates / McLaren-HART.

Mr. Vetrano currently serves as a member of the Boards of Directors for GEE Group, Inframark LLC, Locus Fermentation Solutions, and Cumming Group. He also serves as Chairman of the Board of Directors for The First Tee of the Virginia Blue Ridge, a charitable organization focused on youth development. Mr. Vetrano previously served as a Director for Smarter Sorting, and as an Advisory Board member for Daybreak LLC.

Throughout his career, Mr. Vetrano has demonstrated his commitment to ethical practices and corporate governance. During his time as a Director for ENVIRON and REH and on other international statutory and corporate governance boards, he has served on various Board committees including Ethics, Equity, Executive Compensation, Finance, Governance, Risk, and Valuation Committees. He currently serves as Chair of the Compensation Committee for GEE Group and Locus Fermentation Solutions, and Chair of the Risk Committee for Inframark LLC.

Mr. Vetrano has provided business consulting services to corporations, private equity firms, financial institutions, and legal counsel. Mr. Vetrano is internationally recognized for his expertise in M&A due diligence, having directed environmental, health, safety, and sustainability due diligence for over 500 global transactions across diverse industries and sectors. He has shared his knowledge as a chairman or speaker at numerous professional conferences and seminars and has authored and contributed to publications on due diligence, environmental auditing, and cost recovery litigation support.

Mr. Vetrano holds a B.S. in Environmental Science from Rutgers University, graduating cum laude in 1982. He pursued further education at the New Jersey Institute of Technology, where he earned an M.S. in Environmental Engineering/Toxicology and received the prestigious EXXON Graduate Fellowship in 1984.

J. Randall Waterfield – Director

J. Randall Waterfield has served as a director of the Company since August 11, 2023. Mr. Waterfield is Chairman of The Board & Chief Executive Officer of Waterfield Holdings. Waterfield Holdings traces its roots back to 1928, when Richard H. Waterfield founded Waterfield Mortgage Company and Waterfield Insurance Agency in Fort Wayne, Indiana. After selling the largest private mortgage company in the US and largest Indiana based bank in 2006 and 2007 respectively, Waterfield Holdings has diversified into technology, real estate, asset management and merchant banking. Waterfield Holdings today has over \$2 billion in managed assets.

Mr. Waterfield was the 2017-2018 Chairman of Young Presidents' Organization (YPO) International (www.ypo.org) an organization of over 34,000 CEOs from over 140 countries with combined revenue of over US \$9 trillion. He is currently a director of 26 Capital Acquisition Corp., (NASDAQ: ADER), US Strategic Metals, Linden Lab, and WTI Holdings, and has served on various boards previously including SMTC Corporation, (formerly NASDAQ: SMTX), a global manufacturing company, Red Oak Partners, RF Industries, Ltd. (NASDAQ: RFIL), an interconnect and cable products manufacturing company and Asure Software. Prior to joining Waterfield, Mr. Waterfield was employed by Goldman Sachs Asset Management, where he was responsible for the small cap growth portfolios. Through the Waterfield Foundation and J. Randall Waterfield Foundation, Mr. Waterfield supports a variety of environmental and Midwestern based causes. Mr. Waterfield graduated from Harvard University in 1996; he holds the Chartered Financial Analyst designation (CFA) and is a member of MENSA.

David Sandberg – Director

David Sandberg has served as a director of the Company since August 11, 2023. Mr. Sandberg serves as the Managing Member, Founder, and Portfolio Manager of Red Oak Partners, LLC (“Red Oak Partners”), an investment advisory firm with a focus on value investing, since 2003. Prior to founding Red Oak Partners, he co-managed J.H. Whitney & Co’s Green River fund, a private equity firm, from 1998 to 2002. Mr. Sandberg currently serves as Chairman of the Board of CBA Florida, Inc. (formerly OTC: CBAI), a healthcare service company, since April 2015. Mr. Sandberg also currently serves on the board of directors of W.O. Partners, LLC, a privately-held parent company that owns and operates construction and poultry staffing companies, since February 2020 and WTI Holdings, LLC, a privately-held holding company involving technology businesses, since 2017. He previously served on the board of directors of Asure Software, Inc. (NASDAQ: ASUR), a software services company, including as Chairman of the Board, from June 2009 to August 2020, SMTC Corporation (formerly NASDAQ: SMTX), a global manufacturing company, from April 2009 to April 2021, Issuer Direct Corporation (NASDAQ: ISDR), a communications company, from August 2013 to August 2016, Kensington Vanguard, a private title insurance company, including as its Chairman, from August 2012 to August 2016, Planar Systems Inc. (formerly NASDAQ: PLNR), an electronics manufacturing company from March 2012 to February 2015, RF Industries, Ltd. (NASDAQ: RFIL), an interconnect and cable products manufacturing company, from September 2011 to March 2013, and EDCI Inc. (formerly NASDAQ: EDCI), a holding company, from June 2009 to December 2012. Mr. Sandberg has experience serving as a member of and as Chairman of each of the audit, compensation, nominating and governance, and strategic committees for public companies. Mr. Sandberg graduated from Carnegie Mellon University with a B.S. in Industrial Management and a B.A. in Economics.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires the Company’s directors and officers, and persons who own more than 10% of a registered class of its equity securities, to file reports of ownership and changes in ownership (typically, Forms 3, 4 and/or 5) of such equity securities with the SEC. Such entities are also required by SEC regulations to furnish the Company with copies of all such Section 16(a) reports.

To our knowledge, based solely on a review of the copies of such reports furnished to us regarding the filing of required reports, we believe that all Section 16(a) reports applicable to our directors, executive officers, and greater-than-ten-percent beneficial owners with respect to fiscal 2023 have been filed.

Board of Directors Leadership Structure and Role in Risk Oversight

Our Board has no policy regarding the separation of the offices of Chairman of the Board and Chief Executive Officer, and we currently bestow the roles and responsibilities of Chairman of the Board and Chief Executive Officer with Mr. Dewan. The Board believes that Mr. Dewan's service as both Chairman of the Board and Chief Executive Officer is in the best interests of the Company and its shareholders. Mr. Dewan possesses detailed and in-depth knowledge of the issues, opportunities and challenges facing the Company and its business and is thus best positioned to develop agendas that ensure that the Board's time and attention are focused on the most critical matters. His combined role enables decisive leadership, ensures clear accountability, and enhances the Company's ability to communicate its strategy clearly and consistently to the Company's shareholders, employees, and customers.

Independent directors and management have different perspectives and roles in strategy development. The Company's independent directors bring experience, oversight, and expertise from outside the company and industry, while the management brings company-specific experience and expertise. The Board believes that a board of directors combined with independent board members and management is in the best interest of shareholders because it promotes strategy development and execution and facilitates information flow between management and the Board, which are essential to effective governance.

Effective July 5, 2023, and upon the recommendation of the Nominating Committee, the Board elected Thomas Vetrano as Lead Independent Director of the Board. The Lead Independent Director's responsibilities include but not limited to, serving as a liaison between the independent directors and the Chairman and Chief Executive Officer, calling for meetings of the independent directors, presiding at all meetings of the independent directors and any Board meeting when the Chairman and Chief Executive Officer is not present, including executive sessions of the independent directors, providing feedback from executive session of the independent directors to the Chairman and Chief Executive Officer and other senior management, responding directly to shareholder and stakeholder questions, as appropriate, leading the Board's evaluation of the Chairman and Chief Executive Officer and succession planning, and serving a key role in Board's annual self-assessment. The Board believes the appointment of Mr. Vetrano as Lead Independent Director will further enhance its means to accomplish its oversight responsibilities, and also is in keeping with its desire to follow best practices in governance. The Board provides overall risk oversight for the Company as part of its normal, ongoing responsibilities. It receives reports from Mr. Dewan, Mr. Thorpe, and other members of senior management on a periodic basis on areas of risk facing the Company. In addition, committees of the Board oversee specific elements of risk or potential risk.

Director Independence

The Board has determined, with the assistance of the Nominating and Corporate Governance Committees, that each of its current directors, other than Mr. Dewan, is an "independent director" under the NYSE American Listed Company Manual. The Board has affirmatively determined that William Isaac, Darla Moore, Jyrl James, Matthew Gormly, Thomas Vetrano, Peter Tanous, J. Randall Waterfield and David Sandberg satisfy the independence standards under the NYSE American Listed Company Manual. Thomas Vetrano serves as the Company's Lead Independent Director.

The Board has determined that each current member of the Audit Committee meets the additional independence criteria required for audit committee membership under the listing standards of the NYSE American and Rule 10A-3 of the Exchange Act and possesses the experience and expertise required to be considered a "financial expert" as defined under the Sarbanes-Oxley Act. In addition to the independence standards provided in the NYSE American Listed Company Manual, the Board has determined that each director who serves on our Audit Committee satisfies standards established by the SEC providing that, in order to qualify as "independent" for the purposes of membership on that committee, members of audit committees may not (i) accept directly or indirectly any consulting, advisory or other compensatory fee from the Company other than their director compensation or (ii) be an affiliated person of the Company or any of its subsidiaries. The Board has also determined that each member of the Compensation Committee satisfies the NYSE American standards for independence of Compensation Committee members.

Board of Directors and Committee Meetings

The Board of Directors meets on a regularly scheduled basis to review significant developments affecting the Company and to act on matters requiring Board of Directors approval. It also holds special meetings when an important matter requires Board of Directors action or attention between scheduled meetings. The Board of Directors held twelve (12) meetings and executed seven (7) unanimous consents during fiscal 2023. No director of the Company attended less than 75% of the total meetings of the Board of Directors and Committees on which such Board of Directors members served during this period.

The members of the Board of Directors are expected to attend the Company's Annual Meeting of Shareholders. There are five standing committees of the Board of Directors: the Nominating Committee, the Audit Committee, the Corporate Governance Committee, the Mergers and Acquisitions Committee and the Compensation Committee.

Nominating Committee

The functions of the Nominating Committee are to assist the Board of Directors in identifying, interviewing and recommending to the Board of Directors qualified candidates to fill positions on the Board of Directors. The Nominating Committee held three (3) meetings and executed one (1) unanimous consent during fiscal 2023.

In evaluating candidates to serve on the Company's Board of Directors, consideration is given to the level of experience, financial literacy and business acumen of the candidate. In addition, qualified candidates for director are those who, in the judgment of the Nominating Committee, have significant decision-making responsibility, with business, legal or academic experience. The Nominating Committee will consider recommendations for Board of Directors candidates that are received from various sources, including directors and officers of the Company, other business associates and shareholders, and all candidates will be considered on an equal basis, regardless of source.

Shareholders may contact the Nominating Committee to make such recommendations by writing in care of the Secretary of the Company, at 7751 Belfort Road, Suite 150, Jacksonville, FL 32256. Submissions must be in accordance with the Company's By-Laws and include: (a) a statement that the writer is a shareholder and is proposing a candidate for consideration by the Nominating Committee; (b) the name, address and number of shares beneficially owned by the shareholder; (c) the name, address and contact information of the candidate being recommended; (d) a description of the qualifications and business experience of the candidate; (e) a statement detailing any relationships between the candidate and the Company and any relationships or understandings between the candidate and the proposing shareholder; and (f) the written consent of the candidate that the candidate is willing to serve as a director if nominated and elected.

The Nominating Committee is presently comprised of five non-employee, independent directors: Darla Moore (Chairwoman), William Isaac, Peter Tanous, Jyrl James and Thomas Vetrano. Ms. James and Mr. Vetrano were appointed to the Nominating Committee on August 11, 2023.

The Board of Directors has adopted a written charter for the Nominating Committee. The Nominating Committee Charter is available on the Company's website.

