

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended **June 28, 2026**
or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____.

Commission File Number: 001-36704



BGSF, INC.

(exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

26-0656684
(I.R.S. Employer
Identification No.)

14901 Quorum Drive, Suite 800
Dallas, Texas 75254
(972) 692-2400

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	☐	Accelerated Filer	☒
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☒
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	BGSF	NYSE

As of August 3, 2026 there were 10,673,981 shares of the registrant's common stock outstanding.

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Forward-Looking Statements

This Quarterly Report on Form-10-Q contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). These statements relate to our expectations for future events and time periods. All statements other than statements of historical fact are statements that could be deemed to be forward-looking statements, including, but not limited to, statements regarding:

- future financial performance and growth targets or expectations;
- market and industry trends and developments; and
- the benefits of our completed and future merger, acquisition and disposition transactions.

You can identify these and other forward-looking statements by the use of words such as “aim,” “potential,” “may,” “could,” “can,” “would,” “might,” “likely,” “will,” “expect,” “intend,” “plan,” “predict,” “ongoing,” “project,” “budget,” “scheduled,” “estimate,” “anticipate,” “believe,” “forecast,” “committed,” “future” or “continue” or the negative thereof or similar variations.

These forward-looking statements are based on information available to us as of the date of this Quarterly Report on Form 10-Q and our current expectations, forecasts and assumptions and involve a number of risks and uncertainties. Accordingly, forward-looking statements should not be relied upon as representing our views as of any subsequent date. Future performance cannot be ensured. Actual results may differ materially from those in the forward-looking statements. Some factors that could cause actual results to differ include:

- the availability of field talents’ workers’ compensation insurance coverage at commercially reasonable terms;
- insurance coverage may not be adequate for our needs (including but not limited to general liability, crime, fiduciary, property, umbrella and excess, and cybersecurity);
- the availability of qualified field talent;
- compliance with federal, state, local labor and foreign labor and employment laws and regulations and changes in such laws and regulations;
- the ability to compete with new competitors and competitors with superior marketing and financial resources;
- management team changes;
- the favorable resolution of current or future litigation;
- the ability to obtain new financing to fund our operations if it becomes necessary;
- the impact of, and the ability to mitigate or manage disruptions posed by pandemics;
- adverse changes in the economic conditions of the industries or markets that we serve;
- disturbances in world financial, credit, and stock markets;
- unanticipated changes in regulations affecting our business;
- a decline in consumer confidence and discretionary spending;
- inflationary pressures and our responses thereto;
- the general performance of the U.S. and global economies;
- continued or escalated conflict in the Middle East or elsewhere;
- the impact of the use of AI-powered sales and recruiting technologies;
- the impact of any cost restructuring plans;
- the impact of any strategic alternatives review process;
- the impact of the sale of BGSF’s Professional segment may have on BGSF’s operations, team members, field talent, client partners, and other constituents; and
- other risks referenced from time to time in our past and future filings with the Securities and Exchange Commission (“SEC”), including in our Annual Report on Form 10-K for the fiscal year ended December 28, 2025.

You are cautioned not to place undue reliance on any forward-looking statements, which speak only as of the date of this Quarterly Report on Form 10-Q. Except as required by law, we do not undertake any obligation to update or release any revisions to these forward-looking statements to reflect any events or circumstances, whether as a result of new information, future events, changes in assumptions or otherwise, after the date hereof.

Where You Can Find Other Information

Our website is www.bgsf.com. Information contained on our website is not part of this Quarterly Report on Form 10-Q. Information that we file with or furnish to the SEC, including our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and any amendments to or exhibits included in these reports are available for download,

free of charge, on our website soon after such reports are filed with or furnished to the SEC. These reports and other information, including exhibits filed or furnished therewith, are also available at the SEC's website at www.sec.gov.

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements

BGSE, Inc. and Subsidiaries UNAUDITED CONSOLIDATED BALANCE SHEETS (in thousands, except share amounts)

	June 28, 2026	December 28, 2025
ASSETS		
Current assets		
Cash and cash equivalents	\$ 9,718	\$ 19,018
Short-term investments	8,509	—
Accounts receivable (net of allowance for credit losses of \$1,078 and \$1,156, respectively)	11,944	11,898
Escrow receivable	1,450	4,950
Prepaid expenses	1,267	1,126
Other current assets	1,100	1,458
Total current assets	33,988	38,450
Property and equipment, net	259	244
Other assets		
Deposits	1,915	1,938
Software as a service, net	2,721	3,002
Deferred income taxes, net	9,807	9,496
Right-of-use asset - operating leases, net	454	630
Intangible assets, net	2,715	3,003
Goodwill	1,074	1,074
Total other assets	18,686	19,143
Total assets	\$ 52,933	\$ 57,837
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 258	\$ 503
Accrued payroll and expenses	4,715	4,441
Transition services payable	1,010	3,064
Income taxes payable	3	76
Note payable	102	449
Severance payable, current portion	288	392
Lease liabilities, current portion	274	409
Total current liabilities	6,650	9,334
Severance payable, less current portion	—	100
Lease liabilities, less current portion	232	298
Total liabilities	6,882	9,732
Commitments and contingencies		
Preferred stock, \$0.01 par value per share, 500,000 shares authorized, -0- shares issued and outstanding	—	—
Common stock, \$0.01 par value per share; 19,500,000 shares authorized 11,262,422 and 11,227,197 shares issued, respectively, and 10,680,174 and 10,872,067 outstanding, respectively	113	112
Additional paid in capital	71,861	71,445
Accumulated deficit	(23,179)	(21,874)
Treasury stock of 582,248 and 355,130 shares, respectively	(2,744)	(1,578)
Total stockholders' equity	46,051	48,105
Total liabilities and stockholders' equity	\$ 52,933	\$ 57,837

The accompanying notes are an integral part of these unaudited consolidated financial statements.

BGSF, Inc. and Subsidiaries
UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)

For the Thirteen and Twenty-six Week Periods Ended June 28, 2026 and June 29, 2025

	Thirteen Weeks Ended		Twenty-six Weeks Ended	
	2026	2025	2026	2025
Revenues	\$ 22,313	\$ 23,506	\$ 43,194	\$ 44,389
Cost of services	14,395	15,096	27,866	28,419
Gross profit	7,918	8,410	15,328	15,970
Selling, general, and administrative expenses	8,928	12,577	17,733	21,580
Gain on contingent consideration	—	(450)	—	(450)
Depreciation and amortization	180	259	338	588
Operating loss	(1,190)	(3,976)	(2,743)	(5,748)
Interest income (expense), net	238	(1,877)	234	(3,023)
Loss before income taxes from continuing operations	(952)	(5,853)	(2,509)	(8,771)
Income tax benefit from continuing operations	118	1,364	286	1,953
Loss from continuing operations	(834)	(4,489)	(2,223)	(6,818)
Income from discontinued operations:				
Income	—	908	—	3,019
Gain on sale	—	—	918	—
Income tax expense	—	(155)	—	(659)
Net loss	\$ (834)	\$ (3,736)	\$ (1,305)	\$ (4,458)
Net (loss) income per share - basic and diluted:				
Net loss from continuing operations	\$ (0.08)	\$ (0.41)	\$ (0.21)	\$ (0.62)
Net income from discontinued operations:				
Income	—	0.08	—	0.27
Gain on sale	—	—	0.09	—
Income tax expense	—	(0.01)	—	(0.06)
Net loss per share - basic and diluted	\$ (0.08)	\$ (0.34)	\$ (0.12)	\$ (0.41)
Weighted-average shares outstanding:				
Basic and diluted	10,586	11,019	10,614	10,986

The accompanying notes are an integral part of these unaudited consolidated financial statements.

BGSE, Inc. and Subsidiaries
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
(in thousands)

For the Twenty-six Week Period Ended June 28, 2026

	Common Stock		Treasury Stock Amount	Additional Paid in Capital	Accumulated Deficit	Total
	Shares	Par Value				
Stockholders' equity, December 28, 2025	11,227	\$ 112	\$ (1,578)	\$ 71,445	\$ (21,874)	\$ 48,105
Share-based compensation	—	—	—	230	—	230
Issuance of restricted shares	17	—	—	—	—	—
Repurchase of common stock, 170,862 shares	—	—	(873)	—	—	(873)
Net loss	—	—	—	—	(471)	(471)
Stockholders' equity, March 29, 2026	11,244	112	(2,451)	71,675	(22,345)	46,991
Share-based compensation	—	—	—	187	—	187
Issuance of restricted shares	18	1	—	(1)	—	—
Repurchase of common stock, 56,256 shares	—	—	(293)	—	—	(293)
Net loss	—	—	—	—	(834)	(834)
Stockholders' equity, June 28, 2026	11,262	\$ 113	\$ (2,744)	\$ 71,861	\$ (23,179)	\$ 46,051

The accompanying notes are an integral part of these unaudited consolidated financial statements.

