

August 17, 2020



# GEE Group Announces Results for the Fiscal 2020 Third Quarter

*Company Reports Positive Trends, Positive EPS and Strengthened Balance Sheet*

**JACKSONVILLE, FL / ACCESSWIRE / August 17, 2020 / GEE Group Inc.(NYSE AMERICAN:JOB)** ("the Company" or "GEE Group"), a provider of professional staffing services and human resource solutions, today announced results for the fiscal third quarter ended June 30, 2020.

## **2020 Fiscal Third Quarter and Nine Month Highlights**

- Revenue for the 2020 fiscal third quarter was approximately \$26.6 million and approximately \$98.8 million for the nine-month period ended June 30, 2020. Although the Company's overall revenue has stabilized with an expected longer-term "bullish outlook", the onset and spread of COVID-19 ("coronavirus" or "pandemic") had an impact on GEE Group's business and revenue in the third quarter from the resulting client office and factory closures, postponement of customers' job orders and government mandated "lock-downs". These actions taken by businesses and state and local governments to mitigate the spread of the coronavirus primarily affected the Company's lower-margin contract staffing business (industrial services and office support) and, to a lesser extent, GEE Group's non-IT professional contract services and direct hire placement business. The higher margin IT services business was more resilient to the pandemic and some of the Company's IT services actually grew as compared to the comparable 2019 prior year periods. The resultant effects of the pandemic contributed to lower overall revenue by approximately 30% and by approximately 12%, respectively, as compared to overall revenue from the prior year fiscal third quarter and nine months ended June 30, 2019.
- Contract staffing services contributed approximately \$23.5 million or approximately 88% of revenue and direct hire placement services contributed approximately \$3.1 million or approximately 12% of revenue for the fiscal third quarter ended June 30, 2020. This compares to contract staffing services revenue of approximately \$33.2 million or approximately 87% of revenue and direct hire placement revenue of approximately \$4.9 million or 13% of revenue for the comparable prior year third quarter. Contract staffing services revenue for the nine months ended June 30, 2020 was approximately \$86.8 million or 88% of revenue and direct hire placement revenue was approximately \$12.0 million or 12% of revenue. This compares to contract staffing services revenue of approximately \$99.0 million or 88% of revenue and direct hire placement revenue of approximately \$13.8 million or 12% of revenue for the nine-month period ended June 30, 2019.
- Revenue from the combined professional contract and professional direct hire

placement services, which is comprised of staffing and solutions in the information technology, engineering, healthcare and finance & accounting specialties, was approximately \$23.7 million and approximately \$85.8 million for the fiscal 2020 third quarter and nine months ended June 30, 2020 respectively. This represents approximately 89% and approximately 87% of total revenue for the 2020 fiscal third quarter and nine months ended June 30, 2020 respectively. This compares to approximately \$32.7 million or approximately 86% of revenue and approximately \$96.7 million or approximately 86% of revenue for the comparable prior year third quarter and nine months ended June 30, 2019 respectively.