Audit Committee

The Audit Committee is primarily concerned with the effectiveness of the Company's accounting policies and practices, its financial reporting, and its internal controls over financial reporting. In addition, the Audit Committee reviews and approves the scope of the annual audit of the Company's books, reviews the findings and recommendations of the Company's independent registered public accounting firm at the completion of their audit, and approves annual audit fees and the selection of an auditing firm. The Audit Committee held five (5) meetings and executed one (1) unanimous consent during fiscal 2023.

The Audit Committee is presently composed of five non-employee, independent directors: Peter Tanous (Chairman), Darla Moore, William Isaac, Matthew Gormly and J. Randall Waterfield. Mr. Waterfield was appointed to the Audit Committee on August 11, 2023. The Board has determined that Mr. Tanous, Ms. Moore, Mr. Isaac, Mr. Gormly and Mr. Waterfield each are considered an "audit committee financial expert" as defined by rules of the SEC. The Board has determined that each audit committee financial expert meets the additional independence criteria required under the listing standards of the NYSE American and Rule 10A-3 of the Exchange Act.

The Board of Directors has adopted a written charter for the Audit Committee. The Audit Committee Charter is available on the Company's website.

Compensation Committee

The Compensation Committee has the sole responsibility for approving and evaluating the director and executive officer compensation plans, policies, and programs. It may not delegate this authority. It meets as often as necessary to carry out its responsibilities. The Compensation Committee held two (2) meetings and executed two (2) unanimous consents during fiscal 2023.

The Compensation Committee meets at least annually to consider the compensation of the Company's executive officers, including the establishment of base salaries and performance targets for the succeeding year, and the consideration of restricted common stock and stock option awards. Management provides the Compensation Committee with such information as may be requested by the chairman or its members, which in the past has included historical compensation information of the executive officers, tally sheets, internal pay equity statistics, and market survey data. Under the guidelines of the NYSE American, the Chief Executive Officer may not be present during the Compensation Committee's deliberations regarding his compensation. If requested by the Committee, the Chief Executive Officer may provide recommendations regarding the compensation of the other officers.

The Compensation Committee has the authority to retain compensation consultants. During fiscal 2022, the Company engaged independent compensation consultants to perform a compensation study and analysis of the annual compensation of its executives. The Compensation Committee assessed the independence of the compensation consultants based on the specific criteria under applicable SEC rules and determined that no conflict of interest is raised by the compensation consultants work for the Compensation Committee. The study included relevant market data, various peer group comparisons, and best practices and comparisons of the amounts and components of the Company's executive pay to its top three executives with those of several comparable companies. Upon completion of its study, the independent consulting firm presented its findings and recommendations to the Company and its Compensation Committee. With the benefit of the findings, recommendations and other inputs provided by the independent consultants, the Company drafted a formal Annual Incentive Compensation Program, which was reviewed and approved by the Compensation Committee and the Board.

The Compensation Committee also has the responsibility to make recommendations to the Board regarding the compensation of directors. The Board has assessed the risks that could arise from our employee compensation policies and does not believe that such policies are reasonably likely to have a materially adverse effect on the Company.

The Compensation Committee is presently comprised of five non-employee, independent directors: Thomas Vetrano (Chairman), Peter Tanous, Darla Moore, Matthew Gormly and Jyrl James. Mr. Gormly and Ms. James were appointed to the Compensation Committee on August 11, 2023.

The Board of Directors has adopted a written charter for the Compensation Committee. The Compensation Committee Charter is available on the Company's website. A copy of the Compensation Committee Charter was attached as an appendix to the proxy statement prepared in connection with the January 28, 2010 Annual Meeting of Shareholders.

Mergers and Acquisition Committee

The Mergers and Acquisition Committee has the responsibility for evaluating acquisitions and the necessary financing to complete the acquisitions that are determined by management to meet the minimum criteria for evaluation. The Mergers and Acquisitions Committee has the responsibility to keep the entire board informed of the Company's proposed acquisitions and, only after the Committee has determined an acquisition qualifies, is the acquisition presented to the entire board for approval. The Mergers and Acquisition Committee has the authority to retain compensation consultants but has not done so to date. The Mergers and Acquisition Committee held one (1) meeting during fiscal 2023.

The Mergers and Acquisitions Committee is presently comprised of five non-employee, independent directors: William Isaac (Chairman), Darla Moore, Matthew Gormly, J. Randall Waterfield and David Sandberg. Ms. Moore, Mr. Gormly, Mr. Waterfield and Mr. Sandberg were appointed to the Mergers and Acquisitions Committee on August 11, 2023. Derek Dewan, Board Chairman and CEO, has observer rights with regards to the Mergers and Acquisitions Committee.

Corporate Governance Committee

The Corporate Governance Committee has responsibilities and duties ranging from Board and committee structure and organization to assisting the Board in evaluating whether the Board and its committees are functioning effectively and consistently in accordance with and subject to applicable law and rules and regulations promulgated by the SEC, the NYSE and any other applicable regulatory authority. The Corporate Governance Committee also monitors and recommends the functions of the various committees of the Board. The Corporate Governance Committee is responsible for developing director qualifications and an annual evaluation process for the Board, its committees, and individual directors and for overseeing the execution of such annual evaluations, including the Committee's own evaluation. The Corporate Governance Committee is tasked with the responsibility to review the outside activities of Senior Executives and, if warranted, report and/or make recommendations concerning such activities to the Board. The Corporate Governance Committee also regularly reviews the Company's and subsidiaries' Certificates of Incorporation, Bylaws and Policies, Committee Charters and other Company documents and recommend revisions to be acted upon by the Board.

The Corporate Governance Committee also coordinates with Human Resources to review any reports of discrimination or sexual harassment and recommend any actions deemed appropriate, review whistleblower reports and recommend any actions deemed appropriate. The Corporate Governance Committee monitors emerging corporate governance trends and oversees and evaluates corporate governance policies and programs and recommends to the Board such changes as the Committee believes appropriate. When applicable, the Corporate Governance Committee will review shareholder proposals and recommend proposed Company responses for inclusion in the Company's proxy statement, or otherwise, to the Board.

The Corporate Governance Committee reviews at least annually, or more frequently if deemed appropriate under the circumstances, the Company's Standards for Director Independence and enhanced independence requirements issued by the NYSE and by other applicable regulators and advisory services, and recommends to the Board any modifications to the Company's standards that the Committee deems desirable. The Committee provides to the Board its assessment of which directors should be deemed independent directors under applicable rules, policies, and regulations. This review also contemplates the requirements of a "financial expert" under applicable rules of the SEC and NYSE, thereby assessing which directors should be deemed financial experts and recommends to the Board the determination that such directors are "financial experts" within the applicable definitions established by the SEC and NYSE. The Committee reviews on a periodic basis and makes recommendations, accordingly, regarding continuing education programs for directors and an orientation program for new directors.

Finally, the Corporate Governance Committee periodically reviews and considers independence and potential conflicts of interest with regard to all directors and senior management members and makes recommendations to the Board regarding questions of potential conflicts of interest, if any, and with regard to any transactions among the Company and related parties as defined in Item 404 of Regulation S-K.

The Committee is required to be comprised of three or more directors as determined by the Board, each of whom the Board has determined meets the independence requirements of the Company's Standards for Director Independence, the NYSE and the SEC. The members of the Committee are appointed by the Board and serve until their successors are duly appointed or until their retirement, resignation, death or removal by the Board.

The Governance Committee held one (1) meeting during fiscal 2023.

The Corporate Governance Committee is presently composed of five non-employee, independent directors: William Isaac (Chairman), Peter Tanous, Darla Moore, Jyrl James and David Sandberg. Ms. Moore, Ms. James and Mr. Sandberg were appointed to the Corporate Governance Committee on August 11, 2023. The Corporate Governance Committee met once and executed one unanimous consent during fiscal 2023.

Agreements with Respect to Director Nominations

Agreement with Red Oak

On August 9, 2023, the Company entered into a Cooperation Agreement (the “Cooperation Agreement”) with Red Oak Partners, LLC (collectively with its affiliates, “Red Oak”).

Pursuant to the Cooperation Agreement, the Company agreed to increase the size of its Board by two seats and to appoint each of David Sandberg and J. Randall Waterfield to the Board as a Class I director and Class II director, respectively. On August 11, 2023, the Company increased the size of its Board from seven to nine members and appointed David Sandberg and J. Randall Waterfield to the Board as a Class I director and a Class II director, respectively, to fill the vacancies created by an increase in the size of the Board. The Company further agreed to nominate Mr. Sandberg for election to the Board at the Company’s 2023 annual meeting of shareholders (the “2023 Annual Meeting”), and to nominate Mr. Waterfield for election to the Board at the Company’s 2024 annual meeting of shareholders (the “2024 Annual Meeting”). In addition, the Board appointed Messrs. Sandberg and Waterfield to the Mergers and Acquisitions Committee of the Board, Mr. Sandberg to the Corporate Governance Committee of the Board and Mr. Waterfield to the Audit Committee of the Board.

Subject to the terms and conditions of the Cooperation Agreement, Mr. Sandberg has agreed to submit a conditional resignation from the Board promptly following his engagement, directly or through his affiliates, in activities that violate the Company’s Code of Ethics, or the Company’s receipt of notice that Red Oak’s beneficial ownership has failed to equal or exceed two-thirds of the outstanding shares of Common Stock, beneficially owned as of the date of the Cooperation Agreement, and Mr. Waterfield has agreed to submit a conditional resignation promptly following certain conditions, as provided in the Waterfield Agreement (as defined below).

Pursuant to the Cooperation Agreement, Red Oak agreed to irrevocably withdraw its notice of intent to nominate candidates for election to the Board and to present certain business proposals at the 2023 Annual Meeting and to cease all solicitations and related activities in connection with the 2023 Annual Meeting. In addition, the Nominating Committee of the Board previously elected Thomas Vetrano as the Lead Independent Director of the Board, and the Company agreed to maintain the Lead Independent Director position during the term of the Cooperation Agreement. Furthermore, pursuant to the terms of the Cooperation Agreement, the Board agreed to engage an investment bank or consulting firm to assist in evaluating strategic opportunities to maximize shareholder value.

During the term of the Cooperation Agreement, Red Oak agreed to vote all shares of Common Stock beneficially owned by it at all meetings of the Company’s shareholders in accordance with the Board’s recommendations, except that Red Oak may vote in its discretion on Extraordinary Transactions (as defined in the Cooperation Agreement) and, other than with respect to director election, removal or replacement proposals, in accordance with the recommendations of Institutional Shareholder Services Inc. or Glass, Lewis & Co., LLC if either of them recommends differently from the Board.

Pursuant to the Cooperation Agreement, Red Oak also agreed to certain customary standstill provisions prohibiting it from, among other things, (a) soliciting proxies; (b) advising or knowingly encouraging any person with respect to the disposition of any securities of the Company, subject to limited exceptions; (c) acquiring, in the aggregate, beneficial ownership of more than 19.9% of the outstanding shares of Common Stock; and (d) taking actions to change or influence the Board, management or the direction of certain Company matters. Until the termination of the Cooperation Agreement, the Company and Red Oak also agreed not to disparage each other.

The Cooperation Agreement will terminate on the date that is 40 days prior to the opening of the window for submission of shareholder nominations for the Company’s 2025 annual meeting of shareholders. Each of the Company and Red Oak has the right to terminate the Cooperation Agreement earlier if the other party commits a material breach of the Cooperation Agreement and such breach is not cured within 15 days after notice or, if such breach is not curable within 15 days, the breaching party has not taken any substantive action to cure within such 15-day period.

Agreement with J. Randall Waterfield

On August 3, 2023, the Company entered into a letter agreement (the “Waterfield Agreement”) with J. Randall Waterfield. Pursuant to the Waterfield Agreement, Mr. Waterfield consented to being named by the Company as a nominee for election to the Company’s Board and to serve as a director, if elected, in connection with any annual meeting of shareholders during the term of the Waterfield Agreement. Mr. Waterfield has also agreed to submit a conditional resignation promptly following his engagement in any activities that violate the Company’s Code of Ethics or the Company’s receipt of notice that Red Oak’s beneficial ownership has failed to equal or exceed one-half of the shares of Company’s Common Stock, beneficially owned as of August 9, 2023, the date of the Cooperation Agreement.

