



Q3 2025 CONFERENCE CALL

Prepared remarks from:

Joseph J. Liberatore, President and CEO

David M. Kelly, EVP and Chief Operating Officer

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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 momentum in both our Technology and FA businesses, and the Firm's guidance for the fourth quarter of 2025. 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, Department of Government Efficiency (DOGE) actions, federal administration actions, and the impacts of the recent government shutdown, 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, 2024, as well as assumptions regarding the foregoing. The terms "should," "believe," "estimate," "expect," "intend," "anticipate," "plan" 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.

Results for the third quarter exceeded our expectations across the board, with overall revenue of \$332.6 million and earnings per share of \$0.63 both surpassing the high end of guidance. We mentioned on our last call that we experienced unexpected early-quarter assignment ends at a select few clients in our Technology business. Subsequently, we were successful at driving a consistent expansion in the number of consultants on assignment throughout the third quarter. I also want to recognize the progress our team has made stabilizing and now meaningfully growing our FA business. I am very proud of our team's accomplishments in driving this business forward against a persistently challenging macro backdrop. The momentum we have seen has been carried into the fourth quarter, which puts us in a position to expect to deliver sequential billing day growth in the fourth quarter in both our Technology business and our FA business.

The ongoing Federal Government shutdown, along with the continuing global trade negotiations and the potential derivative negative effects on the US consumer and broader US economy continue to make the near-term outlook hard to predict as exhibited by the continuation of mixed economic data. Recent data continues to suggest a persistently weak and largely frozen labor market, marked by prolonged stagnation in job gains coming off the post-pandemic euphoric period. However, our internal KPI's improved throughout the third quarter, and this translated to an increase in consultants on assignment, which has continued into early Q4. While it is too early to suggest that we will see sustained, broad-based improvement in demand, our team's consistent execution of activities across our portfolio of market-leading companies that typically lead their industries in capital deployment within technology was a significant driver to strong Q3 results and early Q4 trends.

Recent trends, when combined with the increasing backlog of critical technology initiatives, suggest to us that companies may not have sufficient capacity once the current macro uncertainties subside. In addition, our historical experience is that companies typically turn to flexible talent solutions as an initial step prior to making core hires while they assess the durability of the macroeconomic conditions. The relative impact of AI on revenue trends versus the impact of a weakening economy and softening labor market continues to be hotly debated. Regardless, this uncertainty may intensify the use of flexible talent as companies prioritize agility until they gain clearer insight into how these technologies will reshape their overall business and talent strategies.

Generative AI remains a central topic in our discussions. We are confident that AI and other emerging innovations will become increasingly vital in driving business success, though these benefits are likely some years away, and will require investments that we are well positioned to support. We have witnessed transformative shifts before, such as the migration from mainframe to distributed processing, the emergence of the internet, the mobile revolution, and the move to cloud computing. The emergence of the internet likely most closely aligns with AI. Unlike other secular technology shifts, the Internet and AI directly impact operating models and broadly touch virtually all white-collar roles in some manner. The internet secular shift followed a typical investment and integration cycle pattern: initial exuberance, massive infrastructure investment combined with fear-driven investment, premature abandonment of legacy systems, realization of integration and modernization needs, a return to balanced strategic investment and finally workforce transformation and skill shortage. In speaking with many executives, it is clear the realization stage has set in, and we might be in the early stage of transition to a return to balanced strategic investment where demand for our services began to accelerate during the internet cycle. While initial phases of technology secular shifts often bring concerns about workforce disruptions, these transitions ultimately created new opportunities, expand existing roles, and redefine responsibilities—fueling further investment in technology. We believe generative AI - and its offshoots into agentic AI and cognitive AI - is in the early innings of evolution and may just be starting to mirror this historical pattern, which has in past cycles been an opportunity for Kforce. Securing the right talent, organizing the right teams, and launching focused initiatives is essential for organizations to successfully adopt and maximize these new tools. We are well-equipped to meet the growing need for foundational AI readiness and to deliver access to evolving skill sets as businesses advance their AI strategies. Our strong position should allow us to increase client-share and expand into new clients, continuing our track record of gaining market share and reinforcing the solid foundation that drives lasting value for our shareholders.

We've established a strong foundation at Kforce and remain committed to investing in the evolution of our business through our strategic priorities, all of which are meaningfully progressing. Our domestically focused, organic growth strategy continues to serve us well—minimizing distractions and enabling our people to fully concentrate on

partnering with clients to solve their most critical business challenges.

Before I conclude, I'd like to take a moment to thank the remarkable people who make up our Kforce team. I'm deeply proud of the performance, resilience, and unwavering commitment shown across the organization. We're privileged to work alongside such a talented, united, and passionate group of professionals. It's because of the people who make up Kforce we're in such a strong strategic position, one I wouldn't trade with anyone in our space. We are confident in our path forward, and I couldn't be more excited about what lies ahead. Dave Kelly, our Chief Operating Officer, will now give greater insights into our performance and recent operating trends. Jeff Hackman, Kforce's Chief Financial Officer, will then provide additional detail on our financial results as well as our future financial expectations.

