GEE Group Inc. (NYSE American: JOB) Fiscal 2026 Third Quarter and Year-to-date Ended June 30, 2026 Earnings and Update Webcast Conference Call: Prepared Remarks

Thursday, August 13, 2026, 11:00 AM EDT

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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 third quarter and year-to-date period ended June 30, 2026 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 third quarter and year-to-date period ended June 30, 2026, and provide you with our outlook for the remainder of the fiscal 2026 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 Wednesday'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" and "this year-to-date" or "the year-to-date," which refers to the three or nine-month periods ended June 30, 2026, respectively. Likewise, when we refer to "the prior year quarter" or "the prior year-to-date," we are referring to the comparable prior three and nine-month periods ended June 30, 2025, respectively. When we refer to the "prior sequential quarter," we are referring to the three-month period ended March 31, 2026.

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 on our website, www.geegroup.com. Now on to today's prepared remarks.

First, I am pleased to share that our GEE Group reported improved financial results including net income for this quarter and year-to-date. We performed very well despite a "choppy" hiring environment which has an impact on the demand for the Company's staffing services. 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. We performed well in light of challenging macroeconomic conditions and the acquisition of one of our larger, higher volume, lower margin clients who moved their staffing services to an affiliate of the acquirer earlier this fiscal year. The Company's improved financial performance was driven by our growth in direct hire placement revenues, which have the highest gross margin at 100%, and are up 16% for the quarter and 10%

year-to-date, and appear to be on course so far for a better fiscal 2026 versus fiscal 2025. We also expect and are optimistic that the use of contingent labor will stabilize this year as we are aware that some businesses are beginning to initiate new projects which we anticipate will lead to more job orders and temporary staffing placements.

Artificial intelligence, or "AI", is gaining ground at an accelerated pace and is further complicating the human resources landscape creating both challenges and opportunities for businesses including consumers of our services. We believe the uncertainties created by recent macroeconomic conditions and the acceleration in the use of AI are factors contributing to the volatility in job orders for both contract and direct hire placements. However, AI will benefit GEE Group as we are implementing and incorporating it 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 were reclassified as discontinued operations, being excluded from the results of continuing operations for the fiscal 2025 periods we'll make comparisons to today.

Our consolidated revenues were $20.8 million for the quarter and $60.8 million year-to-date. Gross profit and gross margin were $8.3 million and 39.9%, respectively, for the quarter and $23.1 million and 38.0%, respectively, year-to-date. Consolidated non-GAAP adjusted EBITDA was $570 thousand for the quarter and $582 thousand year-to-date. We reported net income of $566 thousand for the quarter and $430 thousand year-to-date.

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 latter portion of fiscal 2025 by an estimated annual amount of $3.8 million. These cost reductions and others realized so far in fiscal 2026, have contributed $1.1 million to our decrease in

SG&A for the quarter and $3.5 million year-to-date, versus the comparable prior year periods. 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. Our results for the quarter are encouraging and we remain cautiously optimistic that we can improve them in the last quarter of fiscal 2026 and beyond.

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 and are well positioned to meet the anticipated increased demand from existing customers and expect to win new business.

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 execute on strategic opportunities. 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 as we deliver growth and sustainable profitability which will lead to maximizing 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 current and 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 third quarter and year-to-date results. Kim.

Kim Thorpe

Thank you, Derek, and good morning. As Derek mentioned, we reported net income of $566 thousand, or $0.01 per diluted share, for the quarter and $430 thousand, or $0.00 per diluted share, year-to-date, as compared with net losses from continuing operations of $(401) thousand, or $(0.00) per diluted share for the prior year quarter and $(34.0) million, or negative $(0.31) per diluted share, for the prior year-to-date. The comparable prior year periods include a $22.0 million non-cash goodwill impairment charge and a $9.7 million provision for income taxes attributable to an increase in the Company's valuation allowance on its deferred tax assets. These non-cash charges alone accounted for approximately 93% of our fiscal 2025 year-to-date net loss. In addition to the absence of these non-cash charges in fiscal 2026, we have been able to grow our direct hire revenues, improve our gross margins, and realize the benefits of the cost reductions and productivity improvements we implemented during the latter portion of fiscal 2025 and others realized so far in fiscal 2026.

Our adjusted EBITDA, a non-GAAP financial measure, was $570 thousand for the quarter and $582 thousand year-to-date, improving from negative adjusted EBITDA of $(25) thousand and $(918) thousand for the comparable prior year periods, respectively. EBITDA, which also is a non-GAAP financial measure, was $444 thousand for the quarter and $149 thousand year-to-date, improving from negative EBITDA of $(270) thousand and $(1.7) million for the comparable prior year periods, respectively.

One of the bright spots in our results so far in fiscal 2026 has been our ability to grow our highly profitable direct hire placement revenues. These were $3.8 million for the quarter and $9.7 million year-to-date, up approximately 16% and 10%, respectively, from the comparable prior year periods. Additionally, direct hire placement revenues were up 18% from the prior sequential quarter.

