



Q3 2026 CONFERENCE CALL

Prepared remarks from:

Joseph J. Liberatore, President and CEO

David M. Kelly, EVP, and Chief Operating Officer

Jeffrey Hackman, Chief Financial Officer



TOGETHER
TOWARD
TOMORROW

Disclaimer

All statements in this press release, other than those of a historical nature, are forward-looking statements including, but not limited to, statements regarding the traction of our go-to market approach, the full breadth of our capabilities and the Firm's guidance for the fourth quarter of 2026. Such forward-looking statements are within the meaning of that term in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Factors that could cause actual results to differ materially include the following: general business conditions; global trade policy, federal administration actions, government shutdowns, other geopolitical events and their potential impacts on our operations and the broader economy; growth rates in temporary staffing and the general economy; competitive factors; risks due to shifts in the market demand, including those resulting from the growth of artificial intelligence (AI); changes in demand, or our ability to adapt to such changes; a constraint in the supply of consultants and candidates, or the Firm's ability to attract and retain such individuals; the success of the Firm in attracting and retaining its management team and key operating employees; changes in business or service mix; the ability of the Firm to repurchase shares and issue dividends; the occurrence of unanticipated expenses, income, gains or losses; the effect of adverse weather conditions; changes in our effective tax rate; our ability to comply with or respond to government regulations, laws, orders, guidelines and policies that impact our business; risk of contract performance, delays, termination or the failure to obtain new assignments, contracts, or funding under contracts; ability to comply with our obligations in a remote work environment, including consultants engaging in unauthorized or fraudulent activity; continued performance, security of, and improvements to, our enterprise information systems; and impacts of actual or potential litigation, or other legal or regulatory matters or liabilities, including the risk factors and matters listed from time to time in the Firm's reports filed with the Securities and Exchange Commission, including, but not limited to, the Firm's Form 10-K for the fiscal year ended December 31, 2025, as well as assumptions regarding the foregoing. The terms "should," "believe," "estimate," "expect," "intend," "anticipate," "plan", "appear" and similar expressions and variations thereof contained in this press release identify certain of such forward-looking statements, which speak only as of the date of this press release. As a result, such forward-looking statements are not guarantees of future performance and involve risks and uncertainties. Future events and actual results may differ materially from those indicated in the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements and the Firm undertakes no obligation to update any forward-looking statements.

JOE LIBERATORE, PRESIDENT AND CEO

Good afternoon and thank you for your time today. This call contains certain statements that are forward-looking, are based upon current assumptions and expectations and are subject to risks and uncertainties. Actual results may vary materially from the factors listed in Kforce's public filings and other reports and filings with the SEC. We cannot undertake any duty to update any forward-looking statements. You can find additional information about our results in our earnings release and our SEC filings. In addition, we have published our prepared remarks within the investor relations portion of our website.

We are extremely pleased to deliver a quarter of accelerating revenue and earnings growth. Revenues, which exceeded the high end of our guidance, reflect the continuing build of momentum that began in the second half of 2025, as evidenced by another quarter of sequential growth and further accentuated with a year-over-year growth rate in our Technology business of nearly 8% that is roughly equivalent to our pre-pandemic compound annual growth rate. As Jeff Hackman will cover in more detail, this momentum has continued into the fourth quarter where we are expecting to deliver another quarter of strong sequential billing day growth. During the challenging years of 2023 to 2025, we didn't hang our heads, we spent considerable time selectively and responsibly investing in our people, strengthening our service offerings, evolving our branding and go-to-market strategy supported by our integrated strategy efforts and fine tuning our world class client portfolio. We also weren't unnerved with the dramatic evolution of technology that occurred with AI in the fall of 2022 because across Kforce's 64-year history, we have navigated—and helped our clients navigate—several defining periods of technological change, from mainframe and personal computing and the internet to mobile technology and cloud computing. We witnessed that each transition reshaped the labor market, yet it also created new opportunities as workers, particularly technology professionals, developed new skills and adapted to evolving demands. Over time, these cycles ultimately expanded the number and breadth of

technology-related roles. In fact, there is some recent evidence supporting our historical experience with technological changes playing out with AI. Recent research and labor market data continue to reinforce the durability of technology talent demand, even as AI automates a significant amount of coding activity. Indeed data showed U.S. software development job postings have increased nearly 15% since February 2025, with that growth significantly concentrated in senior roles, which aligns well with where we have historically focused. Longer term, the U.S. Bureau of Labor Statistics projects employment for software developers and related roles to grow approximately 10% through 2035, much faster than the average for all occupations.