BGSE, Inc. and Subsidiaries
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
(in thousands)

For the Twenty-six Week Period Ended June 29, 2025

	Common Stock					
	Shares	Par Value	Treasury Stock Amount	Additional Paid in Capital	Retained Earnings	Total
Stockholders' equity, December 29, 2024	11,039	\$ 110	\$ (57)	\$ 70,260	\$ 11,956	\$ 82,269
Share-based compensation from continuing operations	—	—	—	168	—	168
Share-based compensation from discontinued operations	—	—	—	18	—	18
Issuance of restricted shares	53	1	—	(1)	—	—
Issuance of ESPP shares	17	—	—	87	—	87
Net loss	—	—	—	—	(722)	(722)
Stockholders' equity, March 30, 2025	11,109	111	(57)	70,532	11,234	81,820
Share-based compensation from continuing operations	—	—	—	137	—	137
Share-based compensation from discontinued operations	—	—	—	18	—	18
Issuance of restricted shares	35	1	—	(1)	—	—
Issuance of ESPP shares	15	—	—	47	—	47
Net loss	—	—	—	—	(3,736)	(3,736)
Stockholders' equity, June 29, 2025	11,159	\$ 112	\$ (57)	\$ 70,733	\$ 7,498	\$ 78,286

The accompanying notes are an integral part of these unaudited consolidated financial statements.

BGSF, Inc. and Subsidiaries
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

For the Twenty-six Week Periods Ended June 28, 2026 and June 29, 2025

	2026	2025
Cash flows from operating activities		
Net loss	\$ (1,305)	\$ (4,458)
Net income from discontinued operations	(918)	(2,360)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation	50	58
Amortization	288	530
Software as a service	281	425
Loss on disposal of property and equipment	—	6
Contingent consideration adjustment	—	(450)
Amortization of debt issuance costs	—	598
Interest expense on note payable	—	93
Provision for credit losses	214	1,656
Share-based compensation	417	305
Deferred income taxes	(311)	(1,378)
Other non-cash items	(29)	—
Net changes in operating assets and liabilities:		
Accounts receivable	(259)	1,851
Escrow receivable	3,500	—
Prepaid expenses	(142)	(87)
Other current assets	345	(393)
Deposits	23	8
Accounts payable	(245)	1,288
Accrued payroll and expenses	274	3,263
Transition services payable	(2,054)	—
Accrued interest	—	287
Income taxes receivable	(61)	(384)
Severance payable	(205)	—
Operating leases	(23)	(33)
Other long-term liabilities	—	2,137
Net cash (used in) provided by continuing operating activities	(160)	2,962
Net cash provided by discontinued operating activities	—	253
Net cash (used in) provided by operating activities	(160)	3,215
Cash flows from investing activities		
Proceeds from business sold	918	—
Purchases of short-term investments	(17,377)	—
Proceeds from sale of short-term investments	8,897	—
Capital expenditures	(65)	(13)
Net cash used in continuing investing activities	(7,627)	(13)
Net cash used in discontinued investing activities	—	(63)
Net cash used in investing activities	(7,627)	(76)
Cash flows from financing activities		
Net borrowings under line of credit	—	1,604
Principal payments on long-term debt	—	(1,913)
Issuance of ESPP shares	—	134
Note payable paid	(347)	—
Repurchase of common stock	(1,166)	—
Payments of debt issuance costs	—	(29)
Net cash used in continuing financing activities	(1,513)	(204)
Net change in cash and cash equivalents	(9,300)	2,935
Less: net change in cash and cash equivalents, discontinued operations	—	190
Cash and cash equivalents, beginning of period	19,018	32
Cash and cash equivalents, end of period, continuing operations	\$ 9,718	\$ 2,777
Supplemental cash flow information:		
Cash paid for interest	\$ 50	\$ 2,048

Cash paid for state taxes, net of refunds	\$	81	\$	354
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The accompanying notes are an integral part of these unaudited consolidated financial statements.

BGSF, Inc. and Subsidiaries
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - NATURE OF OPERATIONS

BGSF, Inc. (the “Company”) provides workforce solutions through the Property Management business that operates primarily within the United States of America (“U.S.”). The Property Management segment currently has the ability to service all states and D.C., and provide office and maintenance field talent to property management companies responsible for the apartment communities' and commercial buildings' day-to-day operations.

The Company normally experiences seasonal fluctuations. The quarterly operating results are affected by the seasonality of client partners' business, as well as the number of billing days in a quarter. Demand for the Property Management workforce solutions has typically increased in the second quarter and is highest during the third quarter of the year due to the increased turns in multifamily units during the summer months when schools are not in session. Overall first quarter demand can be affected by adverse weather conditions in the winter months.

On May 8, 2024, the Company announced that our board of directors (“Board”) had initiated a process to evaluate potential strategic alternatives and engaged financial advisors in an endeavor to maximize shareholder value (“Strategic alternatives review”). During December 2024, the Company announced a cost restructuring plan as part of the strategic alternatives review process. On June 14, 2025, the Company entered into an Equity Purchase Agreement with INSPYR Solutions Intermediate, LLC, pursuant to which the Company sold substantially all of the outstanding equity and assets pertaining to the Professional segment (“BGSF Professional”) on September 8, 2025. The BGSF Professional financial results for periods prior to the sale have been reflected as discontinued operations in the Consolidated Financial Statements, see “Note 3 - Discontinued Operations.”

The accompanying unaudited consolidated financial statements have been prepared by the Company in accordance with generally accepted accounting principles in the U.S. (“GAAP”), pursuant to the applicable rules and regulations of the Securities and Exchange Commission (“SEC”). The information furnished herein reflects all adjustments (consisting only of normal recurring adjustments) that are, in the opinion of management, necessary to present a fair statement of the financial position and operating results of the Company as of and for the respective periods. However, these operating results are not necessarily indicative of the results expected for a full fiscal year or any other future period. Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with GAAP have been omitted pursuant to such rules and regulations. However, management of the Company believes, to the best of its knowledge, that the disclosures herein are adequate to make the information presented not misleading. The accompanying unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements of the Company for the fiscal year ended December 28, 2025, included in its Annual Report on Form 10-K.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements include the accounts of the Company. All significant intercompany transactions and balances have been eliminated in consolidation.

Fiscal Periods

The Company has a 52/53 week fiscal year. Fiscal periods for the consolidated financial statements included herein are as of June 28, 2026 and December 28, 2025, and include the thirteen and twenty-six week periods ended June 28, 2026 and June 29, 2025, referred to herein as Fiscal 2026 and 2025, respectively.

Management Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates affecting the consolidated financial statements include the allowance for credit losses, goodwill, intangible assets, lease liabilities, and income taxes. Additionally, the valuation of share-based compensation expense uses a model based upon interest rates, stock prices, maturity estimates, volatility and other factors. The Company believes these estimates and assumptions are reliable. However, these estimates and assumptions may change in the future based on actual experience as well as market conditions.

BGSF, Inc. and Subsidiaries
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Financial Instruments

The Company uses fair value measurements in areas that include, but are not limited to, short-term trading securities, the allocation of purchase price consideration to tangible and identifiable intangible assets, and convertible debt. The carrying values of accounts receivable, accounts payable, accrued payroll and expenses, and other current assets and liabilities approximate their fair values due to the short-term nature of these instruments.

Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid investments with an original maturity of three months or less.

Short-Term Investments

The Company invests in investment grade marketable securities, which are classified as trading securities based on the expected holding period and reported at fair value using observable market data with realized and unrealized gains and losses recognized in earnings within interest income (expense), net in the consolidated statements of operations in accordance with Accounting Standards Codification ("ASC") Topic 320, Investments in Debt Securities.

Fair Value Measurement

The accounting standard for fair value measurements defines fair value and establishes a market-based framework or hierarchy for measuring fair value. The standard is applicable whenever assets and liabilities are measured at fair value. The fair value hierarchy established prioritizes the inputs used in valuation techniques into three levels as follows:

Level 1 - Observable inputs - quoted prices in active markets for identical assets and liabilities;

Level 2 - Observable inputs other than the quoted prices in active markets for identical assets and liabilities - includes quoted prices for similar instruments, quoted prices for identical or similar instruments in inactive markets, and amounts derived from valuation models where all significant inputs are observable in active markets, for substantially the full term of the financial instrument; and

Level 3 - Unobservable inputs - includes amounts derived from valuation models where one or more significant inputs are unobservable and requires the Company to develop relevant assumptions.

Concentration of Credit Risk

Concentration of credit risk is limited due to the Company's diverse client partner base and their dispersion across many different industries and geographic locations nationwide. No single client partner accounted for more than 10% of the Company's accounts receivable as of June 28, 2026 and December 28, 2025 or revenue for the twenty-six week periods ended June 28, 2026 and June 29, 2025. Geographic revenue in excess of 10% of the Company's consolidated revenue in Fiscal 2026 and the related percentage for Fiscal 2025 was generated in the following area:

	Twenty-six Weeks Ended	
	June 28, 2026	June 29, 2025
Texas	23 %	28 %

Consequently, weakness in economic conditions in this region could have a material adverse effect on the Company's financial position and results of future operations.

