GEE Group Inc. (NYSE American: JOB) Fiscal 2026 First Quarter Ended December 31, 2025 Earnings and Update Webcast Conference Call: Prepared Remarks

Friday, February 13, 2026, 11:00 AM EST

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Company Participants

Derek Dewan – Chairman and Chief Executive Officer

Kim Thorpe – Senior Vice President and Chief Financial Officer

Intro – Derek Dewan

Hello, and welcome to the GEE Group fiscal 2026 first quarter ended December 31, 2025 earnings and update webcast conference call. I'm Derek Dewan, Chairman and Chief Executive Officer of GEE Group. I will be hosting today's call. Joining me as a co-presenter is Kim Thorpe, our Senior Vice President and Chief Financial Officer. Thank you for joining us today.

Derek Dewan

It is our pleasure to share with you GEE Group's results for the fiscal 2026 first quarter ended December 31, 2025, and provide you with our outlook for the fiscal 2026 full year and the foreseeable future. Some comments Kim and I will make may be considered forward-looking, including predictions, estimates, expectations and other statements about our future performance. These represent our current judgments of what the future holds and are subject to risks and uncertainties that actual results may differ materially from our forward-looking statements. These risks and uncertainties are described below under the caption, "Forward-Looking Statements Safe Harbor" and in Thursday's earnings press release and our most recent Form 10-Q, 10-K and other SEC filings under the captions, "Cautionary Statement Regarding Forward Looking

Statements" and "Forward-Looking Statements Safe Harbor". We assume no obligation to update statements made on today's call.

Throughout this presentation, we will refer to the periods being presented as "this quarter" or "the quarter," which refers to the three-month period ended December 31, 2025. Likewise, when we refer to "the prior year quarter," we are referring to the comparable prior three-month period ended December 31, 2024.

During this presentation, we also will talk about some non-GAAP financial measures. Reconciliations and explanations of the non-GAAP measures we will address today are included in the earnings press release. Our presentation of financial amounts, and related items including growth rates, margins and trend metrics, are rounded, or based upon rounded amounts, for purposes of this call and all amounts, percentages and related items presented are approximations, accordingly. For your convenience, our prepared remarks for today's call are available in the Investor Center of our website, www.geegroup.com. Now on to today's prepared remarks.

The challenging conditions in the hiring environment for our staffing services have been ongoing since the second half of 2023. These stemmed from what is now widely acknowledged as substantial over hiring that took place in 2021 and 2022, in the immediate aftermath of the pandemic, and the macroeconomic weakness and uncertainties related to persistent inflation and high interest rates that followed. The near universal cooling effect on U.S. employment and businesses' use of contingent labor and hiring of full-time personnel have persisted and resulted in volumes below once prior norms. Many of the businesses we serve continue to implement layoffs and hiring freezes, rather than adding new employees. Companies and businesses continue to cautiously assess the economy and market conditions to ensure their investments in technology and human capital are strategic and sustainable. Another setback for us this quarter was the acquisition of one of our larger clients and movement of its business to an affiliate of the acquirer. This was a high volume, lower margin account, which somewhat lessened its negative impact on our results. Also, on the brighter side, our direct hire revenue, which has the highest gross margin at 100%, was up 8% in the quarter and appears to be on course so far for a better fiscal 2026 versus fiscal 2025. We also expect the use of contingent labor to stabilize this year as we are aware that some businesses are beginning to initiate new projects which may be expected to lead to more job orders and full-time and contingent staffing placements.

Artificial intelligence, or "AI", is gaining ground at an accelerated pace and is further complicating the HR and project planning opportunities and risks facing virtually all companies, including consumers of our services. We believe these conditions are contributing to decreases in job orders for both contract and direct hire placements, also negatively impacting our financial results. Conversely, we are implementing and incorporating AI into our own business and strategic plans in order to digitize, streamline, enhance and accelerate our recruiting and sales processes. Another closely aligned AI goal of ours is to provide our clients with the necessary human resources solutions to implement and support their uses of AI and help them increase speed, efficiency and profitability. These initiatives are a high priority for us and our goal is to begin seeing returns later this year.

Our contract staffing and direct hire placement services are currently provided under our Professional Segment. The operations and substantially all the assets of our former Industrial Segment were sold during fiscal 2025 and have been reclassified as discontinued operations and excluded from the results of continuing operations we're presenting today, unless otherwise stated.

