

Risk Factors Comparison 2024-12-19 to 2023-12-18 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text **Moved Text Section**

We operate in a changing environment that involves numerous known and unknown risks and uncertainties that could materially adversely affect our operations. The risks described below highlight some of the factors that have affected, and in the future could affect our operations and financial condition. Additional risks we do not yet know of or that we currently think are immaterial may also affect our business operations. If any of the events or circumstances described in the following risks actually occur, our business, financial condition or results of operations could be materially adversely affected. THE U. S. ECONOMY CURRENTLY IS BEING NEGATIVELY IMPACTED BY HISTORICALLY SIGNIFICANT INFLATION, A LOOMING RECESSION, AND DISRUPTIONS IN SUPPLY AND THE WORKFORCE; RECENT GLOBAL SOCIOECONOMIC TRENDS, INCLUDING THE WARS IN UKRAINE AND THE MIDDLE EAST AND U. S. RELATIONS WITH CERTAIN FOREIGN POWERS MAY HAVE A FURTHER ADVERSE EFFECT ON THE U. S. ECONOMY AND OUR BUSINESS. The U. S. and larger global economies experienced historically high inflation during 2022, which has continued into 2024. The Federal Reserve and other Central Banks already have raised interest rates more aggressively and to their highest levels in decades. Although inflation and interest rates have begun to subside, the prospect for a recession is considered by many to be possible. Some sources have declared that the U. S. already has experienced a recession. Consumer prices, including basic costs of food, fuel, utilities, healthcare, mortgage and personal loan rates, and other non- discretionary and discretionary consumer items have risen significantly and remain high. Wages are up, however, increases in wages have lagged price inflation resulting in a net decline in real personal incomes relative to consumer spending. Volatility continues to exist in the workforce making it more difficult and costly for employers to recruit, hire and / or retain workers. U. S. unemployment remains relatively low, however the labor utilization rate and ratio of workers to the total population also remain low. Shortages in the workforce have been a significant factor in supply shortages relative to demand and also help fuel inflation. On the global stage, two wars are now being waged, the first led by the invasion of Ukraine by Russia, and the second, following the recent invasion of Israel by Hamas terrorists. These and overtures by China over Taiwan and the South China Sea, also add instability to the uncertainty driving socioeconomic forces, which in turn, impact the Company's and its subsidiaries' operations. The present conditions and state of our U. S. and global economies make it difficult to predict the extent to which a recession has occurred or will occur or worsen in the near future, and we and other members of the U. S. Staffing Industry already have seen significant declines in business in 2023 and 2024. In the event of recurring or worsening conditions, in which the U. S. economy remains uncertain or contracts, we expect that our business will continue to be negatively impacted, accordingly. The Company has taken significant actions to shore up its resources and means in order to mitigate the negative effects of economic downturns; however, should economic conditions remain uncertain or worsen in the future, one may expect either scenario to continue to have an adverse effect on the business of the Company and its subsidiaries. THE TERMS OF OUR SENIOR BANK ASSET BACKED LOAN AGREEMENT MAY PLACE SOME RESTRICTIONS ON OUR OPERATING AND FINANCIAL FLEXIBILITY, AND FAILURE TO COMPLY WITH COVENANTS OR TO SATISFY CERTAIN CONDITIONS OF THE AGREEMENT MAY RESULT IN ACCELERATION OF OUR REPAYMENT OBLIGATIONS, WHICH COULD HARM OUR LIQUIDITY, FINANCIAL CONDITION, OPERATING RESULTS, BUSINESS AND PROSPECTS AND CAUSE THE PRICE OF OUR SECURITIES TO DECLINE. GEE Group Inc. and its subsidiaries, Agile Resources, Inc., Access Data Consulting Corporation, BMCH, Inc., GEE Group Portfolio, Inc., Paladin Consulting, Inc., Scribe Solutions, Inc., SNI Companies, Inc., Triad Personnel Services, Inc., and Triad Logistics, Inc. are co-borrowers under a Loan, Security and Guaranty Agreement for a \$ 20 million asset-based senior secured revolving credit facility (the "Facility ") with First Citizens Bank (" FCB ") (formerly CIT Bank, N. A.). The Facility is collateralized by 100 % of the assets of the Company and its subsidiaries who are co-borrowers and / or guarantors. The Facility matures on the fifth anniversary of the closing date (May 14, 2026). The Facility contains some restrictions and limitations that might inhibit our ability to engage in certain activities and transactions that may otherwise be in our long-term best interests. The affirmative and negative covenants contained in the Credit Agreement that may adversely affect our ability to operate our business include covenants that limit and restrict, among other things, our ability to incur additional indebtedness, transfer or sell certain assets, issue stock of subsidiaries, pay dividends on, repurchase or make distributions with respect to our capital stock or make other restricted payments, incur or permit liens or other encumbrances on assets, make certain investments, loans and advances, acquire other businesses, merge, consolidate, sell or otherwise dispose of all or substantially all of our assets, enter into certain transactions with our affiliates and amend certain agreements, without amendment of the Facility or the express approval of FCB. Under the Facility, advances are subject to a borrowing base formula based on 85 % of eligible accounts receivable of the Company and subsidiaries, as defined, and subject to certain other criteria, conditions, and applicable reserves, including any additional eligibility requirements as determined by the administrative agent. Although the stated face amount of the Facility is \$ 20 million, the borrowing base formula significantly limits amounts available for us to borrow. 11The Facility also contains customary events of default, including, among others, payment default, bankruptcy events, cross-default, breaches of covenants and representations and warranties, change of control and judgment defaults. A breach of any of these covenants could result in default under our Credit Agreement, which could prompt the lenders to declare all amounts outstanding under