Accounts Receivable

The Company extends credit to its client partners in the normal course of business. Accounts receivable represents unpaid balances due from client partners. The Company maintains an allowance for credit losses for expected losses resulting from client partners' non-payment of balances due to the Company. The Company's determination of the allowance for uncollectible amounts is based on management's judgments and assumptions, including general economic conditions, portfolio composition, historical credit losses, evaluation of credit risk related to certain individual client partners and the Company's ongoing examination process. Receivables are written off after they are deemed to be uncollectible after all reasonable means of

BGSF, Inc. and Subsidiaries
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

collection have been exhausted. Recoveries of receivables previously written off are recorded as income when received. Changes in the allowance for credit losses are as follows (in thousands):

	Thirteen Weeks Ended		Twenty-six Weeks Ended	
	June 28, 2026	June 29, 2025	June 28, 2026	June 29, 2025
Beginning balance	\$ 1,156	\$ 1,000	\$ 1,156	\$ 910
Provision for credit losses	118	1,458	214	1,656
Amounts written off	(275)	(1,348)	(405)	(1,460)
Recoveries	79	46	113	50
Ending balance	<u>\$ 1,078</u>	<u>\$ 1,156</u>	<u>\$ 1,078</u>	<u>\$ 1,156</u>

Property and Equipment

Property and equipment are stated net of accumulated depreciation of \$1.4 million and \$1.3 million at June 28, 2026 and December 28, 2025, respectively.

Deposits

The Company maintains guaranteed costs policies for workers' compensation coverage in monopolistic states and minimal loss retention coverage in all other states. Under these policies, the Company is required to maintain refundable deposits of \$1.8 million, which are included in Deposits in the accompanying consolidated balance sheets, as of June 28, 2026 and December 28, 2025, respectively.

Software as a Service

The Company capitalizes direct costs incurred in cloud computing implementation costs from hosting arrangements, which are categorized as long-lived assets, and are reported as Software as a service in the accompanying consolidated balance sheets. All other internal-use software development costs are capitalized and reported as a component of computer software within Intangible assets. Software as a service is stated net of accumulated amortization of \$3.4 million and \$3.1 million at June 28, 2026 and December 28, 2025, respectively.

The Company reviews its long-lived assets, primarily Property and equipment and Software as a service, for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recovered. The Company looks primarily to the undiscounted future cash flows in its assessment of whether or not long-lived assets have been impaired. There were no impairment triggering events identified with respect to long-lived assets during Fiscal 2026 or Fiscal 2025.

Leases

The Company leases all of its office space through operating leases expiring at various dates through 2030. Many of these leases require the Company to pay real estate taxes, insurance, and certain maintenance costs, which are treated as variable lease costs. Certain lease arrangements include renewal options of up to five years, exercisable at the Company's discretion. The Company's lease agreements do not contain any material residual value guarantees or restrictive covenants. Lease and non-lease components within these contracts are accounted for as a single lease component.

The Company determines if an arrangement is an operating lease at inception. Leases and subleases with an initial term of 12 months or less are not recorded on the balance sheet. All other leases and subleases are recorded on the balance sheet as right-of-use assets and lease liabilities for the lease term.

Right-of-use lease assets and lease liabilities are recognized at commencement date based on the present value of lease payments over the lease term and include options to extend or terminate the lease when they are reasonably certain to be exercised. The present value of lease payments is determined using the incremental borrowing rate based on the information available at lease commencement date, unless the implicit rate in the lease is readily determinable. The Company's operating lease expense is recognized on a straight-line basis over the lease term and is recorded in selling, general, and administrative expenses.

BGSF, Inc. and Subsidiaries
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Intangible Assets

The Company holds Intangible assets with finite lives. Intangible assets with finite useful lives are amortized over their respective estimated useful lives, ranging from three to ten years, based on a pattern in which the economic benefit of the respective Intangible asset is realized.

Identifiable Intangible assets recognized in conjunction with acquisitions are recorded at fair value. Significant unobservable inputs are used to determine the fair value of the identifiable Intangible assets based on the income approach valuation model whereby the present worth and anticipated future benefits of the identifiable Intangible assets are discounted back to their net present value.

The Company develops and implements software to enhance the performance and capabilities of the information technology infrastructure. Direct internal payroll costs and external costs for the development of software are capitalized from the time internal-use software is considered probable until the software is deployed. All other preliminary and planning stage costs are expensed as incurred. Minor upgrades and enhancements to software systems are expensed in the period incurred as software maintenance and training costs.

The Company evaluates the recoverability of Intangible assets whenever events or changes in circumstances indicate that an Intangible asset's carrying amount may not be recoverable. The Company considered the current and expected future economic and market conditions and its impact on each of the reporting units. The Company annually evaluates the remaining useful lives of all Intangible assets to determine whether events and circumstances warrant a revision to the remaining period of amortization. There were no impairment indicators identified during Fiscal 2026 or Fiscal 2025. See "Note 7 - Intangible Assets."

Goodwill

Goodwill is not amortized, but instead is evaluated at the reporting unit level for impairment annually at the end of each fiscal year, or more frequently, if conditions indicate an earlier review is necessary. The Company considered the current and expected future economic and market conditions and its impact on each of the reporting units. If the Company has determined that it is more likely than not that the fair value for one or more reporting units is greater than their carrying value, the Company may use a qualitative assessment for the annual impairment test. The Company determined there were no impairment indicators for goodwill assets during Fiscal 2026 or Fiscal 2025.

Debt Issuance Costs

Debt issuance costs were amortized into interest expense using the effective interest method over the term of the respective loans. Debt issuance costs related to a recognized debt liability were presented in the balance sheet as a direct deduction from the carrying amount of the related debt liability until the BMO agreement was fully paid and retired on September 8, 2025.

Contingent Consideration

The Company had obligations, to be paid in cash, related to its acquisitions if certain operating and financial goals were met. The fair value of this contingent consideration was determined using expected cash flows and present value technique. The fair value calculation of the expected future payments used a discount rate commensurate with the risks of the expected cash flow. The resulting discount was amortized as interest expense over the outstanding period using the effective interest method.

Revenue Recognition

The Company derives its revenues from continuing operations by providing workforce solution and placement services through the Property Management segment. Revenues are recognized when promised services are delivered to client partners, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those services. Revenues from continuing operations as presented on the consolidated statements of operations represent services rendered to client partners less sales adjustments and allowances. Reimbursements, including those related to out-of-pocket expenses, are also included in revenues, and the related amounts of reimbursable expenses are included in cost of services.

The Company records revenue on a gross basis as a principal versus on a net basis as an agent in the presentation of revenues and expenses. The Company has concluded that gross reporting is appropriate because the Company (i) has the risk of identifying and hiring qualified field talent, (ii) has the discretion to select the field talent and establish their price and duties and (iii) bears the risk for services that are not fully paid for by client partners.

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Contract field talent revenues - Field talent revenues from contracts with client partners are recognized over time in the amount to which the Company has a right to invoice, when the services are rendered by the Company's field talent.

Contingent placement revenues - Any revenues associated with workforce solutions that are provided on a contingent basis are recognized at a point in time once the contingency is resolved, as this is when control is transferred to the client partner, usually when employment candidates start their employment.

The Company estimates the effect of placement candidates who do not remain with its client partners through the guarantee period (generally 90 days) based on historical experience. Allowances, recorded as a liability, are established to estimate these losses. Fees to client partners are generally calculated as a percentage of the new worker's annual compensation. No fees for placement workforce solutions are charged to employment candidates. These assumptions determine the timing of revenue recognition for the reported period.

Refer to Note 13 for disaggregated revenues by functional specialization and segment.

Payment terms in the Company's contracts vary by the type and location of its client partner and the workforce solutions offered. The term between invoicing and when payment is due is not significant. There were no unsatisfied performance obligations as of June 28, 2026 or December 28, 2025. There were no revenues recognized during the twenty-six week period ended June 28, 2026 or June 29, 2025 related to performance obligations satisfied or partially satisfied in previous periods. There are no contract costs capitalized. The Company did not recognize any contract impairments during the twenty-six week period ended June 28, 2026 or June 29, 2025. The opening balance of accounts receivable at December 29, 2024 was \$17.1 million.

Share-Based Compensation

The Company recognizes compensation expense in selling, general, and administrative expenses over the service period for common stock options or restricted stock that are expected to vest and records adjustments to compensation expense at the end of the service period if actual forfeitures differ from original estimates. Common stock options or restricted stock are measured at fair value at the grant date using the market price of the Company's common stock.