Our approach to AI remains deliberate and balanced, both within Kforce and in how we support our clients. Internally, we are examining our core processes and introducing AI-enabled capabilities where they can meaningfully improve the quality and speed of the associate and client experience, resulting in improved productivity and operating leverage. Externally, we are continuing to build fluency across our sales teams and leadership while expanding the specialized AI expertise within our Consulting Solutions organization. We believe that enterprise adoption of AI is still at an early stage and will likely develop over time, much like other major technology transitions. The greatest opportunity will extend beyond the technology itself to the thoughtful and secure integration of AI into business processes and operating models. Capturing that value will require organizations to bring together strategy, talent, data, governance, and change management to produce measurable outcomes. We therefore expect growing demand for highly skilled professionals and teams capable of designing, implementing, and scaling AI, data, and broader digital transformation initiatives. We believe clients will progressively turn to outside expertise to redesign businesses to be AI-native. A recent example of a major U.S. financial institution bringing in 1,000 technology consultants to help align their internal systems with recently acquired AI tools is indicative of how outside expertise can be leveraged.

With our technology talent solutions and consulting capabilities, Kforce is well positioned to help clients modernize their operations, translate technology investments into business value, and build competitive advantage. No matter the pace of innovation, organizations will continue to need experienced professionals who can connect emerging technologies with practical execution. We believe that need supports the long-term demand for technology talent and consulting solutions that is at the center of our strategy.

The demand for flexible technology talent is broadly based and extends beyond AI. The labor environment remains a bit mixed, with IT unemployment rates remaining relatively low at approximately 2.9%, indicative of a tight market for technical talent. At the same time, recent BLS data indicates modest job declines in the Information and Professional Services sectors. This is an environment where many companies remain hesitant to add full-time staff, while the project-based nature of technology work may further incentivize clients to leverage flexible talent solutions. Organizations are also increasingly turning to flexible talent models to advance large backlogs of high-priority technology initiatives.

Broader uncertainty, including geopolitical tensions, rising interest rates and related volatility in global energy markets, has further reinforced the need for agility. We believe these dynamics highlight the value of flexible workforce solutions as clients adapt to near-term uncertainty while assessing the longer-term implications of emerging technologies on their businesses and talent strategies. As a result, we remain encouraged that our operating trends and revenue improvements since late 2025 are consistent with a more typical cyclical demand recovery.

Our business model is intentionally simple, organically driven, and intensely focused. By limiting inorganic growth within our existing service areas, we protect our teams from unnecessary complexities and distractions. That focus allows our people to do what they do best, build deep relationships, and partner with clients to solve their most critical business challenges. Our strategy has been thoughtfully refined over time, not overhauled, because it has proven durable. That focus, combined with a unified and resilient culture, is a real differentiator for us and central to our consistent market outperformance.

I am incredibly proud of the determination of our people and deeply appreciative of the trust our world-class clients continue to place in Kforce. The way our teams collaborate, serve our clients, and move our strategic priorities forward is creating meaningful momentum across Kforce and clear evidence to me that our people are operating more fully as One Kforce. With that, I will turn the call over to Dave Kelly, our Chief Operating Officer, for additional perspective on our performance and operating trends. Jeff Hackman, our Chief Financial Officer, will then review our financial results and outlook in greater detail.

DAVID M. KELLY, EVP, AND CHIEF OPERATING OFFICER

Total revenues exceeded guidance on the strength of our technology revenue growth of 7.8% year over year and 2.5% on a sequential billing day basis. While there has been considerable debate about whether AI tools and technologies will constrain demand across our sector, over the last four quarters we have seen buying patterns improve and have delivered revenue growth that is at or above pre-pandemic norms. Both consulting and traditional staff augmentation revenues are growing, and our consulting solutions business has been growing in excess of 10% annually for the last few years. Our client portfolio is exceptional, our go-to-market and integrated strategy efforts are gaining traction, and our culture is unmatched. Clients remain measured in their technology spending, though our recent acceleration in revenue growth and leading indicators suggest that more projects are being greenlighted and demand for our services is increasing. Our results and operating trends indicate that clients are prioritizing critical initiatives in data, digital, and the platforms that support AI strategies, and other critical projects that may have been deferred. Our growth rates provide concrete evidence that we are gaining share with clients and across the broader market.