the Credit Agreement to be immediately due and payable and terminate all commitments to extend further credit. In addition, a breach of the Credit Agreement would cause a cross- default of certain other indebtedness. If we were unable to repay those amounts, the lenders could proceed against the collateral granted to them to secure that indebtedness. If the lenders under the Credit Agreement accelerate the repayment of borrowings, we cannot ensure that we will have sufficient assets and funds to repay the borrowings under the Credit Agreement and our other indebtedness. An acceleration of our outstanding indebtedness could have serious consequences to our financial condition, operating results, and business, and could cause us to become insolvent or enter bankruptcy proceedings. **IF WE ARE UNABLE TO GENERATE OR BORROW SUFFICIENT CASH TO MAKE PAYMENTS ON OUR INDEBTEDNESS OUR FINANCIAL CONDITION WOULD BE MATERIALLY HARMED, OUR BUSINESS COULD FAIL AND OUR SHAREHOLDERS MAY LOSE ALL OF THEIR INVESTMENT.** Our ability to make scheduled payments on or to refinance our obligations is dependent upon our financial and operating performance, which is affected by economic, financial, competitive, business, and other factors, some of which are beyond our control. While we believe we will be able to meet our liquidity requirements for the foreseeable future and for at least the next twelve months, we cannot assure you that our business will generate sufficient cash flow from operations to service our indebtedness or to fund our other liquidity needs. If we are unable to meet our debt obligations or fund our other liquidity needs, we may need to restructure or refinance all or a portion of our indebtedness on or before maturity. We cannot assure you that we will be able to restructure or refinance any of our indebtedness on commercially reasonable terms, if at all, which could cause us to default on our debt obligations and impair our liquidity. Any refinancing of our indebtedness could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. **THE COMPANY HAS MATERIAL INTANGIBLE ASSETS, INCLUDING GOODWILL, CUSTOMER LISTS, AND TRADENAMES. THESE ASSETS ARE SUBJECT TO IMPAIRMENT RISKS, WHICH COULD RESULT IN FUTURE MATERIAL IMPAIRMENT CHARGES TO INCOME AND NEGATIVELY IMPACTING THE FUTURE OPERATING RESULTS AND THE FINANCIAL POSITION OF THE COMPANY.** The Company is required to evaluate its goodwill annually or when one or more triggering events or circumstances indicate that assets might be impaired. The other long- lived assets, including definite- lived intangible assets, have to be tested for impairment only when triggering events occur or circumstances indicate that these assets might be impaired. The Company has recognized impairments of its goodwill and its other long- lived assets, including most recently during the third quarter of its fiscal year ended September 30, 2024. In testing for impairments, management applies one or more valuation techniques to estimate the fair values of the reporting units, individual assets or groups of individual assets, as required under the circumstances. These valuation techniques rely on assumptions and other factors, such as the estimated future cash flows, the discount rates used to determine the present value of associated cash flows, and the market comparable assumptions. Changes to input assumptions and other factors used or considered in the analysis could result in materially different evaluations of impairment. The valuation techniques utilized by management for impairment testing, including estimated future cash flows, fundamentally include the inherent underlying assumption that the economy, the markets served by the Company, and the Company itself, will continue to grow. In the event the assumptions relied upon by management are not achieved, including assumed future growth rates, impairments of goodwill or other long- lived assets could be recorded and such amounts could be material to the consolidated financial statements. A reduction in the projected long- term operating performance of one or both of the Company' s reporting units or other long- lived assets, future market declines, changes in discount rates or other conditions also could result in material impairments in the future. Thus, there can be no assurance that the Company' s goodwill or other long- lived assets will not become impaired in the future. **12WE HAVE SIGNIFICANT WORKING CAPITAL NEEDS AND IF WE ARE UNABLE TO SATISFY THOSE NEEDS FROM CASH GENERATED FROM OUR OPERATIONS OR BORROWINGS UNDER OUR DEBT INSTRUMENTS, WE MAY NOT BE ABLE TO CONTINUE OUR OPERATIONS.** We require significant amounts of working capital to operate our business. We often have high receivables from our customers, and as a staffing company, we are prone to cash flow imbalances because we have to fund payroll payments to temporary workers before receiving payments from clients for our services. If we experience a significant and sustained drop in operating profits, or if there are unanticipated reductions in cash inflows or increases in cash outlays, we may be subject to cash shortfalls. If a sustained shortfall were to occur, it could have an adverse effect on our business. In particular, we use working capital to fund expenses relating to our temporary workers and our other operating expenses and liabilities. As a result, we must maintain sufficient cash availability to pay temporary workers and fund payroll taxes and other payroll- related expenses prior to receiving payment from customers. In addition, our operating results tend to be unpredictable from quarter to quarter. Demand for our services is typically lower during traditional national vacation periods in the United States when customers and candidates are on vacation. No single quarter is predictive of results of future periods. Any extended period of time with low operating results or cash flow imbalances could have a material adverse effect on our business, financial condition and results of operations. We derive working capital for our operations through cash generated by our operating activities and borrowings under our debt instruments. If our working capital needs increase in the future, we may be forced to seek additional sources of capital, which may not be available on commercially reasonable terms. The amount we are entitled to borrow under our debt instruments is calculated monthly based on the aggregate value of certain eligible trade accounts receivable generated from our operations, which are affected by financial, business, economic and other factors, as well as by the daily timing of cash collections and cash outflows. The aggregate value of our eligible accounts receivable may not be adequate to allow for borrowings for other corporate purposes, such as capital expenditures or growth opportunities, which could reduce our ability to react to changes in the market or industry conditions. **THE LINGERING EFFECTS OF THE CORONAVIRUS PANDEMIC AND ITS SUBSEQUENT VARIANTS AND**

CARES ACT REQUIREMENTS COULD ADVERSELY AFFECT OUR BUSINESS, LIQUIDITY AND FINANCIAL RESULTS. Recent global socioeconomic conditions, including the negative effects of the Coronavirus Pandemic (“ COVID- 19 ”), and disruption of financial markets, severely affected our business and results of operations during fiscal 2020 and, although to a lesser extent, fiscal 2021. The negative effects initially limited our access to credit or equity capital, our ability to refinance debt and disrupted ours and our clients’ businesses. In fiscal 2021 and 2022, we were able to regain reasonable access to credit and equity capital markets, but also have continued to experience some lingering negative effects on our business operations in certain markets. The operations and liquidity of our operating subsidiaries were severely impacted by COVID- 19. As a result and out of necessity, in fiscal 2020, we applied for and obtained financial relief in the form of funds received in exchange for promissory notes issued by the U. S. Small Business Administration (“ SBA ”) and U. S. Treasury under the Payroll Protection Program of the CARES Act (“ PPP loans ”). The Company and eight of its operating subsidiaries received PPP loans, totaling \$ 20 million, and have since applied for and received forgiveness of their respective PPP loans from the SBA. The forgiveness of these loans, including their respective accrued and unpaid interest amounts, have been recognized by eliminating them from the Company’ s consolidated balance sheets with corresponding gains in consolidated net income in fiscal 2021 and 2022. **13**The former PPP loans obtained by GEE Group Inc., and its operating subsidiaries together as an affiliated group, exceeded the \$ 2 million audit threshold established by the SBA, and therefore, will be subject to audit by the SBA in the future. If any of the nine forgiven PPP loans are reinstated in whole or in part as the result of a future audit, or other Federal mandate or initiative, a charge or charges would be incurred, accordingly, and they would need to be repaid. If the companies are unable to repay the portions of their PPP loans that ultimately may be reinstated from available liquidity or operating cash flow, we may be required to raise additional equity or debt capital to repay the PPP loans. **OUR REVENUE CAN VARY BECAUSE OUR CUSTOMERS CAN TERMINATE THEIR RELATIONSHIP WITH US AT ANY TIME WITH LIMITED OR NO PENALTY.** We focus on providing professional and light industrial personnel on a temporary assignment- by- assignment basis, which customers can generally terminate at any time or reduce their level of use when compared to prior periods. To avoid large placement agency fees, large companies may use in- house personnel staff, current employee referrals, or human resources consulting companies to find and hire new personnel. Because placement agencies typically charge fees as a mark- up to the hourly pay rate or based on a percentage of the first year’ s salary of a new worker, companies with many jobs to fill may have a large financial incentive to avoid agencies. Our business is also significantly affected by our customers’ hiring needs and their views of their future prospects. Our customers may, on very short notice, terminate, reduce or postpone their recruiting assignments with us and, therefore, affect demand for our services. As a result, a significant number of our customers can terminate their agreements with us at any time, making us particularly vulnerable to a significant decrease in revenue within a short period of time that could be difficult to quickly replace. This could have a material adverse effect on our business, financial condition and results of operations. **MOST OF OUR CONTRACTS DO NOT OBLIGATE OUR CUSTOMERS TO UTILIZE A SIGNIFICANT AMOUNT OF OUR STAFFING SERVICES AND MAY BE CANCELLED ON LIMITED NOTICE, SO OUR REVENUE STREAM MAY BE INCONSISTENT AND IS NOT GUARANTEED.** Substantially all of our revenue is derived from ~~multi- year~~ **or master service agreements that are renewable or perpetual and** that are terminable **by our customers** for their convenience ~~of and at the their customer discretion~~. Under our ~~multi- year~~ **renewable or perpetual** agreements, we contract to provide ~~customers with~~ staffing services through work or service orders at the customers’ request. Under these agreements, our customers often have little or no obligation to request our staffing services. In addition, most of our contracts are cancellable on limited notice **and without material penalties**, even if we are not in default under the contract. We may hire employees permanently to meet anticipated demand for services under these agreements that may ultimately be delayed or cancelled. We could face a significant decline in revenues and our business, financial condition or results of operations could be materially adversely affected if ~~we~~ see a significant decline in the staffing services requested from us under our service agreements; or ~~our~~ customers cancel or defer a significant number of staffing requests; or our existing customer agreements expire or lapse and we cannot renew or replace them with similar agreements. **IF WE ARE UNABLE TO RETAIN A BROAD GROUP OF EXISTING CUSTOMERS, LOSE ONE OR MORE SIGNIFICANT CUSTOMERS, OR FAIL TO ATTRACT NEW CUSTOMERS, OUR RESULTS OF OPERATIONS COULD SUFFER.** Increasing the growth and profitability of our business is particularly dependent upon our ability to retain existing customers and capture additional customers. Our ability to do so is dependent upon our ability to provide high quality services and offer competitive prices. If we are unable to execute these tasks effectively, we may not be able to attract a significant number of new customers and our existing customer base could decrease, including the loss of a significant customer, either or all of which could have an adverse impact on our revenues. **SUBSTANTIAL 14SUBSTANTIAL ALTERATION OF OUR CURRENT BUSINESS AND REVENUE MODEL COULD HURT SHORT- TERM RESULTS.** Our present business and revenue model represents our view of optimal business and revenue generation, which is to derive revenues and achieve profitability in the shortest period. There can be no assurance that current models will not be altered significantly or replaced with one or more alternatives driven by motivations other than near- term revenues and / or profitability (for example, building market share ahead of our competitors). Any such alteration or replacement of our current business and revenue model may ultimately result in the deferring of certain revenues in favor of potentially establishing larger market share. We cannot assure that any such adjustment or change in the business and revenue model would prove to be successful whether adopted in response to industry changes or for other reasons. **14WE WE** **DEPEND ON OUR SENIOR MANAGEMENT TEAM AND THE LOSS OF ONE OR MORE KEY EMPLOYEES OR AN INABILITY TO ATTRACT AND RETAIN HIGHLY SKILLED EMPLOYEES COULD ADVERSELY AFFECT OUR BUSINESS.** Our success depends largely upon the continued services of our executive officers and on certain other mission- critical individual contributors. We rely on our leadership team for the management and oversight of our business operations, including but not limited to, developing and executing our