- Industrial services revenue was approximately \$2.9 million for the 2020 fiscal third quarter and approximately \$13.0 million for the nine months ended June 30, 2020. This compares to industrial staffing services revenue of approximately \$5.4 million and approximately \$16.2 million for the comparable 2019 fiscal third quarter and the nine months ended June 30, 2019 respectively.
- Combined overall gross margin for the 2020 fiscal third quarter and nine months ended June 30, 2020 (which includes both contract and direct hire placement services) improved due to increases in the proportions of higher margin services in the fiscal 2020 third quarter and nine months ended June 30, 2020. Overall gross margin was approximately 36.4% and 34.6% for the fiscal 2020 third quarter and nine months ended June 30, 2020 respectively. This compared to 35.6% and 34.3% for the comparable prior year fiscal third quarter and nine months ended June 30, 2019.
- Professional contract staffing services gross margin improved (excluding direct hire placement services) for the 2020 fiscal third quarter and was approximately 26.7% and approximately 26.5% for the nine months ended June 30, 2020. This compares to approximately 26.1% and approximately 25.7% for the comparable prior year fiscal third quarter and nine months ended June 30, 2019. The combined professional staffing services gross margin (including direct hire placement services) for the 2020 fiscal third quarter was approximately 36.3% and approximately 36.8% for the nine months ended June 30, 2020. This compares to 37.1% and 36.3% for the comparable fiscal 2019 third quarter and the nine months ended June 30, 2019 respectively. The changes in combined professional staffing services gross margin were primarily due to a higher amount of direct hire placement services revenue in the prior year third quarter and nine months ended June 30, 2019.
- Industrial contract services gross margin for the 2020 fiscal third quarter was approximately 13% before the benefit of workers' compensation insurance premium rebates from the Ohio Bureau of Workers' Compensation and was approximately 37.1% including the benefit of the rebates. This compares to approximately 14.7% before the benefit of the rebates and approximately 26.8% including the benefit of the rebates for the fiscal 2019 third quarter. Industrial contract services gross margin for the nine-month period ended June 30, 2020 before the benefit of the rebates was approximately 14.2% and approximately 19.9% after the benefit of the rebates. This compares to approximately 14.1% before the benefit of the rebates and approximately 22.5% after the benefit of the rebates for the comparable period in fiscal 2019.
- Selling, general and administrative expenses (SG&A) for the fiscal 2020 third quarter were approximately 38% of revenue and approximately \$10.2 million (including

acquisition, integration and restructuring expenses of approximately \$1.6 million and noncash stock compensation expense of approximately \$337,000) and decreased by approximately \$1.4 million as compared to the fiscal 2019 third quarter. For the nine months ended June 30, 2020, SG&A was approximately \$34.3 million as compared to approximately \$34.5 million for the nine months ended June 30, 2019. SG&A for the nine months ended June 30, 2020, included an increase in allowance for doubtful accounts of approximately \$1.7 million due from one industrial services client who filed for bankruptcy protection in March 2020.

- GAAP loss from operations for the 2020 fiscal third quarter was significantly lower and approximately \$1.7 million as compared to approximately \$3.8 million for the 2019 fiscal third quarter. GAAP loss from operations for the nine months ended June 30, 2020 was approximately \$4.2 million as compared to GAAP loss from operations of approximately \$4.6 million for nine months ended June 30, 2019.
- GAAP net income including the effect of a gain on extinguishment of debt of approximately \$12.3 million for the 2020 fiscal third quarter was approximately \$7.2 million as compared to a GAAP net loss of approximately \$6.8 million for the 2019 fiscal third quarter. GAAP net loss for the nine months ended June 30, 2020 was approximately \$1.8 million as compared to GAAP net loss of approximately \$14.2 million for the nine months ended June 30, 2019.
- Adjusted earnings before interest, taxes, depreciation, amortization, noncash stock and stock option expenses, noncash goodwill impairment charge, and acquisition, integration and restructuring expenses and gain on extinguishment of debt (**adjusted EBITDA, a non-GAAP financial measure**) for the 2020 fiscal third quarter was approximately \$1.4 million as compared to approximately \$3.1 million for the prior year fiscal third quarter. For the nine months ended June 30, 2020, adjusted EBITDA was approximately \$4.4 million as compared to approximately \$8.8 million for the nine months ended June 30, 2019. The Company was able to produce positive adjusted EBITDA for the 2020 fiscal third quarter despite the coronavirus effects on revenue in part through implementation of targeted cost saving and cost reduction initiatives coupled with a "pivot" in sales and marketing efforts to industries and businesses that are benefiting from the pandemic and are using more alternative staffing arrangements including contingent labor and direct hire placement services offered by the Company. (**see non-GAAP adjusted EBITDA reconciliations to GAAP net income (net loss) attached to this press release**).
- **Select GAAP Balance Sheet Information as of June 30, 2020:** net working capital of approximately \$6.9 million, current ratio of approximately 1.3, cash position of approximately \$16.6 million, shareholders' equity of approximately \$39.7 million and net book value per common share of approximately \$2.24.
- **GAAP Earnings Per Common Share Information:** diluted earnings per common share of approximately \$1.88 and approximately \$1.48 for the fiscal 2020 third quarter and the nine-month period ended June 30, 2020, respectively, based on consolidated net income available to common shareholders of approximately \$31.7 million for the fiscal 2020 third quarter and approximately \$22.7 million for the nine months ended June 30, 2020.

