UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

☒ QUARTERLY REPORT UNDER SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2021

OR

☐ 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	**36-6097429**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

7751 Belfort Parkway, Suite 150, Jacksonville, FL 32256
(Address of principal executive offices)

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

(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
Common Stock, no par value	JOB	NYSE American

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.

Large accelerated filer	☐	Accelerated filer	☐
Non-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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes☐ No ☒

The number of shares outstanding of the registrant's common stock as of August 10, 2021 was114,100,455.

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CAUTIONARY STATEMENT REGARDING FORWARD LOOKING STATEMENTS

As a matter of policy, the Company does not provide forecasts of future financial performance. The statements made in this quarterly report on Form 10-Q which are not historical facts are 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. Such forward-looking statements often contain or are prefaced by words such as "believe", "will" and "expect." These statements are based on current expectations, estimates and projections about our business based, in part, on assumptions made by management. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. As a result of a number of factors, our actual results could differ materially from those set forth in the forward-looking statements. Certain factors that might cause the Company's actual results to differ materially from those in the forward-looking statements include, without limitation, the negative effects of the Coronavirus Pandemic ("COVID-19"), including uncertainties regarding economic recovery and changed socioeconomic norms, general business conditions, the demand for the Company's services, competitive market pressures, the ability of the Company to attract and retain qualified personnel for regular full-time placement and contract assignments, the possibility of incurring liability for the Company's business activities, including the activities of its contract employees and events affecting its contract employees on client premises, and the ability to attract and retain qualified corporate and branch management, as well as those risks discussed in the Company's Annual Report on Form 10-K for the year ended September 30, 2020, and in other documents which we file with the Securities and Exchange Commission. Any forward-looking statements speak only as of the date on which they are made, and the Company is under no obligation to (and expressly disclaims any such obligation to) and does not intend to update or alter its forward-looking statements whether as a result of new information, future events or otherwise.

PART I -FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS (unaudited)

GEE GROUP INC.
CONDENSED CONSOLIDATED BALANCE SHEETS (unaudited)
(In Thousands)

	June 30, 2021	September 30, 2020
ASSETS		
CURRENT ASSETS:		
Cash	$ 7,359	$ 14,074
Accounts receivable, less allowances ($310 and $2,072, respectively)	20,344	16,047
Prepaid expenses and other current assets	813	1,393
Total current assets	28,516	31,514
Property and equipment, net	777	906
Goodwill	63,443	63,443
Intangible assets, net	15,769	18,843
Right-of-use assets	3,609	4,623
Other long-term assets	1,144	684
TOTAL ASSETS	$ 113,258	$ 120,013
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 1,817	$ 2,051
Accrued compensation	5,337	5,506
Current Paycheck Protection Program Loans	10,966	2,243
Current operating lease liabilities	1,580	1,615
Other current liabilities	3,706	6,748
Total current liabilities	23,406	18,163
Deferred taxes	199	430
Paycheck Protection Program loans and accrued interest	6,953	17,779
Revolving credit facility	16	11,828
Term loan, net of discount	-	37,752
Noncurrent operating lease liabilities	2,867	3,927
Other long-term liabilities	2,176	2,756
Total long-term liabilities	12,211	74,472
Commitments and contingencies		
MEZZANINE EQUITY		
Preferred stock; no par value; authorized - 20,000 shares, designated 160 shares of Series A, 5,950 shares of Series B, 3,000 shares of Series C, none issued	-	-
Total mezzanine equity	-	-
SHAREHOLDERS' EQUITY		
Common stock, no-par value; authorized - 200,000 shares; issued and outstanding - 114,100 shares at June 30, 2021 and 17,667 at September 30, 2020	-	-
Additional paid in capital	111,281	58,031
Accumulated deficit	(33,640)	(30,653)
Total shareholders' equity	77,641	27,378
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 113,258	$ 120,013

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements.

GEE GROUP INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (unaudited)
(In Thousands)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2021	2020	2021	2020
NET REVENUES:				
Contract staffing services	$ 32,539	$ 23,493	$ 94,850	$ 86,835
Direct hire placement services	5,529	3,101	12,579	11,996
NET REVENUES	38,068	26,594	107,429	98,831
Cost of contract services	24,242	16,925	70,115	64,654
GROSS PROFIT	13,826	9,669	37,314	34,177
Selling, general and administrative expenses (including noncash stock-based compensation expense of $231 and $337, and $835 and $1,290 respectively)	11,113	10,208	29,779	34,299
Depreciation expense	78	33	228	181
Amortization of intangible assets	1,015	1,125	3,074	3,921
INCOME (LOSS) FROM OPERATIONS	1,620	(1,697)	4,233	(4,224)
Net (loss) gain on extinguishment of debt	(2,047)	12,316	(1,768)	12,316
Interest expense	(539)	(3,334)	(5,759)	(9,618)
(LOSS) INCOME BEFORE INCOME TAX PROVISION	(966)	7,285	(3,294)	(1,526)
Provision for income tax (benefit) expense	(29)	90	(307)	271
NET (LOSS) INCOME	(937)	7,195	(2,987)	(1,797)
Net gain on redeemed preferred stock	-	24,475	-	24,475
NET (LOSS) INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS	$ (937)	$ 31,670	$ (2,987)	$ 22,678
BASIC (LOSS) EARNINGS PER SHARE	$ (0.01)	$ 2.01	$ (0.07)	$ 1.58
DILUTED (LOSS) EARNINGS PER SHARE	$ (0.01)	$ 1.88	$ (0.07)	$ 1.48
WEIGHTED AVERAGE NUMBER OF SHARES:				
BASIC	92,354	15,792	42,563	14,368
DILUTED	92,354	16,805	42,563	15,373

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements.

GEE GROUP INC.
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (unaudited)
(In Thousands)

	Common Stock Shares	Additional Paid In Capital	Accumulated Deficit	Total Shareholders' Equity
Balance, September 30, 2020	17,667	$ 58,031	$ (30,653)	$ 27,378
Share-based compensation	-	311	-	311
Net loss	-	-	(315)	(315)
Balance, December 31, 2020	17,667	$ 58,342	$ (30,968)	$ 27,374
Share-based compensation	-	293	-	293
Net loss	-	-	(1,735)	(1,735)
Balance, March 31, 2021	17,667	$ 58,635	$ (32,703)	$ 25,932
Issuance of stock for restricted stock	600	-	-	-
Share-based compensation	-	231	-	231
Sale of common stock in public offering	95,833	52,415	-	52,415
Net loss	-	-	(937)	(937)
Balance, June 30, 2021	114,100	$ 111,281	$ (33,640)	$ 77,641

	Common Stock Shares	Additional Paid In Capital	Accumulated Deficit	Total Shareholders' Equity
Balance, September 30, 2019	12,538	$ 49,990	$ (40,781)	$ 9,209
Share-based compensation	-	597	-	597
Issuance of stock for interest	552	402	-	402
Net loss	-	-	(3,563)	(3,563)
Balance, December 31, 2019	13,090	$ 50,989	$ (44,344)	$ 6,645
Share-based compensation	-	356	-	356
Issuance of stock for restricted stock	500	-	-	-
Issuance of stock for interest	967	401	-	401
Net loss	-	-	(5,428)	(5,428)
Balance, March 31, 2020	14,557	$ 51,746	$ (49,772)	$ 1,974
Share-based compensation	23	337	-	337
Issuance of stock for interest	1,276	401	-	401
Issuance of stock for debt conversion	1,718	5,185	-	5,185
Issuance of stock for preferred stock conversion	93	93	-	93
Net income	-	-	7,195	7,195
Gain on redemption of preferred stock	-	-	24,475	24,475
Balance, June 30, 2020	17,667	$ 57,762	$ (18,102)	$ 39,660

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements.

GEE GROUP INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)
(In Thousands)

	Nine Months Ended June 30, 2021	Nine Months Ended June 30, 2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (2,987)	$ (1,797)
Adjustments to reconcile net loss to cash provided by (used in) operating activities:		
Loss (gain) on extinguishment of debt	1,768	(12,316)
Depreciation and amortization	3,302	4,102
Non-cash lease expense	1,013	1,302
Stock Compensation expense	835	1,290
Increase/(decrease) in allowance for doubtful accounts	(522)	1,633
Deferred income taxes	(231)	100
Amortization of debt discount	903	1,334
Interest expense paid with common and preferred stock	-	1,288
Paid in kind interest on term loan	1,210	701
Change in acquisition deposit for working capital guarantee	-	(780)
Changes in operating assets and liabilities:		
Accounts receivable	(3,775)	5,503
Accounts payable	(234)	(1,557)
Accrued compensation	(168)	1,139
Accrued Interest	487	-
Change in other assets, net of change in other liabilities	(3,877)	(1,697)
Cash (used in) provided by operating activities	(2,276)	245
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(68)	(105)
Net cash used in investing activities	(68)	(105)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment on term loan	(44,194)	(500)
Debt issue costs	(764)	-
Proceeds from the sale of common stock in public offering	52,415	-
Net payments on subordinated debt	-	(1,724)
Payment on preferred stock redemption	-	(2,931)
Net proceeds from CARES Act Paycheck Protection Program Loans	-	19,927
Net payments on revolving credit	(11,828)	(2,390)
Net cash provided by (used in) financing activities	(4,371)	12,382
Net change in cash	(6,715)	12,522
Cash at beginning of period	14,074	4,055
Cash at end of period	$ 7,359	$ 16,577
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for interest	$ 3,619	$ 7,375
Cash paid for taxes	$ 245	$ 29
Non-cash investing and financing activities		
Right-of-use assets	$ -	$ 5,981
Operating lease liability	$ -	$ 6,422
Acquisition of equipment with finance lease	$ 76	$ 37
Conversion of 8% subordinated notes to common stock by related parties	$ -	$ 1,000
Conversion of 10% subordinated notes to common stock	$ -	$ 4,185
Conversion of series C preferred stock to common by related parties	$ -	$ 93
Redemption of series B preferred stock	$ -	$ 24,441
Redemption of series C preferred stock	$ -	$ 34
Accrued fees on term loan	$ -	$ 4,978

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements.

GEE GROUP INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)
(Amounts in thousands except per share data, unless otherwise stated)

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 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 clients and provide temporary staffing services for our commercial clients.

2. Significant Accounting Policies and Estimates

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Article 8 of Regulation S-X. Accordingly, they do not include all of the information and notes required by accounting principles generally accepted in the United States of America for complete consolidated financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. Operating results for the nine-month period ended June 30, 2021 are not necessarily indicative of the results that may be expected for the year ending September 30, 2021. The unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended September 30, 2020 as filed on December 29, 2020.

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 current and former asset-based senior secured revolving credit facilities. 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 of taxes, payment of interest and principal under its debt agreements, and capital expenditures.