Earnings Per Share

Basic earnings per common share are computed by dividing net loss by the weighted average number of common shares outstanding during the period. Diluted earnings per share are calculated by dividing income available to common stockholders by the weighted average number of common shares outstanding during the period adjusted to reflect potentially dilutive securities. Antidilutive shares are excluded from the calculation of earnings per share. The following is a reconciliation of the number of shares used in the calculation of basic and diluted earnings per share for the respective periods (in thousands):

	Thirteen Weeks Ended		Twenty-six Weeks Ended	
	June 28, 2026	June 29, 2025	June 28, 2026	June 29, 2025
Weighted-average number of common shares outstanding:	10,586	11,019	10,614	10,986
Weighted-average number of diluted common shares outstanding	10,586	11,019	10,614	10,986
Stock options and restricted stock	662	790	662	790
Convertible note	—	255	—	255
Antidilutive shares	662	1,045	662	1,045

Income Taxes

The effective tax rate from continuing operations was 12% and 23% for the thirteen week periods ended June 28, 2026 and June 29, 2025, respectively. The effective tax rate from continuing operations was 11% and 22% for the twenty-six week periods ended June 28, 2026 and June 29, 2025, respectively. Although both fiscal periods consisted of a federal benefit at statutory rates, Fiscal 2026 had a lower state tax and a larger temporary book to tax difference for equity related items.

Deferred tax assets and liabilities are recorded for the estimated future tax effects of temporary differences between the tax basis of assets and liabilities and amounts are classified as noncurrent in the consolidated balance sheets. Deferred tax assets are also recognized for net operating loss and tax credit carry overs. The overall change in deferred tax assets and liabilities for the

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period measures the deferred tax expense or benefit for the period. Effects of changes in enacted tax laws on deferred tax assets and liabilities are reflected as adjustments to tax expense in the period of enactment.

When appropriate, the Company will record a valuation allowance against net deferred tax assets to offset future tax benefits that may not be realized. In determining whether a valuation allowance is appropriate, the Company considers whether it is more likely than not that all or some portion of our deferred tax assets will not be realized, based in part upon management's judgments regarding future events and past operating results. As a matter of operation, the Company first calculates the effective tax on continuing operations, and then allocated the remaining taxes to our discontinued operations, in accordance with ASC Topic 740. ASC Topic 740 prescribes a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in a tax return. As of June 28, 2026 and December 28, 2025, the Company carried a valuation allowance of \$1.5 million related to capital losses and stock-based compensation from the sale of BGSF Professional.

Recent Accounting Pronouncements

In November 2024, Financial Accounting Standards Board ("FASB") issued ASU 2024-03, Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures, which will require the Company to disclose the amounts of purchases of inventory, employee compensation, depreciation and intangible asset amortization, as applicable, included in certain expense captions in the Consolidated Statements of Operations. The new guidance is effective for fiscal years beginning after December 15, 2026 and for interim periods beginning after December 15, 2027, early adoption is permitted. The Company is evaluating the impact of the new guidance on its consolidated financial statements and related disclosures.

In September 2025, the FASB issued ASU 2025-06, Intangibles - Goodwill and Other - Internal-Use Software, which amends the guidance in ASC 350-40, Intangibles—Goodwill and Other—Internal-Use Software. The amendments modernize the recognition and disclosure framework for internal-use software costs, removing the previous "development stage" model and introducing a more judgment-based approach. The new guidance is effective for fiscal years beginning after December 15, 2027 and for interim periods within those annual reporting periods, with early adoption permitted. The Company is currently evaluating the impact of the new guidance on its consolidated financial statements and related disclosures.

In December 2025, the FASB issued ASU 2025-11, Interim Reporting (Topic 270): Narrow-Scope Improvements, which clarifies the guidance in Topic 270 to improve the consistency of interim financial reporting. The ASU provides a comprehensive list of required interim disclosures and introduces a disclosure principle requiring entities to disclose events since the end of the last annual reporting period that have a material impact on the entity. ASU 2025-11 is effective for fiscal years beginning after December 15, 2027, including interim periods within those fiscal years, with early adoption permitted. The Company is currently evaluating the impact of the new guidance on its consolidated financial statements and related disclosures.

NOTE 3 - DISCONTINUED OPERATIONS

On June 14, 2025, the Company entered into an Equity Purchase Agreement ("EPA") with INSPYR Solutions Intermediate, LLC ("INSPYR"), pursuant to which the Company sold to INSPYR substantially all of the outstanding equity and assets pertaining to BGSF Professional. The sale closed on September 8, 2025, for cash proceeds of \$91.5 million (which includes a \$2.3 million working capital adjustment as provided in the EPA) plus \$5.2 million in holdback escrow accounts. Under the terms of the EPA, INSPYR acquired certain assets and equity interests, and assumed certain liabilities and obligations of the Company pertaining to BGSF Professional. In March 2026, the Company received one holdback escrow payment and the working capital adjustment totaling approximately \$4.4 million.

The EPA contained customary representations and warranties, covenants (including certain non-competition and non-solicitation covenants restricting the Company with respect to the professional staffing business), closing conditions, and indemnification provisions. The EPA also included a payment obligation related to the June 10, 2025 letter agreement with Arroyo Consulting, LLC related to the payout of \$2.5 million in contingent consideration where by the Company assumed a portion of this obligation and paid \$1.2 million at closing and will pay the remaining \$0.6 million in monthly installments ("Note payable"). After the close of the transaction, the Company began providing certain back-office services to INSPYR for a limited period of time.

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The BGSF Professional financial results for periods prior to the sale have been reflected in our Consolidated Balance Sheet, Consolidated Statements of Operations, Consolidated Statement of Changes in Stockholders' Equity and Consolidated Statements of Cash Flows as discontinued operations. The financial results of BGSF Professional are as follows (in thousands):

	June 29, 2025	
	Thirteen Weeks Ended	Twenty-six Weeks Ended
Revenue	\$ 40,268	\$ 82,619
Cost of services	28,024	57,015
Gross profit	12,244	25,604
Selling, general, and administrative expenses	10,000	19,907
Depreciation and amortization	1,336	2,678
Income from discontinued operations before taxes	\$ 908	\$ 3,019

NOTE 4 - FAIR VALUE MEASUREMENTS

The fair value of short-term investments were comprised of the following (in thousands):

	June 28, 2026			
	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value
Treasury securities	\$ 8,509	\$ —	\$ —	\$ 8,509
Total	\$ 8,509	\$ —	\$ —	\$ 8,509

NOTE 5 - OTHER CURRENT ASSETS

Other current assets as of June 28, 2026 and December 28, 2025 consist of the following (in thousands):

	June 28, 2026	December 28, 2025
CARES Act receivable	\$ —	\$ 280
Income tax receivable	445	457
State payroll tax receivable	322	322
Federal payroll tax receivable	333	399
Total	\$ 1,100	\$ 1,458

NOTE 6 - LEASES

Short-term leases and subleases were immaterial. The supplemental balance sheet and cash flow information related to the Company's operating leases were as follows at (dollars in thousands):

	June 28, 2026	December 28, 2025
Weighted average remaining lease term of continuing operating leases	2.5 years	2.6 years
Weighted average discount rate for continuing operating leases	8.4 %	8.3 %

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The supplemental cash flow information from continuing operations related to the Company's operating leases were as follows (dollars in thousands):

	Twenty-six Weeks Ended	
	June 28, 2026	June 29, 2025
Cash paid for continuing operating leases	\$ 224	\$ 303
Continuing operating lease expense	\$ 201	\$ 270

The undiscounted annual future minimum lease payments consist of the following at (in thousands):

	June 28, 2026
2026 (remaining)	\$ 225
2027	122
2028	94
2029	96
2030	24
Total lease payments	561
Imputed interest	(55)
Present value of lease liabilities	<u>\$ 506</u>

NOTE 7 - INTANGIBLE ASSETS

Intangible assets are stated net of accumulated amortization of \$2.7 million and \$3.0 million at June 28, 2026 and December 28, 2025, respectively. Amortization expense from continuing operations for Fiscal 2026 and Fiscal 2025 are comprised of following (in thousands):

	Thirteen Weeks Ended		Twenty-six Weeks Ended	
	June 28, 2026	June 29, 2025	June 28, 2026	June 29, 2025
Computer software - amortization expense	\$ 155	\$ 230	\$ 288	\$ 530
Total expense	<u>\$ 155</u>	<u>\$ 230</u>	<u>\$ 288</u>	<u>\$ 530</u>

NOTE 8 - ACCRUED PAYROLL AND EXPENSES

Accrued payroll and expenses consist of the following at (in thousands):

	June 28, 2026	December 28, 2025
Payroll	\$ 1,379	\$ 1,047
Payroll related	1,397	1,218
Vendor services	952	824
Bonuses and commissions	531	664
State and local non-income taxes	181	256
Other	275	432
Accrued payroll and expenses	<u>\$ 4,715</u>	<u>\$ 4,441</u>

NOTE 9 - CONTINGENCIES

The Company is engaged from time to time in legal matters and proceedings arising out of its normal course of business. The Company establishes a liability related to its legal proceedings and claims when it has determined that it is probable that the Company has incurred a liability and the related amount can be reasonably estimated. If the Company determines that an obligation is reasonably possible, the Company will, if material, disclose the nature of the loss contingency and the estimated

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range of possible loss, or include a statement that no estimate of the loss can be made. No provision has been recorded for any claims as of June 28, 2026 or December 28, 2025.