- CARES Act and Legislative/Executive Branch Update:** The Payroll Protection Plan ("PPP") Loans totaling approximately \$19.9 million received by GEE Group have provided critical liquidity for the Company and were utilized for the prescribed purposes during the fiscal 2020 third quarter. GEE Group anticipates that it will spend the remainder of the proceeds in the 2020 fiscal fourth quarter and apply for maximum forgiveness subsequent to the expiration of the 24-week period in accordance with the applicable S.B.A. and U.S. Treasury rules and regulations. In addition, relief in the form of a "payroll tax deferral" for payment of GEE Group's share of social security tax for certain employees continues in effect through December 31, 2020 based upon current rules and regulations. Proposed legislation introduced in Congress ("HEALS Act" and "HEROES Act") may, if a compromise is reached and legislation is enacted, and/or President Trump's "Executive Order" possibly provide additional economic benefits to the Company in the future.
- Covid-19 ("coronavirus") Update, Impact and Business Trends:** The global coronavirus pandemic had an initial impact on the Company starting approximately in mid-to-late March 2020, and the resultant mandated government "shutdowns", quarantines and business closures limited GEE Group's ability to have personnel in its offices and recruit and deploy human resources to its clients who, in many cases, shut down their business operations. The Company immediately adapted to the constraints and, with enhanced technology, migrated to "alternative work arrangements" including "work from home". GEE Group also adjusted its cost structure and reduced internal employee headcount based upon the lower demand for its services. The Company partially reopened offices, rotated shifts in offices for social distancing and created a "hybrid" work environment. A gradual re-opening of customers' businesses coupled with increased use of personal protective equipment, led to a gradual increase in demand in the latter part of the 2020 third quarter. Many furloughed employees have returned to work. The Company is experiencing increased demand and its business is on an upward trajectory.
- Recently Completed Recapitalization and Restructuring:** On June 30, 2020, GEE Group completed a recapitalization and restructuring transaction which substantially deleveraged the Company's balance sheet, significantly increased shareholders' equity by over \$40 million pre-tax and improved the Company's overall financial condition. The Company eliminated a total of approximately \$47.4 million of debt and related leverage consisting of \$19.7 million of subordinated debt and approximately \$27.7 million of preferred stock mezzanine financing at a substantial discount in exchange for cash of approximately \$5.1 million inclusive of accrued interest and the issuance of approximately 1.8 million of GEE Group common shares. The Company is now much better positioned financially and is pursuing opportunities with commercial banks and other lenders to refinance all or a portion of its senior debt on more attractive terms including lower interest costs. This includes government assisted financing programs such as the "Main Street Lending Program".

## Management Comments

Derek E. Dewan, Chairman and Chief Executive Officer of GEE Group, commented, "The market for contingent labor and human resource solutions has evolved well beyond the age-old strategies and processes that many staffing and recruiting firms still employ. Our

Company continues to pivot, refine its internal processes and narrow its focus on new business opportunities in segments of the economy that benefit from the coronavirus pandemic. GEE Group has made significant investments in identifying and successfully implementing a multi-step sales and marketing approach that equips our field staffing managers to better engage targeted clients "real time" with greater success. On the heels of GEE Group's recent recapitalization and financial restructuring, we are now able to roll out this strategy nationwide."

