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GEE Group Unveils Strategic Plan to Successfully Navigate Through Macroeconomic Challenges and Improve Financial Results

JACKSONVILLE, FL / ACCESSWIRE / August 5, 2024 / GEE Group Inc. (NYSE American:JOB) together with its subsidiaries (collectively referred to as the "Company", "GEE Group", "us", "our", or "we"), a provider of professional staffing services and human resource solutions, today announced a comprehensive strategic plan aimed at fortifying its market position and driving sustainable, profitable growth against the backdrop of existing and anticipated continued macroeconomic weakness, challenging labor markets and volatile staffing industry dynamics.

Also, the Company will announce its financial results for the Fiscal Third Quarter ended June 30, 2024 at the close of business on Wednesday, August 14, 2024 and further elaborate on its strategic plan in conjunction with its earnings call on Thursday, August 15, 2024 at 11 a.m. EDT. Further details for the earnings call will be furnished under separate cover.

Right-Sizing the Business and Implementing Pricing Enhancements

In response to the prevailing headwinds stemming from macroeconomic volatility and uncertainty, geopolitical instability and a challenging staffing industry demand environment, GEE Group has undertaken proactive measures to streamline its business and maximize operating efficiency. Significant reduction in selling, general and administrative (SG&A) costs including workforce realignment and adjustments have been implemented to position the Company for enhanced and sustained financial performance. Once fully executed, these measures are expected to result in approximately \$3 million in annual cost savings. The Company also has launched new business initiatives and will be implementing pricing enhancements to keep pace with inflationary increases in labor and SG&A costs.

Preparing for and Making Value-Driven Strategic Acquisitions

With a focus on growth opportunities, GEE Group is actively in the market to make strategic, accretive acquisitions at attractive prices in targeted higher-end verticals. The Company has developed and is proceeding with a plan to further integrate and consolidate operations to gain additional synergies and efficiencies, paving the way for enhanced scalability with improved capability to make acquisitions, assimilate them and compete more effectively in the marketplace.

In view of the current and anticipated continuing volatility in the staffing industry and less

than robust labor market conditions, the Company also will seek to capitalize on acquisition opportunities at more attractive prices which are becoming more readily available due to the macroeconomic downturn and muted demand for contract staffing and direct hire placements. By strategically identifying and acquiring businesses at reduced multiples and more favorable valuations, the Company aims to fuel expansion and unlock value, positioning itself for robust growth in the post-recovery landscape.

In addition to proceeding with the aforementioned strategic initiatives, the Company expects to reduce amortizable intangible assets and a portion of its goodwill included in its Balance Sheet through the corresponding recognition of non-cash, pre-tax charges of approximately \$20.5 million in its Statement of Operations for the Fiscal Third Quarter ended June 30, 2024. We estimate that these non-cash charges will reduce the Company's net book value as of June 30, 2024, by approximately 16% as compared with the amount as of September 30, 2023, but will have no effect on the Company's cash position, tangible assets, or net tangible book value. These charges are timely and responsive to the current market conditions. They will allow the Company to forego future material amortization expense and improve net results going forward accordingly, as well as reduce the level of intangible assets and goodwill thereby lessening associated risks in the Company's Balance Sheet going forward.

Management Comments

Commenting on the strategic plan, Derek Dewan, Chairman and Chief Executive Officer, said, "I have confidence in the Company's ability to successfully weather the current and anticipated challenging macroeconomic environment and expect that it will emerge a much stronger organization. Our strategic plan is tailored to help GEE Group navigate through the current and anticipated headwinds facing us and position the Company for long-term prosperity. The Company is aligning and adjusting its operations so it can compete more effectively in the current and evolving labor market. GEE Group is laying a solid foundation for sustainable growth and value creation."

Mr. Dewan added, "We are reviewing potential acquisition targets and have been in communication with several of them. Our approach is very disciplined and thorough when evaluating potential M&A opportunities. The Company remains steadfast in its commitment to operational excellence, innovation and delivering value to stakeholders."