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Until the date that is 30 days prior to the opening of the window for submission of shareholder nominations for the Company's 2025 annual meeting of shareholders (the "Termination Date"), Mr. Waterfield has agreed to vote all Common Stock beneficially owned by him at all meetings of the Company's shareholders in accordance with the Board's recommendation.

The Waterfield Agreement also prevents Mr. Waterfield, until the Termination Date, from, among other things, (a) nominating a person for election at any shareholder meeting at which directors are to be elected; (b) soliciting proxies; (c) submitting any shareholder proposals for consideration at any shareholder meeting; (d) publicly proposing any change in the number or term of directors serving on the Board or the filling of any vacancies on the Board; and (e) entering into any discussions or agreements with respect to any of the foregoing actions, or assisting or encouraging anyone to take any such action. Until the Termination Date, the Company and Mr. Waterfield have also agreed not to disparage each other.

Family Relationships

There are no family relationships among our executive officers, directors and significant employees.

Shareholder Communications

The Board has established a procedure by which shareholders of the Company can communicate with the Board. Shareholders interested in communicating with the Board as a group or with individual directors may do so, in writing. Correspondence to the directors should be sent by regular mail c/o the Secretary, GEE Group Inc., 7751 Belfort Road, Suite 150, Jacksonville, Florida 32256. Any such correspondence will be reviewed by the Secretary, who will then forward it to the appropriate parties. Communications that are solicitations or deemed to be irrelevant to the Board's responsibilities may be discarded, at the discretion of the Secretary.

Corporate Code of Ethics

We have a Code of Ethics that applies to all directors and employees, including our senior management team. The Code of Ethics is designed to deter wrongdoing, to promote the honest and ethical conduct of all employees and to promote compliance with applicable governmental laws, rules, and regulations. We intend to satisfy the disclosure requirements under applicable SEC rules relating to amendments to the Code of Ethics or waivers from any provision thereof applicable to our Chief Executive Officer and our Principal Financial and Accounting officer by posting such information on our website pursuant to SEC rules. There were no such amendments of or waivers to any of the Company's policies and procedures outlined under its Code of Ethics during fiscal 2023.

The Code of Ethics is available on the Company's website. In addition, you may obtain a printed copy of the Code of Ethics, without charge, by sending a request to: GEE Group Inc., 7751 Belfort Road, Suite 150, Jacksonville, Florida 32256, Attn.: Secretary

Item 11. Executive Compensation.**EXECUTIVE COMPENSATION****Summary Compensation Information**

The following table summarizes total compensation to named executive officers including the principal executive officer, principal financial and accounting officer, and principal operating officer. Throughout this section, the term “named executive officers” is intended to refer to the individuals listed in “Summary Compensation Table.”

Summary Compensation Table

<u>Name and Principal Position</u>	<u>Fiscal Year</u>	<u>Salary (\$)</u>	<u>Bonus (\$)</u>	<u>Stock Awards (\$)</u>	<u>Option Awards (\$)</u>	<u>Non-Equity Incentive Plan Compensation (\$)</u>	<u>Nonqualified Deferred Compensation Earnings (\$)</u>	<u>All Other Compensation (\$)</u>	<u>Total (\$)</u>
Derek Dewan	2023	518,000	77,700	188,299	-	-	-	18,154	802,153
Chief Executive Officer	2022	350,000	498,750	-	-	-	-	2,800	851,550
Alex Stuckey	2023	331,000	37,238	134,499	-	-	-	28,040	530,777
Chief Operating Officer	2022	250,000	267,188	-	-	-	-	2,800	519,988
Kim Thorpe	2023	331,000	37,238	145,260	-	-	-	26,016	539,514
Senior Vice President and Chief Financial Officer	2022	270,000	288,563	-	-	-	-	2,800	561,363

Employment and Change in Control Agreements

Derek Dewan, Chairman and Chief Executive Officer. On August 12, 2016, the Company entered an employment agreement with Derek Dewan (the “Dewan Employment Agreement”). The Dewan Employment Agreement provides for a five-year term ending on August 15, 2021, unless employment is earlier terminated in accordance with the provisions thereof and after the initial term has a standard 1-year automatic extension clause if there is no notice by the Company of termination. Mr. Dewan had received a starting base salary at the rate of \$300,000 per year which can be adjusted by the Compensation Committee. Mr. Dewan’s employment agreement was amended in fiscal 2021 to increase his base salary to \$350,000 per year, and to extend the term of the agreement so that it ends on September 30, 2024. Mr. Dewan is entitled to receive an annual bonus based on criteria to be agreed to by Mr. Dewan and the Compensation Committee. The Dewan Employment Agreement contains standard termination, change of control, non-compete and confidentiality provisions. On December 2, 2022, the Company granted 221,518 restricted shares of common stock to Mr. Dewan under the AICP based on fiscal 2022 performance and an additional 16,835 shares were granted based on fiscal 2023 targets, as adjusted based on actual performance. The restricted shares are to be earned over a three-year period and cliff vest at the end of the third year from the date of grant.

On April 27, 2023, the Company entered into a new employment agreement with Mr. Dewan for his continued employment (the “New Dewan Employment Agreement”). The New Dewan Employment Agreement provides for a five-year term ending on April 26, 2028, unless employment is earlier terminated in accordance with the provisions thereof and after the initial term has a standard one-year automatic extension clause if there is no notice by the Company or Mr. Dewan of termination. The New Dewan Employment Agreement provides for a base salary at the rate of \$518,000 per year, which can be increased, but not decreased, by the Compensation Committee. The New Dewan Employment Agreement provides that Mr. Dewan is entitled to receive an annual cash bonus based on criteria to be agreed to by Mr. Dewan and the Compensation Committee and is eligible to participate in Company equity-based incentive compensation and benefit plans and to receive certain other perquisites. The New Dewan Employment Agreement contains standard termination, severance, change of control, non-compete, non-solicitation and confidentiality provisions.

Alex Stuckey, Chief Operating Officer: On June 1, 2018, the Company and Mr. Stuckey entered into a written employment agreement with respect to Mr. Stuckey's service as Chief Administrative Officer of the Company (the "Stuckey Employment Agreement"). On August 26, 2022, Mr. Stuckey was re-appointed as the Company's Chief Operating Officer. The Company and Mr. Stuckey agreed to an initial term of five years and that Mr. Stuckey will receive a base salary of \$220,000 per year, subject to increase, but not decrease, at the discretion of the Board. Mr. Stuckey's annual salary was increased as of August 15, 2021 to a base salary of \$250,000 per year. The Company and Mr. Stuckey have agreed that Mr. Stuckey shall be eligible to receive Incentive Compensation that shall be determined by the Chief Executive Officer or the Board. Mr. Stuckey is also eligible to participate in the Company's employee benefit plans as in effect from time to time on the same basis as generally made available to other senior executives of the Company in addition to other benefits provided to executives of the Company. The Stuckey Employment Agreement contains standard termination, change of control, non-compete and confidentiality provisions. On August 21, 2022, 100,000 restricted shares of common stock previously granted to Mr. Stuckey became fully vested. On December 2, 2022, the Company granted 158,227 restricted shares of common stock to Mr. Stuckey under the AICP based on fiscal 2022 performance and an additional 12,025 shares were granted based on fiscal 2023 targets, as adjusted based on actual performance. The restricted shares are to be earned over a three-year period and cliff vest at the end of the third year from the date of grant.

On April 27, 2023, the Company entered into a new employment agreement with Mr. Stuckey with respect to Mr. Stuckey's continuing service (the "New Stuckey Employment Agreement"). The New Stuckey Employment Agreement provides for a five-year term ending on April 26, 2028, unless employment is earlier terminated in accordance with the provisions thereof and after the initial term has a standard one-year automatic extension clause if there is no notice by the Company or Mr. Stuckey of termination. The New Stuckey Employment Agreement provides for a starting base salary at the rate of \$331,000 per year which can be increased, but not decreased, by the Compensation Committee. The New Stuckey Employment Agreement provides that Mr. Stuckey is entitled to receive an annual cash bonus based on criteria to be agreed to by Mr. Stuckey and the Compensation Committee and is eligible to participate in Company equity-based incentive compensation and benefit plans and to receive certain other perquisites. The New Stuckey Employment Agreement contains standard termination, severance, change of control, non-compete, non-solicitation and confidentiality provisions.

Kim Thorpe, Senior Vice President and Chief Financial Officer: On June 15, 2018, the Company appointed Kim Thorpe as the Company's new Chief Financial Officer. On February 13, 2019, the Company and Mr. Thorpe entered into a written employment agreement with respect to Mr. Thorpe's service as Senior Vice President and Chief Financial Officer of the Company (the "Thorpe Employment Agreement"). The Company and Mr. Thorpe agreed to an initial term of five years and that Mr. Thorpe will receive a base salary of \$200,000 per year, subject to increase, but not decrease, at the discretion of the Chief Executive Officer. Mr. Thorpe's employment agreement was amended in fiscal 2020 to increase his base salary to \$250,000 per year, and again in fiscal 2021 to increase his base salary to \$270,000 per year, and to extend the term of the agreement so that it ends on September 30, 2024. Mr. Thorpe is entitled to receive an annual bonus based on criteria to be agreed to by Chief Executive Officer. Mr. Thorpe is also eligible to participate in the Company's employee benefit plans as in effect from time to time on the same basis as generally made available to other senior executives of the Company in addition to other benefits provided to executives of the Company. The Thorpe Employment Agreement contains standard termination, change of control, non-compete and confidentiality provisions. On August 21, 2022, 100,000 restricted shares of common stock previously granted to Mr. Thorpe became fully vested. On August 12, 2023, 300,000 restricted shares of common stock previously granted to Mr. Thorpe became fully vested. On December 2, 2022, the Company granted 170,886 restricted shares of common stock to Mr. Thorpe under the AICP based on fiscal 2022 performance and an additional 12,987 shares were granted based on fiscal 2023 targets, as adjusted based on actual performance. The restricted shares are to be earned over a three-year period and cliff vest at the end of the third year from the date of grant.

On April 27, 2023, the Company entered into a new employment agreement with Mr. Thorpe with respect to Mr. Thorpe's continuing service (the "New Thorpe Employment Agreement"). The New Thorpe Employment Agreement provides for a five-year term ending on April 26, 2028, unless employment is earlier terminated in accordance with the provisions thereof and after the initial term has a standard one-year automatic extension clause if there is no notice by the Company or Mr. Thorpe of termination. The New Thorpe Employment Agreement provides for a base salary at the rate of \$331,000 per year which can be increased, but not decreased, by the Compensation Committee. The New Thorpe Employment Agreement provides that Mr. Thorpe is entitled to receive an annual cash bonus based on criteria to be agreed to by Mr. Thorpe and the Compensation Committee and is eligible to participate in Company equity-based incentive compensation and benefit plans and to receive certain other perquisites. The New Thorpe Employment Agreement contains standard termination, severance, change of control, non-compete, non-solicitation and confidentiality provisions.

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On April 27, 2023, the Company entered into Indemnification Agreements with certain of its officers and members of the Board to provide for indemnification of each individual in their respective capacities as officers and members of the Board of the Company to the fullest extent permitted under the Company's Amended and Restated Articles of Incorporation, Amended and Restated Bylaws, and the Illinois Business Corporation Act.

Annual Incentive Compensation Program Adopted in Fiscal 2022

The Bonus Awards presented in the Summary Compensation Table for Messrs. Dewan, Stuckey and Thorpe for fiscal 2023 were accrued but unpaid as of September 30, 2023; but were subsequently paid on December 1, 2023 following determination of the final amounts and approval by the Company's Compensation Committee and Board of Directors.