Mr. Dewan further stated, "The current crisis that we are all unfortunately dealing with, while terrible in so many ways, has created pockets of business that we have been able to successfully garner with our revised sales focus and marketing strategy. We are pleased with the results we have seen thus far in test markets as our teams quickly master each element of the process. During the past several months, many competitors have reduced their sales and recruitment personnel through layoffs, and/or have closed offices in many markets. GEE Group has capitalized on the opportunity to acquire internal talent from this unemployed pool of well qualified candidates that would otherwise have been unavailable to the Company. We will continue to selectively hire the "best and brightest" from this group and are optimistic about their upcoming contributions, particularly on the new business development front."

Mr. Dewan concluded, "GEE Group's financial performance in the fiscal third quarter ended June 30, 2020 was exceptional despite COVID-19 and its negative effect on the U.S. and global economies. The Company has adapted to the "new normal". Business has stabilized nicely and is trending upward in an improving demand environment. GEE Group is well-positioned financially and I am excited about the prospects to grow revenue, continue to reduce and refinance debt on more attractive terms, optimize our capital structure, improve profitability and maximize shareholder value".

### **SEC Filings, Use of Non-GAAP Financial Measures & Other Financial Information**

**The aforementioned 2020 Fiscal Third Quarter and Nine-Month Highlights and Other Financial Information should be read in conjunction with all of the information included in GEE Group's Quarterly Reports filed with the SEC on Form 10-Q for the respective periods, Current Reports on Forms 8-K & 8-K/A and Information Statements on Schedules 14A & 14C filed with the SEC, and Annual Reports on Form 10-K filed with the SEC for the fiscal years ended September 30, 2019 and 2018.**

**Also, the discussion of financial results in this press release and disclosures regarding the use of non-GAAP financial measures and related schedules attached hereto which reconcile non-GAAP financial measures to the financial information prescribed by GAAP are important to readers to help gain a more comprehensive understanding of the Company's financial results. The non-GAAP financial measures and metrics of financial results or financial performance presented herein are not a substitute for the financial measures provided by GAAP and should not be considered as alternatives, replacements or superior to financial measures presented in accordance with GAAP.**

**The Company discloses certain financial information including non-GAAP adjusted EBITDA to supplement its GAAP financial statements because management uses these supplemental non-GAAP financial measures to help evaluate performance**

period over period, to analyze the underlying operating trends and results in its business, to establish operational goals, to provide additional measures of operating performance, including using the information for internal planning relating to the Company's ability to meet debt service, make capital expenditures and provide working capital needs. In addition, the Company believes investors already use these non-GAAP measures to monitor the Company's performance. Non-GAAP adjusted EBITDA is defined by the Company as net income or net loss before interest, taxes, depreciation and amortization (EBITDA) plus non-cash stock option and stock-based compensation expenses, plus acquisition, integration and restructuring costs, less gain on extinguishment of debt and plus noncash goodwill impairment charges. Non-GAAP adjusted EBITDA is not a term defined by GAAP and, as a result, the Company's measure of non-GAAP adjusted EBITDA might not be comparable to similarly titled measures used by other companies. Generally, a non-GAAP financial measure is a numerical measure of a company's performance, financial position or cash flow that either excludes or includes amounts that are not normally excluded or included, accordingly, in the most directly comparable measure calculated and presented in accordance with GAAP. The non-GAAP financial measures discussed above, however, should be considered in addition to, and not as a substitute for, or superior to net income or net loss and income or loss from operations as reported for GAAP on the Consolidated Statements of Income, cash and cash flows as reported for GAAP in the Consolidated Balance Sheets or on the Consolidated Statements of Cash Flows or other measures of financial performance prepared in accordance with GAAP, and as reflected on the Company's consolidated financial statements prepared in accordance with GAAP included in GEE Group's Form 10-Q and Form 10-K filed for the respective fiscal periods with the SEC. Reconciliations of GAAP net income or GAAP net loss to non-GAAP adjusted EBITDA are attached hereto.