Importantly, the improvement in our business has been broad-based, with positive trends evident across a wide range of industries and skill sets within our client portfolio. We continue to see growth in AI-related, data, digital, and cloud projects, while also experiencing a ramp in demand for platform engineering roles and projects. It seems increasingly clear that the demand for flexible talent with high-end skill sets in technology is strengthening despite overall technology job growth being tepid, which further validates our focus on delivering high-end solutions to clients. Overall technology demand by industry remains broad, but with particular strength in financial services, wholesale trade and in professional and business services.

As part of delivering innovative solutions to our clients, we continue to make targeted organic investments that deepen our consulting expertise, assist our clients in translating business problems into AI use cases and more rapidly developing potential technology solutions. These investments include an increase in our innovation capabilities and increasing the depth and size of our team of domestically based technology experts and ensuring they are engaging in tandem with our talented sales associates, to assist with early-stage client exploration and use case advancement. During the third quarter, our consulting solutions business achieved record levels of new contract award value and converted the highest percentage of pipeline opportunities in its history.

Our fully integrated sales and delivery model combines onshore, nearshore, and offshore talent from our Pune delivery center to give clients a unified experience across consulting, project-based work, and traditional staffing needs spanning a broad range of technologies and skill sets.

Demand is strengthening across our service portfolio, with clients increasingly open to discussing new opportunities. After a relatively slower start to the quarter in July, which is fairly typical during the summer, we saw front end activity levels and conversion ratios meaningfully improve in August and we have seen continued strength in September and October. These elevated activity levels and improving conversion ratios are translating into increasing project wins and accelerating revenue growth. Assignment attrition also performed better than expected in the third quarter, which speaks to the overall health and sustainability of the operating environment. We continue to outperform broader industry trends, and momentum in the business has clearly strengthened, as reflected in our Q4 guidance.

We have maintained a stable to slightly improving average bill rate in Technology over the last four years, which is encouraging and reflective of our higher-quality, higher-margin revenue stream. Our average bill rate in Q3 was \$91 per hour. This reflects the growing mix of consulting-oriented engagements, which command higher bill rates and stronger margin profiles, as well as disciplined management of wage inflation in core technology skill sets. Together, these factors have effectively offset the bill rate pressure associated with a greater mix of consultants based outside the U.S. We expect to continue seeing a stable to slightly improving average bill rate as technology labor continues to upskill in the face of advancements in AI.

Demand remains strong across our core practice areas, including data and AI, digital, platform engineering, and cloud. The number of opportunities in our consulting solutions offering continues to expand and will be a key driver for our sequential growth in Q4. These disciplines are foundational to the development and deployment of AI solutions, and we believe organizations will increasingly require specialized talent to execute their strategies.

Looking forward to Q4, we expect overall revenues to improve sequentially in the low single digits on a billing day basis and for year-over-year growth to be stable with third quarter levels, even against a more difficult prior year comp. Over the last several years, we have made responsible adjustments to align headcount with revenue levels and productivity expectations. We have selectively added headcount in the third quarter given our exceptional operating trends. We expect the productivity improvements that we are driving, particularly the greater efficiencies expected from AI-enabled solutions, to generate additional leverage as we grow. At the same time, we have continued to invest in our consulting solutions business and other strategic initiatives that we believe will support long-term revenue and profitability growth.

We remain energized by the opportunities ahead and confident in our ability to sustain recent momentum while continuing to deliver strong results that exceed overall market averages. Our success is grounded in the deep trust and long-standing partnerships we have built with our clients, candidates, and consultants. These relationships remain the foundation of our growth, innovation, and long-term success.

JEFF HACKMAN, CHIEF FINANCIAL OFFICER

Third quarter revenues of \$357.8 million increased 7.5% year-over-year and exceeded our expectations. Earnings per share of 90 cents benefited in the third quarter by the recognition of a 12 cent gain under our corporate-owned life insurance policies. Excluding this gain, EPS would have been near the high end of guidance for the third quarter, improving approximately 24% over the year ago period. All aspects of the business continued to improve in the third quarter, driving very strong results from top to bottom.