The Company insures against, subject to and upon the terms and conditions of various insurance policies, claims or losses from workers' compensation, general liability, automobile liability, property damage, professional liability, employment practices, fiduciary liability, fidelity losses, crime and cyber risk, and director and officer liability. Under the Company's bylaws, the Company's directors and officers are indemnified against certain liabilities arising out of the performance of their duties to the Company. The Company also has an insurance policy for our directors and officers to insure them against liabilities arising from the performance of their positions with the Company or its subsidiaries. The Company has also entered into indemnification agreements with its directors and certain officers.

NOTE 10 – EQUITY

Authorized capital stock consists of 19,500,000 shares of common stock, par value \$0.01 per share and 500,000 shares of undesignated preferred stock, par value \$0.01 per share.

Repurchase of Common Stock

On November 5, 2025, the Company's Board approved a stock repurchase program under which the Company may repurchase up to \$5.0 million of its common stock. The repurchase program does not have an expiration date and may be suspended, terminated, or modified at any time for any reason. During Fiscal 2026, the Company repurchased 227,118 shares at a weighted average price of \$5.13 per share. The repurchased shares are recorded as part of treasury stock and are accounted for under the cost method. The repurchase program has been used to return capital to shareholders and to minimize the dilutive impact of stock options and other share-based awards. As of June 28, 2026, the Company has approximately \$2.3 million available for repurchases under this program.

Restricted Stock

The Company issued net restricted common stock of 35,225 and 53,364 shares to team members and non-team member (non-employee) directors in Fiscal 2026 and Fiscal 2025, respectively. The restricted shares of \$0.01 par value per share were issued under the 2013 Long-Term Incentive Plan ("2013 Plan") and contain a three-year service condition. The restricted stock constitutes issued and outstanding shares of the Company's common stock, except for the right of disposal, for all purposes during the period of restriction including voting rights and dividend distributions.

NOTE 11 – SHARE-BASED COMPENSATION

Stock Options

For the thirteen week periods ended June 28, 2026 and June 29, 2025, the Company recognized \$0.1 million of compensation expense from continuing operations related to stock options, respectively. For the twenty-six week periods ended June 28, 2026 and June 29, 2025, the Company recognized \$0.2 million and \$0.1 million, respectively, of compensation expense from continuing operations related to stock options. Unamortized share-based compensation expense from continuing operations as of June 28, 2026 amounted to \$0.7 million which is expected to be recognized over the next 1.7 years. As of June 28, 2026, a total of 1.2 million shares remain available for issuance under 2013 Plan. A summary of stock option activity is presented as follows:

	Number of Shares	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Life	Total Intrinsic Value of Awards (in thousands)
Options outstanding at December 28, 2025	668,499	\$ 13.52	5.2	\$ 52
Forfeited / Expired	(6,000)	\$ —		
Options outstanding at June 28, 2026	662,499	\$ 13.55	4.7	\$ 103
Options exercisable at December 28, 2025	590,294	\$ 14.36	4.7	\$ 52
Options exercisable at June 28, 2026	585,094	\$ 14.40	4.2	\$ 103

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	Number of Shares	Weighted Average Grant Date Fair Value
Non-vested outstanding at December 28, 2025	78,205	\$ 3.45
Non-vested outstanding at June 28, 2026	77,405	\$ 3.44

Restricted Stock

For the thirteen week periods ended June 28, 2026 and June 29, 2025, the Company recognized \$0.1 million of compensation expense from continuing operations related to restricted stock awards. For the twenty-six week periods ended June 28, 2026 and June 29, 2025, the Company recognized \$0.2 million of compensation expense related to restricted stock awards. Unamortized share-based compensation expense as of June 28, 2026 amounted to \$0.5 million which is expected to be recognized over the next 1.8 years. A summary of restricted stock activity is presented as follows:

	Number of Shares	Weighted Average Exercise Price Per Share
Restricted outstanding at December 28, 2025	129,232	\$ 5.96
Issued	35,225	\$ 5.32
Vested	(29,129)	\$ 6.28
Restricted outstanding at June 28, 2026	135,328	\$ 5.73
Non-vested outstanding at December 28, 2025	129,232	\$ 5.96
Non-vested outstanding at June 28, 2026	135,328	\$ 5.73

NOTE 12 - TEAM MEMBER BENEFIT PLAN

Defined Contribution Plan

The Company provides a defined contribution plan (the “401(k) Plan”) for the benefit of its eligible team members and field talent. The 401(k) Plan allows participants to make contributions subject to applicable statutory limitations. The Company matches participants contributions 100% up to the first 3% and 50% of the next 2% of a team member's or field talent's compensation. The Company contributed \$0.1 million from continuing operations to the 401(k) Plan for the thirteen week periods ended June 28, 2026 and June 29, 2025, respectively. The Company contributed \$0.2 million from continuing operations, respectively, to the 401(k) Plan for the twenty-six week periods ended June 28, 2026 and June 29, 2025.

NOTE 13 - BUSINESS SEGMENT

The Company has continuing operations through one segment of Property Management, which includes centralized support services through executive, marketing, human resources, information technology, accounting, treasury, and billing operations. The chief operating decision-makers (the “CODM”), the President of Property Management and Co-Chief Executive Officers, establish the strategic direction of the Company, priorities, and long-term financial objectives. The CODM are ultimately responsible for evaluating segment performance and making decisions regarding resource allocation. The Property Management segment currently has the ability to service all U.S. states and D.C., and provide office and maintenance field talent to property management companies responsible for the apartment communities' and commercial buildings' day-to-day operations. The CODM consider variances between actual results and expectations as well as historical trends for segment income when making decisions about allocating capital and personnel resources to each segment.

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Segment loss from continuing operations includes all revenue and cost of services, direct selling expenses, depreciation and amortization expense and all general and administrative expenses. The following table provides a reconciliation of revenue and loss from continuing operations by reportable segment to consolidated results for the periods indicated (in thousands):

	Thirteen Weeks Ended		Twenty-six Weeks Ended	
	June 28, 2026	June 29, 2025	June 28, 2026	June 29, 2025
Contract field talent	\$ 21,487	\$ 23,000	\$ 41,682	\$ 43,279
Contingent placements	826	506	1,512	1,110
Revenue	22,313	23,506	43,194	44,389
Compensation and related	14,354	15,058	27,786	28,344
Other	41	38	80	75
Gross profit	7,918	8,410	15,328	15,970
Selling:				
Compensation	4,167	4,195	8,600	8,121
Advertising, occupancy, and travel	500	447	935	825
Software, insurance, and professional fees	539	296	951	669
Other	279	1,806	516	2,176
Contributions to overhead	2,433	1,666	4,326	4,179
General and administrative:				
Compensation	1,463	2,184	3,033	4,245
Software	633	828	1,211	1,525
Professional fees	486	569	985	1,111
Strategic alternatives review	385	1,613	868	1,634
Other	476	639	634	1,274
Gain on contingent consideration	—	(450)	—	(450)
Depreciation and amortization	180	259	338	588
Operating loss	(1,190)	(3,976)	(2,743)	(5,748)
Interest income (expense), net	238	(1,877)	234	(3,023)
Income tax benefit from continuing operations	118	1,364	286	1,953
Loss from continuing operations	\$ (834)	\$ (4,489)	\$ (2,223)	\$ (6,818)

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

This Management’s Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with our accompanying Unaudited Consolidated Financial Statements and related notes thereto and our Annual Report on Form 10-K for the fiscal year ended December 28, 2025. Comparative segment revenues and related financial information are discussed herein and are presented in Note 13 to our Unaudited Consolidated Financial Statements. See “Forward Looking Statements” on page 3 of this report and “Risk Factors” included in our filings with the SEC, including our Quarterly Reports on Form 10-Q and our Annual Report on Form 10-K for the fiscal year ended December 28, 2025, for a description of important factors that could cause actual results to differ from expected results. Our historical financial information may not be indicative of our future performance.

Overview

On May 8, 2024, we announced that our Board of Directors had initiated a process to evaluate potential strategic alternatives and engaged financial advisors in an endeavor to maximize shareholder value (“Strategic alternatives review”). On June 14, 2025, we entered into an Equity Purchase Agreement with INSPYR Solutions Intermediate, LLC, pursuant to which we sold substantially all of our outstanding equity interest pertaining to the Professional segment on September 8, 2025. The Professional segment financial results for periods prior to the sale have been reflected as discontinued operations in our Unaudited Consolidated Financial Statements, see “Note 3 - Discontinued Operations.”

We currently operate primarily within the United States of America in our Property Management segment. Our Property Management segment currently has the ability to service all states and D.C., and provide office and maintenance field talent to property management companies responsible for the apartment communities' and commercial buildings' day-to-day operations.

Our business normally experiences seasonal fluctuations. Our quarterly operating results are affected by seasonality of our client partners' business, as well as the number of billing days in a quarter. Demand for our Property Management workforce solutions typically increases in the second quarter and is highest during the third quarter of the year due to the increased turns in multifamily units during the summer months when schools are not in session. Overall first quarter demand can be affected by adverse weather conditions in the winter months. In addition, our cost of services typically increases in the first quarter primarily due to the reset of payroll taxes.

Results of Operations

The following tables summarize key components of our results from continuing operations for the periods indicated, both in dollars and as a percentage of revenues, and have been derived from our unaudited consolidated financial statements.