strategy, business and financial planning, research and development, marketing, sales, human resources, client services, finance, and other general and administrative functions. From time to time, our executive management team may change from the hiring or departure of executives, which could disrupt our business. Employment agreements with our executive officers or other key personnel contain terms and conditions while employed by us, however, they also continue to be considered “ at will ” employees and, as such, they are not legally required to continue to work for us for any specified period and may terminate their employment with us at any time should they choose. The loss of one or more of our executive officers or key employees could have a serious adverse effect on our business. To execute our growth plan, we must attract and retain highly qualified personnel. Competition for **these outstanding** personnel is intense, especially for experienced software engineers and senior sales executives. If we are unable to attract such personnel in cities where we are located, we may need to hire in other locations, which may add to the complexity and costs of our business operations. We expect to continue to experience challenges in hiring and retaining employees with appropriate qualifications. Extended stay- at- home, business closure, and other restrictive orders also may be expected to impact our ability to identify, hire, and train new personnel. Many of the companies with which we compete for experienced personnel have greater resources than we have. If we hire employees from competitors or other companies, their former employers may attempt to assert that these employees or we have breached legal obligations, resulting in a diversion of our time and resources. In addition, job candidates and existing employees often consider the value of the stock awards they receive in connection with their employment. If the perceived value of our stock awards declines, it may adversely affect our ability to recruit and retain highly skilled employees. If we fail to attract new personnel or fail to retain and motivate our current personnel, it could adversely affect our business and future growth prospects. WE DEPEND ON ATTRACTING, INTEGRATING, MANAGING, AND RETAINING QUALIFIED PERSONNEL. Our success depends upon our ability to attract, integrate, manage and retain personnel who possess the skills and experience necessary to fulfill our clients’ needs. Our ability to hire and retain qualified personnel could be impaired by any diminution of our reputation, decrease in compensation levels relative to our competitors, modifications to our total compensation philosophy that might be perceived negatively, or aggressive competitor hiring programs. If we cannot attract, hire and retain required qualified personnel, our business, financial condition and results of operations would be negatively impacted. Our future success also depends upon our ability to manage the successful performance of our personnel. Failure to successfully manage the performance of our personnel could affect our profitability by causing operating inefficiencies that could increase operating expenses and reduce operating income. WE DEPEND ON OUR ABILITY TO ATTRACT AND RETAIN QUALIFIED TEMPORARY WORKERS. In addition to the members of our own team, our success is substantially dependent on our ability to recruit and retain large numbers of qualified temporary workers who possess the skills and experience necessary to meet the staffing requirements of our customers. We are required to continually evaluate our base of available qualified personnel to keep pace with changing customer needs. Competition for individuals with proven professional skills is intense, and demand for these individuals is expected to remain strong for the foreseeable future. 15Staffing Industry Analysts, a leading industry trade organization, recently published in its September 2023 **2024 U. S. Staffing Industry Forecast** update, that the U. S. Staffing Industry is expected to decline by 10 % in **2024. This follows a 10 % decline already experienced in** 2023. The **SIA report cites** identified causes vary within different market verticals and scenarios, with the overall level of uncertainties that persist in the U. S. and global economies and labor markets receiving significant mention. Other -- **the forecasted 2024** cited causes of the decline particularly in light industrial **is expected due to widespread client caution and project delays** administrative and clerical markets are the rise of new B2C trends, **a depressed manufacturing sector, falling bill rates in sectors** such as **healthcare** Uber and DoorDash, and, in other markets, “ side gigs ” that offer alternative opportunities to potential employment - **employer candidates and increased competition amongst recruiters** **worker heightened preferences for permanent positions over temporary positions**. WE OPERATE IN AN INTENSELY COMPETITIVE AND RAPIDLY CHANGING BUSINESS ENVIRONMENT, AND THERE IS A SUBSTANTIAL RISK THAT OUR SERVICES COULD BECOME OBSOLETE OR UNCOMPETITIVE. The markets for our services are highly competitive and include many larger, more established companies. Our markets are characterized by pressures to provide high levels of service, incorporate new capabilities and technologies, accelerate job completion schedules and reduce prices. Furthermore, we face competition from a number of sources, including other executive search firms and professional search, staffing and consulting firms. Several of our competitors have greater financial and marketing resources than we do. New and existing competitors are aided by technology, and the market has low barriers to entry. Furthermore, Internet employment sites expand a company’ s ability to find workers without the help of traditional agencies. Personnel agencies often work as intermediaries, helping employers accurately describe job openings and screen candidates. Increasing the use of sophisticated, automated job description and candidate screening tools, **especially those that now utilize Artificial Intelligence, or “ AI ”**, could make many traditional functions of staffing companies obsolete. Specifically, the increased use of the internet may attract technology- oriented companies to the professional staffing industry. Free social networking sites such as LinkedIn and Facebook are also becoming a common way for recruiters and employees to connect without the assistance of a staffing company. Our future success will depend largely upon our ability to anticipate and keep pace with those developments and advances. Current or future competitors could develop alternative capabilities and technologies that are more effective, easier to use or more economical than our services. In addition, we believe that, with continuing development and increased availability of IT **aided by AI**, the industries in which we compete may attract new competitors. If our capabilities and technologies become obsolete or uncompetitive, our related sales and revenue would decrease. Due to competition, we may experience reduced margins on our services, loss of market share, and loss of customers. If we are not able to compete effectively with current or future competitors as a result of these and other factors, our business, financial condition and results of operations could be materially adversely affected. CHANGES IN GOVERNMENT REGULATION COULD LIMIT OUR GROWTH OR RESULT IN ADDITIONAL COSTS OF DOING BUSINESS. We are subject to the same federal, state, and local laws as other companies conducting placement and staffing services, which are extensive. The adoption or modification of