The Company experienced net losses for the first nine months of its current fiscal year, and for its most recent fiscal years ended September 30, 2020, and 2019, which also negatively impacted the Company's ability to generate liquidity. During much of this period, the Company significantly restructured its operations, made significant cost reductions, including closing and consolidating unprofitable locations and eliminating underperforming personnel, implemented strategic management changes, and intensified focus on stabilizing the business and restoring profitable growth.

In approximately mid-March 2020, the Company began to experience the severe negative effects of the economic disruptions resulting from COVID-19. These have included abrupt reductions in demand for the Company's primary sources of revenue, its temporary and direct hire placements, lost productivity due to business closings both by clients and at the Company's own operating locations, and the significant disruptive impacts to many other aspects of normal operations. These effects continue to be felt, with the most severe impacts being felt in the industrial segment and the finance, accounting and office clerical ("FAO") end markets within the professional segment.

Between April 29 and May 7, 2020, the Company was able to obtain CARES Act relief financing under the Paycheck Protection Program ("PPP Loans") for each of its operating subsidiaries, in the aggregate amount of $19,927. These funds were the only source of financing available to our companies and businesses and have been and continue to be absolutely critical to our ability to maintain operations, including the employment of our temporary and fulltime employees, in order to produce and meet our foreseeable liquidity requirements in the midst of this continuing worldwide Coronavirus Pandemic.

On April 19, 2021, the Company concluded its public offering of 83,333 shares of common stock at a public offering price of $0.60 per share. Gross proceeds of the offering totaled $50,000, which after deducting the underwriting discount, legal fees, and offering expenses, resulted in net proceeds of $45,478. On April 27, 2021, the underwriters of the Company's April 19, 2021 public offering exercised, in full, their 15% over–allotment option to purchase an additional 12,500 common shares (the "option shares") of the Company at the public offering price of $0.60 per share. The Company closed the transaction on April 28, 2021 and received net proceeds from the sale of the option shares of approximately $6,937, after deducting the applicable underwriting discount. ThinkEquity, a division of Fordham Financial Management, Inc., acted as sole book-running manager for the offering.

On April 20, 2021, as the result of the completion of the public offering, the Company repaid $56,022 in aggregate outstanding indebtedness under its former Revolving Credit, Term Loan and Security Agreement, dated as of March 31, 2017, including accrued interest, using the net proceeds of its recent underwritten public offering and available cash. The repaid debt was originally obtained from investors led by MGG Investment Group LP ("MGG") on April 21, 2017, and had a maturity date of June 30, 2023. The MGG debt was comprised of a revolving credit facility with a principal balance on the date of repayment of approximately $11,828, which was subject to an annual interest rate comprised of the greater of the London Interbank Offering Rate ("LIBOR") or 1%, plus a 10% margin (approximately 11% per annum), and a term loan with a principal balance on the date of repayment of approximately $43,735, which was subject to an annual interest rate of the greater of LIBOR or 1% plus a 10% margin. The term loan also had an annual payment-in-kind ("PIK") interest rate of 5% in addition to its cash interest rate, which was being added to the term loan principal balance (cash and PIK interest rate combined of approximately 16% per annum). Accrued interest of approximately $459 was paid in connection with the principal repayments.

As of June 30, 2021, the Company had cash of $7,359, which was a decrease of $6,715 from $14,074 at September 30, 2020. Working capital at June 30, 2021, was approximately $5,110, as compared to working capital of approximately $13,351 for September 30, 2020.

Management believes that the Company can generate adequate liquidity to meet its obligations for the foreseeable future and for at least the next twelve months assuming the negative economic effects of COVID-19 do not worsen, and that economic recovery continues.

Paycheck Protection Program Loan

Between April 29 and May 7, 2020, the Company and eight of its operating subsidiaries obtained loans in the aggregate amount of $19,927 from BBVA USA ("BBVA"), as lender, pursuant to the Payroll Protection Plan (the "PPP"), which was established under the Coronavirus Aid, Relief, and Economic Security Act ("the CARES Act") and administered by the U.S. Small Business Administration ("SBA"). These funds were the only source of financing available to our companies and businesses and have been and continue to be critical to our ability to maintain operations, including the employment of our temporary and full-time employees, in order to provide our services and meet our foreseeable liquidity requirements in the midst of this continuing worldwide Coronavirus Pandemic. The Company accounted for the PPP loans as a debt (See Note 8) in accordance with Accounting Standards Codification ("ASC") Topic 470 Debt. Accordingly, the PPP loans are recognized as current and noncurrent debt in the Company's accompanying unaudited condensed consolidated financial statements.

The Company and its operating subsidiaries have submitted applications for forgiveness of their respective outstanding PPP loans. During three-month period ended June 30, 2021, the Company's subsidiaries, Triad Personnel Services, Inc., Triad Logistics, Inc., and Access Data Consulting Corporation were each notified by the SBA that their total outstanding PPP Loans and accrued interest were forgiven in the amounts of $408, $79, and $1,470, respectively. The SBA previously notified Scribe Solutions, Inc. during the three-month period ended March 31, 2021, that its PPP loan and accrued interest in the amount of $279 was fully forgiven.

Management believes that the Company and its subsidiaries whose loans have not yet been forgiven also qualify and are eligible for forgiveness based on existing available guidance; however, there can be no assurance that these remaining outstanding PPP loans and accrued interest will ultimately achieve forgiveness in whole or in part. Accordingly, the Company and its operating subsidiaries with outstanding PPP loans and accrued interest that have not been forgiven continue to account for them as outstanding debt in the accompanying unaudited condensed consolidated financial statements. (See Note 16. Subsequent Event).

The Company, under the CARES Act, also was eligible to defer paying $3,692 of applicable payroll taxes as of June 30, 2021, which is included in long and short-term liabilities in the accompanying unaudited condensed consolidated financial statements. The deferred deposits of the employer's share of Social Security tax must be paid to be considered timely (and avoid a failure to deposit penalty) by December 31, 2021, fifty (50) percent of the eligible deferred amount, and the remaining amount by December 31, 2022.

Principles of Consolidation

The unaudited condensed 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 financial statements in conformity with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Article 8 of Regulation S-X 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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.

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 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 (as opposed to client 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.

Falloffs and refunds during the period are reflected in the unaudited condensed consolidated statements of operations as a reduction of placement service revenues and were approximately $271 and $1,044, and $338 and $1,130 for the three and nine-month periods ended June 30, 2021, and 2020, respectively. Expected future falloffs and refunds are reflected in the unaudited condensed consolidated balance sheet as a reduction of accounts receivable as described under Accounts Receivable, below.

See Note 15 for disaggregated revenues by segment.

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.

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 June 30, 2021 and September 30, 2020, there were no cash equivalents. The Company maintains deposits in financial institutions and, at times, balances may exceed federally insured limits. We have never experienced any losses related to these balances.

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 placement falloffs is recorded as a reduction of revenues for estimated losses due to applicants not remaining employed during the Company's guarantee period. 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. These allowances taken together reflect management's estimate of the potential losses inherent in the accounts receivable balances based on historical loss statistics and known factors impacting our clients. Management believes that the nature of the contract services 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 June 30, 2021, and September 30, 2020, the allowance for doubtful accounts was $310 and $2,072, respectively. The Company charges off uncollectible accounts once the invoices are deemed unlikely to be collectible. The allowance also includes permanent placement falloffs of $131 and $287 as of June 30, 2021 and September 30, 2020, 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. 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 the nine-month periods ended June 30, 2021 and 2020.

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 unaudited condensed consolidated balance sheet. The Company evaluates and classifies leases as operating or finance leases for financial reporting purposes. The classification evaluation begins 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 which 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 also 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 ASU 2017-04, Intangibles — Goodwill and Other (Topic 350), Simplifying the Test for Goodwill Impairment at least annually and 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. 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.

The Company allocates its goodwill among two reporting units, its Professional segment and its Industrial segment 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. In applying our methods, we also use averages or medians to select assumptions derived from comparable companies or market data, 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.

The Company considered and reviewed the recoverability of its goodwill during the nine-month period ended June 30, 2021 and 2020 and determined that no impairment charge was necessary. In reaching its conclusion, management determined that no triggering events or other circumstances have occurred or changed since the Company's most recent annual evaluation as of September 30, 2020, that indicate the carrying values of the Company's reporting segments are higher than their respective fair values. Management also considered the Company's market capitalization as recently reported on the NYSE American exchange and determined that when adjusted for the assumption of a reasonable control premium over exchange pricing, exceeded its consolidated net book value (consolidated stockholders' equity) as of June 30, 2021, and 2020.

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:

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 value of the Company’s current assets and current liabilities approximate their carrying values due to their short-term nature. The fair value disclosures of the Company’s long-term liabilities approximate their respective fair values based on current yield for debt instruments with similar terms. 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 principally Level 3 inputs.

Earnings and Loss per Share

Basic earnings and loss per share are computed by dividing net income or loss attributable to common stockholders by the weighted average common shares outstanding for the period. 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 and the conversion of notes payable and preferred stock to common stock. The dilutive effect of outstanding warrants and options is reflected in earnings per share by use of the treasury stock method. The dilutive effect of preferred stock is reflected in earnings per share by use of the if-converted method.

Common stock equivalents representing approximately3,110 and 2,882, and 1,761 and 9,675 shares are excluded from the Company’s loss per share calculations for the three and nine-month periods ended June 30, 2021, and 2020, respectively, because their effects are anti-dilutive. For the three and nine-month periods ended June 30, 2020, the weighted average dilutive incremental shares, or common stock equivalents, included in the calculations of dilutive shares were 1,013 and 1,005, 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. For the three and nine-month periods ended June 30, 2021, and 2020, advertising expense totaled $442 and $1,324, and $837 and $1,874respectively.

Intangible Assets

Separately identifiable intangible assets held in the form of customer lists, non-compete agreements, customer relationships, management agreements 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 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. The Company did not recognize and record any impairments of long-lived assets used in operations during the nine-month periods ended June 30, 2021, and 2020.

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Stock-Based Compensation

The Company accounts for stock-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 financial statements based on a determination of the fair value of the stock options. The grant date fair value is determined using the Black-Scholes-Merton ("Black-Scholes") pricing model. For all employee stock options, we recognize expense on an accelerated basis over the employee's requisite service period (generally the vesting period of the equity grant). The Company's option pricing model requires the input of highly subjective assumptions, including the expected stock price volatility, expected term, and forfeiture rate. Any changes in these highly subjective assumptions significantly impact our stock-based compensation expense.

Options awarded to purchase shares of common stock issued to non-employees in exchange for services are accounted for as variable awards in accordance with FASB ASC 718, "Compensation-Stock Compensation". Such options are valued using the Black-Scholes option pricing model.