Our overall gross profit margin was at the midpoint of our expectations, increasing 50 basis points year-over-year to 28.2%. The stronger gross margin profile reflects not only strong demand, but also a continuation of highly disciplined pricing by our people and further improvements in the quality of our revenue streams from a business mix standpoint that we are strategically driving. As revenue growth has accelerated over the last twelve months, we have also increased our gross profit margins, which is not a trend that has been universally delivered across our sector. We are really proud of how our Firm has executed and that our clients are recognizing the value that Kforce provides across both our technology talent and solutions offerings.

Sequentially, gross profit margins decreased as expected by 30 basis points, driven by a lower mix of Direct Hire revenues and slightly higher healthcare costs. Flex gross profit margins improved 60 basis points year-over-year and was in line with the midpoint of our expectations, as stronger than anticipated bill-pay spreads offset slightly higher healthcare costs. Healthcare costs have generally come in as planned year-to-date but can be difficult to project by quarter.

As we look beyond 2026, we expect our higher-margin solutions engagements and offshore delivery to continue supporting further margin expansion opportunities. As to the fourth quarter, we expect bill-pay spreads to remain broadly stable sequentially and for us to experience typical seasonal impacts from higher paid time off around the Holidays.

SG&A as a percentage of revenue was 21.6% and benefited by 60 basis points because of the aforementioned gain under our corporate-owned life insurance policies. Adjusting for this gain, SG&A costs were at the low end of our guidance of 22.2% to 22.4% demonstrating an ability to continue delivering operating leverage as revenues expand.

As Dave mentioned, we made selective investments in our sales and recruiting teams to support the accelerating growth and added further depth to our consulting teams. We are largely absorbing the near-term cost implications of these investments through the leverage that our revenue growth is providing. As previously discussed, the Workday implementation is expected to result in higher non-cash depreciation and amortization expense following the early 2027 go-live. We continue to expect the more significant benefits to emerge in late 2027 and build more fully throughout 2028, enhancing operational efficiency and supporting long-term margin expansion.

Our operating margin was 6.3%, which benefited by 60 basis points due to the gain, and our effective tax rate in the third quarter was 28.6%, lower than anticipated because of the tax-free nature of this gain. After factoring in this gain, our operating margin and effective tax rate met the high end of our expectations.

Operating cash flow was \$9.5 million in the third quarter, below our expectations due to a temporary payment delay at a large client that was resolved in early October. The overall quality of our accounts receivable portfolio remains strong. During the quarter, we returned approximately \$6.7 million to shareholders through dividends. We did not

repurchase shares, which reflects our near-term priority of maintaining current debt levels. We have repurchased approximately \$15 million in shares at an average price below \$30 per share thus far in 2026, and returned another \$20.2 million in dividends, an aggregate amount that has exceeded operating cash flows.

Net debt was effectively unchanged quarter to quarter. Our balance sheet remains strong, with leverage of approximately 1.3 times trailing twelve-month EBITDA, providing continued financial flexibility.

Looking ahead, we will remain disciplined in deploying excess cash after funding our capital needs and quarterly dividend, balancing debt reduction with opportunistic share repurchases.

Our return on equity remains strong at approximately 30%, reflecting disciplined capital allocation and our ability to generate attractive returns while investing to support long-term growth.

Turning to our outlook, the fourth quarter includes 62 billing days, consistent with fourth quarter of 2025, but two fewer billing days than the third quarter of 2026. We expect fourth quarter revenue to be in the range of \$352 million to \$360 million and earnings per share to be between 62 and 70 cents. Our guidance assumes an effective tax rate of approximately 28.7%.

At the midpoint of guidance, revenue is expected to increase 2.7% sequentially and 7.2% year over year.

Our outlook assumes a stable operating environment and does not reflect any unusual or non-recurring items.

We remain confident in our competitive position and our ability to grow faster than the market. Continued progress in business mix, margin expansion, and operating leverage strengthens our earnings potential as demand improves.

We remain confident in our ability to achieve an operating margin of at least 8% as annual revenue returns to \$1.7 billion, representing more than 100 basis points of improvement from the margin achieved when we last operated at that revenue level in 2022. The operating margins that we have delivered thus far in 2026 are significantly greater than the operating margins reached previously at similar revenue levels, which reflects disciplined execution, a stronger business mix, effective pricing, and continued investment in our sales, solutions, and enterprise capabilities.

On behalf of the management team, I want to thank our associates for their continued dedication and commitment to our clients. Their contributions remain central to our performance and our confidence in the opportunities ahead.