During fiscal 2022, the Company engaged independent compensation consultants to perform a compensation study and analysis of the annual compensation of its executives. The study included comparisons of the amounts and components of the Company's executive pay to its top three executives with those of several comparable companies. The Company and its Compensation Committee received a report from the independent compensation consultant outlining its findings and recommendations. With the benefit of the independent consultant's reported findings and recommendations, the Company drafted a formal Annual Incentive Compensation Program ("AICP"), which was reviewed and approved by the Compensation Committee and the Company's board of directors.

The AICP includes a performance based short term incentive ("STI"), and a partially performance based long term incentive ("LTI") compensation component. The STI portion is payable in the form of annual cash bonuses and the LTI portion if payable in equity-based compensation in the form of restricted stock. Grants under the LTI component are to be granted under the Company's 2013 Incentive Stock Plan and are further comprised of two components; one that vests based on time passed alone, and a second that vest over time but also based on future performance.

The overall structure, design and other key components of the AICP were initially reviewed by the Compensation Committee during several meetings in 2022 and were presented to and approved by the Company's Board of Directors at its annual meeting held on August 26, 2022. Additional details regarding the AICP, including the pro forma results expected for fiscal year 2022, and projected targets for fiscal 2023, were reviewed and approved by the Compensation Committee and the Company's Board of Directors at a special teleconference meeting on September 22, 2022. The approvals were conditioned upon final determination of the Company's results for fiscal 2022, including actual AICP performance measures for fiscal 2022, and the approval of final financial plans for fiscal 2023, including performance targets for the fiscal 2023 AICP.

Option Awards

The option awards column represents the fair value of the stock options as measured on the grant date.

No stock options were awarded to the named executive officers during fiscal 2023. If and when stock options are granted, the Company's policy is that option prices must be set that are equal to the market price on the date of grant, that they have vesting dates five years or less after the date of grant, and that they have expiration dates ten years after the date of grant.

Outstanding Equity Awards at Fiscal Year-End

The following table summarizes equity awards granted to named executive officers and directors that were outstanding as of September 30, 2023:

Name	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options: # Exercisable	Number of Securities Underlying Unexercised Options: # Unexercisable	Option Exercise Price \$	Option Expiration Date	# of Shares or Units of Stock That Have Not Vested #	Market Value of Shares or Units of Stock That Have Not Vested \$
Derek Dewan, Chief Executive Officer	-	-	-	-	488,353	288,128
Alex Stuckey, Chief Operating Officer	-	-	-	-	353,585	208,615
Kim Thorpe, Senior Vice President and Chief Financial Officer	50,000	-	2.21	06/15/28	392,206	231,402

Retirement Benefits

The Company does not maintain a tax-qualified defined benefit retirement plan for any of its executive officers or employees. The Company has a 401(k)-retirement plan in which all full-time employees may participate after one year of service.

Pay Versus Performance

The following pay versus performance disclosure is new this year, as required by rules recently adopted by the SEC in the fall of 2022. The disclosure required for smaller reporting companies consists of a Pay Versus Performance table and reconciliation of the information reported in the table. The SEC believes this disclosure will help shareholders better evaluate the link between executive pay and performance, both for the Company on a stand-alone basis and as compared to other publicly traded companies.

The Pay Versus Performance table is highly regulated and requires pay disclosure that is significantly different than what we have customarily provided in the Summary Compensation Table and the other executive compensation tables in prior years. The table currently provides SEC mandated compensation data for fiscal years 2022 and 2023 for our Named Executive Officers (“NEOs”), including our principal Executive Officer (“PEO”), along with certain financial performance measures. In reviewing the table, our shareholders should note the following:

- o The amounts in columns (b) and (d) of the table are taken from or derived directly from the total compensation paid to the relevant NEOs as reported in this year’s or prior years’ Summary Compensation Tables;
- o The “compensation actually paid” in columns (c) and (e) represents a new type of compensation disclosure mandated by the SEC, the intent of which is to try and isolate the amount of compensation earned by the relevant NEO(s) in each year. To calculate “compensation actually paid,” we are required to start with the totals for that year as reported in the Summary Compensation Table, deduct the Summary Compensation Table values for stock and option awards, and then add back amounts for new and previously outstanding stock and option awards in a manner mandated by the SEC. The disclosure and calculations are complex and can be confusing, and the amounts determined in accordance with the rules often bear no relation to the money or the economic value received or monetized by a particular NEO in the given year. We therefore caution that the term “compensation actually paid” should not be read literally and does not actually reflect the “take home” amounts received by our NEOs in a given year; and
- o The SEC rules require that we include in the Pay Versus Performance table information regarding our U.S. GAAP net income results. U.S. GAAP net income was not a performance metric in any of our compensation programs and did not affect the compensation awarded to our NEOs for the years covered by the Pay Versus Performance Table. We are nonetheless required to include such information in the table and we urge our investors to keep in mind that U.S. GAAP net income did not drive the amount of pay awarded to or realized by our NEOs.

Pay Versus Performance Table

Name	(a)	(b)	(c)	(d)	(e)	(f)	(g)
	Fiscal Year	Summary Compensation Table Total for PEO	Compensation Actually Paid to PEO (1)	Average Summary Compensation Table Total for Non-PEO NEOs	Average Compensation Actually paid to Non-PEO NEOs (1)	Value of Initial Fixed \$100 Investment Based on Total Shareholder Return (2)	Net Income available to Maiden Common Shareholder (in thousands)
Derek Dewan Chief Executive Officer	2023	\$ 802,153	\$ 687,277	-	-	\$ 128	\$ 9,418
	2022	\$ 851,550	\$ 894,050	-	-	\$ 137	\$ 19,599
Alex Stuckey Chief Operating Officer	2023	-	-	\$ 530,777	\$ 448,534	\$ 128	\$ 9,418
	2022	-	-	\$ 519,988	\$ 571,155	\$ 137	\$ 19,599
Kim Thorpe Senior Vice President and Chief Financial Officer	2023	-	-	\$ 539,514	\$ 390,276	\$ 128	\$ 9,418
	2022	-	-	\$ 561,363	\$ 667,780	\$ 137	\$ 19,599

- (1) To calculate compensation actually paid, adjustments were made to the amounts reported in the Summary Compensation Table for the applicable year. A reconciliation of the adjustments for Messrs. Dewan, Stuckey and Thorpe is set forth in the table immediately following these footnotes.
- (2) Pursuant to rules of the SEC, the illustration assumes \$100 was invested on September 30, 2021 in our Common Stock. Historic common share price performance is not necessarily indicative of future common share price performance.

To calculate the amounts reported in the “Compensation Actually Paid” columns in the table above, the following amounts were deducted from and added to (as applicable) our NEOs total compensation as reported in the Summary Compensation Table (“SCT”) for our named executive officers as of September 30, 2023:

Name	Fiscal Year	(a) SCT Total	Less:	Plus:	Plus (less):				Compensation Actually Paid
			(b) SCT Share Awards	(c) Fair Value of Restricted Shares Units (“RSU”) Granted in the Covered Year	(d) Change in Fair Value of Unvested RSUs from Covered Years	(e) Fair Value of RSU Granted and Vested in the Covered Year	(f) Change in Fair Value of RSUs from Prior Years that Vested in the Covered Year	(g) Change in Fair Value of Unvested RSUs from the Prior Years	
Derek Dewan Chief Executive Officer	2023	\$ 802,153	\$ (188,299)	\$ 140,628	\$ (47,671)	-	-	\$ (19,534)	\$ 687,277
	2022	\$ 851,550	-	-	-	-	-	\$ 42,500	\$ 894,050
Alex Stuckey Chief Operating Officer	2023	\$ 530,777	\$ (134,499)	\$ 100,449	\$ (34,050)	-	-	\$ (14,143)	\$ 448,534
	2022	\$ 519,988	-	-	-	-	\$ 20,000	\$ 31,167	\$ 571,155
Kim Thorpe Senior Vice President and Chief Financial Officer	2023	\$ 539,514	\$ (145,260)	\$ 108,485	\$ (36,775)	-	\$ (60,000)	\$ (15,688)	\$ 390,276
	2022	\$ 561,363	-	-	-	-	\$ 20,000	\$ 86,417	\$ 667,780

- (a) Represents Total Compensation as reported in the Summary Compensation Table for the indicated fiscal year.
- (b) Represents the grant date fair value of the share awards during the indicated fiscal year, computed in accordance with the methodology used for financial reporting purposes. On December 2, 2022, the Company granted 238,353 restricted shares of common stock to Mr. Dewan. The restricted shares are to be earned over a three-year period and cliff vest at the end of the third year from the initial date of grant (December 2, 2025). On December 2, 2022, the Company granted 170,252 restricted shares of common stock to Mr. Stuckey. The restricted shares are to be earned over a three-year period and cliff vest at the end of the third year from the initial date of grant (December 2, 2025). On December 2, 2022, the Company granted 183,873 restricted shares of common stock to Mr. Thorpe. The restricted shares are to be earned over a three-year period and cliff vest at the end of the third year from the initial date of grant (December 2, 2025). No stock options were granted to the named PEO or NEOs in fiscal 2023 or 2022.
- (c) Represents the fair value as of the indicated fiscal year-end of the outstanding and unvested RSUs granted during such fiscal year, computed in accordance with the methodology used for financial reporting purposes.
- (d) Represents the change in fair value during the indicated fiscal year of each RSU that was granted in a prior fiscal year and that remained outstanding and unvested as of the last day of the indicated fiscal year, computed in accordance with the methodology used for financial reporting purposes.
- (e) Represents the fair value at vesting of the RSUs that were granted and vested during the indicated fiscal year, computed in accordance with the methodology used for financial reporting purposes. No RSUs were granted and vested to the PEO or NEOs during fiscal 2023 or 2022.
- (f) Represents the change in fair value, measured from the prior fiscal year-end to the vesting date, of each RSU that was granted in a prior fiscal year and which vested during the indicated fiscal year, computed in accordance with the methodology used for financial reporting purposes. On August 12, 2023, 300,000 restricted shares of common stock previously granted to Mr. Thorpe became fully vested. On August 21, 2022, 100,000 restricted shares of common stock previously granted to Mr. Thorpe became fully vested. On August 21, 2022, 100,000 restricted shares of common stock previously granted to Mr. Stuckey became fully vested.
- (g) Represents the average amount of change in fair value as of the end of the applicable year (from the end of the prior fiscal year) of equity awards granted in prior years that were unvested as of year-end of the applicable year.

DIRECTOR COMPENSATION**Compensation of Directors**

Beginning October 1, 2022, non-executive members of the Board of Directors are paid cash compensation each quarter in the amount of \$12,500 for their attendance/participation. Also, non-executive Committee Chairpersons receive an additional \$1,875 per quarter for their services as committee chairs. In addition, non-executive members of the Board of Directors are to be granted 50,000 non-qualified stock options each annually, which shall be considered fully vested at the time of grant and have their respective strike prices set at the closing price of the Company's common shares as reported by the NYSE American on the date of grant. Employees serving as directors of the Company did not receive any additional compensation for service on the Board of Directors.

The following table sets forth information concerning the compensation paid to each of the non-employee directors during fiscal 2023:

<u>Name</u>	<u>Fees Earned or Paid in Cash (\$)</u>	<u>Stock Option Awards (\$)</u>	<u>Restricted Stock Awards (\$)</u>	<u>Total (\$)</u>
Peter Tanous	57,500	55,600	-	113,100
Darla Moore	57,500	55,600	-	113,100
William Isaac	57,500	55,600	-	113,100
Carl Camden (1)	50,000	31,850	-	81,850
Jyrl James (2)	-	-	29,500	29,500
Matthew Gormly	50,000	55,600	-	105,600
Thomas Vetrano	57,500	55,600	-	113,100
J. Randall Waterfield (2)	-	-	29,500	29,500
David Sandberg (2)	-	-	29,500	29,500

(1) Mr. Camden served as a member of the Board from March 30, 2020, until his resignation on August 11, 2023.