See Note 11 for the assumptions used to calculate the fair value of stock-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

We account for income taxes under the asset and liability method, 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, we determine deferred tax assets and liabilities 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.

We recognize deferred tax assets to the extent that we believe that these assets are more likely than not to be realized. In making such a determination, we consider all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. If we determine that we would be able to realize our deferred tax assets in the future in excess of their net recorded amount, we would make an adjustment to the deferred tax asset valuation allowance, which would reduce the provision for income taxes.

We record 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, we recognize the largest amount of tax benefit that is more than fifty (50) percent likely to be realized upon ultimate settlement with the related tax authority.

We recognize interest and penalties related to unrecognized tax benefits on the income tax expense line in the accompanying unaudited condensed consolidated statement of operations. As of June 30, 2021 and September 30, 2020, no accrued interest or penalties are included on the related tax liability line in the consolidated balance sheet.

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Segment Data

The Company provides direct hire placement services and temporary professional contract staffing services in the fields of information technology, finance, accounting and office ("FA&O"), engineering, and medical within its Professional Services segment, and industrial contract services within its Industrial Services segment. The Company's revenues, cost of services and a substantial portion of its operating costs and expenses can be divided into these two reportable segments. Selling, general and administrative ("SG&A") expenses, including substantially all corporate expenses, are not entirely allocated among Industrial and Professional Staffing Services. Operating results are regularly reviewed by the chief operating decision makers at each segment who make decisions about resources to be allocated to the segment and to assess its performance. Other factors, including type of business, type of employee, length of employment and revenue recognition are considered in determining the Company's operating segments.

3. New Accounting Pronouncements

Recently Issued Accounting Pronouncements Not Yet Adopted

Current Expected Credit Losses Model. In June 2016, the FASB issued ASU 2016-13, Financial Instruments-Credit Losses ("ASC 326"), 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 interim and annual reporting periods beginning after December 15, 2022. The Company has not yet determined the impact of the new guidance 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:

	June 30, 2021	September 30, 2020
Computer software	$ 461	$ 1,535
Office equipment, furniture, fixtures and leasehold improvements	3,000	3,595
Total property and equipment, at cost	3,461	5,130
Accumulated depreciation and amortization	(2,684)	(4,224)
Property and equipment, net	$ 777	$ 906

Depreciation expense for three and nine-month periods ended June 30, 2021, and 2020 was $78 and $228, and $33 and $181 respectively.

5. 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 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 $551 and $1,674, and $575 and $1,844 for the three and nine-month periods ended June 30, 2021, and 2020, respectively.

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

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

		2021	2020
Cash paid for operating lease liabilities	$	1,425	1,431
Right-of-use assets obtained in exchange for new operating lease liabilities	$	-	471

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

	June 30, 2021
Weighted average remaining lease term for operating leases	2.3
Weighted average discount rate for operating leases	6.0%

The table below reconciles the undiscounted future minimum lease payments under non-cancelable lease agreements having initial terms in excess of one year to the total operating lease liabilities recognized on the unaudited condensed consolidated balance sheet as of June 30, 2021, including certain closed offices are as follows:

Remainder of Fiscal 2021	$	453
Fiscal 2022		1,735
Fiscal 2023		1,208
Fiscal 2024		918
Fiscal 2025		443
Thereafter		108
Less: Imputed interest		(418)
Present value of operating lease liabilities (a)	$	4,447

(a) Includes current portion of $1,580 for operating leases.

6. 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 June 30, 2021, and September 30, 2020, and estimated future amortization expense.

	June 30, 2021						September 30, 2020					
		Cost		Accumulated Amortization		Net Book Value		Cost		Accumulated Amortization		Net Book Value
Customer relationships	$	29,070	$	15,185	$	13,885	$	29,070	$	13,188	$	15,882
Trade names		8,329		6,445		1,884		8,329		5,379		2,950
Non-Compete agreements		4,331		4,331		-		4,331		4,320		11
Total	$	41,730	$	25,961	$	15,769	$	41,730	$	22,887	$	18,843

Estimated Amortization Expense		
Remaining Fiscal 2021	$	1,014
Fiscal 2022		3,469
Fiscal 2023		2,879
Fiscal 2024		2,879
Fiscal 2025		2,741
Thereafter		2,787
	$	15,769

The trade names are amortized on a straight – line basis over their respective estimated useful lives of between five and ten years. 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. Non-compete agreements are amortized based on a straight-line basis over the term of the respective non-compete agreements, which are typically five years in duration.

The amortization expense for intangible assets was $1,015 and $3,074, and $1,125 and $3,921 for three and nine-month periods ended June 30, 2021 and 2020, respectively.

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7. Revolving Credit Facility and Term Loan

Revolving Credit, Term Loan and Security Agreement

The Company and its subsidiaries, as borrowers, were parties to a Revolving Credit, Term Loan and Security Agreement (the "Credit Agreement") with certain investment funds managed by MGG Investment Group LP ("MGG"). The Revolving Credit Facility and Term Loan under the Credit Agreement, as amended, had maturity date on June 30, 2023. The principal and remaining unpaid accrued interest balances were fully repaid on April 20, 2021.

Term Loan

The Company had outstanding balances under its Term Loan, as follows:

	June 30, 2021	September 30, 2020
Term loan	$ -	$ 42,646
Unamortized debt discount	-	(4,894)
Term loan, net of discount	-	37,752
Short term portion of term loan, net of discounts	-	-
Long term portion of term loan, net of discounts	$ -	$ 37,752

On April 20, 2021, as the result of the completion of the public offering, the Company repaid $56,022 in aggregate outstanding indebtedness under its existing Revolving Credit, Term Loan and Security Agreement, dated as of March 31, 2017, including accrued interest, using the net proceeds of its recent underwritten public offering and available cash. The MGG debt was comprised of a revolving credit facility with a principal balance on the date of repayment of approximately $11,828, which was subject to an annual interest rate comprised of the greater of the London Interbank Offering Rate ("LIBOR") or 1%, plus a 10% margin (approximately 11% per annum), and a term loan with a principal balance on the date of repayment of approximately $43,735, which was subject to an annual interest rate of the greater of LIBOR or 1% plus a 10% margin. The term loan also had an annual payment-in-kind ("PIK") interest rate of 5% in addition to its cash interest rate, which was being added to the term loan principal balance (cash and PIK interest rate combined of approximately 16% per annum). Accrued interest of approximately $459, in the aggregate, was paid in connection with the principal repayments. The Company took one time charge of $4,004 which represents unamortized debt issue costs associated with its former senior debt.

Loan, Security and Guarantee Agreement

On May 14, 2021, 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. 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"). 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). Concurrent with the May 14, 2021 closing of the CIT Facility, the Company borrowed $5,326 and utilized these funds to pay all remaining unpaid Exit and Restructuring Fees due to its former senior lenders in the amount of $4,978, with the remainder going to direct fees and costs associated with the CIT Facility.

As of June 30, 2021, the Company had $16 in outstanding borrowings and $13,102 available for borrowing under the terms of the CIT Facility.

Under the CIT Facility, advances will be subject to a borrowing base formula that will be 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, will be based on either the Base Rate, as defined, plus the applicable margin; or the London Interbank Offering 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 for 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.

8. CARES Act Payroll Protection Program Loans

Between April 29 and May 7, 2020, the Company obtained for each of its operating subsidiaries a loan from BBVA USA ("BBVA") pursuant to the Payroll Protection Plan (the "PPP") which was established under the Coronavirus Aid, Relief, and Economic Security Act ("the CARES Act") and administered by the U.S. Small Business Administration ("SBA"). The PPP loans were necessary to support ongoing operations due to current economic hardship, uncertainty, and the significant negative effects on the business operations and activity levels of the applicants attributable to COVID-19 including the impact of lock-downs, quarantines and shut-downs. 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. Each of the Company's subsidiary executed a separate promissory note evidencing unsecured loans under the PPP. The following promissory notes were executed by the Company and its subsidiaries: GEE Group, Inc., for $1,992 (the "GEE Group Note"), Scribe Solutions, Inc. for $277 (the "Scribe Note"), Agile Resources, Inc. is for $1,206 (the "Agile Note"), Access Data Consulting Corporation for $1,456 (the "Access Note"), Paladin Consulting, Inc. for $1,925 (the "Paladin Note"), SNI Companies, Inc. for $10,000 (the "SNI Note"), Triad Personnel Services, Inc. for $404 (the "Triad Personnel Note"), Triad Logistics, Inc. for $78 (the "Triad Logistics Note"), and BMCH, Inc. for $2,589 (the "BMCH Note"). The GEE Group Note, the Scribe Note, the Agile Note, the Access Note, the Paladin Note, the SNI Note, the Triad Personnel Note, the Triad Logistics Note, and the BMCH Note are referred to together as the "PPP Notes" and each individually as a "PPP Note". The loans evidenced by the PPP Notes (the "PPP Loans") are being made through BBVA as the lender.

The Company and its operating subsidiaries submitted applications for forgiveness of their respective outstanding PPP loans as their lender, BBVA USA, that provided access through its electronic portal allowing the Company to submit its applications and related documentation. During nine-month period ended June 30, 2021, the Company's subsidiaries, Scribe Solutions, Inc., Triad Personnel Services, Inc., Triad Logistics, Inc., and Access Data Consulting Corporation were notified by the SBA that its total outstanding PPP Loans and accrued interest were forgiven in the amount of $279, $408, $79, and $1,470, respectively.

The Company and its operating subsidiaries have submitted applications for forgiveness of their respective outstanding PPP loans. During three-month period ended June 30, 2021, the Company's subsidiaries, Triad Personnel Services, Inc., Triad Logistics, Inc., and Access Data Consulting Corporation were each notified by the SBA that their total outstanding PPP Loans and accrued interest were forgiven in the amounts of $408, $79, and $1,470, respectively. The SBA previously notified Scribe Solutions, Inc. during the three-month period ended March 31, 2021, that its PPP loan and accrued interest in the amount of $279 was fully forgiven.

Management believes that the Company and its subsidiaries whose loans have not yet been forgiven also qualify and are eligible for forgiveness based on existing available guidance; however, there can be no assurance that these remaining outstanding PPP loans and accrued interest will ultimately achieve forgiveness in whole or in part. Accordingly, the Company and its operating subsidiaries with outstanding PPP loans and accrued interest that have not been forgiven continue to account for them as outstanding debt in the accompanying unaudited condensed consolidated financial statements. (See Note 16. Subsequent Event).