Our consolidated revenues were $20.5 million for the quarter. Gross profit and gross margin were $7.4 million and 36.1%, respectively, for the quarter. Consolidated non-GAAP adjusted EBITDA was negative $(97) thousand for the quarter. We reported a net loss from continuing operations of $(150) thousand, or $(0.00) per diluted share for the quarter.

We continue to aggressively take actions to adjust and enhance our strategic focus, growth plans and financial performance and results, including streamlining our core operations and improving or adjusting our productivity to match our current lower volumes of business. This has helped us improve our results despite lower business volume. We took measures to reduce our SG&A during the second half of 2025 by an estimated annual amount of $3.8 million, which helped us achieve the $736 thousand reduction in SG&A in the fiscal 2026 first quarter versus the prior year first quarter. As we announced early last year, we completed the acquisition of Hornet Staffing in fiscal 2025 and have increased our focus on VMS and MSP sourced business, including the use of special recruiting resources, and acceleration of the integration and use of AI technology into our recruiting, sales and other processes. We anticipate achieving continuing improvements in our productivity and restoring profitability as soon as practicably possible. Our goal remains to become profitable again in fiscal 2026.

In addition to these near-term initiatives, we are working closely with our front-line leaders in the field to support them as we all continue to aggressively pursue new business in addition to growing and expanding existing client revenues. We are seeing some positive results from these efforts. As the uncertainty and volatility currently gripping our economy and labor markets lessen, I am very confident that we are positioned to meet the increased demand from existing customers and win new business.

I want to reassure everyone that we fully intend to successfully manage through the challenges I've outlined and restore growth and profitability as quickly as possible. GEE Group has a strong balance sheet with substantial liquidity in the form of cash and borrowing capacity. The Company is well positioned to grow organically and to be acquisitive. We also continue to believe that our stock is undervalued, and especially so, based upon recent trading at levels very near and even slightly below tangible book value, and that there is a good opportunity for upward movement in the share price once we are able to operate again in more normal economic and labor conditions and restore profitable growth. Management and our Board of Directors share the responsibility and are committed to restoring growth and profitability which will lead to maximizing shareholder value.

Before I turn the call over to Kim, I want to update you on recent activity since our press release issued on January 22, 2026, in response to Star Equity's public commentary regarding an indication of interest in our Company. Since then, management and the Board have met to review and discuss multiple unsolicited expressions of interest in the Company and continue to evaluate various strategic alternatives to enhance shareholder value. As we indicated in our press release on January 22, 2026, our Board of Directors, in accordance with its fiduciary duty, will consider any bona fide offer regarding a business combination, acquisition, or other transaction that it believes will enhance shareholder value.

Once again, I wish to thank our wonderful, dedicated employees and associates. They work extremely hard every day to ensure that our clients get the very best service and are the most important ingredient for our Company's future success.

At this time, I'll turn the call over to our Senior Vice President and Chief Financial Officer, Kim Thorpe, who will further elaborate on our fiscal 2026 first quarter results. Kim.

Kim Thorpe

Thank you, Derek, and good morning. Consolidated revenues from continuing operations for the quarter were $20.5 million, down $3.5 million, or 15%, from the prior year quarter. Contract staffing services revenues for the quarter were $17.8 million, down $3.7 million, or 17%, from the prior year quarter. As Derek mentioned, one of our former larger high-volume, low margin clients, was acquired and moved its business to an affiliate of the acquirer at the beginning of the fiscal first quarter. This accounted for $2.6 million of the declines in our consolidated and contract services revenues this quarter. Absent the loss of this single customer, consolidated revenues declined 3.8%.

On the brighter side, direct hire revenues for the quarter were $2.7 million, up $200 thousand, or 8%, from the prior year quarter. In addition, for January 2026, the first month of our current fiscal second quarter, we recorded direct hire revenue of $1.2 million which exceeded all of the individual prior months in this fiscal year.

Gross profits and gross margins for the quarter were $7.4 million and 36.1%, respectively, compared to $7.9 million and 33.0% from the prior year quarter. The improvement in our gross margin is mainly attributable to the increase direct hire placement revenues, which have a 100% gross margin, as well as the higher mix of direct hire placement revenue relative to total revenue. Also contributing, to a lesser extent, is an increase in prices and spreads on some of our professional contract services businesses. While the loss of our former high volume, low margin client we spoke about caused the majority of our revenue reduction this quarter, it also contributed to the improvement in our business mix and gross margin on our remaining professional contract services business for the quarter.