	Thirteen Weeks Ended		Twenty-six Weeks Ended	
	June 28, 2026	June 29, 2025	June 28, 2026	June 29, 2025
	(dollars in thousands)			
Revenues	\$ 22,313	\$ 23,506	\$ 43,194	\$ 44,389
Cost of services	14,395	15,096	27,866	28,419
Gross profit	7,918	8,410	15,328	15,970
Selling, general, and administrative expenses	8,928	12,577	17,733	21,580
Gain on contingent consideration	—	(450)	—	(450)
Depreciation and amortization	180	259	338	588
Operating loss	(1,190)	(3,976)	(2,743)	(5,748)
Interest income (expense), net	238	(1,877)	234	(3,023)
Loss before income taxes from continuing operations	(952)	(5,853)	(2,509)	(8,771)
Income tax benefit from continuing operations	118	1,364	286	1,953
Loss from continuing operations	<u>\$ (834)</u>	<u>\$ (4,489)</u>	<u>\$ (2,223)</u>	<u>\$ (6,818)</u>

	Thirteen Weeks Ended		Twenty-six Weeks Ended	
	June 28, 2026	June 29, 2025	June 28, 2026	June 29, 2025
Revenues	100.0 %	100.0 %	100.0 %	100.0 %
Cost of services	64.5	64.2	64.5	64.0
Gross profit	35.5	35.8	35.5	36.0
Selling, general, and administrative expenses	40.0	53.5	41.1	48.6
Gain on contingent consideration	—	(1.9)	—	(1.0)
Depreciation and amortization	0.8	1.1	0.8	1.3
Operating loss	(5.4)	(16.9)	(6.5)	(12.8)
Interest income (expense), net	1.1	(8.0)	0.5	(6.8)
Loss before income taxes from continuing operations	(4.3)	(24.9)	(5.7)	(19.7)
Income tax benefit from continuing operations	0.5	5.8	0.7	4.4
Loss from continuing operations	<u>(3.8)%</u>	<u>(19.1)%</u>	<u>(5.0)%</u>	<u>(15.3)%</u>

Thirteen Week Fiscal Period Ended June 28, 2026 ("Fiscal 2026") Compared with Thirteen Week Fiscal Period Ended June 29, 2025 ("Fiscal 2025")

	Thirteen Weeks Ended	
	June 28, 2026	June 29, 2025
	(dollars in thousands)	
Revenues	\$ 22,313	\$ 23,506
Gross Profit	\$ 7,918	\$ 8,410
Gross Profit Percentage	35.5 %	35.8 %

Revenues: Revenues decreased \$1.2 million (5.1%). The decrease was primarily due to a 6.8% reduction in billed hours, which was driven by a combination of lower demand from cost pressures on property owners and property management companies and increased competition in certain markets.

Gross Profit: Gross profit decreased approximately \$0.5 million (5.9%), which is in line with revenues with a partial offset by higher permanent placement business that have no cost of service.

Selling, General, and Administrative Expenses: Selling, general, and administrative expenses decreased \$3.6 million (29.0%), primarily due to reduced compensation costs on less headcount and is reflective of cost reduction activities that occurred during 2025 and continued into 2026 to align our administrative costs with our lower revenue following the sale of BGSF Professional. The components of selling, general, and administrative expense are detailed in the following table:

	Thirteen Weeks Ended					
	June 28, 2026		June 29, 2025		\$ Change	% Change
	Amount	% of Revenue	Amount	% of Revenue		
Selling	\$ 5,485	25 %	\$ 6,744	29 %	\$ (1,259)	(19)%
General and administrative:						
Compensation and related	1,463	7	2,184	9	(721)	(33)%
Software	633	3	828	4	(195)	(24)%
Liability insurance	239	1	305	1	(66)	(22)%
Professional fees	486	2	569	2	(83)	(15)%
Share-based compensation	187	1	137	1	50	36 %
Strategic alternatives review	385	1	1,613	7	(1,228)	(76)%
Other	50	—	197	1	(147)	(75)%
Total	\$ 8,928	40 %	\$ 12,577	54 %	\$ (3,649)	(29)%

Depreciation and Amortization: Depreciation and amortization charges decreased \$0.1 million (30.5%) primarily due to amortization of intangible assets for computer software.

Interest Income (Expense), net: Interest income (expense), net increased \$2.1 million (112.7%) due to short-term investment income in Fiscal 2026 following the sale of BGSF Professional compared to expense on the BMO Bank, N.A. ("BMO") term loan commitment and revolving credit facility in Fiscal 2025.

Income Tax Benefit: Income tax benefit decreased \$1.2 million due to a lower net loss and a lower effective tax rate in Fiscal 2026.

Twenty-six Week Fiscal Period Ended June 28, 2026 ("Fiscal 2026") Compared with Twenty-six Week Fiscal Period Ended June 29, 2025 ("Fiscal 2025")

	Twenty-six Weeks Ended			
	June 28, 2026		June 29, 2025	
	(dollars in thousands)			
Revenues	\$	43,194	\$	44,389
Gross Profit	\$	15,328	\$	15,970
Gross Profit Percentage		35.5 %		36.0 %

Revenues: Revenues decreased approximately \$1.2 million (2.7%). The decrease was primarily due to a 3.9% reduction in billed hours, which was driven by a combination of lower demand from cost pressures on property owners and property management companies and increased competition in certain markets with partial offsets by higher permanent placement business and average bill rate.

Gross Profit: Gross profit decreased approximately \$0.7 million (4.0%) which is in line with revenues with a partial offset by higher permanent placement business that have no cost of service.

Selling, General, and Administrative Expenses: Selling, general, and administrative expenses decreased \$3.8 million (17.8%) primarily due to reduced compensation costs on less headcount and is reflective of cost reduction activities that occurred during 2025 and continued into 2026 to align our administrative costs with our lower revenue following the sale of BGSF Professional. The components of selling, general, and administrative expense are detailed in the following table:

	Twenty-six Weeks Ended					
	June 28, 2026		June 29, 2025		\$ Change	% Change
	Amount	% of Revenue	Amount	% of Revenue		
Selling	\$ 11,002	26 %	\$ 11,791	27 %	\$ (789)	(7)%
General and administrative:						
Compensation and related	3,033	7	4,245	10	(1,212)	(29)%
Software	1,211	3	1,525	3	(314)	(21)%
Liability insurance	524	1	535	1	(11)	(2)%
Professional fees	985	2	1,111	2	(126)	(11)%
Share-based compensation	417	1	305	1	112	37 %
Strategic alternatives review	868	2	1,634	4	(766)	(47)%
Other ⁽¹⁾	(307)	(1)	434	1	(741)	(171)%
Total	\$ 17,733	41 %	\$ 21,580	49 %	\$ (3,847)	(18)%

(1) Includes fees charged to cover costs for transitional back-office services provided after the sale of BGSF Professional.

Depreciation and Amortization: Depreciation and amortization charges decreased approximately \$0.3 million (42.5%) primarily due to amortization of intangible assets for computer software.

Interest Income (Expense), net: Interest income (expense) increased \$3.3 million (107.7%) due to short-term investment income in Fiscal 2026 following the sale of BGSF Professional compared to the expense adjustment of amortization of debt issuance costs relating to a waiver and amendment with respect to our previous credit agreement with BMO in Fiscal 2025.

Income Tax Benefit: Income tax benefit decreased \$1.7 million due to a lower net loss and a lower effective tax rate in Fiscal 2026.

Use of Non-GAAP Financial Measures

We present Adjusted EBITDA (defined below), a measure that is not in accordance with accounting principles generally accepted in the United States of America (“non-GAAP”), in this Quarterly Report to provide investors with a supplemental measure of our operating performance. We believe that Adjusted EBITDA is a useful performance measure and is used by us to facilitate a comparison of our operating performance on a consistent basis from period-to-period and to provide for a more

complete understanding of factors and trends affecting our business than measures under accounting principles generally accepted in the United States of America (“GAAP”) can provide alone. Our board and management also use Adjusted EBITDA as one of the primary methods for planning and forecasting overall expected performance and for evaluating on a quarterly and annual basis actual results against such expectations, and as a performance evaluation metric in determining achievement of certain compensation programs and plans for our management.

We define “Adjusted EBITDA” as earnings before interest (income) expense, income taxes, depreciation and amortization expense, costs associated with the Strategic alternatives review, software as a service costs, and certain non-cash expenses such as share-based compensation expense, as well as certain specific events that management does not consider in assessing our on-going operating performance. Omitting interest, taxes, and the other items provides a financial measure that facilitates comparisons of our results of operations with those of companies having different capital structures. Since the levels of indebtedness and tax structures that other companies have are different from ours, we omit these amounts to facilitate investors’ ability to make these comparisons. Similarly, we omit depreciation and amortization because other companies may employ a greater or lesser amount of property and equipment and intangible assets. We also believe that investors, analysts and other interested parties view our ability to generate Adjusted EBITDA as an important measure of our operating performance and that of other companies in our industry. Adjusted EBITDA should not be considered as an alternative to net loss from operations for the periods indicated as a measure of our performance. Other companies in our industry may calculate Adjusted EBITDA differently than we do, limiting its usefulness as a comparative measure.