laws that affect the placement and staffing industry, including but not limited to, Federal and state laws and regulations pertaining to labor and minimum wages, workplace standards and safety, workers compensation laws, independent contractor status, the Family Medical Leave Act, Affordable Care Act, and others could harm our business, operating results, and financial condition by increasing our costs and administrative burdens. **WE 16WE** MAY NOT BE ABLE TO OBTAIN THE NECESSARY ADDITIONAL FINANCING TO ACHIEVE OUR STRATEGIC GOALS. There is no guarantee that we will be able to obtain any additional financing that may be required to continue to expand our business. Our continued viability depends on our ability to raise capital. Changes in economic, regulatory or competitive conditions may lead to cost increases. Management may also determine that it is in our best interest to expand more rapidly than currently intended, to expand marketing activities, to develop new or enhance existing services or products, to respond to competitive pressures or to acquire complementary services, businesses or technologies. In any such case or other change of circumstance, additional financing will be necessary. If any additional financing is required, there can be no assurances that we will be able to obtain such additional financing on terms acceptable to us and at times required by us, if at all. In such event, we may be required to materially alter our business plan or curtail all or a part of our expansion plans. **16WE WE** MAY NOT BE ABLE TO MANAGE EXPECTED GROWTH AND INTERNAL EXPANSION. Our ability to manage growth effectively will be important to our business and future results of operations and financial condition. Expansion of our resources and operations will be required to address anticipated growth of our customer base and market opportunities. Expansion may be expected to place additional strain on our management, operational and financial resources, and thereby our ability to provide quality services and support for our clients and other stakeholders. In these regards, we anticipate the need to enhance existing resources, processes and controls, including but not limited to, implementation of new operational and financial systems, and development of additional procedures and controls to expand, train and manage our growing employee base and to service new and growing customers. Our failure to manage growth effectively, therefore, could have a materially negative effect on our business, results of operations and financial condition. **WE ARE DEPENDENT UPON TECHNOLOGY SERVICES, AND IF WE EXPERIENCE DAMAGE, SERVICE INTERRUPTIONS OR FAILURES IN OUR COMPUTER AND TELECOMMUNICATIONS SYSTEMS, OUR EXISTING CUSTOMER RELATIONSHIPS AND OUR ABILITY TO ATTRACT NEW CUSTOMERS MAY BE ADVERSELY AFFECTED.** Our business could be interrupted by damage to or disruption of our computer and telecommunications equipment and software systems, and we may lose data. Our customers' businesses may be adversely affected by any system or equipment failure we experience. As a result of any of the foregoing, our relationships with our customers may be impaired, we may lose customers, our ability to attract new customers may be adversely affected and we could be exposed to contractual liability. Precautions in place to protect us from, or minimize the effect of, such events may not be adequate. If an interruption by damage to or disruption of our computer and telecommunications equipment and software systems occurs, we could be liable and the market perception of our services could be harmed. **WE COULD BE HARMED BY IMPROPER DISCLOSURE OR LOSS OF SENSITIVE OR CONFIDENTIAL COMPANY, EMPLOYEE, ASSOCIATE OR CLIENT DATA, INCLUDING PERSONAL DATA, BY EMPLOYEE ERROR AND / OR CYBER RISKS.** In connection with the operation of our business, we store, process and transmit a large amount of data, including personnel and payment information, about our employees, clients, associates and candidates, a portion of which is confidential and / or personally sensitive. In doing so, we rely on our own technology and systems, and those of third- party vendors we use for a variety of processes. We and our third- party vendors have established policies and procedures to help protect the security and privacy of this information. Unauthorized disclosure or loss of sensitive or confidential data may occur through a variety of methods. These include, but are not limited to, systems failure, employee negligence, fraud or misappropriation, or unauthorized access to or through our information systems, whether by our employees or third parties, including a cyberattack by computer programmers, hackers, members of organized crime and / or state- sponsored organizations, who may develop and deploy viruses, worms or other malicious software programs. Such disclosure, loss or breach could harm our reputation and subject us to government sanctions and liability under our contracts and laws that protect sensitive or personal data and confidential information, resulting in increased costs or loss of revenues. It is possible that security controls over sensitive or confidential data and other practices we and our third- party vendors follow may not prevent the improper access to, disclosure of, or loss of such information. The potential risk of security breaches and cyberattacks may increase as we introduce new services and offerings, such as mobile technology. Further, data privacy is subject to frequently changing rules and regulations, which sometimes conflict among the various jurisdictions in which we provide services. Any failure or perceived failure to successfully manage the collection, use, disclosure, or security of personal information or other privacy related matters, or any failure to comply with changing regulatory requirements in this area, could result in legal liability or impairment to our reputation in the marketplace. **17WE RECENTLY EXPERIENCED A NETWORK SECURITY INCIDENT AFFECTING OUR 17OUR IT NETWORK, INFORMATION SYSTEMS AND STORED INFORMATION. NETWORK SECURITY INCIDENTS AFFECTING OUR SYSTEMS AND INFORMATION TECHNOLOGY SUCH AS THIS ONE OR OTHERS COULD ADVERSELY IMPACT OUR ABILITY TO OPERATE AND HAVE WIDER- REACHING MATERIAL ADVERSE EFFECTS ON OUR BUSINESS AND FINANCIAL POSITION AND RESULTS.** On February 1, 2022, the Company detected and stopped a network security incident. An unauthorized third party gained access into our network, encrypted various systems, and demanded money to decrypt the affected systems and to delete and not publicly release stolen information. The Company's IT professionals immediately disconnected and isolated the affected systems to prevent any further compromise. The senior executive management team was immediately notified who in turn reported the network security incident to the Company's Audit Committee chairman who has board oversight authority for these types of matters. The Company's audit committee and board of directors were fully briefed and a special committee of the board of directors was appointed to assist and oversee management in the investigations, response and full remediation of the incident. The Company engaged third party cyber security experts to assist its internal IT professionals and conducted a comprehensive investigation to determine the extent of the unauthorized activity. The Company also notified law enforcement

and its cyber liability insurance carrier about the incident. The Company's investigation determined that the unauthorized third party acquired a relatively small amount of data maintained on the encrypted servers, to include in some cases, individual personal information such as names, social security numbers, passport and driver license information. Our forensic investigation has been concluded and we believe we have reasonably determined the scope of the incident. Individuals affected by this incident were sent formal notification in accordance with applicable state and federal laws. The cost of investigating and resolving the incident has been immaterial. Based on what management and the Company's third-party cyber security experts have determined in their investigation, the Company also does not foresee this incident having any future material detrimental effect on our business or financial position. The Company has in place cyber liability insurance coverage, subject to certain policy limitations and deductibles. The Company had also immediately notified the cyber insurance carrier of the network security incident, who worked with management and the Company's third-party cyber security experts on this matter. The Company's network environment is fully operational and additional security measures have been added and / or are being evaluated to prevent further intrusions. The Company has not observed any additional malicious activity on the network to date. The Company's operations were only minimally impacted by the incident, and we were able to serve our clients and other stakeholders without issue throughout.