Selling, general and administrative expenses ("SG&A") for the quarter were $7.7 million, down $700 thousand, or 9% from the prior year quarter. SG&A expenses as a percentage of revenues for the quarter were 37.6% as compared with 35.1% for the prior year quarter.

In response to the realities of our present environment, we continue to prioritize and focus heavily on streamlining our core operations and improving our productivity to match our current lower volumes of business. As Derek mentioned, we reduced our SG&A during the second half of 2025 by an estimated $3.8 million on an annual basis, which helped us achieve our overall SG&A savings of $736 thousand in our current quarter versus our prior year quarter; improving our results despite a lower volume of business. I also want to re-emphasize Derek's earlier point that our plans and goal are intended to restore profitability during fiscal 2026.

In addition to the initiatives Derek reported, we are in the beginning stages of updating and further integrating our ERP and applicant tracking systems, and certain other key operating systems and processes. We also intend to consolidate certain of our legal entities later this year in order to further reduce administrative and compliance costs. The ultimate goals of these longer-term initiatives is to help us increase speed, accuracy and efficiency throughout our operations, and ultimately get to an SG&A ratio of 30% of revenue or less.

Our loss from continuing operations for the quarter was $(150) thousand, or $(0.00) per diluted share, as compared with a loss of $(684) thousand, or $(0.01) per diluted share, for the prior year quarter. This improvement is primarily due to the cost reductions and productivity improvements mentioned previously.

Our EBITDA, which is a non-GAAP financial measure, was negative $(303) thousand for the quarter as compared with negative $(513) thousand for the prior year quarter. Adjusted EBITDA, also a non-GAAP financial measure, was negative $(97) thousand for the quarter as compared with negative $(304) thousand for the prior year quarter.

As of December 31, 2025, our current or working capital ratio was 5.3-to-1. Our liquidity position remained very strong with $20.1 million in cash, an undrawn ABL credit facility with availability of $4.2 million, net working capital of $23.9 million, and no outstanding debt. Our net book value per share and net tangible book value per share were $0.45 and $0.22, respectively, as of December 31, 2025.

In conclusion, while we're disappointed with our results and remain cautious in our near-term outlook, we remain resolved to restore profitability and are preparing for the long term, including making modernization improvements and enhancements, such as updating our core financial and operating systems and the integration of AI across all of our businesses. Having completed our acquisition of Hornet Staffing in the fiscal 2025, we also intend to continue to pursue other acquisition opportunities, albeit, in a very disciplined, prudent manner with particular emphasis on businesses focused on AI consulting, cyber security and other IT consulting.

Before I turn it back over to Derek, please note that reconciliations of GEE Group's non-GAAP financial measures discussed today, with their GAAP counterparts, can be found in the supplemental schedules included in our earnings press release.

Now, I'll turn the call back over to Derek.

Derek Dewan

Thank you, Kim. Despite the macroeconomic headwinds and staffing industry challenges impacting the demand for our services, we are aggressively managing and preparing our business to mitigate losses, restore profitability and be prepared for an anticipated recovery. What we hope you take away from our earnings press release and our remarks today, and from our strategic announcements, is that we are moving aggressively not only to prepare for a more conducive and growth oriented labor market, but also to restore growth by continuing with the execution on both organic and M&A growth plans and initiatives. We will continue to work hard for the benefit of our shareholders, including consistently evaluating strategic uses of GEE Group's capital to maximize shareholder returns. We are very pleased with our 2025 acquisition of Hornet Staffing and the value and opportunities it brings and have identified other acquisition opportunities that we believe can offer additional growth and profitability platforms for us.

Before we pause to take your questions, I want to again say a special thank you to all our wonderful people for their professionalism, hard work and dedication.

Now, Kim and I would be happy to answer your questions. Please ask just one question and rejoin the queue with a follow-up, as needed. If there's time, we'll come back to you for additional questions.

Question-and-Answer Session to Follow

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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 provides professional staffing services and solutions in information technology, engineering, finance and accounting specialties through the names of Access Data Consulting, Agile Resources, Omni One, GEE Group Columbus, Hornet Staffing and Paladin Consulting. 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). 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®.