The PPP Loans have two-year terms and bear interest at a rate of1.00% per annum. Scheduled principal and accrued interest payments are due and payable in monthly instalments, resulting in aggregate principal payments per annum for the current and future fiscal years as follows: remaining fiscal 2021- $1,994, and fiscal 2022 – $15,925. Monthly principal and interest payments under the PPP Loans are to be deferred to either (1) the date that SBA remits the borrower's loan forgiveness amount to the lender, or (2) if the borrower does not apply for loan forgiveness, 10 months after the end of the borrower's loan forgiveness covered period. Therefore, the scheduled principal and accrued interest payments presented here may be expected to change. The PPP Loans may be prepaid at any time prior to maturity with no prepayment penalties.

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9. Accrued Compensation

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

10. Subordinated Debt – Convertible and Non-Convertible

The Company had outstanding balances under its Convertible and Non-Convertible Subordinated Debt agreements, as follows:

10% Convertible Subordinated Note

On June 30, 2020, the Company and Jax Legacy, the sole holder of the Company's 10% Note entered into a Note Conversion Agreement (the "Note Conversion Agreement") whereby Jax Legacy agreed to immediately convert the $4,185 aggregate principal amount of the 10% Note to 718 shares of Common Stock at the $5.83 per share conversion rate stated in the 10% Notes. The conversion of the 10% Note was executed on June 30, 2020, and the Company issued718 shares of Common Stock to Jax Legacy on that date.

Subordinated Promissory Note

On June 30, 2020, the Company and Enoch S. Timothy and Dorothy Timothy entered into a Note Settlement Agreement (the "Note Settlement Agreement"). Timothy agreed to accept an aggregate amount of $89 in cash consideration for the purchase by the Company of the $1,000 aggregate principal amount of the Subordinated Note dated January 20, 2017. The Subordinated Note was settled at a conversion rate of $5.83 per share (the agreed conversion price at which the Subordinated Note would be convertible to Common Stock) and purchased at $0.52 per share (the closing price on the NYSE American for the Common Stock on June 16, 2020). The Timothy note settlement amount was paid to Timothy on June 30, 2020.

9.5% Convertible Subordinated Notes Payable to SNI Sellers

On June 30, 2020, the holders of the9.5% Notes agreed to accept an aggregate amount of $1,115 in cash in consideration for the purchase by the Company of the entire $12,500 aggregate principal amount of the 9.5% Notes. The 9.5% Notes were settled at a conversion rate of $5.83 (the price at which the9.5% Notes were converted into shares of the Company's common stock) and purchased by the Company at $0.52 (the closing price on the NYSE American for the Common Stock on June 16, 2020). The payment was made to the note holders on June 30, 2020.

8% Convertible Subordinated Notes to Related Parties

Pursuant to the Repurchase Agreement, Mr. Ron Smith (SNI Sellers' representative and a former member of the Company's board of directors) agreed to accept an aggregate amount of $520 in cash (the "Smith Note Payment Amount") in consideration for the purchase by the Company of the $1,000 aggregate principal amount of 8% Notes (the "Smith Note Amount") held by him. The Smith Note Payment Amount was calculated based on the following formula: The Smith Note Amount, divided by $ 1.00 (the price at which the Smith Notes are convertible to Common Stock), times $0.52 (the closing price on the NYSE American for the Common Stock on June 16, 2020). The Smith Note Payment Amount was paid to Mr. Smith on June 30, 2020.

On June 30, 2020, the holders of the remaining $1,000 aggregate principal amount of the 8% Notes converted such 8% Notes to an aggregate of 1,000 shares of Series C 8% Cumulative Convertible Preferred Stock ("Series C Preferred Stock") which were immediately and simultaneously converted into 1,000 shares of Common Stock at the $1.00 per share conversion price stated in the 8% Notes and in the Series C Preferred Stock. These holders also converted an aggregate of 93 additional shares of Series C Preferred Stock issued or issuable to them into a total of 93 shares of Common Stock at the $1.00 per share conversion price stated in the Series C Preferred Stock.The issuance of the 1,093 shares of Common Stock to these former holders of 8% Notes and Series C Preferred Stock was completed on June 30, 2020. These shares, along with those of the SNI Sellers that previously held the 9.5% Notes, also were included in the registration statement on SEC Form S-3 filed by the Company on July 31, 2020.

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11. Equity

On April 19, 2021, the Company concluded its public offering of83,333 shares of common stock at a public offering price of $0.60 per share. Gross proceeds of the offering totaled $50,000, which after deducting the underwriting discount, legal fees, and offering expenses, resulted in net proceeds of $45,478. GEE has granted the underwriters a 45-day option to purchase up to an additional 12,500 shares of the Company's common stock to cover over-allotments, if any, at the public offering price, less the underwriting discount. ThinkEquity, a division of Fordham Financial Management, Inc., acted as sole book-running manager for the offering.

On April 27, 2021, the underwriters of the Company's April 19, 2021, public offering exercised in full their 15% over–allotment option to purchase an additional 12,500 common shares (the "option shares") of the Company at the public offering price of $0.60 per share. The Company closed the transaction on April 28, 2021 and received net proceeds from the sale of the option shares of approximately $6,937, after deducting the applicable underwriting discount.

On June 30, 2020, the Company issued 1,718 shares of common stock, in aggregate, for debt conversions of $1,000 aggregate principal amount of the 8% Notes, related shares of Series C Preferred Stock, and of $4,185 aggregate principal amount of the 10% Note. The Company also issued 93 shares of common stock for Series C Preferred Stock discussed above (Note 10).

Restricted Stock

The Company did not grant restricted stock during the nine-month periods ended June 30, 2021. The Company granted 150 restricted shares of common stock during nine-month period ended June 30, 2020. Stock-based compensation expense attributable to restricted stock was $138 and $475, and $130 and $1,015 during the three and nine-month periods ended June 30, 2021, and 2020, respectively. As of June 30, 2021, there was approximately $340 of unrecognized compensation expense related to restricted stock outstanding with vesting period 3 years. On June 15, 2021, 600 shares of restricted common stock held by the Company's Chief Executive Officer became fully vested.

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, 2020	1,450	1.32
Granted	-	-
Issued	-	-
Non-vested restricted stock outstanding as of December 31, 2020	1,450	1.32
Granted	-	-
Issued	-	-
Non-vested restricted stock outstanding as of March 31, 2021	1,450	1.32
Granted	-	-
Vested	(600)	2.21
Non-vested restricted stock outstanding as of June 30, 2021	850	0.70

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Warrants

No warrants were granted or exercised during the nine-month periods ended June 30, 2021, and 2020.

	Number of Shares	Weighted Average Exercise Price Per Share ($)	Weighted Average Remaining Contractual Life	Total Intrinsic Value of Warrants ($)
Warrants outstanding as of September 30, 2020	77	2.00	4.50	-
Granted	-	-	-	-
Expired	-	-	-	-
Warrants outstanding as of December 31, 2020	77	2.00	4.25	-
Granted	-	-	-	-
Expired	-	-	-	-
Warrants outstanding as of March 31, 2021	77	2.00	4.01	-
Granted	-	-	-	-
Expired	-	-	-	-
Warrants outstanding as of June 30, 2021	77	2.00	3.76	-
Warrants exercisable as of September 30, 2020	77	2.00	4.50	-
Warrants exercisable as of June 30, 2021	77	2.00	3.76	-

Stock Options

As of June 30, 2021, there were stock options outstanding under the Company's Amended and Restated 2013 Incentive Stock Plan. During fiscal 2020, 2013 Incentive Stock Plan was amended to increase available balance by 1,000 stock options. Compensation Committee of the Board of Directors authorized to grant either incentive or non-statutory stock options to employees. Vesting periods are established by the Compensation Committee at the time of grant. All stock options outstanding as of June 30, 2021 and September 30, 2020 were non-statutory 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.

Stock-based compensation expense attributable to stock options and warrants was $93 and $360, $207 and $274 for the three and nine-month periods ended June 30, 2021, and 2020, respectively. As of June 30, 2021, there was approximately $ 543 of unrecognized compensation expense related to unvested stock options outstanding, and the weighted average vesting period for those options was 3.61 years.

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A summary of stock option activity is as follows:

	Number of Shares	Weighted Average Exercise Price per share ($)	Weighted Average Remaining Contractual Life (Years)	Total Intrinsic Value of Options ($)
Options outstanding as of September 30, 2020	1,254	2.85	7.34	-
Granted	30	1.10	4.00	-
Forfeited	(20)	1.26	-	-
Options outstanding as of December 31, 2020	1,264	2.83	7.14	-
Granted	-			-
Forfeited	(46)	3.75	-	-
Options outstanding as of March 31, 2021	1,218	2.80	6.91	-
Granted	495	0.54	9.84	-
Forfeited	(32)	1.96	-	-
Options outstanding as of June 30, 2021	1,681	2.15	7.58	-
Exercisable as of September 30, 2020	749	3.43	6.78	-
Exercisable as of June 30, 2021	882	3.15	6.32	-

12. Mezzanine Equity

Series A Convertible Preferred Stock

On April 3, 2017, the Company filed a Statement of Resolution Establishing its Series A Preferred Stock with the State of Illinois ("the Resolution Establishing Series"). Pursuant to the Resolution Establishing Series, the Company designated 160 shares of its authorized preferred stock as Series A Preferred Stock. There are no shares issued and outstanding under this designation.

Series B Convertible Preferred Stock

On April 3, 2017, the Company issued an aggregate of approximately 5,900 shares of no-par value, Series B Convertible Preferred Stock to certain of the SNIH Stockholders as part of the SNIH acquisition. The no par value, Series B Convertible Preferred Stock had a liquidation preference equal to $4.86 per share and ranked 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.

On June 30, 2020, and pursuant to the Repurchase Agreement, the holders of the Series B Preferred Stock agreed to accept an aggregate amount of $2,894 in cash (the "Series B Preferred Stock Purchase Price") in consideration for the purchase by the Company of all 5,566then outstanding shares of Series B Preferred Stock (the "Series B Preferred Stock Amount") held by them. The Series B Preferred Stock Purchase Price was paid to the SNI Group Members on June 30, 2020. A net gain attributable to common stockholders of $24,475 was recognized on the redemption of Series B Preferred Stock and Smith Series C Preferred Stock, discussed below, for the three-month period ended June 30, 2020.

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Series C Convertible Preferred Stock

On May 17, 2019, the Company filed a Statement of Resolution Establishing its Series C Preferred Stock with the State of Illinois ("the Resolution Establishing Series"). Pursuant to the Resolution Establishing Series, the Company designated 3,000 shares of its authorized preferred stock as "Series C 8% Cumulative Convertible Preferred Stock", without par value. The Series C Preferred Stock had a Liquidation Value equal to $1.00 per share and ranked *pari passu* with the Company's Series B Convertible Preferred Stock ("Series B 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. Holders of shares of Series C Preferred Stock were entitled to receive an annual non-cash ("PIK") dividend of 8% of the Liquidation Value per share. Such dividends were payable quarterly in the form of additional shares of Series C Preferred Stock. Each share of Series C Preferred Stock was convertible at the option of the holder thereof into one share of Common Stock at an initial conversion price equal to $1.00 per share, each as subject to adjustment in the event of stock splits, stock combinations, capital reorganizations, reclassifications, consolidations, mergers or sales, as set forth in the Resolution Establishing Series. Except as set forth in the Resolution Establishing Series or as may be required by Illinois law, the holders of the Series C Preferred Stock had no voting rights.