~~OUR STRATEGY OF GROWING THROUGH ACQUISITIONS~~ **ACQUISITIONS** MAY BE IMPEDED BY A LACK OF FINANCIAL RESOURCES AND IMPACT OUR BUSINESS IN UNEXPECTED WAYS. WE COULD BE ADVERSELY AFFECTED BY RISKS ASSOCIATED WITH ACQUISITIONS. We intend to expand our business through acquisitions of complementary businesses, technologies, services or products, subject to our business plans and management's ability to identify, acquire and develop suitable acquisition or investment targets in both new and existing service categories. In certain circumstances, acceptable acquisition or investment targets might not be available. Acquisitions involve a number of risks, including, but not limited to: · difficulty in integrating the operations, technologies, products and personnel of an acquired business, including consolidating redundant facilities and infrastructure; · potential disruption of our ongoing business and the distraction of management from our day- to- day operations; · difficulty entering markets in which we have limited or no prior experience and in which competitors have a stronger market position; · difficulty maintaining the quality of services that such acquired companies have historically provided; · impact of liabilities of the acquired businesses undiscovered or underestimated as part of the acquisition due diligence; ~~18~~ failure to realize anticipated growth opportunities from a combined business, because existing and potential clients may be unwilling to consolidate business with a single supplier or to stay with the acquirer post acquisition; · impacts of cash on hand and debt incurred to finance acquisitions, thus increasing debt leverage and reducing liquidity for other significant strategic objectives; · internal controls, disclosure controls, corruption prevention policies, human resources and other key policies and practices of the acquired companies may be inadequate or ineffective; · overpayment for the acquired company or assets or failure to achieve anticipated benefits, such as cost savings ("synergies") and revenue enhancements; · increased expenses associated with completing an acquisition and amortizing any acquired intangible assets; · challenges in implementing uniform standards, accounting policies, customs, controls, procedures and policies throughout an acquired business; · failure to retain, motivate and integrate key management and other employees of the acquired business; and · loss of customers and a failure to integrate and retain customer bases. In addition, if we incur indebtedness to finance an acquisition, it may reduce our capacity to borrow additional amounts and requiring us to dedicate a greater percentage of our cash flow from operations to payments on our debt, thereby reducing the cash resources available to us to fund capital expenditures, pursue other acquisitions or investments in new business initiatives and meet general corporate and working capital needs. This increased indebtedness may also limit our flexibility in planning for, and reacting to, changes in or challenges relating to our business and industry. The use of our common stock or other securities (including those that might be convertible into or exchangeable or exercisable for our common stock) to finance any such acquisition may also result in dilution of our existing shareholders. The potential risks associated with recent and future acquisitions could disrupt our ongoing business, result in the loss of key customers or personnel, increase expenses and otherwise have a material adverse effect on our business, results of operations and financial condition. **WE 18WE** MAY BE EXPOSED TO EMPLOYMENT- RELATED CLAIMS AND LOSSES, INCLUDING CLASS ACTION LAWSUITS, WHICH COULD HAVE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS. We employ people internally and in the workplaces of other businesses. Many of these individuals have access to client information systems and confidential information. The risks of these activities include possible claims relating to: · discrimination and harassment; · wrongful termination or denial of employment; · violations of employment rights related to employment screening or privacy issues; · classification of temporary workers; ~~19~~ assignment of illegal aliens; · violations of wage and hour requirements; · retroactive entitlement to temporary worker benefits; · errors and omissions by our temporary workers; · release, misuse or appropriation of client intellectual property, or other confidential or other property or proprietary information; · misappropriation of funds; · cybersecurity breaches affecting our clients and / or us; · damage to customer facilities due to negligence of temporary workers; and · criminal misconduct or illegal activity by our temporary workers. We may incur fines and other losses or negative publicity with respect to these problems and claims. Such claims may result in negative publicity, injunctive relief, criminal investigations and / or charges, payment by us of monetary damages or fines, or other material adverse effects on our business. In addition, these claims may give rise to litigation, which could be time- consuming and expensive. New employment and labor laws and regulations may be proposed or adopted that may increase the potential exposure of employers to employment- related claims and litigation. There can be no assurance that the corporate policies we have in place to help reduce our exposure to these risks will be effective or that we will not experience losses as a result of these risks. There can also be no assurance that the insurance policies we have purchased to insure against certain risks will be adequate or that insurance coverage will remain available on reasonable terms or be sufficient in amount or scope of coverage. WE FACE SIGNIFICANT EMPLOYMENT- RELATED LEGAL RISK. We employ people internally and in the workplaces of other businesses. Many of these individuals have access to client information systems and confidential information. An inherent risk of such activity includes possible

claims of errors and omissions; intentional misconduct; release, misuse or misappropriation of client intellectual property, confidential information, funds, or other property; cyber security breaches affecting our clients and / or us; discrimination and harassment claims; employment of illegal aliens; criminal activity; torts; or other claims. Such claims may result in negative publicity, injunctive relief, criminal investigations and / or charges, civil litigation, payment by us of monetary damages or fines, or other material adverse effects on our business.

19CYBERSECURITY BREACHES OF OUR SYSTEMS AND INFORMATION TECHNOLOGY COULD ADVERSELY IMPACT OUR ABILITY TO OPERATE. We need to protect our own and other business confidential information from disclosure. We face the threat to our computer systems of unauthorized access, computer hackers, computer viruses, malicious code, organized cyber- attacks and other security problems and system disruptions, including possible unauthorized access to our and our clients' proprietary or classified information. As a result of the developing conflict between Russia and the Ukraine, in February 2022 the U. S. Cybersecurity and Infrastructure Security Agency issued a" Shields Up" alert for American organizations noting the potential for Russia' s cyber- attacks on Ukrainian government and critical infrastructure organizations to impact organizations both within and beyond the U. S., particularly in the wake of sanctions imposed by the United States and its allies. We rely on industry- accepted security measures and technology to securely maintain all confidential and proprietary information on our information systems. We have devoted and will continue to devote significant resources to the security of our computer systems, but they may still be vulnerable to these threats. A user who circumvents security measures could misappropriate confidential or proprietary information, including information regarding us, our personnel and / or our clients, or cause interruptions or malfunctions in operations. As a result, we may be required to expend significant resources to protect against the threat of these system disruptions and security breaches or to alleviate problems caused by these disruptions and breaches. Any of these events could damage our reputation and have a material adverse effect on our business, financial condition, results of operations and cash flows. Although the aggregate impact on our operations and financial condition has not been material to date, we have been the target of events of this nature and expect them to continue as cybersecurity threats have been rapidly evolving in sophistication and becoming more prevalent in the industry.

OUR ABILITY TO UTILIZE OUR NET OPERATING CARRYFORWARDS AND CERTAIN OTHER TAX ATTRIBUTES MAY BE LIMITED. Federal and state tax laws impose restrictions on the utilization of net operating loss (" NOL ") and tax credit carryforwards in the event of an " ownership change " as defined by section 382 of the Internal Revenue Code of 1986, as amended (" Section 382 "). Generally, an ownership change occurs if the percentage of the value of the stock that is owned by one or more direct or indirect " five percent shareholders " increases by more than 50 % over their lowest ownership percentage at any time during the applicable testing period (typically, three years). Under Section 382, if a corporation undergoes an " ownership change, " the corporation' s ability to use its pre- change NOL carryforwards and other pre- change tax attributes to offset its post- change income may be limited. We have not completed a study to assess whether an " ownership change " has occurred or whether there have been multiple ownership changes since we became a " loss corporation " as defined in Section 382. Future changes in our stock ownership, which may be outside of our control, may trigger an " ownership change ". In addition, future equity offerings or acquisitions that have equity as a component of the purchase price could result in an " ownership change. " If an " ownership change " has occurred or does occur in the future, utilization of the NOL carryforwards or other tax attributes may be limited, which could potentially result in increased future tax liability to us.