Consolidated revenues were $20.8 million for the quarter and $60.8 million year-to-date, down 15% and 17%, respectively, from the comparable prior year periods. Contract staffing services revenues were $17.0 million for the quarter and $51.1 million year-to-date, down 20% and 21%, respectively, from the comparable prior year periods. As Derek mentioned, one of our former higher volume, lower margin clients was acquired and moved its business to an affiliate of the acquirer at the beginning of our fiscal 2026 year. This accounted for $2.2 million and $7.3 million of the decreases in our contract staffing services revenues for the quarter and year-to-date, respectively. Absent the loss of this single customer, contract staffing services revenues decreased 11% for the quarter and 10% year-to-date. Contract staffing services revenues were up 4% from the prior sequential quarter.

As Derek commented, the volatile macroeconomic environment and the implementation of AI to replace certain types of jobs impacted the hiring environment and the demand for our staffing services. Many companies and businesses, including our some of our existing clients remain somewhat tentative regarding making investments in human resources. However, we have been able to adjust and adapt during this quarter and year-to-date so far and we are working very hard to realize significantly improved financial results for this year.

Gross profit was $8.3 million for the quarter and $23.1 million year-to-date, down 5% and 7%, respectively, from the comparable prior year periods, primarily due to lower contract services revenue. However, gross margins improved and were 39.9% for the quarter and 38.0% year-to-date, both up significantly (450 basis points and 380 basis points, respectively) from 35.4% for the prior year quarter and 34.2% for the prior year-to-date. The significant improvements in our gross margins are mainly attributable to the growth and increase in the mix of direct hire placement revenues, relative to total revenue. Also contributing, to a lesser extent, is an increase in prices and spreads on some of our contract staffing services businesses. While the loss of the high volume, lower margin client we spoke about earlier caused a significant portion of our contract revenue reduction year-to-date, it also contributed to the improvement in our business mix and gross margins.

Selling, general and administrative expenses ("SG&A") were $7.8 million for the quarter and $23.0 million year-to-date, down 12% and 14% from the comparable prior year periods. Our SG&A as a percentage of revenues for the quarter were 37.7%, up from 36.5% for the prior year quarter. SG&A for the year-to-date were 37.8%, up from 36.5% for the prior year-to-date. This percentage increase is attributable to lower revenues in relation to fixed costs such as certain personnel and occupancy costs. Execution of the cost reductions realized so far in fiscal 2026 has allowed us to throttle back the potential growth in this percentage one would have expected relative to the higher percentage declines in revenues realized.

In response to the realities of our environment and in order to maintain a resilient posture, we continue to prioritize and focus heavily on the opportunities that are in front of us, including 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 latter portion of fiscal 2025 by an estimated $3.8 million on an annual basis. These and other cost reductions so far in fiscal 2026 contributed $1.1 million to our decrease in SG&A for the quarter and $3.5 million year-to-date over the comparable prior year periods, aiding in our improvement in financial results despite a lower volume of business.

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We are now well underway updating and further integrating our ERP and applicant tracking systems, and certain other key operating systems and processes. These new tools are expected to add substantial enhancements to our core business processes, ranging from significant improvements in the speed and accuracy of our client and candidate service processes and cycles, our ability to share and leverage client and candidate information across all our businesses and increase overall productivity, scalability and result in cost reduction. Importantly, these initiatives also will include strategic and thoughtful implementation of AI tools, to make us even more efficient and competitive. We're on track to be substantially complete with the implementation by the end of September, and to be fully complete by the end of calendar 2026.

In addition to positive earnings in terms of net income, EBITDA and adjusted EBITDA in the quarter and significant improvements in our year-to-date operating results, the Company also produced net cash from continuing operations for the quarter and reduced the amount of cash used in our operations year-to-date versus the prior year-to-date.

As of June 30, 2026, our liquidity position remained very strong with $20.3 million in cash, our ABL credit facility which remained undrawn had availability of $5.2 million, net working capital of $24.4 million, and we had no outstanding debt. Our current or working capital ratio was 5-to-1. Our net book value per share and net tangible book value per share were $0.46 and $0.23, respectively, as of June 30, 2026.

In conclusion, while the improvements in our results so far this fiscal year are a source of optimism, we remain cautiously optimistic in our near-term outlook. At the same time, we also remain resolved to continue to improve our financial results and profitability and to stay focused and prepare for the long term, including the improvements to our core business processes and systems and the integration of AI I just spoke about.

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.

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Derek Dewan

Thank you, Kim. Despite some macroeconomic headwinds and staffing industry challenges impacting the demand for our services, we are aggressively managing and preparing our business to continue to deliver profitability and continuing with the execution on both organic and M&A growth plans and initiatives. As previously announced, GEE Group has engaged Roth Capital Partners ("Roth") to assist in evaluating strategic alternatives available to the Company which would maximize shareholder value. This initiative has been led by the Board's Mergers and Acquisition Committee in conjunction with the entire Board of Directors, management and Roth. This robust process included several meetings to review and evaluate multiple expressions of interest for a potential M&A transaction with the Company from various parties as well as the consideration of other strategic alternatives to enhance shareholder value. 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.

Before we pause to take your questions, I want to again say a special thank you to all of 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").

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 income (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 income (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 income (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 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.

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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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