(2) Ms. James, Mr. Waterfield and Mr. Sandberg have served as members of the Board since August 11, 2023.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information concerning the beneficial ownership of our voting securities as of December 15, 2023 by (i) each person who is known by us, based solely on a review of public filings, to be the beneficial owner of more than 5% of any class of our outstanding voting securities, (ii) each director, (iii) each executive officer named in the Summary Compensation Table and (iv) all executive officers and directors as a group.

Under applicable SEC rules, a person is deemed to be the “beneficial owner” of a voting security if such person has (or shares) either investment power or voting power over such security or has (or shares) the right to acquire such security within 60 days by any of a number of means, including upon the exercise of options or warrants, the vesting and issuance of restricted stock grants, or the conversion of convertible securities. A beneficial owner’s percentage ownership is determined by assuming that options, warrants, restricted stock and convertible securities that are held by the beneficial owner, but not those held by any other person, and which are exercisable, issuable or convertible within 60 days, have been exercised, issued or converted.

Unless otherwise indicated, we believe that all persons named in the table below have sole voting and investment power with respect to all voting securities shown as being owned by them. Unless otherwise indicated, the address of each beneficial owner in the table below is care of GEE Group Inc., 7751 Belfort Parkway, Suite 150, Jacksonville, Florida 32256.

Name and Address of Beneficial Owner, Directors and Executive Officers	Amount and Nature of Beneficial Ownership	Percent of Class (1)
Derek Dewan	2,091,017(2)	1.92%
Darla Moore	591,420(3)	*
Peter Tanous	572,320(4)	*
William Isaac	571,487(5)	*
Alex Stuckey	1,666,624(6)	1.53%
Kim Thorpe	642,657(7)	*
Carl Camden	50,000(8)	*
Matthew Gormly	350,000(9)	*
Thomas Vetrano	193,000(10)	*
Jyrl James	-(11)	*
J. Randall Waterfield	-(12)	*
David Sandberg	9,952,675(13)	9.12%
Current directors and executive officers as a group (11 individuals)	16,681,200	15.29%
5% or Greater Holders:		
Red Oak Partners, LLC	9,952,675(13)	9.12%
Raffle Associates, L.P.	9,303,017(14)	8.53%
Goldenwise Capital Group Ltd.	5,602,562(15)	5.14%

*Represents less than 1%.

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- (1) Based on 109,092,402 Common Stock shares outstanding as of December 15, 2023.
- (2) Mr. Dewan's beneficial ownership represents (i) 2,052,381 shares of common stock, 218,650 of which are part of the Derek E. Dewan Living Trust II dated the 27th of July 2010, of which Ms. Brittany M. Dewan is the trustee. Ms. Dewan has the sole voting and dispositive power over these shares of common stock. Mr. Dewan's beneficial ownership also includes (ii) 38,636 shares issuable upon the exercise of warrants that are exercisable within 60 days. It does not include 250,000 shares of restricted common stock that cliff vest on August 12, 2024, and 238,353 shares of restricted stock that were granted on December 2, 2022 comprised of; 221,518 shares that vest on the third anniversary date of the date of grant, and 16,835 shares that also vest on the third anniversary of the date of grant, but for which the final amounts granted were subject to the achievement of performance based measures. Also does not include 105,221 shares of restricted stock granted December 1, 2023 that vest on the second anniversary of the date of grant, but for which the amounts that would otherwise vest are also subject to the achievement of performance based measures.
- (3) Ms. Moore's beneficial ownership includes (i) 416,420 common shares owned by the Darla Moore Trust, and (ii) 175,000 shares issuable upon the exercise of stock options that are exercisable within 60 days.
- (4) Mr. Tanous's beneficial ownership represents (i) 247,320 shares of Common Stock owned by Mr. Tanous, and (ii) 325,000 shares issuable upon the exercise of stock options that are exercisable within 60 days.
- (5) Mr. Isaac's beneficial ownership represents (i) 243,987 shares of Common Stock owned by Mr. Isaac, and (ii) 327,500 shares issuable upon the exercise of stock options that are exercisable within 60 days.
- (6) Mr. Stuckey's beneficial ownership represents (i) 1,627,988 shares of common stock owned by Mr. Stuckey, and (ii) 38,636 shares issuable upon the exercise of warrants that are exercisable within 60 days. Does not include 183,333 shares of restricted common stock that cliff vest on and August 12, 2024. Also does not include 170,252 shares of restricted stock that were granted on December 2, 2022 comprised of; 158,227 shares that vest on the third anniversary date of the date of grant, and 12,025 shares that also vest on the third anniversary of the date of grant, but for which the final amounts granted were subject to the achievement of performance based measures. Also does not include 75,158 shares of restricted stock granted December 1, 2023 that vest on the second anniversary of the date of grant, but for which the amounts that would otherwise vest are also subject to the achievement of performance based measures.

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- (7) Mr. Thorpe's beneficial ownership represents (i) 592,657 common shares owned by Mr. Thorpe, including 109,324 common shares held by FRUS Capital, LLC, (ii) 50,000 shares of common stock issuable under vested stock options. Does not include 208,333 shares of restricted common stock that cliff vest on August 12, 2024. Also does not include 183,873 shares of restricted stock that were granted on December 2, 2022 comprised of; 170,886 shares that vest on the third anniversary date of the date of grant, and 12,987 shares that also vest on the third anniversary of the date of grant, but for which the final amounts granted were subject to the achievement of performance based measures. Also does not include 81,171 shares of restricted stock granted December 1, 2023 that vest on the second anniversary of the date of grant, but for which the amounts that would otherwise vest are also subject to the achievement of performance based measures.
- (8) Mr. Camden's beneficial ownership represents (i) 50,000 common shares owned by Mr. Camden. Mr. Camden resigned as a member of the Board on August 11, 2023.
- (9) Mr. Gormly's beneficial ownership represents (i) 225,000 shares of common stock owned by Mr. Gormly, and (ii) 125,000 shares issuable upon the exercise of options that are exercisable within 60 days.
- (10) Mr. Vetrano's beneficial ownership represents (i) 68,000 shares of common stock owned by Mr. Vetrano, and (ii) 125,000 shares issuable upon the exercise of options that are exercisable within 60 days.
- (11) Ms. James was appointed as a member of the Board on August 11, 2023. Ms. James's beneficial ownership does not include 50,000 shares of restricted stock that cliff vest on September 19, 2026.
- (12) Mr. Waterfield was appointed as a member of the Board on August 11, 2023. Mr. Waterfield's beneficial ownership does not include 50,000 shares of restricted stock that cliff vest on September 19, 2026.
- (13) Mr. Sandberg was appointed as a member of the Board on August 11, 2023. Red Oak Partners' beneficial ownership information is based on a Form 13D/A dated August 9, 2023, filed by The Red Oak Fund, LP, a Delaware limited partnership, The Red Oak Long Fund, LP, a Delaware limited partnership, Red Oak Partners, LLC, a Florida limited liability company, David Sandberg, as the controlling member of Red Oak Partners, and Anthony Y. Snow filed a Schedule 13D/A with the SEC on August 15, 2023. David Sandberg, the controlling member of Red Oak Partners, manages each of Red Oak Fund and Red Oak Long Fund. Mr. Snow serves as the President and Co-Portfolio Manager of Red Oak Partners. Red Oak Partners has disclosed that it beneficially owns 9,952,675 shares of Common Stock. The Funds are disclosed as each being controlled by Red Oak Partners and, as such, Red Oak Partners may be deemed to beneficially own (i) the 6,057,244 shares of Common Stock held by the Red Oak Fund, and (ii) the 3,895,431 shares of Common Stock held by the Red Oak Long Fund. Mr. Sandberg, as the managing member of Red Oak Partners may be deemed to beneficially own the 9,952,675 shares of Common Stock beneficially owned by Red Oak Partners through the Funds. Red Oak Fund may be deemed to beneficially own 6,057,244 shares of Common Stock. Red Oak Long Fund may be deemed to beneficially own 3,895,431 shares of Common Stock. This does not include 50,000 shares of restricted stock granted to Mr. Sandberg as a director that cliff vest on September 19, 2026. The principal office or business address of the Funds, Red Oak Partners and Mr. Sandberg is 40 SE 5th Street, Suite 502, Boca Raton, FL 33432.
- (14) Ownership information is based on a Form 13F dated September 30, 2023 and filed by Raffles Associates LP with the Securities and Exchange Commission on November 15, 2023. The address of principal business office of Raffles Associates LP is 5 Penn Plaza, 19th Floor, New York NY 10001.
- (15) Ownership information is based on a Form 13D/A dated November 16, 2023 and filed by Goldenwise Capital Group Ltd. with the Securities and Exchange Commission on November 22, 2023. The address of principal business office of Goldenwise Capital Group Ltd. is 3 Garden Road, Champion Tower, Room 4463, Central, Hong Kong.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

Director Independence

The Board has determined, with the assistance of the Nominating and Corporate Governance Committees, that each of its current directors, other than Mr. Dewan, is an “independent director” under the New York Stock Exchange (“NYSE”) American Listed Company Manual. The Board has affirmatively determined that William Isaac, Darla Moore, Jyrl James, Matthew Gormly, Thomas Vetrano, Peter Tanous, J. Randall Waterfield and David Sandberg satisfy the independence standards under the NYSE American Listed Company Manual. Thomas Vetrano serves as the Company’s Lead Independent Director.

The Board has determined that each current member of the Audit Committee meets the additional independence criteria required for audit committee membership under the listing standards of the NYSE American and Rule 10A-3 of the Exchange Act and possesses the experience and expertise required to be considered a “financial expert” as defined under the Sarbanes-Oxley Act. In addition to the independence standards provided in the NYSE American Listed Company Manual, the Board has determined that each director who serves on our Audit Committee satisfies standards established by the SEC providing that, in order to qualify as “independent” for the purposes of membership on that committee, members of audit committees may not (i) accept directly or indirectly any consulting, advisory or other compensatory fee from the Company other than their director compensation or (ii) be an affiliated person of the Company or any of its subsidiaries. The Board has also determined that each member of the Compensation Committee satisfies the NYSE American standards for independence of Compensation Committee members.

Related Party Transactions

Other than as disclosed below, and except for the New Dewan, Stuckey and Thorpe Employment Agreements, each as defined and described in “Executive Compensation”, the Cooperation Agreement with Red Oak and the Waterfield Agreement, each as defined and described in “Agreements with Respect to Director Nominations”, there have been no transactions since October 1, 2021 or any currently proposed transaction or series of similar transactions to which the Company was or is to be a party, in which the amount involved exceeds \$120,000 and in which any current or former director or officer of the Company, any 5% or greater stockholder of the Company or any member of the immediate family of any such persons had or will have a direct or indirect material interest.

Item 14. Principal Accountant Fees and Services.

The Independent Registered Public Accounting Firm is FORVIS, LLP (“FORVIS”) (PCAOB Firm ID No. 686) located in Tampa, Florida. As previously disclosed in the Company’s Current Report on Form 8-K filed on April 15, 2022, the Audit Committee of the Company’s Board of Directors dismissed Friedman, LLP (“Friedman”) on April 12, 2022 and engaged FORVIS (formerly known as Dixon Hughes Goodman LLP) to serve as the Company’s independent registered public accounting firm and to audit the Company’s consolidated financial statements for the fiscal years ended September 30, 2023 and 2022. Friedman was the predecessor to FORVIS, having served as the Company’s independent registered public accounting firm since November 29, 2012 through the fiscal year ended September 30, 2021, and first fiscal quarter of the fiscal year ended September 30, 2022.