~~20THE~~ **THE** MARKET PRICE OF SHARES OF OUR COMMON STOCK HAS BEEN VOLATILE, WHICH COULD CAUSE THE VALUE OF YOUR INVESTMENT TO DECLINE. A MORE ACTIVE, LIQUID TRADING MARKET FOR OUR COMMON STOCK MAY NOT DEVELOP, AND THE PRICE OF OUR COMMON STOCK MAY FLUCTUATE SIGNIFICANTLY. The market price of our common stock has been highly volatile and could be subject to wide fluctuations. Securities markets worldwide experience significant price and volume fluctuations. The securities markets have experienced significant volatility as a result of the COVID- 19 pandemic and more recently, significant inflation, rising interest rates, economic uncertainty and volatility and uncertainty in our labor market. Market volatility, as well as general economic, market, or political conditions, could reduce the market price of shares of our common stock regardless of our operating performance. ~~Although~~ **20Although** our common stock is listed on the NYSE American, we cannot assure you that an active public market will develop for our common stock. There has been relatively limited trading volume in the market for our common stock, and a more active, liquid public trading market may not develop or may not be sustained. Limited liquidity in the trading market for our common stock may adversely affect a shareholder' s ability to sell its shares of common stock at the time it wishes to sell them or at a price that it considers acceptable. If a more active, liquid public trading market does not develop, we may be limited in our ability to raise capital by selling shares of common stock and our ability to acquire other companies or assets by using shares of our common stock as consideration. In addition, if the relatively limited trading volumes for our stock persists, the market price for our common stock may fluctuate significantly more than the stock market as a whole. Without large enough trading volumes, our common stock may be expected to remain less liquid than the stock of other more actively traded companies and, as a result, the trading prices of our common stock may be more volatile. Furthermore, the stock market is subject to significant price and volume fluctuations, and the price of our common stock could fluctuate widely in response to several factors, including: · our quarterly or annual operating results and financial position; · adverse market reaction to changes in our indebtedness, if any; · the perceived impact of the present uncertainties in the economy and labor markets on our industry and our own results; · announcements by our competitors of significant contracts, acquisitions, dispositions, strategic partnerships, joint ventures, or capital commitments; · litigation and government investigations; · pending acquisitions, if any; · investment recommendations by securities analysts following our business or our industry; · additions or departures of key personnel; · changes in the business, earnings estimates or market perceptions of our competitors; · our failure to achieve operating results consistent with securities analysts' projections; · future changes in industry, general market or economic conditions; and · changes or proposed changes in laws or regulations or

differing interpretations or enforcement of laws or regulations affecting our business. **21h In** response, the market price of shares of our common stock could decrease significantly. You may be unable to resell your shares of common stock at or above the public offering price. Following periods of volatility in the overall market and the market price of a company's securities, securities class action litigation has often been instituted against these companies. Such litigation, if instituted against us, could result in substantial costs and a diversion of our management's attention and resources. OUR COMMON STOCK COULD BE DELISTED FROM THE NYSE AMERICAN IF WE DO NOT MEET ITS CONTINUED LISTING REQUIREMENTS. The NYSE American has established certain standards for the continued listing of a security on the NYSE American. There can be no assurance that we will be able to meet these standards in the future to maintain the listing of our common stock on the NYSE American. Factors that could have an impact on our ability to maintain the listing of our common stock on NYSE American include the status of the market for our common stock at the time, our reported results of operations in future periods, and general economic, market and industry conditions. If we are delisted from the NYSE American, our common stock may be eligible for trading on an over-the-counter market. In the event that we are not able to obtain a listing on another stock exchange or quotation service for our common stock, it may be extremely difficult or impossible for shareholders to sell their common stock. Moreover, if we are delisted from the NYSE American, but obtain a substitute listing for our common stock, it will likely be on a market with less liquidity, and therefore experience potentially more price volatility than experienced on the NYSE American. Shareholders may not be able to sell their common stock on any such substitute market in the quantities, at the times, or at the prices that could potentially be available on a more liquid trading market. As a result of these factors, if our common stock is delisted from **Nasdaq NYSE American**, the price of our common stock is likely to decline. A delisting of our common stock from the NYSE American could also adversely affect our ability to obtain financing for our operations and / or result in a loss of confidence by investors, or employees. **WE 21WE** HAVE NO CURRENT PLANS TO PAY CASH DIVIDENDS ON OUR COMMON STOCK; AS A RESULT, YOU MAY NOT RECEIVE ANY RETURN ON INVESTMENT UNLESS YOU SELL YOUR COMMON STOCK FOR A PRICE GREATER THAN THAT WHICH YOU PAID FOR IT. We intend to retain a substantial portion of future earnings for use in the development of our business and do not anticipate paying any cash dividends on our common stock in the near future. We are presently repurchasing our own common shares in the open market, under authorization of our board of directors and in accordance with applicable Federal and state laws, regulations and rules. However, any future determination to pay dividends will be made at the discretion of our board of directors, subject to applicable laws. It will depend on a number of factors, including our financial condition, results of operations, capital requirements, contractual, legal, tax and regulatory restrictions, general business conditions, and other factors that our board of directors may deem relevant. In addition, our ability to pay cash dividends is restricted by the terms of our debt financing arrangements, and any future debt financing arrangement likely will contain terms restricting or limiting the amount of dividends that may be declared or paid on our common stock. As a result, you may not receive any return on an investment in our common stock unless you sell your common stock for a price greater than that which you paid for it. THERE MAY BE FUTURE SALES OF OUR SECURITIES OR OTHER DILUTION OF OUR EQUITY, WHICH MAY ADVERSELY AFFECT THE MARKET PRICE OF OUR COMMON STOCK. We may need to raise additional capital in the future to finance our operations, which may not be available on acceptable terms, or at all. Failure to obtain this necessary capital when needed may force us to delay, limit or terminate our product development efforts or other operations. We have experienced losses from operations and negative operating cash flow in the past and have an accumulated deficit. We have had to raise additional funds in order to deleverage, recapitalize and finance our current operations and may have to in the future if we are unable to sustain our current operations and results. If additional capital is not available to us when and if needed or on acceptable terms, we may not be able to continue to operate our business pursuant to our business plan or we may have to discontinue our operations entirely. Any additional capital raised through the sale of equity or equity-backed securities may be expected to dilute our shareholders' ownership percentages and could also result in a decrease in the market value of our equity securities. The terms of any securities issued by us in future capital transactions may be more favorable to new investors, and may include preferences, superior voting rights and the issuance of warrants or other derivative securities, which may have a further dilutive effect on the holders of any of our securities then outstanding. **22f If** we are unable to secure additional funds when needed or on acceptable terms, we may be required to defer, reduce or eliminate significant planned expenditures, restructure, curtail or eliminate some or all of our operations, dispose of technology or assets, pursue an acquisition of our company by a third party at a price that may result in a loss on investment for our shareholders, file for bankruptcy or cease operations altogether. Any of these events could have a material adverse effect on our business, financial condition and results of operations. Moreover, if we are unable to obtain additional funds on a timely basis, there will be substantial doubt about our ability to continue as a going concern and increased risk of insolvency and up to a total loss of investment by our shareholders. **PROVISIONS**