The Company issued approximately 21 shares and 104 shares of Series C Preferred Stock to Investors related to interest of $21 and $104 on the 8% Notes during three and nine-month periods ending June 30, 2020, respectively.

Pursuant to the Repurchase Agreement, Mr. Smith also agreed to accept an aggregate amount equal to $37 in cash (the "Smith Series C Preferred Stock Purchase Price") in consideration for the purchase by the Company of the 72 shares of Series C Preferred Stock (the "Series C Preferred Stock Amount") held by him. The Smith Preferred Stock Purchase Price was calculated based on the following formula: the Smith Series C Preferred Stock Amount, divided by $1.00, times $0.52 (the closing price on the NYSE American for the Common Stock on June 16, 2020). The Smith Series C Preferred Stock Purchase Price was paid to Mr. Smith on June 30, 2020.

The remaining holders of Series C Preferred Stock converted an aggregate of 93 shares of Series C Preferred Stock into a total of 93 shares of Common Stock at the $1.00 per share conversion price stated in the Series C Preferred Stock. The conversion was completed on June 30, 2020.

13. Income Tax

The following table presents the provision for income taxes and our effective tax rate for the three and nine-month periods ended June 30, 2021, and 2020:

	Three Months Ended, June 30,		Nine Months Ended, June 30,	
	2021	**2020**	**2021**	**2020**
Provision for Income Taxes	(29)	90	(307)	271
Effective Tax Rate	-3%	1%	9%	-18%

The effective income tax rate on operations is based upon the estimated income for the year and adjustments, if any, in the applicable quarterly periods for the potential tax consequences, benefits, resolutions of tax audits or other tax contingencies.

Our effective tax rate for the three and nine-month period ended June 30, 2021, and 2020, is lower than the statutory tax rate primarily due to an increase in the deferred tax liability related to indefinite lived assets. In the three-month period ended December 31, 2020, the statutory changes regarding the deductibility of PPP loan expenses resulted in the recognition of a $352 discrete item. Other than the deferred tax liability relating to indefinite lived asset, the Company is maintaining a valuation allowance against the remaining net DTA position.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)
(Amounts in thousands except per share data, unless otherwise stated)

14. Commitments and Contingencies

Litigation and Claims

The Company and its subsidiaries are involved in various litigation that arises in the ordinary course of business. There are no 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.

15. Segment Data

The Company provides direct hire placement services and temporary professional contract staffing services in the fields of information technology, finance, accounting and office ("FA&O"), engineering, and medical within its Professional Services segment, and industrial contract services within its Industrial Services segment. The Company's revenues, cost of services and a substantial portion of its operating costs and expenses can be divided into these two reportable segments.

Selling, general and administrative ("SG&A") expenses, including substantially all corporate expenses, are not entirely allocated among Industrial and Professional Staffing Services. Unallocated corporate expenses primarily include, certain executive compensation expenses and salaries, certain administrative salaries, corporate legal expenses, stock compensation expenses, consulting expenses, audit fees, corporate rent and facility costs, board fees, acquisition, integration and restructuring expenses, and interest expense.

	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Nine Months Ended June 30, 2021	Nine Months Ended June 30, 2020
Industrial Staffing Services				
Industrial services revenue	$ 3,792	$ 2,898	$ 12,927	$ 13,025
Industrial services gross margin (1)	15%	37%	25%	20
Operating income (loss)	$ (389)	$ 580	$ 1,525	$ (755)
Depreciation & amortization	$ 17	$ 67	$ 62	$ 206
Professional Staffing Services				
Permanent placement revenue	$ 5,529	$ 3,101	$ 12,579	$ 11,996
Placement services gross margin	100%	100%	100%	100
Professional services revenue	$ 28,747	$ 20,595	$ 81,923	$ 73,810
Professional services gross margin	27%	27%	26%	27
Operating income	$ 3,589	$ 715	$ 7,613	$ 4,402
Depreciation and amortization	$ 1,076	$ 1,091	$ 3,240	$ 3,896
Unallocated Expenses				
Corporate administrative expenses	$ 1,213	$ 2,539	$ 3,660	$ 6,283
Corporate facility expenses	101	116	274	298
Stock Compensation expense	231	337	835	1,290
Board related expenses	35	-	136	-
Total unallocated expenses	$ 1,580	$ 2,992	$ 4,905	$ 7,871
Consolidated				
Total revenue	$ 38,068	$ 26,594	$ 107,429	$ 98,831
Operating income (loss)	1,620	(1,697)	4,233	(4,224)
Depreciation and amortization	$ 1,093	$ 1,158	$ 3,302	$ 4,102

1) Includes $(19) and $(697) of premium refund adjustments (credit to expense) from the Ohio Bureau of Workers Compensation for the three months ended June 30, 2021 and 2020, respectively; and $(1,337) and $(747) for the nine months ended June 30, 2021 and 2020, respectively. The Industrial Services gross margins normalized by excluding direct effects of these items were approximately 15% and 13% for the three months ended June 30, 2021 and 2020, respectively; and approximately15% and 14% for the nine months ended June 30, 2021 and 2020, respectively.

16. Subsequent Events

On July 9, 2021, the Company's subsidiary Agile Resources, Inc. was notified by the SBA that its total outstanding PPP Loans and accrued interest in the amount of $1,220 was forgiven.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Overview

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 light industrial clients. The acquisitions of Agile Resources, Inc., a Georgia corporation ("Agile"), Access Data Consulting Corporation, a Colorado corporation ("Access"), Paladin Consulting Inc. ("Paladin") and SNI Companies, Inc., a Delaware corporation ("SNI") significantly expanded our geographical footprint within the placement and contract staffing of information technology, accounting, finance, office and engineering professionals.

The Company markets its services using the trade names General Employment, Omni One, Ashley Ellis, Agile Resources, Scribe Solutions Inc., Access Data Consulting Corporation, Paladin Consulting Inc., SNI Companies, Inc., (including Staffing Now, Accounting Now, and Certes), Triad Personnel Services and Triad Staffing. As of June 30, 2021, we operated twenty-seven branch offices in downtown or suburban areas of major U.S cities in eleven states and additional local staff members working remotely serving four additional U.S. locations. We have offices or serve markets remotely in each of Connecticut, Georgia, Minnesota, New Jersey, and Virginia, two offices each in Illinois and Massachusetts, three offices in Colorado, three offices and two additional local market presences in Texas, five offices and two additional local market presences in Florida, and 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 acquisitions, financed primarily through the issuance of equity and debt 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.

In approximately mid-March 2020, the Company began to experience the severe negative effects of the economic disruptions resulting from the COVID-19 pandemic. These have included abrupt reductions in demand for the Company's primary sources of revenue, its temporary and direct hire placements, lost productivity due to business closings both by clients and at the Company's own operating locations. These effects have been and continue to be felt across all businesses, with the most severe impacts being felt in the industrial and finance, accounting, and office clerical ("FA&O) end markets within the professional segment. In response to the crisis, in April 2020 we took a series of proactive actions including a 10% pay cut for full-time salaried employees, temporary furloughing and redeployment of some employees, reduction of discretionary expenses and projects, and obtaining funds under CARES Act Payroll Protection Program ("PPP"). These actions allowed us to generate cost savings and time with which to mitigate the impacts of the COVID-19 pandemic on our businesses and brands. Our businesses have continued recover to a significant extent during nine-month period ended June 30, 2021, as compared with prior sequential quarters since the quarter ended June 30, 2020. While we remain optimistic about our prospects for continuing recovery to pre-COVID-19 levels of results and performance, the rate of such recovery is still somewhat uncertain and could be delayed, for example, by potential resurgences and negative impacts of COVID-19 or variants on the U.S. economy and the specific markets and clients we serve in the future.

Results of Operations

Three Months Ended June 30, 2021 Compared to the Three Months Ended June 30, 2020

Net Revenues

Consolidated net revenues are comprised of the following:

	Three Months Ended June 30,			
(in thousands)	2021	2020	Change	Change
Professional contract services	$ 28,747	$ 20,595	$ 8,152	40%
Industrial contract services	3,792	2,898	894	31%
Total professional and industrial contract services	32,539	23,493	9,046	39%
Direct hire placement services	5,529	3,101	2,428	78%
Consolidated net revenues	$ 38,068	$ 26,594	$ 11,474	43%

Contract staffing services contributed $32,539, or approximately 85%, of consolidated revenue and increased by $9,046, or approximately 39%, for the three-month period ended June 30, 2021, as compared with the comparable period ended June 30, 2020. Direct hire placement services contributed $5,529, or approximately 15%, of consolidated revenue for the three-month period ended June 30, 2021 and were up $2,428, or approximately 78%, as compared with the comparable three-month period ended June 30, 2020. Contract staffing services revenue was $23,493, or approximately 88%, of consolidated revenue and direct hire placement revenue was $3,101, or approximately 12%, of consolidated revenue for the three-month period ended June 30, 2020.

The overall increase in contract staffing services revenues of $9,046, or 39%, for the three-month period ended June 30, 2021 compared to the three-month period ended June 30, 2020 was primarily attributable to recovery and improvement in professional contract services markets from the negative effects of the COVID-19 pandemic beginning approximately in the month of June 2020. The onset of COVID-19 resulted in a near immediate decline in demand for our staffing services due to client closures, postponements in projects and related needs for our services at some clients, significant travel restrictions, and corresponding decreases in the volume of contract services billable hours. Professional contract services have experienced consistent recovery through this quarter resulting in the revenue increase of $8,152 for the three-month period ended June 30, 2021, as compared with the three-month period ended June 30, 2020. Management believes this trend is the result of U.S. economic recovery, as well as actions taken by the Company to adapt to COVID-19, hire top talent, and position the Company for recovery and growth. Industrial contract services revenue experienced improvement this quarter due to continuing recovery and improvement from negative impacts related to COVID-19, including most recently, a workforce shortage being felt across the U.S. and widely believed to be attributable to recent and plentiful economic stimulus and unemployment benefits, as well as school and other shutdowns.

Direct hire placement revenue for the three-month period ended June 30, 2021 increased by $2,428, or approximately 78%, over the three-month period ended June 30, 2020, driven by an increase in number of placements. Demand for the Company's direct hire services increased due to the continuing recovery and significant improvement from the negative effects of the COVID-19 pandemic beginning in approximately June 2020.