Non-GAAP Financial Measures

Statements in these prepared remarks and references to financial information include certain non-GAAP financial measures, including EBITDA, adjusted EBITDA, and free cash flow which are provided as additional information to supplement the Company's consolidated financial statements presented on a GAAP basis. These non-GAAP financial measures are used by management internally for planning purposes, to help evaluate the Company's performance period over period, to analyze the underlying trends in its business, to establish operational goals and to provide additional measures of operating performance. GEE Group also uses the non-GAAP financial information to assess the Company's liquidity position, to help determine its ability to make capital expenditures and to provide for its working capital needs. In addition, the Company believes that the non-GAAP financial measures presented herein are meaningful to investors and are utilized by them to enhance the overall understanding of the Company's financial performance. Non-GAAP financial measures do not serve as an alternative to or substitute for the consolidated quarterly and annual financial statements presented in accordance with accounting principles generally accepted in the United States ("GAAP").

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The non-GAAP financial measures presented herein might not be calculated in the same manner as, and thus might not be comparable to, similarly titled measures reported by other companies. Non-GAAP EBITDA and non-GAAP adjusted EBITDA as determined by the Company provide measures of operating results in a manner that is focused on the Company's core business on an ongoing basis, by removing the effects of non-operating and certain non-cash and non-recurring expenses. Non-GAAP EBITDA and non-GAAP adjusted EBITDA as determined by the Company are computed as net loss from continuing operations before interest, other income, taxes, depreciation and amortization (EBITDA), plus non-cash stock compensation expenses, acquisition, integration, restructuring and other non-recurring expenses, capital market-related expenses, and gains or losses on extinguishment of debt or sale of assets (adjusted EBITDA). The financial information tables that accompany our earnings press release include reconciliations of GAAP net loss from continuing operations to the non-GAAP financial measures, EBITDA and adjusted EBITDA.

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 included 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 loss and loss from operations as reported in accordance with GAAP on the Consolidated Statements of Operations, cash and cash flows as reported in accordance with GAAP 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 Securities and Exchange Commission ("SEC").

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Forward-Looking Statements Safe Harbor

In addition to historical information, the related press release and this script contains statements relating to possible future events and/or the Company's future results (including results of business operations, certain projections, future financial condition, pro forma financial information, and business trends and prospects) that are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Act of 1934, as amended, (the "Exchange Act"), and the Private Securities Litigation Reform Act of 1995 and are subject to the "safe harbor" created by those sections. The statements made in this press release that are not historical facts are forward-looking statements that are predictive in nature and depend upon or refer to future events. These forward-looking statements include, without limitation, anticipated cash flow generation and expected shareholder benefits. Such forward-looking statements often contain, or are prefaced by, words such as "will", "may," "plans," "expects," "anticipates," "projects," "predicts," "pro forma", "estimates," "aims," "believes," "hopes," "potential," "intends," "suggests," "appears," "seeks," or variations of such words or similar words and expressions of future tense. 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"), negatively impacted and disrupted the Company's business operations and had a significant negative impact on the global economy and employment in general, resulting in, among other things, a lack of demand for the Company's services. This was exacerbated by government and client directed "quarantines", "remote working", "shut-downs" and "social distancing". Some of these outcomes or by-products of the pandemic have persisted in one form or another since and there is no assurance that conditions will ever fully return to their former pre-pandemic status quo.

These and certain other factors that might cause the Company's actual results to differ materially from those in the forward-looking statements include, without limitation: (i) the loss, default or bankruptcy of one or more customers; (ii) changes in general, regional, national or international economic conditions; (iii) an act of war or terrorism, industrial accidents, or cyber security breach that disrupts business; (iv) changes in the law and regulations; (v) the effect of liabilities and other claims asserted against the Company including the failure to repay indebtedness or comply with lender covenants including the lack of liquidity to support business operations and the inability to refinance debt, failure to obtain necessary financing or the inability to access the capital markets and/or obtain alternative

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sources of capital; (vi) changes in the size and nature of the Company's competition; (vii) the loss of one or more key executives; (viii) increased credit risk from customers; (ix) the Company's failure to grow internally or by acquisition or the failure to successfully integrate acquisitions; (x) the Company's failure to improve operating margins and realize cost efficiencies and economies of scale; (xi) the Company's failure to attract, hire and retain quality recruiters, account managers and salesmen; (xii) the Company's failure to recruit qualified candidates to place at customers for contract or full-time hire; (xiii) the adverse impact of geopolitical events, government mandates, natural disasters or health crises, force majeure occurrences, future global pandemics such as 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 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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