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DAVID M. KELLY, EVP AND CHIEF OPERATING OFFICER

Total revenues of \$332.6 million exceeded the high end of our expectations. Revenues in our Technology business declined 1.1% sequentially and 5.6% on a year-over-year basis and our Finance & Accounting business grew approximately 7% sequentially and declined slightly more than 8% year-over-year.

Macroeconomic uncertainties have largely persisted throughout the quarter; however, our clients continue to prioritize mission-critical initiatives. Although many are taking a measured approach as they await greater confidence in their technology roadmaps and AI investment strategy along with greater visibility in the macro environment, we saw a sustained improvement in our KPI's and consultants on assignment throughout the third quarter. As a point of reference, consultants on assignment grew roughly 4% from the early third quarter lows. The improvements in our business spanned many industries and were not driven by a few large projects. Rather, we saw positive impacts across many clients and talent acquisition models, inclusive of both our legacy staff augmentation business as well as consulting engagements. The increase in demand also spanned skillsets from application development, to digital, data, AI and the cloud. Impacts from earlier DOGE efforts and the more recent Federal Government shutdown have been and are expected to be nominal given our limited exposure to this space.

We continue to execute on our strategic enhancement of our consulting-oriented solutions capabilities, responding to increasing client demand for cost-effective access to highly skilled talent. This evolution positions us to deliver greater value through flexible delivery structures and differentiated expertise. Our consulting-led offerings have continued to contribute positively to the overall results of our Technology business, supported by a robust pipeline of qualified opportunities. This approach has been a key driver to the performance of our Technology business and has enabled us to maintain stability in our margin profile and average bill rate. The expansion of solutions-based engagements underscores our adaptability and commitment to meeting evolving client needs, strengthening long-term relationships and market relevance. Although traditional staffing revenue has declined year-over-year, the continued growth of consulting-led engagements validates our strategic direction and positions us for sustained growth and enhanced profitability.

An increasingly important aspect of providing cost-effective solutions is our ability to source highly skilled talent from outside the United States. Our development center in Pune, combined with robust U.S. sales and delivery capabilities

and a high-quality vendor network, enables us to comprehensively address client needs through onshore, nearshore, offshore, or blended delivery models.

The average bill rate in our technology segment has remained steady at approximately \$90 over the past three years, even amid macroeconomic uncertainty. This stability is driven by a growing mix of consulting-oriented engagements, which typically command higher bill rates and deliver stronger margin profiles. Demand across our core practice areas—data and AI, digital, application engineering, and cloud—continues to be robust, and our pipeline of consulting-led opportunities is expanding. These disciplines are essential for the development and deployment of AI tools, and we expect companies will increasingly require access to specialized talent to achieve their objectives, creating significant opportunities for our Firm.

Our ability to provide flexible talent, whether through traditional staff augmentation or consulting-oriented engagements, positions Kforce to capitalize on growing investments in AI, including readiness initiatives, while continuing to support core technology areas that remain active. Many companies lack in-house AI expertise, so they rely on external providers such as Kforce for strategy conversations, talent sourcing, and solutions-engagements in execution. Our core strength lies in delivering quality talent at scale and adapting to evolving skill demands. By providing access to top-tier professionals who can solve complex technological challenges, we ensure our services remain indispensable even as broader industry trends fluctuate. As technology has advanced over the decades, we have consistently evolved alongside it, reinforcing our role as a trusted partner in driving clients' technological progress.

Our client portfolio is diverse and is predominantly comprised of large, market-leading companies. Staying focused on their evolving priorities remains essential to driving sustainable, long-term, above-market performance.

Looking ahead to Q4, with momentum in new engagements building throughout Q3 and carrying into early Q4, we anticipate a sequential billing day increase in our Technology business during the quarter.

Flex revenues in our FA business, currently about 7% of revenues, declined 7.3% year-over-year, but saw 6.9% sequential growth in the third quarter; the first time in several years that FA has shown consecutive quarters of sequential growth. Our average bill rate of approximately \$53 per hour notably improved year-over-year and is reflective of the higher skilled areas we are pursuing. We expect Q4 revenues in FA to be up sequentially on a billing day basis. I want to thank this team for its perseverance and driving positive momentum in this space.

We continue to align our associate staffing levels with productivity expectations, prioritizing the retention of our most productive associates while making targeted investments to ensure we are well-positioned to capitalize on accelerating market demand. Over the past three years, we have selectively invested in our sales teams while rationalizing delivery resources, which have decreased by nearly 45% during that period, and investing in productivity tools. Despite these reductions, we believe we have sufficient capacity to absorb several quarters of increased demand without adding significant resources; particularly as we enable AI solutions to gain greater efficiencies. Additionally, we remain committed to investing in our consulting solutions business.