Management believes that the underlying trends toward significant recovery since May 2020 are generally consistent with the recovery experienced in the overall U.S. economy so far and, therefore, may be expected to continue, accordingly. The Company continues to observe, analyze and make modifications and changes to its business model and practices on a routine basis in response to the on-going COVID-19 pandemic and related health and safety concerns. These include, but are not limited to, implementation of policies and procedures in observance of Federal, state and/or local guidelines regarding the coronavirus, including matters such as working from home, use of personal protective equipment (principally, protective masks), social distancing, personal hygiene and sanitary practices, and other preventative and responsive measures, impacting both our core human resources, as well as our contract laborers serving clients.

Cost of Contract Services

Cost of contract services includes wages and related payroll taxes and employee benefits of the Company's contract services employees, and certain other contract employee-related costs, while working on contract assignments. Cost of contract services for the three-month period ended June 30, 2021 increased by approximately 43% to $24,242 compared to $16,925 for the three-month period ended June 30, 2020. The $7,317 overall increase in cost of contract services for the three-month period ended June 30, 2021 compared to the three-month period ended June 30, 2020 was attributable to the corresponding increase in contract service revenues.

Gross Profit percentage by service:

	Three Months Ended June 30,	
	2021	**2020**
Professional contract services	27%	27%
Industrial contract services	15%	37%
Professional and industrial services combined	26%	28%
Direct hire placement services	100%	100%
Combined gross profit margin % (1)	36%	36%

(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 the three-month period ended June 30, 2021 and 2020, was approximately 36% each. In the professional contract services, the gross margin (excluding direct hire placement services) was approximately 27% for three-month period ended June 30, 2021 and 2020 each.

The Company's industrial contract services gross margin for the three-month period ended June 30, 2021 was approximately 15% versus approximately 37% for the three-month period ended June 30, 2020. The decrease in industrial contract services gross margin is due to a decrease in the amount of premium refunds the Company's industrial business is eligible to receive under the Ohio Bureau of Workers' Compensation retrospectively-rated insurance program. The industrial contract services gross margins normalized for the effects of these items were approximately 15% and 13% for the three months ended June 30, 2021 and 2020, respectively. The increase after adjustment to remove the effect of the workers compensation premium refunds is primarily attributable to increased bill rates and a decrease in premium charges related to workers compensation for the three-month period ended June 30, 2021.

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 and branch managers on permanent and temporary placements.
- Administrative compensation, which includes salaries, wages, payroll taxes, and employee benefits associated with general management and the operation of the finance, legal, human resources and information technology functions.
- Occupancy costs, which includes office rent, depreciation and amortization, and other office operating expenses.
- Recruitment advertising, which includes the cost of identifying job applicants.
- 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 the three-month period ended June 30, 2021, increased by $905 as compared to the three-month period ended June 30, 2020. SG&A for the three-month period ended June 30, 2021, as a percentage of revenues, was approximately 29% compared to approximately 38% for the three-month period ended June 30, 2020. The decrease in SG&A expenses as a percentage of revenue is primarily attributable to the significant recovery and improvement in revenues discussed earlier and Company's efforts to manage costs effectively.

SG&A also includes certain non-cash costs, expenses incurred related to acquisition, integration and restructuring, non-recurring items, such as certain corporate legal and general expenses associated with capital markets activities that either are not directly associated with core business operations, and/or other items that have been eliminated on a going forward basis and/or are of an isolated, non-recurring nature. These costs were estimated to be $159 and $1,557 for the three-month periods ended June 30, 2021 and 2020, respectively, and include mainly expenses associated with former closed and consolidated locations, and former personnel costs associated with eliminated positions.

Depreciation Expense

Depreciation expense was $78 and $33 for the three-month period ended June 30, 2021, and 2020, respectively. The increase is due to the fixed assets additions.

Amortization Expense

Amortization expense was $1,015 and $1,125 for the three-month period ended June 30, 2021 and 2020, respectively. The decrease is due to certain SNI intangible assets related to non-compete agreements that have become fully amortized as of March 31, 2020.

Income from Operations

The income from operations increased by $3,317 for the three-month period ended June 30, 2021 compared to the three-month period ended June 30, 2020. The increase is due to the factors described above including a significant improvement and recovery in revenues and the Company's mitigating efforts beginning in approximately mid-March 2020 to restore and grow revenues, and to manage costs effectively to adapt to the COVID-19 pandemic and position the Company for recovery.

Interest Expense

Interest expense was $539 for the three-month period ended June 30, 2021, which decreased by $2,795 compared to the three-month period ended June 30, 2020. The decrease in interest expense for the three-month period ended June 30, 2021 is mainly attributable to the interest expense related to the former Senior Credit Agreement, 9.5% Notes, and 10% Notes that were included in the three-month period ended June 30, 2020. The Company's former Senior Credit Agreement contributed $459 and $2,093 the three-month period ended June 30, 2021 and June 30, 2020, respectively. On April 20, 2021, the Company retired and fully repaid its remaining principal and accrued interest balances under its former Senior Credit Agreement.

Provision for Income Taxes

The Company recognized a tax benefit of $29 for the three-month period ended June 30, 2021. Our effective tax rate for the three-month periods ended June 30, 2021 and 2020, were lower than the statutory tax rate primarily due to an increase in the deferred tax liability related to indefinite lived assets. Other than the deferred tax liability relating to indefinite lived asset, the Company is maintaining a valuation allowance against the remaining net DTA position.

Net (Loss) Income

The Company's net (loss) income was $(937) and $7,195 for the three-month periods ended June 30, 2021 and 2020, respectively. The decrease in net income is primarily attributable to gains recognized of $12,316 on extinguishment of subordinated debt during the three-month period ended June 30, 2020. In addition to the changes discussed above gains of $1,957 on the extinguishment of PPP loans were offset by a loss in the form of a charge off of unamortized debt costs on a debt extinguishment related to the term loan pay-off in amount of $4,004 during the three-month period ended June 30, 2021.

On April 19, 2021, the Company raised net proceeds of $45,487 of common equity capital and on April 20, 2021, repaid all its remaining outstanding principal and accrued interest balances of $56,022 under its former Senior Credit Agreement. The Company incurred $459 in interest expense in the accompanying unaudited condensed consolidated statement of operations for the three-month period ended June 30, 2021, which obligations have now ceased effective April 21, 2021..

The Company continues to closely manage costs and to pursue opportunities to selectively increase revenue producing headcount in key markets and industry verticals. The Company also seeks to organically grow its professional contract services revenue and direct hire placement revenue, including business from staff augmentation, permanent placement, statement of work (SOW) and other human resource solutions in the information technology, engineering, healthcare and finance and accounting higher margin staffing specialties. The Company's strategic plans to achieve this goal involve setting aggressive new business growth targets, including initiatives to increase services to existing customers, increasing its numbers of revenue producing core professionals, including primarily, business development managers and recruiters, changes to compensation, commission and bonus plans to better incentivize producers, and frequent interaction with the field to monitor and motivate growth. The Company's strategy entails both internal and acquisition growth objectives to increase revenue in the aforementioned higher margin and more profitable professional services sectors of staffing.

Nine Months Ended June 30, 2021 Compared to the Nine Months Ended June 30, 2020

Net Revenues

Consolidated net revenues are comprised of the following:

	Nine Months Ended June 30,			
(in thousands)	2021	2020	Change	Change
Professional contract services	$ 81,923	$ 73,810	$ 8,113	11%
Industrial contract services	12,927	13,025	(98)	-1%
Total professional and industrial contract services	94,850	86,835	8,015	9%
Direct hire placement services	12,579	11,996	583	5%
Consolidated net revenues	$ 107,429	$ 98,831	$ 8,598	9%

Contract staffing services contributed $94,850 or approximately 88% of consolidated revenue and were higher by $8,015 for the nine-month period ended June 30, 2021, as compared with the comparable period ended June 30, 2020. Direct hire placement services contributed $12,579, or approximately 12%, of consolidated revenue for the nine-month period ended June 30, 2021 and were up $583, or approximately 5%, as compared with the comparable period ended June 30, 2020. Contract staffing services revenue was $86,835, or approximately 88%, of consolidated revenue and direct hire placement revenue was $11,996, or approximately 12%, of consolidated revenue for the nine-month period ended June 30, 2020.

The overall increase in contract staffing services revenues of $8,015, or 9%, for the nine-month period ended June 30, 2021 compared to the nine-month period ended June 30, 2020 was primarily attributable to significant recovery and improvement in professional contract services markets from the negative effects of the COVID-19 pandemic beginning in approximately June 2020. The onset of COVID-19 resulted in a near immediate decline in demand for our staffing services due to client closures, postponements in projects and related needs for our services at some clients, significant travel restrictions, and corresponding decreases in the volume of contract services billable hours. Professional contract services significantly outperformed their historical trends and experienced consistent recovery since May 2020 through this quarter resulting in the revenue increase of $8,113 for the nine-month period ended June 30, 2021, as compared with the nine-month period ended June 30, 2020. Management believes this trend is the result of U.S. economic recovery, as well as actions taken by the Company to adapt to COVID-19, hire top talent, and position the Company for recovery and growth. Industrial contract services revenue experienced improvement due to continuing recovery and improvement from negative impacts related to COVID-19, including most recently, a workforce shortage being felt across the U.S. and widely believed to be attributable to recent and plentiful economic stimulus and unemployment benefits, as well as school and other shutdowns.

Direct hire placement revenue for the nine-month period ended June 30, 2021 increased by $583, or approximately 5%, over the nine-month period ended June 30, 2020. Demand for the Company's direct hire services increased due to the continuing recovery and significant improvement from the negative effects of the COVID-19 pandemic beginning in approximately June 2020.

Management believes that the underlying trends toward recovery since May 2020 are generally consistent with the recovery experienced in the overall U.S. economy so far and, therefore, may be expected to continue, accordingly. The Company continues to observe, analyze and make modifications and changes to its business model and practices on a routine basis in response to the on-going COVID-19 pandemic and related health and safety concerns. These include, but are not limited to, implementation of policies and procedures in observance of Federal, state and/or local guidelines regarding the coronavirus, including matters ranging working from home, use of personal protective equipment (principally, protective masks), social distancing, personal hygiene and sanitary practices, and other preventative and responsive measures, impacting both our core human resources, as well as our contract laborers serving clients.

Cost of Contract Services

Cost of contract services includes wages and related payroll taxes and employee benefits of the Company's contract services employees, and certain other contract employee-related costs, while working on contract assignments. Cost of contract services for the nine-month period ended June 30, 2021 increased by approximately 8% to $70,115 compared to $64,654 for the nine-month period ended June 30, 2020. The $5,461 overall increase in cost of contract services for the nine-month period ended June 30, 2021 compared to the nine-month period ended June 30, 2020 was primarily attributable to the corresponding increase in revenues, and an increase in additional premium refunds in the form of policyholder dividends from the Ohio Bureau of Workers' Compensation related to the Company's industrial business.