Financial information provided in this press release may consist of estimates, projections, pro forma data and certain assumptions that are considered forward looking statements and that are predictive or hypothetical in nature and depend on future events. The estimates and assumptions and related projected or pro forma financial results may not be realized nor are they guarantees of future performance.

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

	June 30, 2020	September 30, 2019
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash	\$ 16,577	\$ 4,055
Accounts receivable, less allowances (\$2,149 and \$515, respectively)	13,689	20,826
Prepaid expenses and other current assets	1,449	2,221
Total current assets	31,715	27,102
Property and equipment, net	811	852
Goodwill	72,293	72,293
Intangible assets, net	19,960	23,881
Right-of-use assets	4,679	-

Other long-term assets	292	353
<b>TOTAL ASSETS</b>	<u>\$ 129,750</u>	<u>\$ 124,481</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 2,627	\$ 3,733
Acquisition deposit for working capital guarantee	3	783
Accrued compensation	6,351	5,212
Short-term portion of term loan, net of discount	-	4,668
Subordinated debt	-	1,000
Current Paycheck Protection Program Loans	7,851	-
Current operating lease liabilities	1,690	-
Other current liabilities	6,313	3,172
Total current liabilities	<u>24,835</u>	<u>18,568</u>
Deferred taxes	400	300
Paycheck Protection Program Loans	12,076	-
Revolving credit facility	11,828	14,215
Term loan, net of discount	36,767	36,029
Subordinated convertible debt (includes \$0 and \$1,269, net of discount, respectively, due to related parties)	-	17,954
Noncurrent operating lease liabilities	4,036	-
Other long-term liabilities	148	595
Total long-term liabilities	<u>65,255</u>	<u>69,093</u>
Commitments and contingencies		
<b>MEZZANINE EQUITY</b>		
Preferred stock; no par value; authorized - 20,000 shares -		
Preferred series A stock; authorized -160 shares; issued and outstanding - none	-	-
Preferred series B stock; authorized - 5,950 shares; issued and outstanding - 0 and 5,566 at June 30, 2020 and September 30, 2019, respectively; liquidation value of the preferred series B stock is approximately \$0 and \$27,050 at June 30, 2020 and September 30, 2019, respectively	-	27,551
Preferred series C stock; authorized - 3,000 shares; issued and outstanding - 0 and 60 at June 30, 2020 and September 30, 2019, respectively; liquidation value of the preferred series C stock is approximately \$0 and \$60 at June 30, 2020 and September 30, 2019, respectively	-	60
Total mezzanine equity	<u>-</u>	<u>27,611</u>
<b>SHAREHOLDERS' EQUITY</b>		
Common stock, no-par value; authorized - 200,000 shares; issued and		
outstanding - 17,667 shares at June 30, 2020 and 12,538 shares at September 30, 2019, respectively	-	-
Additional paid in capital	57,762	49,990
Accumulated deficit	(18,102)	(40,781)
Total shareholders' equity	<u>39,660</u>	<u>9,209</u>