22PROVISIONS IN OUR AMENDED AND RESTATED ARTICLES OF INCORPORATION, AS AMENDED, OUR AMENDED AND RESTATED BY-LAWS, AS AMENDED AND ILLINOIS LAW MIGHT DISCOURAGE, DELAY OR PREVENT A CHANGE IN CONTROL OF OUR COMPANY OR CHANGES IN OUR MANAGEMENT AND, THEREFORE, DEPRESS THE TRADING PRICE OF OUR COMMON STOCK. Provisions of our amended and restated articles of incorporation, as amended, our amended and restated by-laws, as amended, and Illinois law may have the effect of deterring unsolicited takeovers or delaying or preventing a change in control of our company or changes in our management, including transactions in which our shareholders might otherwise receive a premium for their shares over then current market prices. In addition, these provisions may limit the ability of shareholders to approve transactions that they may deem to be in their best interests. These provisions include, but are not limited to: · restrictions on the ability of shareholders to call special meetings of shareholders. Special meetings of our shareholders may be called only by the chairman of the board of directors, our president, a majority of the members of the board of directors, or by one or more shareholders holding shares in the aggregate entitled to cast not less than 20 % of the votes at the special meeting; · establishing a staggered board of directors. Our board is

divided into three classes, each of which shall serve for a term of three years, with only one class of directors being elected in each year. As a result, successors to the directors whose terms have expired will be elected to serve from the time of election and qualification until the third annual meeting following their election; · requiring advance notice of shareholder proposals for business to be conducted at meetings of our shareholders and for nominations of candidates for election to our board of directors; · the ability of our board of directors to designate the terms of and issue new series of preferred stock without shareholder approval, which could include the right to approve an acquisition or other change in our control or could be used to institute a rights plan, also known as a poison pill, that would work to dilute the stock ownership of a potential hostile acquirer, likely preventing acquisitions that have not been approved by our board of directors; and · restrictions pursuant to the Illinois Business Corporation Act (the “ IBCA ”) that prohibit a publicly held Illinois corporation from engaging in a “ business combination ” with an “ interested shareholder ” for a period of three years following the time the person became an interested shareholder, unless the business combination or the acquisition of shares that resulted in a shareholder becoming an interested shareholder is approved in a prescribed manner. Generally, a “ business combination ” includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested shareholder. Generally, an “ interested shareholder ” is a person who, together with affiliates and associates, owns (or within three years prior to the determination of interested shareholder status did own) 15 % or more of a corporation’ s voting stock. The existence of this provision would be expected to have an anti-takeover effect with respect to transactions not approved in advance by our board of directors, including discouraging attempts that might result in a premium over the market price for our stock. ~~23The~~ **The** existence of the forgoing provisions and anti-takeover measures could limit the price that investors might be willing to pay in the future for shares of our common stock. They could also deter potential acquirers of our company, thereby reducing the likelihood that you could receive a premium for your common stock in an acquisition. IF SECURITIES OR INDUSTRY ANALYSTS DO NOT PUBLISH OR CEASE PUBLISHING RESEARCH OR REPORTS ABOUT US, OUR BUSINESS OR OUR MARKET, OR IF THEY CHANGE THEIR RECOMMENDATIONS REGARDING OUR STOCK ADVERSELY, OUR STOCK PRICE AND TRADING VOLUME COULD DECLINE. The trading market for our common stock will be influenced by the research and reports that industry or securities analysts may publish about us, our business, our market or our competitors. If any of the analysts who may cover us change their recommendation regarding our stock adversely, or provide more favorable relative recommendations about our competitors, our stock price would likely decline. If any analyst who may cover us were to cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline. ~~A~~ **23A** POSSIBLE “ SHORT SQUEEZE ” DUE TO A SUDDEN INCREASE IN DEMAND OF OUR COMMON STOCK THAT LARGELY EXCEEDS SUPPLY MAY LEAD TO FURTHER PRICE VOLATILITY IN OUR COMMON STOCK. Investors may purchase our common stock to hedge existing exposure in our common stock or to speculate on the price of our common stock. Speculation on the price of our common stock may involve long and short exposures. To the extent aggregate short exposure exceeds the number of shares of our common stock available for purchase in the open market, investors with short exposure may have to pay a premium to repurchase our common stock for delivery to lenders of our common stock. Those repurchases may in turn, dramatically increase the price of our common stock until investors with short exposure are able to purchase additional common shares to cover their short position. This is referred to as a “ short squeeze ” in lay terms. A short squeeze could lead to volatile price movements in our common stock that are not directly correlated to the performance or prospects of our company and once investors purchase the shares of common stock necessary to cover their short position the price of our common stock may decline. THE REQUIREMENTS OF BEING A PUBLIC COMPANY MAY STRAIN OUR FINANCIAL AND HUMAN RESOURCES AND DISTRACT MANAGEMENT. As a public company, we are subject to the reporting requirements of the Exchange Act of 1934, as amended (the “ Exchange Act ”), and the Sarbanes- Oxley Act of 2002 (the “ Sarbanes- Oxley Act ”). These requirements are extensive. The Exchange Act requires that we file annual, quarterly and current reports with respect to our business and financial condition. The Sarbanes- Oxley Act requires that we maintain effective disclosure controls and procedures and internal controls over financial reporting. We incur significant costs associated with our public company reporting requirements and costs associated with applicable corporate governance requirements. These applicable rules and regulations significantly increase our legal and financial compliance costs and to make some activities more time consuming and costly than privately owned companies that are not SEC registrants. This also may divert management’ s attention from other business concerns, which must be balanced so as not to cause material adverse effects on our business, financial condition and results of operations. We also believe compliance risks associated with these rules and regulations tend to make it more difficult and expensive to obtain director and officer liability insurance and could result in our need to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for us to attract and retain qualified individuals to serve on our Board of Directors or as executive officers. We are currently evaluating and monitoring developments with respect to these rules, and we cannot predict or estimate the amount of additional costs we may incur or the timing of such costs. ~~24~~ **Additionally** -- **Additionally**, shareholder activism, the current political environment, and the current high level of government intervention and regulatory reform may lead to substantial new regulations and disclosure obligations, which may lead to additional compliance costs and impact the manner in which we operate our business in ways we cannot currently anticipate. Our management and other personnel will need to devote a substantial amount of time to these compliance initiatives. Moreover, these rules and regulations have increased our legal and financial compliance costs and will make some activities more time consuming and costly. WE MAY BE UNABLE TO IMPLEMENT AND MAINTAIN APPROPRIATE INTERNAL CONTROLS OVER FINANCIAL REPORTING. IF WE FAIL TO MAINTAIN AN EFFECTIVE SYSTEM OF INTERNAL CONTROL OVER FINANCIAL REPORTING, WE MAY NOT BE ABLE TO ACCURATELY REPORT OUR FINANCIAL RESULTS AND CURRENT AND POTENTIAL SHAREHOLDERS MAY LOSE CONFIDENCE IN OUR FINANCIAL REPORTING. Our management is responsible for establishing and maintaining adequate internal control over financial