Gross Profit percentage by service:

	Nine Months Ended June 30,	
	2021	**2020**
Professional contract services	26%	27%
Industrial contract services	25%	20%
Professional and industrial services combined	26%	26%
Direct hire placement services	100%	100%
Combined gross profit margin % (1)	35%	35%

(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 the nine-month period ended June 30, 2021 and 2020 was approximately 35% each.

In the professional contract staffing services segment, the gross margin (excluding direct placement services) was approximately 26% for nine-month period ended June 30, 2021 compared to approximately 27% for the nine-month period ended June 30, 2020. This decrease is generally due to shifts in the amounts and mix of business between end markets and higher and lower billing rates and margins. Contributing to this 0.3% (300 basis points) decrease is a disproportionate increase in the mix of lower margin office and clerical temporary staffing services within the overall COVID-19 business recovery taking place.

The Company's industrial contract services gross margin for the nine-month period ended June 30, 2021 was approximately 25% versus approximately 20% for the nine-month period ended June 30, 2020. The increase in industrial contract services gross margin is due to the amount of additional premium refunds in the form of policyholder dividends the Company's industrial business was eligible to receive under the Ohio Bureau of Workers' Compensation retrospectively-rated insurance program. Results for the nine months ended June 30, 2021 includes $1,337 of such premium refunds. The industrial contract services gross margins excluding the effects of these items were approximately 15% and 14% for the nine months ended June 30, 2021 and 2020, respectively. The increase, adjusted to remove the effects of workers compensation premium refunds, is generally within a reasonable performance range for our Light Industrial segment.

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 and branch managers on permanent and temporary placements.
- Administrative compensation, which includes salaries, wages, payroll taxes, and employee benefits associated with general management and the operation of the finance, legal, human resources and information technology functions.
- Occupancy costs, which includes office rent, depreciation and amortization, and other office operating expenses.
- Recruitment advertising, which includes the cost of identifying job applicants.
- 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 the nine-month period ended June 30, 2021 decreased by $4,520 as compared to the nine-month period ended June 30, 2020. SG&A for the nine-month period ended June 30, 2021, as a percentage of revenues, was approximately 28% compared to approximately 35% for the nine-month period ended June 30, 2020. The decrease in SG&A expenses is primarily attributable to the Company's mitigating efforts to reduce and manage costs to adopt to COVID-19 and position the Company for recovery and growth. In addition, a provision for doubtful accounts related to a key customer who filed for a bankruptcy protection of approximately $1,700, was taken in the form of a charge to income during March 2020.

SG&A also includes certain non-cash costs, expenses incurred related to acquisition, integration and restructuring, non-recurring items, such as certain corporate legal and general expenses associated with capital markets activities that either are not directly associated with core business operations, and/or other items that have been eliminated on a going forward basis and/or are of an isolated, non-recurring nature. These costs were estimated to be $340 and $3,247 for the nine-month periods ended June 30, 2021 and 2020, respectively, and include mainly expenses associated with former closed and consolidated locations, and personnel costs associated with eliminated positions.

Depreciation Expense

Depreciation expense was $228 and $181 for the nine-month period ended June 30, 2021, and 2020, respectively. The increase is attributable to net fixed assets additions.

Amortization Expense

Amortization expense was $3,074 and $3,921 for the nine-month period ended June 30, 2021 and 2020, respectively. The decrease is due to certain SNI intangible assets related to non-compete agreements that have become fully amortized during March 31, 2020.

Income from Operations

The income from operations increased by $8,457 for the nine-month period ended June 30, 2021 compared to the nine-month period ended June 30, 2020. The increase is due to the factors described above including an increase in revenues, a decrease in amortization, recognition of provision for doubtful accounts related to a key customer who filed for a bankruptcy protection during March 2020, and the Company's mitigating efforts beginning in approximately mid-March 2020 to restore and grow revenues, and to manage costs to adapt to the COVID-19 pandemic and position the Company for recovery and growth.

Interest Expense

Interest expense was $5,759 for the nine-month period ended June 30, 2021, which decreased by $3,859 compared to the nine-month period ended June 30, 2020. The decrease in interest expense for the nine-month period ended June 30, 2021 is mainly attributable to the interest expense related to the former Senior Credit Agreement, 9.5% Notes, and 10% Notes that were included in the nine-month period ended March 31, 2020. The Company's former Senior Credit Agreement contributed $3,595 and $6,888 the nine-month period ended June 30, 2021 and June 30, 2020, respectively. On April 20, 2021, the Company repaid its remaining principal and accrued interest balances under its former Senior Credit Agreement, after which time interest expense ceased to accrue.

Provision for Income Taxes

The Company recognized a tax benefit of $307 for the nine-month period ended June 30, 2021. Our effective tax rate for the nine-month periods ended June 30, 2021 and 2020, is lower than the statutory tax rate primarily due to an increase in the deferred tax liability related to indefinite lived assets. In nine-month period ended June 30, 2021, the statutory changes regarding the deductibility of PPP loan expenses resulted in the recognition of a $352 discrete item. Other than the deferred tax liability relating to indefinite lived asset, the Company is maintaining a valuation allowance against the remaining net DTA position.

Net Loss

The Company's net loss was $(2,987) and $(1,797) for the nine-month periods ended June 30, 2021 and 2020, respectively. The increase in net loss for the nine-month periods ended June 30, 2021 is attributable to the factors described above including recognized gains of $12,316 on extinguishment of subordinated debt during the nine-month period ended June 30, 2020. In addition to the changes discussed above, gain of $2,236 on the extinguishment of PPP loans were offset by a loss in the form of a charge off of unamortized debt costs on a debt extinguishment related to the term loan pay-off in amount of $4,004 during the nine-month period ended June 30, 2021.

The Company continues to closely manage costs and to pursue opportunities to selectively increase revenue producing headcount in key markets and industry verticals. The Company also seeks to organically grow its professional contract services revenue and direct hire placement revenue, including business from staff augmentation, permanent placement, statement of work (SOW) and other human resource solutions in the information technology, engineering, healthcare and finance and accounting higher margin staffing specialties. The Company's strategic plans to achieve this goal involve setting aggressive new business growth targets, including initiatives to increase services to existing customers, increasing its numbers of revenue producing core professionals, including primarily, business development managers and recruiters, changes to compensation, commission and bonus plans to better incentivize producers, and frequent interaction with the field to monitor and motivate growth. The Company's strategy entails both internal and acquisition growth objectives to increase revenue in the aforementioned higher margin and more profitable professional services sectors of staffing.

Liquidity and Capital Resources

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 current and former asset-based senior secured revolving credit facilities. 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, operating costs and expenses, payment of taxes, payment of interest and principal under its debit agreements, and capital expenditures.

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

	Nine Months Ended June 30,	
(in thousands)	**2021**	**2020**
Cash flows (used in) provided by operating activities	$ (2,276)	$ 245
Cash flows used in investing activities	$ (68)	$ (105)
Cash flows (used in) provided by financing activities	$ (4,371)	$ 12,382

As of June 30, 2021, the Company had $7,359 of cash, which was a decrease of $6,715 from $14,074 as of September 30, 2020. As of June 30, 2021, the Company had working capital of $5,110 compared to $13,351 of working capital as of September 30, 2020.

Net cash (used in) provided by operating activities for the nine-month periods ended June 30, 2021 and 2020 was $(2,276) and $245, respectively. The negative operating cash flow in the nine-month period ended June 30, 2021 corresponds with net changes in working capital.

The primary uses of cash for investing activities were for the acquisition of property and equipment in the nine-month periods ended June 30, 2021 and 2020.

Cash flow (used in) provided by financing activities for the nine-month period ended June 30, 2021 and 2020 was $(4,371) and $12,382, respectively. The decrease during nine-month period ended June 30, 2021 was primarily attributable to the payment on former Senior Credit Agreement that was offset by the proceeds received from the public offering. The increase during nine-month period ended June 30, 2020 was primarily attributable to the net proceeds received from PPP Loans.

Minimum debt service payments (principal) for the twelve-month period commencing after the close of business on June 30, 2021, are approximately $10,966. 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 June 30, 2021, are approximately $1,777.

The Company experienced net losses for the first nine months of its current fiscal year, and for its most recent fiscal years ended September 30, 2020 and 2019, which also negatively impacted the Company's ability to generate liquidity. During much of this period, the Company significantly restructured its operations, made significant cost reductions, including closing and consolidating unprofitable locations, eliminating underperforming personnel and pursuing top talent, implemented strategic management changes, and intensified focus on stabilizing the business and restoring profitable growth. As a result, management believes the Company had begun to see its operations and business stabilize.

In approximately mid-March 2020, the Company began to experience the severe negative effects of the economic disruptions resulting from the Coronavirus Pandemic ("COVID-19"). These have included abrupt reductions in demand for the Company primary sources of revenue, its temporary and direct hire placements, lost productivity due to business closings both by clients and at the Company's own operating locations, and the significant disruptive impacts to many other aspects of normal operations. These effects have continued to be felt across all businesses, with the most severe impacts being felt in the industrial and finance, accounting and office clerical (FAO) end markets within the professional segment.

Between April 29 and May 7, 2020, the Company was able to obtain CARES Act relief financing under the Paycheck Protection Program ("PPP Loans") for each of its operating subsidiaries, in the aggregate amount of $19,927. These funds were the only source of financing available to our companies and businesses and have been and continue to be absolutely critical to our ability to maintain operations, including the employment of our temporary and fulltime employees, in order to produce and meet our foreseeable liquidity requirements in the midst of this continuing worldwide Coronavirus Pandemic.

On April 19, 2021, the Company concluded its public offering of 83,333 shares of common stock at a public offering price of $0.60 per share. Gross proceeds of the offering totaled $50,000, which after deducting the underwriting discount, legal fees, and offering expenses, resulted in net proceeds of $45,478. On April 27, 2021, the underwriters of the Company's April 19, 2021 public offering exercised in full their 15% over–allotment option to purchase an additional 12,500 common shares (the "option shares") of the Company at the public offering price of $0.60 per share. The Company closed the transaction on April 28, 2021 and received net proceeds from the sale of the option shares of approximately $6,937, after deducting the applicable underwriting discount. ThinkEquity, a division of Fordham Financial Management, Inc., acted as sole book-running manager for the offering.