The following table presents fees billed by FORVIS for the following professional services rendered for the Company for the fiscal years ended September 30, 2023 and 2022, respectively:

	Fiscal 2023	Fiscal 2022 (1)
Audit fees	\$ 245,000	\$ 192,000
Audit-related fees	34,000	32,000

- (1) Values presented for fiscal 2022 include only fees billed by FORVIS. Friedman performed services for the company during the first fiscal quarter ended December 31, 2022, re-issued their opinion on the fiscal 2021 consolidated financials, and provided their consent on this fiscal 2022 annual filing. Fees incurred in relation to those services totaled \$52,000 in fiscal 2022.

“Audit fees” relate to services for the audit of the Company’s consolidated financial statements for the fiscal year and for reviews of the interim consolidated financial statements as well as providing consents for the inclusion of FORVIS’ reports in SEC registration statements and filings.

“Audit-related fees” relate to services that are reasonably related to the audit of the Company’s consolidated financial statements and are not included in “audit fees.” These services include audits of the Company’s 401(k) retirement plan and a special audit of revenue pertaining to one of the Company’s client engagements which include FORVIS’ reports.

The Audit Committee’s policy is to pre-approve all audit and non-audit services provided by the independent registered public accounting firm, and to not engage them to perform the specific non-audit services proscribed by law or regulation for independence reasons. At or just prior to the beginning of each fiscal year, the Audit Committee meets with the independent registered public accounting firm and approves the fees and services to be performed for the ensuing year. On at least an annual basis, the Audit Committee reviews fees billed for all services provided for the year to date, and it pre-approves additional services if necessary. The Audit Committee’s pre-approval policies allow management to engage the independent registered public accounting firm for consultations on tax or accounting matters up to an aggregate of \$10,000 annually. All fees listed in the table above were approved in accordance with the Audit Committee’s policies.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

Exhibits

The following exhibits are filed as part of this report:

No.	Description of Exhibit
3.1	Articles of Incorporation and amendments thereto. Incorporated by reference to Exhibit 3 to the Company's Quarterly Report on Form 10-QSB for the quarter ended March 31, 1996, Commission File No. 1-05707.
3.2	Amended and Restated Articles of Incorporation. Incorporated by reference to Exhibit 3(i) to the Company's Form 8-K filed with the Commission on December 6, 2013.
3.3	Certificate of designation of series a convertible preferred stock of GEE Group Inc. Incorporated by reference to Exhibit 3.04 to the Company's Annual Report on Form 10-K filed with the SEC on December 22, 2014.
3.4	Articles of Amendment to the Amended and Restated Articles of Incorporation of the Company Reflecting the Reverse Stock Split. Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the Commission on October 9, 2015
3.5	Articles of Amendment to the Amended and Restated Articles of Incorporation of the Company Reflecting the Capital Increase. Incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed with the Commission on October 9, 2015
3.6	Articles of Amendment to the Amended and Restated Articles of Incorporation of the Company. Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the Commission on July 14, 2016
3.7	Statement of Resolution Establishing Series of Series B Convertible Preferred Stock. Incorporated by reference to Exhibit 3.1 to the Company's Form 8-K filed with the Commission on April 6, 2017.
3.8	Statement of Resolution Establishing Series of Series C 8% Cumulative Convertible Preferred Stock. Incorporated by reference to Exhibit 3.1 to the Company's Form 8-K filed with the Commission on May 21, 2019.
3.9	Amended and Restated By-Laws. Incorporated by reference to Exhibit 3.01 to the Company's Form 10-O filed with the Commission on May 15, 2023.
4.1	Description of Capital Stock dated December 15, 2023.
10.1	GEE Group Inc. 2013 Incentive Stock Plan, effective July 23, 2013. Incorporated by reference as Exhibit A to the Company's Proxy Statement dated August 21, 2013, Commission File No. 001-05707.*
10.2	GEE Group Inc. Amendment to the 2013 Incentive Stock Plan, effective August 16, 2017. Incorporated by reference as Annex E to the Company's Proxy Statement dated July 17, 2017, Commission File No. 001-05707.*
10.3	GEE Group Inc. Amendment to the 2013 Incentive Stock Plan, effective September 24, 2020. Incorporated by reference as Annex A to the Company's Proxy Statement dated August 12, 2020, Commission File No. 001-05707.*
10.4	Loan and Security and Guarantee Agreement, dated as of May 14, 2021, among GEE Group Inc., certain Subsidiaries of GEE Group as Borrowers, the Guarantors, the financial institutions party to the agreement from time to time as Lenders, and CIT BANK, N.A., as agent. Incorporated by reference to Exhibit 10.3 to Form 10-Q filed with the Commission on May 17, 2021.
10.5	Pledge Agreement, dated as of May 14, 2021 by and among the Pledgors signatory to the agreement and CIT BANK, N.A., as agent for the Lenders. Incorporated by reference to Exhibit 10.4 to Form 10-Q filed with the Commission on May 17, 2021.
10.6	GEE Group Inc. Amendment to the 2013 Incentive Stock Plan, effective September 28, 2021. Incorporated by reference as Annex A to the Company's Proxy Statement dated August 20, 2021, Commission File No. 001-05707.*

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10.7	Form of non-qualified stock option agreement under the GEE Group Inc. Amended and Restated 2013 Incentive Stock Plan. Incorporated by reference to Exhibit 10.01 to the Company's Form 10-Q filed with the Commission on February 14, 2023.
10.8	Form of executive restricted stock agreement under the GEE Group Inc. Amended and Restated 2013 Incentive Stock Plan. Incorporated by reference to Exhibit 10.02 to the Company's Form 10-Q filed with the Commission on February 14, 2023.
10.9	Form of performance-based restricted stock agreement for Executive Officers under the GEE Group Inc. Amended and Restated 2013 Incentive Stock Plan. Incorporated by reference to Exhibit 10.03 to the Company's Form 10-Q filed with the Commission on February 14, 2023.
10.10	Employment Agreement, dated April 27, 2023, between the Company and Derek Dewan Incorporated by reference to Exhibit 10.01 to the Company's Form 10-Q filed with the Commission on May 15, 2023.
10.11	Employment Agreement, dated April 27, 2023, between the Company and Kim Thorpe Incorporated by reference to Exhibit 10.02 to the Company's Form 10-Q filed with the Commission on May 15, 2023.
10.12	Employment Agreement, dated April 27, 2023, between the Company and Alex Stuckey. Incorporated by reference to Exhibit 10.03 to the Company's Form 10-Q filed with the Commission on May 15, 2023.
10.13	Form of Indemnity Agreement with directors and officers, adopted April 27, 2023. Incorporated by reference to Exhibit 10.04 to the Company's Form 10-Q filed with the Commission on May 15, 2023.
10.14	Consent and Amendment No. 1 to the Loan and Security and Guarantee Agreement, dated as of May 18, 2023, by and among the Company, certain Subsidiaries of the Company as Borrowers, the Guarantors, the financial institutions party to the agreement from time to time as Lenders, and CIT BANK, a division of First-Citizen Bank & Trust Company (successor by merger to CIT Bank, N.A.), as Agent. Incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed with the Commission on May 25, 2023.
10.15	Letter Agreement dated August 3, 2023 between the Company and J. Randall Waterfield. Incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed with the Commission on August 14, 2023.
10.16	Cooperation Agreement dated August 9, 2023 by and between the Company and Red Oak Partners LLC. Incorporated by reference to Exhibit 10.2 to the Company's Form 8-K filed with the Commission on August 14, 2023.
10.17	Amendment No. 2 to the Loan and Security and Guarantee Agreement, dated as of December 15, 2023, by and among the Company, certain Subsidiaries of the Company as Borrowers, the Guarantors, the financial institutions party to the agreement from time to time as Lenders, and CIT BANK, a division of First-Citizen Bank & Trust Company (successor by merger to CIT Bank, N.A.), as Agent.
21.1	List of Subsidiaries of the Registrant. Incorporated by reference to Exhibit 21.1 to the Company's Annual Report on Form 10-K filed with the SEC on December 27, 2018.
23.1	Consent of Independent Registered Public Accounting Firm for the year ended September 30, 2023.
31.1	Certification of the principal executive officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.
31.2	Certification of the principal financial officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.
32.1	Certifications of the principal executive officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act and Section 1350 of Chapter 63 of Title 18 of the United States Code.
32.2	Certifications for the principal financial officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act and Section 1350 of Chapter 63 of Title 18 of the United States Code.
97.1	GEE Group Inc. Clawback Policy Adopted on November 30, 2023.
101.INS	Inline XBRL Instant Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document

* Management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Exchange Act, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

GEE GROUP INC.
(Registrant)

Pursuant to the requirements of the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Date: December 18, 2023	By: <u>/s/ Derek Dewan</u> Derek Dewan Chief Executive Officer, Chairman of the Board (Principal Executive Officer)
Date: December 18, 2023	By: <u>/s/ Kim Thorpe</u> Kim Thorpe Senior Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)
Date: December 18, 2023	By: <u>/s/ William M. Isaac</u> William M. Isaac, Director
Date: December 18, 2023	By: <u>/s/ Thomas Vetrano</u> Thomas Vetrano, Director
Date: December 18, 2023	By: <u>/s/ Peter J. Tanous</u> Peter J. Tanous, Director
Date: December 18, 2023	By: <u>/s/ Darla D. Moore</u> Darla D. Moore, Director
Date: December 18, 2023	By: <u>/s/ Matthew E. Gormly</u> Matthew E. Gormly, Director
Date: December 18, 2023	By: <u>/s/ Jyrl James</u> Jyrl James, Director
Date: December 18, 2023	By: <u>/s/ David Sandberg</u> David Sandberg, Director
Date: December 18, 2023	By: <u>/s/ J. Randall Waterfield</u> J. Randall Waterfield, Director

DESCRIPTION OF CAPITAL STOCK

The following summary of the terms of our common stock does not purport to be complete and is subject to and qualified in its entirety by reference to our Amended and Restated Articles of Incorporation, as amended, and Amended and Restated Bylaws, as amended (“Bylaws”), copies of which are on file with the SEC as exhibits to reports that were previously filed with the SEC and are incorporated by reference herein.

General

Our authorized capital stock consists of 200,000,000 shares of common stock, no par value, and 20,000,000 shares of preferred stock, no par value. As of December 15, 2023, we had 114,900,455 and 109,092,402 shares of common stock issued and outstanding, respectively, and 3,933,500 shares of common stock issuable upon the exercise of stock options and warrants outstanding at a weighted average exercise price of \$1.18 per share, 1,645,694 shares of restricted stock units issuable upon vesting, and an aggregate of 7,520,806 additional shares of common stock, including 3,954,306 shares available for restricted stock grants and 3,566,500 shares available for stock option grants, reserved for issuance under our 2013 Amended and Restated Incentive Stock Plan. As of December 15, 2023, there were no shares of preferred stock outstanding.

The following summary of the rights of our common stock is not complete and is qualified in its entirety by reference to our Amended and Restated Articles of Incorporation, as amended, and Bylaws, copies of which are filed as exhibits to this Form 10-K

Voting Rights

Holders of our common stock are entitled to one vote for each share held of record on all matters to be voted on by the shareholders. Holders of our common stock are not entitled to cumulate their votes.

Dividends and Liquidation

Subject to limitations under applicable law and preferences that may apply to any outstanding shares of our preferred stock, holders of the common stock are entitled to receive dividends when, as and if declared by the Board out of funds legally available therefor. In the event of the Company’s liquidation, dissolution or winding up, the holders of common stock are entitled to share ratably in all assets remaining available for distribution to them after payment of liabilities and after provision has been made for any preferred stock having preference over the common stock. Holders of shares of common stock, as such, have no conversion, preemptive or other subscription rights, and there are no redemption provisions applicable to the common stock.

Rights and Preferences

The common stock has no preemptive, conversion or other rights to subscribe for additional securities. There are no redemption or sinking fund provisions applicable to our common stock. The rights, preferences and privileges of holders of common stock are subject to, and may be adversely affected by, the rights of the holders of shares of any series of preferred stock that we may designate and issue in the future.