reporting, and the Sarbanes- Oxley Act of 2002 and the SEC rules require that our management report annually on the effectiveness of our internal control over financial reporting and our disclosure controls and procedures. Among other things, our management must conduct an assessment of our internal control over financial reporting to allow management to report on the effectiveness of our internal control over financial reporting, as required by Section 404 of the Sarbanes- Oxley Act of 2002. **A-24A** “ material weakness ” is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim consolidated financial statements will not be prevented or detected on a timely basis. While we are not aware of any material weaknesses, we cannot assure you that one or more will not be identified in the future. Any failure to implement or maintain required new or improved controls, or any difficulties we encounter in their implementation, could result in additional material weaknesses, or could result in material misstatements in our consolidated financial statements. These misstatements could result in a restatement of our consolidated financial statements, cause us to fail to meet our reporting obligations, reduce our ability to obtain financing or cause investors to lose confidence in our reported financial information, leading to a decline in our stock price. THERE ARE INHERENT LIMITATIONS IN ALL CONTROL SYSTEMS, AND MISSTATEMENTS DUE TO ERROR OR FRAUD MAY OCCUR AND NOT BE DETECTED. The ongoing internal control provisions of Section 404 of the Sarbanes- Oxley Act of 2002 require us to identify material weaknesses in internal control over financial reporting, which is a process to provide reasonable assurance regarding the reliability of financial reporting for external purposes in accordance with accounting principles generally accepted in the United States. Our management, including our Chief Executive Officer and Principal Financial Officer, does not expect that our internal controls and disclosure controls will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. In addition, the design of a control system must reflect the fact that there are resource constraints and the benefit of controls must be relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, in our Company have been detected. These inherent limitations include the realities that judgments in decision- making can be faulty and that breakdowns can occur because of simple errors or mistakes. Further, controls can be circumvented by individual acts of some persons, by collusion of two or more persons, or by management override of the controls. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving our stated goals under all potential future conditions. Over time, a control may be inadequate because of changes in conditions, such as growth of the Company or increased transaction volume, or the degree of compliance with the policies or procedures may deteriorate. Because of inherent limitations in a cost- effective control system, misstatements due to error or fraud may occur and not be detected. In addition, discovery and disclosure of a material weakness, could have a material adverse impact on our consolidated financial statements. Such an occurrence could discourage certain customers or suppliers from doing business with us, cause downgrades in our future debt ratings leading to higher borrowing costs and affect how our stock trades. This could, in turn, negatively affect our ability to access public debt or equity markets for capital. ~~25OUR~~ **OUR** OPERATIONS MAY BE AFFECTED BY DOMESTIC AND GLOBAL ECONOMIC FLUCTUATIONS. Customers’ demand for our services may fluctuate widely with changes in economic conditions in the markets in which we operate. Those conditions include slower employment growth or reductions in employment, which directly impact our service offerings. As a staffing company, our revenue depends on the number of jobs we fill, which in turn depends on economic growth. During economic slowdowns, many customer companies stop hiring altogether. For example, in prior economic downturns, many employers in our operating regions reduced their overall workforce to reflect the slowing demand for their products and services. We may face lower demand and increased pricing pressures during these periods, which this could have a material adverse effect on our business, financial condition and results of operations. INTERRUPTION OF OUR BUSINESS COULD RESULT FROM INCREASED SECURITY MEASURES IN RESPONSE TO TERRORISM OR CIVIL UNREST. The continued threat of terrorism within the United States and the ongoing military action and heightened security measures in response to such threat has and may cause significant disruption to commerce. The U. S. economy, in general, is being adversely affected by terrorist activities and the potential activities for terrorist activities or other civil unrest. Any resulting economic downturn could adversely impact our results of operations, impair our ability to raise capital or otherwise adversely affect our ability to grow the business. It is impossible to predict how this may affect our business or the economy in the U. S. and in the world. In the event of further threats or acts of terrorism or civil unrest, our business and operations may be further severely and adversely affected. ~~OUR~~ **25OUR** BUSINESS MAY BE IMPACTED BY POLITICAL EVENTS, WAR, PUBLIC HEALTH ISSUES, INCLEMENT WEATHER, NATURAL DISASTERS AND OTHER BUSINESS INTERRUPTIONS. War, geopolitical uncertainties, public health issues (such as the COVID- 19 pandemic) and other business interruptions have caused and could cause damage or disruption to commerce and the economy, and thus could have a material adverse effect on us and our customers. Two wars are now being waged at the global level, the first led by the invasion of Ukraine by Russia, and the second, following the recent invasion of Israel by Hamas terrorists. These and continuing overtures by China over Taiwan and the South China Sea, also add instability to the uncertainty driving socioeconomic forces, which in turn, impact the Company’ s and its subsidiaries’ operations. Our business operations also are subject to interruption by, among others, inclement weather, natural disasters, whether as a result of climate change or otherwise, fire, power shortages, nuclear power plant accidents and other industrial accidents, terrorist attacks, civil unrest and other hostile acts, labor disputes, public health issues and other events beyond our control. Such events could decrease demand for our services. **GROWING CONCERNS REGARDING CLIMATE CHANGE MAY RESULT IN THE IMPOSITION OF ADDITIONAL REGULATION, WHICH IN TURN MAY INDIRECTLY HAVE A NEGATIVE IMPACT ON OUR OPERATION. We are currently not aware of any climate change related risks that could adversely affect the result of our operation. However, the growing concerns about climate change may result in the imposition of additional laws and regulations, international protocols or other restrictions or a**

relaxation or repeal of existing laws and regulations, or changes in governmental policies regarding the funding, implementation, or enforcement of these programs, which could affect our customers and as a result indirectly reduce in demand for our services, which could in turn negatively impact our revenue.

OUR COMPLIANCE WITH COMPLICATED REGULATIONS CONCERNING CORPORATE GOVERNANCE AND PUBLIC DISCLOSURE HAS RESULTED IN ADDITIONAL EXPENSES. We are faced with expensive, complicated and evolving disclosure, governance and compliance laws, regulations and standards relating to corporate governance and public disclosure. New standards are developing concerning environmental, social and governance matters (“ ESG ”) and other emerging socioeconomic trends and matters. In addition, as a staffing company, we are regulated by the U. S. Department of Labor, the Equal Employment Opportunity Commission, and often by state authorities. New or changing laws, regulations and standards are subject to varying interpretations in many cases due to their lack of specificity, and their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies, which could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing compliance work. Our failure to comply with all laws, rules and regulations applicable to U. S. public companies could subject us or our management to regulatory scrutiny or sanction, which could harm our reputation and stock price. Our efforts to comply with evolving laws, regulations and standards are likely to continue to result in increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities.

~~26~~**FINANCIAL** -- **FINANCIAL** CHALLENGES AT OTHER BANKING INSTITUTIONS COULD LEAD TO DEPOSITOR CONCERNS THAT SPREAD WITHIN THE BANKING INDUSTRY CAUSING DISRUPTIVE DEPOSIT OUTFLOWS AND OTHER DESTABILIZING RESULTS. In March and April 2023, certain specialized banking institutions with elevated concentrations of uninsured deposits experienced large deposit outflows coupled with insufficient liquidity to meet withdrawal demands, resulting in the institutions being placed into Federal Deposit Insurance Corporation (“ FDIC ”) receiverships. In the aftermath, there has been market disruption and indications that diminished depositor confidence could spread across the banking industry, leading to deposit outflows and other destabilizing results. The Federal Reserve Board announced that it would provide funding to ensure that banks have sufficient liquidity to meet the needs of their depositors, but there can be no assurance whether such funding will be adequate to fully address these issues. The Company currently has bank deposits with financial institutions in the U. S. that exceed FDIC insurance limits. However, the Company has taken measures to diversify its deposit base that are intended to mitigate and minimize its potential exposure to losses as a result of maintaining cash deposits in accounts that exceed FDIC insurance limits. Among these, during fiscal 2023, the Company established, and initially deposited \$ 13 million of its excess cash, under a brokerage arrangement with a major financial advisory institution that manages and deposits these funds under a specialized program whereby the funds are allocated among FDIC insured banks in amounts that individually do not exceed the established FDIC insured limit of \$ 250 thousand . **The Company also holds funds in various other bank accounts that may exceed FDIC insured limits. These uninsured amounts, in aggregate, were \$ 5. 2 million as of September 30, 2024 .** To date, the Company has not experienced any material loss as a result of the failure of any financial institution in which it has funds or other assets on deposit. Item 1B. Unresolved Staff Comments.