On April 20, 2021, as the result of the completion of the public offering, the Company repaid $56,022 in aggregate outstanding indebtedness under its existing Revolving Credit, Term Loan and Security Agreement, dated as of March 31, 2017, including accrued interest, using the net proceeds of its recent underwritten public offering and available cash. The repaid debt was originally obtained from investors led by MGG Investment Group LP ("MGG") on April 21, 2017 and had a maturity date of June 30, 2023. The MGG debt was comprised of a revolving credit facility with a principal balance on the date of repayment of approximately $11,828, which was subject to an annual interest rate comprised of the greater of the London Interbank Offering Rate ("LIBOR") or 1%, plus a 10% margin (approximately 11% per annum), and a term loan with a principal balance on the date of repayment of approximately $43,735, which was subject to an annual interest rate of the greater of LIBOR or 1% plus a 10% margin. The term loan also had an annual payment-in-kind ("PIK") interest rate of 5% in addition to its cash interest rate, which was being added to the term loan principal balance (cash and PIK interest rate combined of approximately 16% per annum). Accrued interest of approximately $459 was paid in connection with the principal repayments. The Company took one time charge of $4,004 which represents unamortized debt issue costs associated with its former senior debt.

On May 14, 2021, 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. 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"). 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). Concurrent with the May 14, 2021 closing of the CIT Facility, the Company borrowed $5,326 and utilized these funds to pay all remaining unpaid Exit and Restructuring Fees due to its former senior lenders in the amount of $4,978, with the remainder going to direct fees and costs associated with the CIT Facility.

Under the CIT Facility, advances will be subject to a borrowing base formula that will be 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, will be based on either the Base Rate, as defined, plus the applicable margin; or the London Interbank Offering 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 for 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.

Management believes that the Company can generate adequate liquidity to meet its obligations for the foreseeable future or at least for the following twelve months assuming the negative economic effects of COVID-19 do not worsen, and that economic recovery occurs.

Off-Balance Sheet Arrangements

As of June 30, 2021, 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.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Not applicable.

Item 4. Controls and Procedures.

Disclosure Controls and Procedures

As of June 30, 2021, the Company's management evaluated, with the participation of its principal executive officer and its principal financial officer, the effectiveness of the Company's disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the Exchange Act"). Based on that evaluation, the Company's principal executive officer and its principal financial officer concluded that the Company's disclosure controls and procedures were effective as of June 30, 2021.

Changes in Internal Control over Financial Reporting

There were no changes in the Company's internal control over financial reporting or in any other factors that could significantly affect these controls, during the Company's nine-month period ended June 30, 2021, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II – OTHER INFORMATION.

Item 1. Legal Proceedings.

None.

Item 1A. Risk Factors.

The full extent of the impact of COVID-19 on our business, operations and financial results will depend on numerous evolving factors that we may not be able to accurately predict. In evaluating us and our common stock, in addition to the risk factor below, we urge you to carefully consider the risks and other information in this Quarterly Report on Form 10-Q, as well as the risk factors disclosed in Item 1A. of Part I of our Annual Report on Form 10-K for the fiscal year ended September 30, 2020 (“2020 Form 10-K”) and filed with the SEC on December 29, 2020. Any of the risks discussed in this Quarterly Report on Form 10-Q or any of the risks disclosed in Item 1A. of Part I of our 2020 Form 10-K, as well as additional risks and uncertainties not currently known to us or that we currently deem immaterial, could materially and adversely affect our results of operations or financial condition.

Our business, results of operations, and financial condition have been and may continue to be adversely impacted in material respects by the coronavirus pandemic, and future adverse impacts could be material and difficult to predict.

Our business, results of operations, and financial condition have been, and may continue to be, adversely impacted in material respects by COVID-19 and by related government actions (including declared states of emergency and quarantine, “shelter in place” orders, or similar orders), non-governmental organization recommendations, and public perceptions, all of which have led and may continue to lead to disruption in global economic and labor markets. These effects have had a significant impact on our business, including reduced demand for our services and workforce solutions, early terminations or reductions in projects, and hiring freezes, and a shift of a majority of our workforce to remote operations, all of which have contributed to a decline in revenues and other significant adverse impacts on our financial results. Other potential impacts of COVID-19 may include continued or expanded closures or reductions of operations with respect to our client partners’ operations or facilities, the possibility our client partners will not be able to pay for our services or workforce solutions, or that they will attempt to defer payments owed to us, either of which could materially impact our liquidity, the possibility that the uncertain nature of the pandemic may not yield the increase in certain of our workforce solutions that we have historically observed during periods of economic downturn, and the possibility that various government-sponsored programs to provide economic relief may be inadequate. Further, we may continue to experience adverse financial impacts, some of which may be material, if we cannot offset revenue declines with cost savings through expense-related initiatives, human capital management initiatives, or otherwise. As a result of these observed and potential developments, we expect our business, results of operations, and financial condition to continue to be negatively affected.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Not required.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not Applicable.

Item 5. Other Information.

None.

Table of Contents

Item 6. Exhibits

The following exhibits are filed as a part of Part I of this report:

No.	Description of Exhibit
10.01	Amendment No. 1 to the Executive Employment Agreement, dated as of August 16, 2016, by and between GEE Group Inc., and Derek E. Dewan, executed August 13, 2021.
10.02	Amendment No. 2 to the Executive Employment Agreement, dated as of February 13, 2019, by and between GEE Group Inc., and Kim Thorpe, executed August 13, 2021.
31.01*	Certifications of the principal executive officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.
31.02*	Certifications of the principal financial officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.
32.01**	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 Title 18 of the United States Code.
32.02**	Certifications of the principal financial officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act and Section 1350 of Title 18 of the United States Code.
101.INS	Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

*	Filed herewith
**	Furnished herewith. This certification is being furnished solely to accompany this report pursuant to 18 U.S.C. Section 1350, and is not being filed for purposes of Section 18 of the Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filings of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

SIGNATURES

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

GEE GROUP INC.
(Registrant)

Date: August 16, 2021

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

By: */s/ Kim Thorpe*
Kim Thorpe
Chief Financial Officer
(Principal Financial and Accounting Officer)

EXHIBIT 10.01

AMENDMENT NO. 1 TO EXECUTIVE EMPLOYMENT AGREEMENT

THIS AMENDMENT NO. 1 TO THE EXECUTIVE EMPLOYMENT AGREEMENT between GEE Group Inc., an Illinois corporation, whose principal place of business is 7751 Belfort Parkway Suite 150 Jacksonville, Florida 32256 (the "Company" or "Employer") and Derek E. Dewan (the "Executive") is made and effective as of August 13, 2021 (the "Effective Date").

AMENDMENT NO. 1

As provided for under sections 3. and 4.a. of the above-referenced EXECUTIVE EMPLOYMENT AGREEMENT between GEE Group Inc. and Derek E. Dewan, dated August 12, 2016, and based upon the recommendations and approvals by the Company's Compensation Committee and Board of Directors, the following amendments are adopted thereto:

1) The Term of the Agreement specified in section 3 is hereby extended from August 15, 2021, so that it now ends on September 30, 2024 (the later of September 30, 2024, or the last date to which the Term is extended shall now be the "End of Term"), and

2) The base salary specified in section 4.a is hereby increased from $300,000 to $350,000.

In all other respects, the Executive Employment Agreement, dated August 12, 2016, between the Executive and the Company as Employer remain in full force and effect.

IN WITNESS WHEREOF, the parties have executed this Amendment as of the Effective Date.

EXECUTIVE:	**Witness:**
By: ____________________	____________________
Derek E. Dewan	Print Name: ____________________
Its: Chief Executive Officer	
EMPLOYER:	**Witness:**
By: ____________________	____________________
Kim Thorpe	Print Name: ____________________
Its: Senior Vice President and Chief Financial Officer	

EXHIBIT 10.02

AMENDMENT NO. 2 TO EXECUTIVE EMPLOYMENT AGREEMENT

THIS AMENDMENT NO. 2 TO THE EXECUTIVE EMPLOYMENT AGREEMENT between GEE Group Inc., an Illinois corporation, whose principal place of business is 7751 Belfort Parkway Suite 150 Jacksonville, Florida 32256 (the "Company" or "Employer") and Kim Thorpe (the "Executive") is made and effective as of August 13, 2021 (the "Effective Date").

AMENDMENT NO. 2

As provided for under sections 3. and 4.a. of the above-referenced EXECUTIVE EMPLOYMENT AGREEMENT between GEE Group Inc. and Kim Thorpe, dated February 13, 2019, and subsequently amended by Amendment No. 1, effective August 12, 2020, and based upon the recommendations and approvals by the Company's Chief Executive Officer, Compensation Committee and Board of Directors, the following amendments are adopted thereto:

1) The Term of the Agreement specified in section 3 is hereby extended from February 19, 2023, so that it now ends on September 30, 2024 (the later of September 30, 2024, or the last date to which the Term is extended shall now be the "End of Term"), and

2) The base salary specified in section 4.a is hereby increased from $250,000 to $270,000.

In all other respects, the Executive Employment Agreement, dated February 13, 2019, between the Executive and the Company as Employer remain in full force and effect.

IN WITNESS WHEREOF, the parties have executed this Amendment as of the Effective Date.

EXECUTIVE:	**Witness:**
By: ______________________	______________________
Kim Thorpe	Print Name: ______________________
Its: Senior Vice President Chief Financial Officer	
EMPLOYER:	**Witness:**
By: ______________________	______________________
Derek E. Dewan	Print Name: ______________________
Its: Chairman and Chief Executive Officer	

EXHIBIT 31.01

CERTIFICATION

I, Derek Dewan, certify that:

1. I have reviewed this Form 10-Q quarterly report for the nine months ended June 30, 2021 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: August 16, 2021

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

EXHIBIT 31.02

CERTIFICATION

I, Kim Thorpe, certify that:

1. I have reviewed this Form 10-Q quarterly report for the nine months ended June 30, 2021 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: August 16, 2021

/s/ Kim Thorpe
Kim Thorpe
Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 32.01

CERTIFICATIONS PURSUANT TO SECTION 1350

OF CHAPTER 63 OF TITLE 18 OF THE UNITED STATES CODE

In connection with the Quarterly Report of GEE Group Inc. (the “Company”) on Form 10-Q for the nine months ended June 30, 2021 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 Quarterly Report fairly presents, in all material respects, the financial condition and results of the operations of the Company.

Date: August 16, 2021

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

EXHIBIT 32.02

CERTIFICATIONS PURSUANT TO SECTION 1350

OF CHAPTER 63 OF TITLE 18 OF THE UNITED STATES CODE

In connection with the Quarterly Report of GEE Group Inc. (the "Company") on Form 10-Q for the nine months ended June 30, 2021 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 Quarterly Report fairly presents, in all material respects, the financial condition and results of the operations of the Company.

Date: August 16, 2021

By: *<u>/s/ Kim Thorpe</u>*
Kim Thorpe
Chief Financial Officer
(Principal Financial Officer)