Fully Paid and Nonassessable

All outstanding shares of our common stock are fully paid and nonassessable.

Amended and Restated of Incorporation and Bylaws Provisions

See “Certain Provisions of Illinois Law and of the Company’s Amended and Restated of Incorporation, as amended, and Bylaws” for a description of provisions of our Amended and Restated Articles of Incorporation, as amended, and Bylaws which may have the effect of delaying changes in our control or management.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is Continental Stock Transfer and Trust. Its address is 1 State Street, New York, NY 10004, Telephone No. 212-509-4000.

Certain Provisions of Illinois Law and our Amended and Restated Articles of Incorporation, as Amended, and our Bylaws

Illinois Takeover Statute

We are subject to Section 11.75 of the IBCA, an anti-takeover statute. In general, Section 11.75 of the IBCA prohibits a publicly held Illinois corporation from engaging in a “business combination” with an “interested shareholder” for a period of three years following the time the person became an interested shareholder, unless the business combination or the acquisition of shares that resulted in a shareholder becoming an interested shareholder is approved in a prescribed manner. Generally, a “business combination” includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested shareholder. Generally, an “interested shareholder” is a person who, together with affiliates and associates, owns (or within three years prior to the determination of interested shareholder status did own) 15% or more of a corporation’s voting stock. The existence of this provision would be expected to have an anti-takeover effect with respect to transactions not approved in advance by our board of directors, including discouraging attempts that might result in a premium over the market price for our stock.

The IBCA also permits the board of directors to consider the interests of constituencies of the corporation in addition to shareholders, including employees, suppliers, customers and the community, in response to unsolicited offers.

Amended and Restated Articles of Incorporation, as amended, and Bylaws Provisions

Provisions of our Amended and Restated Articles of Incorporation, as amended, and Bylaws may have the effect of making it more difficult for a third party to acquire, or discourage a third party from attempting to acquire, control of our company by means of a tender offer, a proxy contest or otherwise. These provisions may also make the removal of incumbent officers and directors more difficult. These provisions are intended to discourage certain types of coercive takeover practices and inadequate takeover bids and to encourage persons seeking to acquire control of our company to first negotiate with us. These provisions could also limit the price that investors might be willing to pay in the future for shares of our common stock. These provisions may make it more difficult for shareholders to take specific corporate actions and could have the effect of delaying or preventing a change in our control. In particular, our Amended and Restated Articles of Incorporation, as amended, and our Amended and Restated Bylaws provide for the following:

Special Meetings of Shareholders. Special meetings of our shareholders may be called only by the chairman of the board of directors, our president, a majority of the members of the board of directors, or by one or more shareholders holding shares in the aggregate entitled to cast not less than 20% of the votes at the special meeting.

Issuance of Undesignated Preferred Stock. Our board of directors is authorized to issue, without further action by the shareholders, up to 20,000,000 shares of undesignated preferred stock with rights and preferences, including voting rights, designated from time to time by the board of directors. We currently have (i) 160,000 shares designated as Series A Convertible Preferred Stock, (ii) 5,950,000 shares of preferred stock designated as Series B Convertible Preferred Stock and (iii) 3,000,000 shares of preferred stock designated as Series C 8% Cumulative Convertible Preferred Stock. As of the date of this prospectus, we did not have any shares of preferred stock outstanding. The existence of authorized but unissued shares of preferred stock enables our board of directors to render more difficult or to discourage an attempt to obtain control of us by means of a merger, tender offer, proxy contest or otherwise.

Staggered Board of Directors. Our Amended and Restated By-Laws provides for a staggered board of directors. Our board of directors is divided into three classes, each of which shall serve for a term of three years, with only one class of directors being elected in each year. As a result, successors to the directors whose terms have expired will be elected to serve from the time of election and qualification until the third annual meeting following their election.

Advance Notice Provision for Shareholders Proposals. Our Amended and Restated By-Laws require advance notice of shareholder proposals for business to be conducted at meetings of our shareholders and for nominations of candidates for election to our board of directors.

AMENDMENT NO. 2

TO

LOAN, SECURITY AND GUARANTEE AGREEMENT

This AMENDMENT NO. 2 TO LOAN, SECURITY AND GUARANTEE AGREEMENT, dated as of December 15, 2023 (this "Amendment"), by and among GEE GROUP INC., an Illinois corporation ("GEE Group"), the Subsidiaries of GEE Group listed on the signatures pages to the Loan Agreement (as defined below) as Borrowers or otherwise joined as a Borrower thereunder from time to time (each, a "Borrower", and collectively, "Borrowers"), the other Persons from time to time party to the Loan Agreement (as defined below) as Guarantors, the Lenders signatory hereto, and CIT BANK, a division of FIRST-CITIZENS BANK & TRUST COMPANY (successor by merger to CIT Bank, N.A.) ("CIT"), as agent for the Lenders (in such capacity, "Agent").

WITNESSETH:

WHEREAS, the Borrowers, the Guarantors, Agents and the Lenders have entered into that certain Loan, Security and Guarantee Agreement, dated as of May 14, 2021 (as amended, restated, supplemented or otherwise modified from time to time, the "Loan Agreement"; all capitalized terms not otherwise defined in this Amendment shall have the meanings ascribed to them in the Loan Agreement); and

WHEREAS, Borrowers and Guarantors have requested that Agent and Lenders make certain amendments to the Loan Agreement, and Agent and Lenders are willing to do so on the terms and conditions hereafter set forth.

NOW, THEREFORE, in consideration of the promises and the agreements hereinafter contained, the parties hereto agree as follows:

1. Amendment to Loan Agreement. Effective as of the Amendment No. 2 Effective Date (as defined below), and subject to the terms and conditions set forth herein, the Loan Agreement shall be amended as follows:

(a) Section 1.1 of the Loan Agreement shall be amended by inserting the following new definition thereto in its appropriate alphabetical order as follows:

Top Account Debtor: the Account Debtor with the highest gross amount of Accounts owing to Borrowers (based on the most recently delivered Borrowing Base Report) so long as such Account Debtor is acceptable to Agent in its sole discretion.

Top Three Account Debtors: the three (3) Account Debtors with the highest gross amounts of Accounts owing to Borrowers (based on the most recently delivered Borrowing Base Report) so long as each such Account Debtor is acceptable to Agent in its sole discretion.

(b) Section 1.1 of the Loan Agreement shall be further amended by amending and stating clause (c) of the definition of “Eligible Accounts” set forth therein as follows:

“(c) (i) with respect to any Account owing by the Top Account Debtor, when aggregated with other Accounts owing by the Top Account Debtor, it exceeds 25% of the aggregate Eligible Accounts, (ii) with respect to any Account owing by a Top Three Account Debtor, when aggregated with other Accounts owing by the Top Three Account Debtors, it exceeds 50% of the aggregate Eligible Accounts and (iii) with respect to any other Account, when aggregated with other Accounts owing by the Account Debtor (other than the Top Account Debtor), it exceeds 15% of the aggregate Eligible Accounts (or such higher percentage as Agent may establish for the Account Debtor from time to time);”

2. References to Amended Loan Agreement. This Amendment is an amendment to the Loan Agreement. Unless the context of this Amendment otherwise requires, the Loan Agreement and this Amendment shall be read together and shall have the effect as if the provisions of the Loan Agreement and this Amendment were contained in one agreement. This Amendment shall be a Loan Document for all purposes under the Loan Agreement.

3. Full Force and Effect. As expressly modified by this Amendment, all of the terms and conditions of the Loan Agreement and the other Loan Documents shall continue in full force and effect, and all parties hereto shall be entitled to the benefits thereof, as applicable. This Amendment is limited as written and shall not be deemed (a) to be an amendment of or a consent under or waiver of any other term or condition of any of the Loan Documents or (b) to prejudice any right or rights which the Lenders now have or may have in the future under or in connection with the Loan Agreement or the other Loan Documents.

4. Consent and Reaffirmation of Guarantors. Each Guarantor, by its signature below, hereby (a) acknowledges and agrees to the terms and conditions set forth in this Amendment, (b) agrees that nothing in this Amendment in any way impairs or lessens its liabilities under the Loan Documents to which it is a party or by which it is bound, and (c) reaffirms all of its obligations and liabilities under all such Loan Documents.

5. Reaffirmation of Collateral. Each Obligor confirms the continued validity and effectiveness of the Security Documents and of all grants of liens, security and other interests in the Collateral made in connection with the closing under the Loan Agreement.

6. Conditions. This Amendment shall become effective as of the first date written hereof (such date being referred to as the “Amendment No. 2 Effective Date”) when each of the following conditions shall have been satisfied:

(a) receipt by the Agent of an executed counterpart of this Agreement which has been executed by each Lender, each Borrower, each Guarantor and the Agent; and

(b) such other documents and instruments as the Agent or any Lender may reasonably request.

7. Representations and Warranties of the Obligors. In order to induce the Lenders to enter into this Amendment, each Obligor makes the following representations and warranties, which representations and warranties shall survive the execution and delivery hereof:

(a) Each of the Loan Agreement and the other Loan Documents are in full force and effect;

(b) Each of the Loan Agreement, the other Loan Documents and this Amendment have been duly authorized, executed and delivered by the parties thereto and constitute legal, valid and binding obligations of each Obligor, enforceable against such Obligor in accordance with their respective terms, except as enforceability may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally;

(c) No Obligor has any offset, defense or counterclaim with respect to any of their obligations under the respective Loan Documents, as amended hereby (any such offset, defense or counterclaim as may now exist being hereby irrevocably waived by each Obligor);

(d) After giving effect to this Amendment, no Default nor Event of Default has occurred and is continuing;

(e) All of the representations and warranties of each Obligor in the Loan Documents are true and correct in all material respects (except (i) to the extent such representation and warranty is by its terms subject to materiality, in which case, such representation or warranty shall be true and correct in all respects and (ii) for representations and warranties that relate solely to an earlier date);

(f) Neither the execution and delivery of this Amendment by each Obligor, nor consummation by such Obligor of the transactions contemplated herein, nor compliance by such Obligor with the terms, conditions and provisions hereof (or of the Loan Agreement or the other Loan Documents as amended hereby) will conflict with or result in a breach of any of the terms, conditions or provisions, as applicable, of (i) any Obligor's Organic Documents, (ii) any agreement or instrument to which any Obligor is a party or by which the property of any Obligor is or may be bound, (iii) any judgment or order, writ, injunction or decree of any court, or (iv) any Applicable Law; and

(g) No action of, or filing with, any governmental or public body or authority, or any other Person, is required to authorize, or is otherwise required in connection with the execution, delivery and performance of this Amendment by each Obligor.

8. Governing Law. This Amendment, and any claim, controversy, dispute or cause of action (whether in contract, tort or otherwise) based upon, arising out of relating to this Amendment and the transactions contemplated hereby shall be governed by and construed in accordance with, federal law and the laws of the State of New York (without regard to the conflicts of law principles thereof that would call for the application of the laws of another jurisdiction).

9. Release

(a) Each Obligor signatory hereto hereby releases and forever discharges Agent and Lenders and their respective parents, subsidiaries and affiliates, past or present, and each of them, as well as their respective directors, officers, agents, servants, employees, shareholders, representatives, attorneys, administrators, executors, heirs, assigns, predecessors and successors in interest, and all other persons, firms or corporations with whom any of the former have been, are now, or may hereafter be affiliated, and each of them (collectively, the "Releasees"), from and against any and all claims, demands, liens, actions, suits, causes of action in law or equity, obligations, controversies, debts, costs, expenses, damages, judgments, orders and liabilities of whatever kind or nature in law, equity or otherwise, whether known or unknown, fixed or contingent, suspected or unsuspected by such Obligor, and whether concealed or hidden (collectively, "Claims"), which such Obligor now owns or holds or has at any time heretofore owned or held, which are based upon or arise out of or in connection with any matter, cause or thing existing at any time prior to the date hereof or anything done, omitted or suffered to be done or omitted at any time prior to the date hereof in connection with the Loan Agreement or the other Loan Documents (collectively the "Released Matters").