The use of Adjusted EBITDA has limitations as an analytical tool, and you should not consider this performance measure in isolation from, or as an alternative to, GAAP measures such as net loss. Adjusted EBITDA is not a measure of liquidity under GAAP or otherwise, and is not an alternative to cash flow from operating activities. Our presentation of Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by the expenses that are excluded from that term or by unusual or non-recurring items. The limitations of Adjusted EBITDA include: (i) it does not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments; (ii) it does not reflect changes in, or cash requirements for, our working capital needs; (iii) it does not reflect income tax payments we may be required to make; and (iv) it does not reflect the cash requirements necessary to service interest or principal payments associated with indebtedness.

To properly and prudently evaluate our business, we encourage you to review our unaudited consolidated financial statements included elsewhere in this report and the reconciliation to Adjusted EBITDA from net loss, the most directly comparable financial measure presented in accordance with GAAP, set forth in the following table. All of the items included in the reconciliation from net loss to Adjusted EBITDA are either (i) non-cash items or (ii) items that management does not consider in assessing our on-going operating performance. In the case of the non-cash items, management believes that investors may find it useful to assess our comparative operating performance because the measures without such items are less susceptible to variances in actual performance resulting from depreciation, amortization and other non-cash charges and more reflective of other factors that affect operating performance. In the case of the other items that management does not consider in assessing our on-going operating performance, management believes that investors may find it useful to assess our operating performance if the measures are presented without these items because their financial impact may not reflect ongoing operating performance.

	Thirteen Weeks Ended		Twenty-six Weeks Ended	
	June 28, 2026	June 29, 2025	June 28, 2026	June 29, 2025
	(dollars in thousands)			
Loss from continuing operations	\$ (834)	\$ (4,489)	\$ (2,223)	\$ (6,818)
Income tax benefit	(118)	(1,364)	(286)	(1,953)
Interest (income) expense, net	(238)	1,877	(234)	3,023
Operating loss	(1,190)	(3,976)	(2,743)	(5,748)
Depreciation and amortization	180	259	338	588
Gain on contingent consideration	—	(450)	—	(450)
Share-based compensation	187	137	417	305
Strategic alternatives review	385	1,613	868	1,634
Software as a service ¹	140	284	281	425
Aged receivable adjustment	—	980	—	1,070
Adjusted EBITDA from continuing operations	(298)	(1,153)	(839)	(2,176)
Adjusted EBITDA Margin (% of revenue)	(1)%	(5)%	(2)%	(5)%
Income from discontinued operations	—	753	918	2,360
Adjustments to discontinued operations ²	—	1,506	—	3,370
Adjusted EBITDA from discontinued operations	—	2,259	918	5,730
Adjusted EBITDA, net	\$ (298)	\$ 1,106	\$ 79	\$ 3,554

(1) We capitalize direct costs incurred in cloud computing implementation from hosting arrangements, which are reported as a Software as a service and are expensed as incurred in selling, general, and administrative expenses.

(2) Adjusted EBITDA from discontinued operations for the thirteen and twenty-six weeks ended June 29, 2025 includes \$1.3 million and \$2.7 million of depreciation and amortization, respectively, and \$0.2 million and \$0.7 million of income tax expense, respectively.

Liquidity and Capital Resources

Our working capital requirements are primarily driven by field talent payments, tax payments, and client partner accounts receivable receipts. Since receipts from client partners lag payments to field talent, working capital requirements may increase substantially in periods of growth.

Our primary sources of liquidity were cash generated from operations, which was used to fund payments to field talent and team members, related payroll liabilities, operating expenses, capital expenditures, cash taxes, and note payments. We believe that cash on hand, short-term investments, and the cash generated from operations, will be sufficient to meet our normal working capital needs for at least the next twelve months, including investments made, and expenses incurred, in connection with opening new markets throughout the next year. Our ability to continue to fund these items may be affected by general economic, competitive and other factors, many of which are outside of our control. During Fiscal 2025, we received cash proceeds from the sale of BGSP Professional on September 8, 2025, which allowed us to fully payoff and retire the borrowings under an agreement with BMO and pay a \$2.00 per share special dividend on September 30, 2025, which means we currently hold approximately \$18.2 million in available cash and short-term investments to fund the business. If our future cash flow and other capital resources are insufficient to fund our liquidity needs, we may obtain new debt or equity capital.

While we believe we have sufficient liquidity and capital resources to meet our current operating requirements and expansion plans, we may elect to pursue additional growth opportunities within the next year that could require new debt or equity financing. If we are unable to secure new financing at favorable terms in order to pursue such additional growth opportunities, our ability to pursue such opportunities could be materially and adversely affected.

A summary of our working capital, operating, investing and financing activities are shown in the following table:

	June 28, 2026	December 28, 2025
	(dollars in thousands)	
Working capital from continuing operations	\$ 27,338	\$ 29,116
	Twenty-six Weeks Ended	
	June 28, 2026	June 29, 2025
	(dollars in thousands)	
Net cash (used in) provided by continuing operations:		
Operating activities	\$ (160)	\$ 2,962
Investing activities	(7,627)	(13)
Financing activities	(1,513)	(204)
Net change in cash and cash equivalents discontinued operations	—	190
Net change in cash and cash equivalents	\$ (9,300)	\$ 2,935

Operating Activities

Cash provided by operating activities from continuing operations consists of net loss adjusted for non-cash items, including depreciation and amortization, share-based compensation expense, provision for credit losses, and the effect of working capital changes. The primary driver of cash inflows and outflows are accounts receivable, transition services payable, escrow receivable, accounts payable, and accrued payroll and expenses.

During Fiscal 2026, net cash used in operating activities from continuing operations increased by \$3.1 million compared to Fiscal 2025. The increase is primarily due to increased payments on accrued payroll and expenses and accounts payable, which was partially offset by a decrease in other current assets for CARES Act receipts.

Investing Activities

Cash flows from investing activities from continuing operations consisted of capital expenditures, purchases of short-term marketable securities, and proceeds from the sale of BGSF Professional.

For Fiscal 2026, we purchased \$17.4 million of short-term investments and minimal capital expenditures, which were partially offset by \$0.9 million of additional funds received for the final settlement of working capital from the sale of BGSF Professional. In Fiscal 2025, capital expenditures were minimal.

Financing Activities

Cash flows from financing activities related to continuing operations consisted principally of borrowings and payments under our credit agreement and repurchases of our common stock.

For Fiscal 2026, we repurchased \$1.2 million of our common stock under the Company's stock buyback plan. For Fiscal 2025, we borrowed \$1.6 million on our revolving credit facility for increased operating needs and we paid down \$1.9 million on our term loan commitment.

Credit Agreements

On September 8, 2025, we paid the balance on the existing term loan commitment and revolving credit facility with BMO using the proceeds from the sale of BGSF Professional and concurrently closed the facility.

Off-Balance Sheet Arrangements

None.

Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in accordance with GAAP. In connection with the preparation of our consolidated financial statements, we are required to make assumptions and estimates about future events, and apply judgments that affect the reported amount of assets, liabilities, revenue, expenses and the related disclosures. We base our assumptions, estimates and judgments on historical experience, current trends, and other factors that management believes to be relevant at the time our consolidated financial statements are prepared. On a regular basis, management reviews the accounting policies, estimates, assumptions and judgments to ensure that our consolidated financial statements are presented fairly and in accordance with GAAP. However, because future events and their effects cannot be determined with certainty, actual results could differ from our assumptions and estimates, and such differences could be material.

Our significant accounting policies are discussed in Note 2, Summary of Significant Accounting Policies, of the Notes to Unaudited Consolidated Financial Statements included in “Item 1. Financial Statements.” Please also refer to our Annual Report on Form 10-K for the fiscal year ended December 28, 2025 for a more detailed discussion of our critical accounting policies.

Revenue Recognition

We derive our revenues from continuing operations by providing workforce solutions and placement services. Revenues are recognized when promised services are delivered to client partners, in an amount that reflects the consideration we expect to be entitled to in exchange for those services. We recognize revenue through the following types of services: workforce solutions and contingent placements.

Short-Term Investments

We invest in U.S. Treasury securities that are classified as trading securities based on the expected holding period and are reported at fair value using observable market data. Realized and unrealized gains and losses as well as interest income are recognized in earnings within interest income (expense), net in the consolidated statements of operations in accordance with Accounting Standards Codification (“ASC”) Topic 320, Investments in Debt Securities.

Intangible Assets

We hold intangible assets with finite lives. Intangible assets with finite useful lives are amortized over their respective estimated useful lives, ranging from three to ten years, based on a pattern in which the economic benefit of the respective intangible asset is realized. We develop and implement software modifications to our information technology infrastructure with direct internal payroll costs and external costs capitalized. Minor upgrades and enhancements to software systems are expensed in the period incurred as software maintenance and training costs.