\$ 129,750    \$ 124,481

**TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY**

**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (unaudited)**  
(In thousands)

	<b>Three Months Ended June 30,</b>		<b>Nine Months Ended June 30,</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
<b>NET REVENUES:</b>				
Contract staffing services	\$ 23,493	\$ 33,217	\$ 86,835	\$ 99,057
Direct hire placement services	3,101	4,884	11,996	13,764
<b>NET REVENUES</b>	<b>26,594</b>	<b>38,101</b>	<b>98,831</b>	<b>112,821</b>
Cost of contract services	16,925	24,521	64,654	74,093
<b>GROSS PROFIT</b>	<b>9,669</b>	<b>13,580</b>	<b>34,177</b>	<b>38,728</b>
Selling, general and administrative expenses (including noncash stock-based compensation expense of \$337 and \$531, and \$1,290 and \$1,661 respectively)	10,208	11,559	34,299	34,537
Depreciation expense	33	89	181	269
Amortization of intangible assets	1,125	1,396	3,921	4,189
Goodwill impairment charge	-	4,300	-	4,300
<b>LOSS FROM OPERATIONS</b>	<b>(1,697)</b>	<b>(3,764)</b>	<b>(4,224)</b>	<b>(4,567)</b>
Gain on extinguishment of debt	12,316	-	12,316	-
Interest expense	(3,334)	(3,176)	(9,618)	(9,209)
<b>INCOME (LOSS) BEFORE INCOME TAX PROVISION</b>	<b>7,285</b>	<b>(6,940)</b>	<b>(1,526)</b>	<b>(13,776)</b>
Provision for income tax expense (benefit)	90	(106)	271	400
<b>NET INCOME (LOSS)</b>	<b>7,195</b>	<b>(6,834)</b>	<b>(1,797)</b>	<b>(14,176)</b>
Gain on redeemed preferred stock	24,475	-	24,475	-
<b>NET INCOME (LOSS) ATTRIBUTABLE TO COMMON STOCKHOLDERS</b>	<b>\$ 31,670</b>	<b>\$ (6,834)</b>	<b>\$ 22,678</b>	<b>\$ (14,176)</b>
<b>BASIC EARNINGS (LOSS) PER SHARE</b>	<b>\$ 2.01</b>	<b>\$ (0.57)</b>	<b>\$ 1.58</b>	<b>\$ (1.22)</b>
<b>DILUTED EARNINGS (LOSS) PER SHARE</b>	<b>\$ 1.88</b>	<b>\$ (0.57)</b>	<b>\$ 1.48</b>	<b>\$ (1.22)</b>
<b>WEIGHTED AVERAGE SHARES OUTSTANDING:</b>				
<b>BASIC</b>	15,792	12,041	14,368	11,609
<b>DILUTED</b>	16,805	12,041	15,373	11,609

**Reconciliation of Non-GAAP Adjusted EBITDA to GAAP Net Income (net loss)**  
**Quarter Ended June 30,**  
(In thousands)

**2020**      **2019**

Net income (net loss), GAAP	\$ 7,195	\$ (6,834)
Interest expense, net	3,334	3,176
Income tax expense (credit)	90	(106)
Depreciation expense	33	89
Amortization expense	1,125	1,396
Stock compensation & stock option exp.	337	531
Acquisition, integration & restructuring	1,561	564
Noncash goodwill impairment charge	-	4,300
Gain on extinguishment of debt	(12,316)	-
Other losses (gains)	(4)	-
Non-GAAP adjusted EBITDA	\$ 1,355	\$ 3,116

**Reconciliation of Non-GAAP Adjusted EBITDA to GAAP Net Income (net loss)**  
**Nine Month Periods Ended June 30,**  
(In thousands)

	<u>2020</u>	<u>2019</u>
Net income (net loss), GAAP	\$ (1,797)	\$ (14,176)
Interest expense, net	9,618	9,209
Income tax expense (credit)	271	400
Depreciation expense	181	269
Amortization expense	3,921	4,189
Stock compensation & stock option expense	1,289	1,661
Acquisition, integration & restructuring	3,245	2,990
Noncash goodwill impairment charge	-	4,300
Gain on extinguishment of Debt	(12,316)	-
Other losses (gains)	2	-
Non-GAAP adjusted EBITDA	\$ 4,414	\$ 8,842

### 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

In addition to historical information, this press release contains statements relating to 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. 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 to and continues 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 is exacerbated by government and client directed "quarantines", "remote working", "shut-downs" and "social distancing". There is no assurance that conditions will not 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 from commercial sources or government programs such as the Main Street Lending Facility or other economic relief programs, failure to obtain partial or full forgiveness on payroll protection loans 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 sales personnel; (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 regulations and 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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