(b) Each Obligor represents, warrants and agrees, that in executing and entering into this release, it is not relying and has not relied upon any representation, promise or statement made by anyone which is not recited, contained or embodied in this Amendment, the Loan Agreement or the other Loan Documents. Each Obligor has reviewed this release with such Obligor's legal counsel, and understands and acknowledges the significance and consequence of this release. Each Obligor understands and expressly assumes the risk that any fact not recited, contained or embodied therein may turn out hereafter to be other than, different from, or contrary to the facts now known to such Obligor or believed by such Obligor to be true. Nevertheless, each Obligor intends by this release to release fully, finally and forever all Released Matters and agrees that this release shall be effective in all respects notwithstanding any such difference in facts, and shall not be subject to termination, modification or rescission by reason of any such difference in facts.

(c) Each Obligor, on behalf of itself and its successors, assigns, and other legal representatives, hereby absolutely, unconditionally and irrevocably, covenants and agrees with each Releasee that it will not sue (at law, in equity, in any regulatory proceeding or otherwise) any Releasee on the basis of any Claims released, remised and discharged by such Obligor pursuant to this Section 9. If any Obligor violates the foregoing covenant, such Obligor agrees to pay, in addition to such other damages as any Releasee may sustain as a result of such violation, all attorneys' fees and costs incurred by any Releasee as a result of such violation.

10. Counterparts. This Amendment may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original, and all which when taken together shall constitute a single agreement. Any signature delivered by a party by facsimile transmission or electronically (via "PDF" or similar format) shall be deemed to be an original signature hereto.

[Signatures appear on the following pages.]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the day and year first above written.

BORROWERS

GEE GROUP INC.

By: _____
Name: Kim Thorpe
Title: Chief Financial Officer, Senior Vice
President and Secretary

ACCESS DATA CONSULTING CORPORATION
SCRIBE SOLUTIONS, INC.
AGILE RESOURCES, INC.
TRIAD PERSONNEL SERVICES, INC.
SNI COMPANIES
BMCH, INC.

By: _____
Name: Kim Thorpe
Title: Chief Financial Officer, Vice
President, Treasurer and Secretary

PALADIN CONSULTING, INC.

By: _____
Name: Kim Thorpe
Title: Treasurer and Assistant Secretary

[Signature Page to Amendment No. 2 to Loan, Security and Guarantee Agreement]

GUARANTORS:

GEE GROUP PORTFOLIO INC.

By: _____
Name: Kim Thorpe
Title: Chief Financial Officer, Vice
President, Treasurer and Secretary

TRIAD LOGISTICS, INC.

By: _____
Name: Kim Thorpe
Title: Treasurer and Assistant Secretary

[Signature Page to Amendment No. 2 to Loan, Security and Guarantee Agreement]

FIRST-CITIZENS BANK & TRUST COMPANY, as Agent
and a Lender

By: _____
Name:
Title:

[Signature Page to Amendment No. 2 to Loan, Security and Guarantee Agreement]

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statements on Form S-3 (Nos. 333-204080 and 333-240280) and Form S-8 (Nos. 333-166173, 333-25129, 333-207179, and 333-266064) of GEE Group Inc. (formerly General Employment Enterprises, Inc.) (the "Company") of our report dated December 18, 2023, with respect to the consolidated financial statements of the Company, included in this Annual Report on Form 10-K for the year ended September 30, 2023.

/s/ FORVIS, LLP

Tampa, Florida
December 18, 2023

CERTIFICATION

I, Derek Dewan, certify that:

1. I have reviewed this Form 10-K annual report for the fiscal year ended September 30, 2023 of GEE Group Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 18, 2023

/s/ Derek Dewan
Derek Dewan
Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION

I, Kim Thorpe, certify that:

1. I have reviewed this Form 10-K annual report for the fiscal year ended September 30, 2023 of GEE Group Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 18, 2023

/s/ Kim Thorpe
Kim Thorpe
Senior Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

**CERTIFICATIONS PURSUANT TO SECTION 1350
OF CHAPTER 63 OF TITLE 18 OF THE UNITED STATES CODE**

In connection with the Annual Report of GEE Group Inc. (the “Company”) on Form 10-K for the fiscal year ended September 30, 2023 filed with the Securities and Exchange Commission (the “Report”), the undersigned hereby certifies, in his capacity as an officer of the Company, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of the operations of the Company.

Date: December 18, 2023

By: /s/ Derek Dewan
Derek Dewan
Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATIONS PURSUANT TO SECTION 1350
OF CHAPTER 63 OF TITLE 18 OF THE UNITED STATES CODE**

In connection with the Annual Report of GEE Group Inc. (the “Company”) on Form 10-K for the fiscal year ended September 30, 2023 filed with the Securities and Exchange Commission (the “Report”), the undersigned hereby certifies, in his capacity as an officer of the Company, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of the operations of the Company.

Date: December 18, 2023

By: /s/ Kim Thorpe
Kim Thorpe
Senior Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

GEE GROUP INC.

Clawback Policy

This Clawback Policy (this “**Policy**”) has been adopted by the Board of Directors (the “**Board**”) of GEE Group Inc., an Illinois corporation (the “**Company**”) in light of the effective date of October 2, 2023 (the “**Effective Date**”) of the listing requirements adopted by the NYSE American (“**NYSE**”) in the form of Section 811 *Erroneously Awarded Compensation* (“**Section 811**”) that implements the incentive-based compensation recovery requirements set forth in Section 10D of the Securities Exchange Act of 1934 (the “**Exchange Act**”), as added by Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. This Policy shall be filed as an exhibit to the Company’s Annual Report on Form 10-K pursuant to Item 601(b)(97) of Regulation S-K.

I. Recovery of Erroneously Awarded Incentive-Based Compensation. In the event that following the Effective Date the Company is required to prepare an accounting restatement that (i) corrects errors that are material to previously issued financial statements or (ii) corrects errors that are not material to previously issued financial statements but would result in a material misstatement if the error were recorded in the current period or left uncorrected in the current period (either such event, a “**Triggering Event**”), the Company will use reasonable efforts to recover, subject to the terms of this Policy, from any current or former Executive Officer of the Company who was paid or granted Incentive-Based Compensation on or after the Effective Date, all Erroneously Awarded Incentive-Based Compensation.

II. Exceptional Circumstances. Should the recovery of Erroneously Awarded Incentive-Based Compensation be impractical due to either (i) the direct expense paid to a third party to assist in enforcing the policy exceeding the amount to be recovered or (ii) such recovery causing a broad-based retirement plan to fail to meet the tax-qualification requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a), then the Compensation Committee of the Board (or, in the absence of such a committee, the independent members of the Board) may determine not to pursue such recovery so long as the Company has made a reasonable attempt to effect such recovery and provided supporting documentation regarding such efforts to NYSE.

1. Definitions. For purposes of this Policy, the following terms have the meanings indicated, in addition to the other terms defined herein:

(a) “**Erroneously Awarded Incentive-Based Compensation**” means the amount of Incentive-Based Compensation paid or granted by the Company or any subsidiary of the Company to an Executive Officer on or after the Effective Date at a time when the Company was listed on NYSE or another national securities exchange in excess of what would have been paid or granted to that Executive Officer under the circumstances reflected by the accounting restatement, without regard to any taxes paid, in the reasonable judgement of the Board.

(b) “**Financial Reporting Measures**” means the measures that are determined and presented in accordance with the accounting principles used in the Company’s financial statements, and any measures that are derived wholly or in part from such measures, as well as the Company’s stock price and total shareholder return.

(c) “**Incentive-Based Compensation**” means, with respect to any Executive Officer, any compensation that is granted, earned or vested based wholly or in part upon the attainment of any financial reporting measure. For purposes of clarity, equity awards that vest exclusively upon completion of a specified employment period, without any performance condition, and bonus awards that are discretionary or based on subjective goals or goals unrelated to financial reporting measures, do not constitute Incentive-Based Compensation.

(d) “**Executive Officer**” means the Company’s president, principal financial officer, principal accounting officer (or if there no such accounting officer, the controller), any vice-president of the Company in charge of a principal business unit, division or function (such as sales, administration, or finance), any other officer who performs policy-making function, or any other person who performs similar policy-making functions for the Company. Executive officers of the Company’s parent or subsidiary entities are deemed Executive Officers of the Company if they perform such policy-making functions for the Company. Policy-making function is not intended to include policy-making functions that are not significant.

2. **Process.** Following the occurrence of a Triggering Event, the Board, after considering the recommendations of the Compensation Committee of the Board, will review each Executive Officer's Incentive-Based Compensation and take prompt and reasonable action in accordance with this Policy to seek recovery of all Erroneously Awarded Incentive-Based Compensation. There shall be no duplication of recovery under this Policy and any of 15 U.S.C. Section 7243 (Section 304 of the Sarbanes-Oxley Act of 2002) or Section 10D of the Exchange Act.

3. **Interpretation of this Policy; Determinations by the Board.** The Board may at any time in its sole discretion supplement or amend any provision of this Policy in any respect, repeal this Policy in whole or part or adopt a new policy relating to recovery of incentive-based compensation with such terms as the Board determines in its sole discretion to be appropriate. The Board has the exclusive power and authority to administer this Policy, including, without limitation, the right and power to interpret the provisions of this Policy and to make all determinations deemed necessary or advisable for the administration of this Policy, including, without limitation, any determination as to (a) whether a Triggering Event has occurred; and (b) what constitutes Erroneously Awarded Incentive-Based Compensation, which authority may be delegated to the Compensation Committee. All such actions, interpretations and determinations that are taken or made by the Board or the Compensation Committee in good faith will be final, conclusive and binding.

4. **Limitation on Period for Recovery.** The Board may seek recovery of any Erroneously Awarded Incentive-Based Compensation received in the three (3) completed fiscal years, and any transition period of less than nine months resulting from a change in the Company's fiscal year end during that period, preceding the earlier to occur of the (i) the date the Board, any committee thereof or an officer of the Company authorized to take such action, concludes, or reasonably should have concluded that the Company is required to prepare an accounting restatement, and (ii) the date a court, regulator or other legally authorized body directs the Company to prepare an accounting restatement due to the Company's material noncompliance with any financial reporting requirement under the U.S. federal securities laws. For purposes of determining when any such Erroneously Awarded Incentive-Based Compensation was received by any Executive Officer, Incentive-Based Compensation is deemed received in the fiscal period during which the Financial Reporting Measure specified in the Incentive-Based Compensation award is attained, even if the grant or payment of the Incentive-Based Compensation occurs after the end of that period. In the case of Incentive-Based Compensation related to stock price or total shareholder return, where the amount of Erroneously Awarded Incentive-Based Compensation is not subject to mathematical recalculation directly from the information in an accounting restatement: (i) the amount must be based on a reasonable estimate of the effect of the accounting restatement on the stock price or total shareholder return upon with the Incentive-Based Compensation was received, and (ii) the Company shall maintain documentation of that reasonable estimate and provide such to the NYSE.

5. **Other Recoupment Rights; No Indemnification.** The Board intends that this Policy will be applied to the fullest extent of the law. The Board may require that any employment agreement, equity award agreement, or similar agreement, as a condition to the grant of any benefit thereunder, require an Executive Officer to agree to abide by the terms of this Policy. Any right of recoupment under this Policy is in addition to, and not in lieu of, any other remedies or rights of recoupment that may be available to the Company pursuant to the terms of any similar policy in any employment agreement, equity award agreement, or similar agreement and any other legal remedies available to the Company. The Company shall not indemnify any Executive Officer against the loss of any Erroneously Awarded Incentive-Based Compensation.

6. **Effective Date.** This Policy shall be effective as of the date it is adopted by the Board and shall apply to Incentive-Based Compensation that is received (as determined pursuant to Section 811) on or after the Effective Date.