Income Taxes

The current provision for income taxes represents estimated amounts payable or refundable on tax returns filed or to be filed for the year. We recognize any penalties when necessary as part of selling, general, and administrative expenses. Deferred tax assets and liabilities are recorded for the estimated future tax effects of temporary differences between the tax basis of assets and liabilities and amounts are classified net as noncurrent in the consolidated balance sheets. Deferred tax assets are also recognized for net operating loss and tax credit carryovers. As of June 28, 2026 and December 28, 2025, the Company carried a valuation allowance of \$1.5 million related to capital losses and stock-based compensation from the sale of BGSF Professional. We follow the guidance of ASC Topic 740, Accounting for Uncertainty in Income Taxes.

Recent Accounting Pronouncements

For a discussion of recent accounting pronouncements and their potential effect on our results of operations and financial condition, refer to Note 2 in the Notes to the Unaudited Consolidated Financial Statements in this Quarterly Report on Form 10-Q and Note 2 in the Notes to the Consolidated Financial Statements in our Annual Report on Form 10-K for the fiscal year ended December 28, 2025.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to certain market risks from transactions we enter into in the normal course of business. Our primary market risk exposure relates to inflation risks. Through the current period, we have been able to moderate the negative impacts of an inflationary market by adjusting our pricing model.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We conducted an evaluation, under the supervision and with the participation of our Co-Chief Executive Officers (“Co-CEOs”) and Chief Financial Officer (“CFO”), of the effectiveness of the design and operation of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) as of the end of the period covered by this report. Based on such evaluation, our Co-CEOs and CFO have concluded that, as of the end of such period, our disclosure controls and procedures are effective, at a reasonable assurance level, in recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed by us in the reports that we file or submit under the Exchange Act and are effective in ensuring that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our Co-CEOs and CFO, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Controls Over Financial Reporting

For the fiscal quarter ended June 28, 2026, there have been no changes in our internal control over financial reporting identified in connection with the evaluations required by Rule 13a-15(d) or Rule 15d-15(d) under the Exchange Act that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

Our management, including our Co-CEOs and our CFO, do not expect that our disclosure controls or our internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system’s objectives will be met. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, 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 error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of controls effectiveness to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

No change from the information provided in ITEM 3. LEGAL PROCEEDINGS included in our Annual Report on Form 10-K for the fiscal year ended December 28, 2025.

ITEM 1A. RISK FACTORS

In evaluating us and our common stock, we urge you to carefully consider the risks and other information in this Quarterly Report on Form 10-Q, as well as the risk factors disclosed in Item 1A. of Part I of our Annual Report on Form 10-K for the fiscal year ended December 28, 2025 (our “2025 Form 10-K”), and filed with the SEC on March 30, 2026, and in our other Quarterly Reports on Form 10-Q filed subsequently with the SEC. Any of the risks discussed in this Quarterly Report on Form 10-Q, and any of the risks disclosed in Item 1A. of Part I of our 2025 Form 10-K or in our other Quarterly Reports on Form 10-Q filed subsequently with the SEC, as well as additional risks and uncertainties not currently known to us or that we currently deem immaterial, could materially and adversely affect our results of operations or financial condition.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Share Repurchases

On November 5, 2025, the Company's Board approved a stock repurchase program under which the Company may repurchase up to \$5.0 million of its common stock. The repurchases may take place in the open market, in private transactions, or otherwise, and pursuant to any trading plan that may be adopted in accordance with applicable securities laws and regulations, including Rule 10b5-1 under the Exchange Act. The timing and amount of common stock purchased will depend on a variety of factors, including the availability of common stock, general market conditions, the trading price of the common stock, alternative uses for capital, and the Company's financial performance. Open market purchases will be conducted in accordance with Rule 10b-18 under the Exchange Act and applicable legal requirements. The repurchase program does not have an expiration date and may be suspended, terminated, or modified at any time for any reason. The repurchase program does not obligate the Company to purchase any particular number of shares.

During the fiscal quarter ended June 28, 2026, the Company repurchased 56,256 shares of the Company's common stock at a weighted average price of \$5.20 per share. A summary of the repurchase activity is as follows:

Stock Class	Period	Total number of shares repurchased	Weighted average price paid per share	Maximum value of common stock that may yet be repurchased under current authorization
Common Stock	March 30 through April 26	—	\$—	\$2,605,822
Common Stock	April 27 through May 24	26,607	\$5.26	\$2,465,900
Common Stock	May 25 through June 28	29,649	\$5.15	\$2,313,293
		<u>56,256</u>		

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Trading Plans

During the fiscal quarter ended June 28, 2026, no director or Section 16 officer of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits

The following exhibits are filed or furnished with this Quarterly Report on Form 10-Q.

Exhibit Number	Description
2.1††	<u>Equity Purchase Agreement, dated as of June 14, 2025, among INSPYR Solutions Intermediate, LLC, BGSF Inc., BG Finance and Accounting, Inc., and BGSF Professional, LLC (incorporated by reference from the registrant's Current Report on Form 8-K filed on June 23, 2025)</u>
3.1	<u>Certificate of Incorporation of BG Staffing, Inc. (incorporated by reference from Amendment No. 2 to the Company's registration statement on Form S-1 (File No. 333-191683) filed on November 4, 2013).</u>
3.2	<u>Certificate of Amendment to Certificate of Incorporation of BGSF, Inc. (incorporated by reference from the registrant's Current Report on Form 8-K filed on February 12, 2021).</u>
3.3	<u>Bylaws of BG Staffing, Inc. (incorporated by reference from Amendment No. 2 to the Company's registration statement on Form S-1 (File No. 333-191683) filed on November 4, 2013).</u>
4.1	<u>Form of Common Stock Certificate (incorporated by reference from Amendment No. 1 to the Company's registration statement on Form S-1 (File No. 333-191683) filed on October 28, 2013).</u>
31.1*	<u>Certification of Co-Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934 implementing Section 302 of the Sarbanes-Oxley Act of 2002.</u>
31.2*	<u>Certification of Co-Chief Executive Officer and Chief Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934 implementing Section 302 of the Sarbanes-Oxley Act of 2002.</u>
32.1†	<u>Certification of Co-Chief Executive Officers and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
101*	The following financial information from BGSF's Quarterly Report on Form 10-Q for the quarterly period ended June 28, 2026 formatted in Inline XBRL (Extensible Business Reporting Language) includes: (i) the Unaudited Consolidated Balance Sheets, (ii) the Unaudited Consolidated Statements of Operations, (iii) the Unaudited Statements of Changes in Stockholders' Equity, (iv) the Unaudited Consolidated Statements of Cash Flows, and (vi) Notes to the Unaudited Consolidated Financial Statements.
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)
*	Filed herewith.
†	This certification is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act.
††	Pursuant to Item 601(a)(5) of Regulation S-K, certain schedules and similar attachments have been omitted. The Company hereby agrees to furnish a copy of any omitted schedule or attachment to the Securities and Exchange Commission upon request.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BGSF, INC.

/s/ Kelly Brown

Name:

Kelly Brown

Title:

Co-Chief Executive Officer
(Principal Executive Officer)

/s/ Keith Schroeder

Name:

Keith Schroeder

Title:

Co-Chief Executive Officer, Chief Financial Officer and Secretary
(Principal Executive Officer and Principal Financial Officer)

Date: August 5, 2026

Certification of Chief Executive Officer Pursuant to**Section 302 of the Sarbanes-Oxley Act of 2002**

I, Kelly Brown, certify that:

- 1 I have reviewed this quarterly report on Form 10-Q for the quarterly period ended June 28, 2026 of BGSF, Inc.
- 2 Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3 Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4 The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
- 5 The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 5, 2026

By: /s/ Kelly Brown

Name: Kelly Brown

Title: Co-Chief Executive Officer
(Principal Executive Officer)

**Certification of Chief Executive Officer and Chief Financial Officer Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002**

I, Keith Schroeder, certify that:

- 1 I have reviewed this quarterly report on Form 10-Q for the quarterly period ended June 28, 2026 of BGSF, Inc.
- 2 Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3 Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4 The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
- 5 The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 5, 2026

By: /s/ Keith Schroeder
 Name: Keith Schroeder
 Title: Co-Chief Executive Officer, Chief Financial Officer and Secretary
 (Principal Executive Officer and Principal Financial Officer)

**Certification of CEO and CFO Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the quarterly report of BGSF, Inc. (the “Company”) on Form 10-Q for the quarterly period ended June 28, 2026 as filed with the Securities and Exchange Commission on the date hereof, we, the undersigned, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of our knowledge, that:

- (1) The report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 5, 2026

By: /s/ Kelly Brown
 Name: Kelly Brown
 Title: Co-Chief Executive Officer
 (Principal Executive Officer)

By: /s/ Keith Schroeder
 Name: Keith Schroeder
 Title: Co-Chief Executive Officer, Chief Financial Officer and Secretary
 (Principal Executive Officer and Principal Financial Officer)

This certification accompanies this report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability pursuant to that section. The certification shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.

A signed original of this written statement required by Section 906 has been provided to the Secretary of the Company and will be retained by the Secretary of the Company and furnished to the Securities and Exchange Commission or its staff upon request.