We believe the stabilization we experienced in Q3 signals growing confidence in the market and reinforces the strength of our strategic positioning. We are energized by the opportunities ahead and remain committed to delivering exceptional results. With a proven track record of above-market performance in our Technology business for well over a decade, we are confident in our ability to sustain this momentum. Our success reflects the deep trust and partnership

we share with our clients, candidates, and consultants — relationships that continue to drive our growth and innovation.

I will now turn the call over to Jeff Hackman, Kforce's Chief Financial Officer.

JEFF HACKMAN, CHIEF FINANCIAL OFFICER

Third quarter revenue of \$332.6 million and earnings per share of 63 cents exceeded our expectations.

Our teams have done a nice job working effectively with our clients to recognize the value of our services from a pricing perspective. Overall gross margins of 27.7%, up 60 basis points sequentially, meaningfully exceeded our expectations due to an increase in Flex margins of 50 basis points and a slightly better than expected mix of Direct Hire revenues. On a year-over-year basis, overall spread has been stable, though gross margins declined 20 basis points due to lower Direct Hire mix.

Flex margins in our technology business increased 50 basis points sequentially due to lower healthcare costs and slightly expanding spreads and were stable year-over-year. As we look forward to Q4, we expect flex margins to remain stable outside of typical seasonal impacts due to higher consultant utilization of PTO around the holidays.

Overall SG&A expenses as a percentage of revenue of 22.8% increased 60 basis points year-over-year primarily driven by deleverage from lower revenue and gross profit levels. We continue to make targeted investments in our sales capabilities while maintaining disciplined cost management across the rest of the business. At the same time, we are advancing key enterprise initiatives that, while contributing to near-term SG&A pressure, are critical to our long-term strategy. These include the implementation of Workday, the ongoing maturation of our India development center, and deeper integration of our solutions portfolio. Our consulting business and offshore capabilities are positively contributing to stabilizing revenues and gross margins, and we expect all of these initiatives to drive higher levels of profitability as the demand environment improves and revenues grow. We anticipate beginning to realize benefits from our Workday implementation more significantly in 2027 as we stabilize post go-live.

Our operating margin was 4.5% and our effective tax rate in the third quarter was 22.3%.

During the quarter, we remained active in returning capital to our shareholders, with \$16.2 million in capital being returned through dividends of \$6.8 million and share repurchases of approximately \$9.4 million. We continue to maintain a strong balance sheet with conservative leverage relative to trailing twelve-month EBITDA. Looking ahead, we expect to reasonably maintain net debt levels consistent with the third quarter with any excess cash generated beyond our capital requirements and quarterly dividend program to be directed toward share repurchases. Our dividend remains an important driver for returning capital to shareholders, the level of which leaves ample room for continued share repurchases. We continue to maintain significant capacity under our Credit Facility, which provides ample flexibility to accelerate repurchases should we see fit. In addition, in October 2025 our Board of Directors approved an increase to its share authorization to an aggregate of \$100 million, which we believe reaffirms to our investors our future intentions to continue driving our business forward organically and returning significant capital to our shareholders.

Our current Credit Facility is scheduled to mature in October 2026. As a result of favorable market conditions, we have taken steps to refinance our existing Credit Facility with a new Credit Facility that we expect to close over the next week or two. We expect to retain essentially the same very attractive terms and conditions as are currently in place over the new 5-year term.

Operating cash flows were \$23.3 million and our return on equity continues to exceed 30%.

We continue to execute our organically driven strategy with strong results, and we believe our industry-leading performance reflects our focused approach in providing U.S. technology staffing and solutions, complemented by our nearshore and offshore capabilities. Our balance sheet remains pristine with conservative debt levels, and we consistently return significant capital to shareholders. Share repurchases remain highly accretive to earnings, and since 2007 we have returned approximately \$1 billion, representing about 75% of cash generated, while growing our business and building a foundation for meaningful profitability gains as revenues expand. Our threshold for any potential acquisition remains very high.

The fourth quarter has 62 billing days, which is two fewer days than the third quarter of 2025 but the same as the fourth quarter of 2024. We expect Q4 revenues to be in the range of \$326 million to \$334 million and earnings per share to be between 43 and 51 cents. This guide implies a midpoint of \$330 million in revenue, which reflects a sequential improvement in both Technology and FA revenues on a billing day basis and a further improvement in our year-over-year comparisons. The expected income tax rate for the fourth quarter of approximately 32.5% contemplates a lower deduction on the vesting of restricted stock given the decline in our stock price. This presents an EPS headwind of approximately 4 cents in the fourth quarter relative to last year and a 7-cent impact from Q3 2025 tax rate levels. Our guidance assumes a stable operating environment and excludes the potential impact of any unusual or non-recurring items.

We remain confident in our strategic position and our ability to deliver above-market results while continuing to invest in initiatives that drive long-term growth and support our profitability objective of achieving double-digit operating margins and approximately 8% when annual revenues return to \$1.7 billion, more than 100 basis points higher than when that level was achieved in 2022. These objectives reflect anticipated benefits from our strategic investments, which are expected to reduce operating costs. On behalf of our entire management team, I want to extend our sincere appreciation to our teams for their outstanding efforts.