About GEE Group

GEE Group Inc. is a provider of specialized staffing solutions and is the successor to employment offices doing business since 1893. The Company operates in two industry segments, providing professional staffing services and solutions in the information technology, engineering, finance and accounting specialties and commercial staffing services through the names of Access Data Consulting, Agile Resources, Ashley Ellis, General Employment, Omni-One, Paladin Consulting and Triad. Also, in the healthcare sector, GEE Group, through its Scribe Solutions brand, staffs medical scribes who assist physicians in emergency departments of hospitals and in medical practices by providing required documentation for patient care in connection with electronic medical records (EMR). Additionally, the Company provides contract and direct hire professional staffing services through the following SNI brands: Accounting Now®, SNI Technology®, Legal Now®, SNI Financial®, Staffing Now®, SNI Energy®, and SNI Certes.

Forward-looking Statements Safe Harbor

In addition to historical information, this press release contains statements relating to possible future events and/or the Company's future results (including results of business operations, certain projections, future financial condition, pro forma financial information, and business trends and prospects) that are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Act of 1934, as amended, (the "Exchange Act"), and the Private Securities Litigation Reform Act of 1995 and are subject to the "safe harbor" created by those sections. The statements made in this press release that are not historical facts are forward-looking statements that are predictive in nature and depend upon or refer to future events. These forward-looking statements include without limitation information relating to our intended share repurchases, the amount and timing of share repurchases, the possibility that the share repurchase program may be discontinued or suspended, anticipated cash flow generation and expected shareholder benefits. Such forward-looking statements often contain, or are prefaced by, words such as "will", "may", "plans", "expects", "anticipates", "projects", "predicts", "pro forma", "estimates", "aims", "believes", "hopes", "potential", "intends", "suggests", "appears", "seeks", or variations of such words or similar words and expressions. Forward-looking statements are not guarantees of future performance, are based on certain assumptions, and are subject to various known risks and uncertainties, many of which are beyond the Company's control, and cannot be predicted or quantified and, consequently, as a result of a number of factors, the Company's actual results could differ materially from those expressed or implied by such forward-looking statements. The international pandemic, the "Novel Coronavirus" ("COVID"-19), has been detrimental and may continue to negatively impact and disrupt the Company's business operations. The health outbreak has caused a significant negative effect on the global economy, employment in general including the lack of demand for the Company's services which was exacerbated by government and client directed "quarantines", "remote working", "shut-downs" and "social distancing". There is no assurance that conditions will not persist or worsen and further negatively impact GEE Group. Certain other factors that might cause the Company's actual results to differ materially from those in the forward-looking statements include, without limitation: (i) the loss, default or bankruptcy of one or more customers; (ii) changes in general, regional, national or international economic conditions; (iii) an act of war or terrorism, industrial accidents, or cyber security breach that disrupts business; (iv) changes in the law and regulations; (v) the effect of liabilities and other claims asserted against the Company including the failure to repay indebtedness or comply with lender covenants including the lack of liquidity to support business operations and the inability to refinance debt, failure to obtain necessary financing or the inability to access the capital markets and/or obtain alternative sources of capital; (vi) changes in the size and nature of the Company's competition; (vii) the loss of one or more key executives; (viii) increased credit risk from customers; (ix) the Company's failure to grow internally or by acquisition or the failure to successfully integrate acquisitions; (x) the Company's failure to improve operating margins and realize cost efficiencies and economies of scale; (xi) the Company's failure to attract, hire and retain quality recruiters, account managers and salesmen; (xii) the Company's failure to recruit qualified candidates to place at customers for contract or full-time hire; (xiii) the adverse impact of geopolitical events, government mandates, natural disasters or health crises, force majeure occurrences, global pandemics such as the deadly "coronavirus" (COVID-19) or other harmful viral or non-viral rapidly spreading diseases and such other factors as set forth under the heading "Forward-Looking Statements" in the Company's

annual reports on Form 10-K, its quarterly reports on Form 10-Q and in the Company's other filings with the Securities and Exchange Commission (SEC). More detailed information about the Company and the risk factors that may affect the realization of forward-looking statements is set forth in the Company's filings with the SEC. Investors and security holders are urged to read these documents free of charge on the SEC's web site at <http://www.sec.gov>. The Company is under no obligation to (and expressly disclaims any such obligation to) and does not intend to publicly update, revise, or alter its forward-looking statements whether as a result of new information, future events or otherwise.

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