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# KFORCE Q2 2022 INVESTOR PRESENTATION

*Confidential and Proprietary*



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# Forward Looking Statements

All the information presented that is not historical in nature should be considered to be forward-looking statements that are subject to certain risks, uncertainties or assumptions and may be affected by certain other factors, including but not limited to the specific factors discussed in the Firm's periodic filings with the SEC. Should one or more of these risks, uncertainties or other factors materialize, or should underlying assumptions prove incorrect, actual results, performance or achievements expressed or implied by such forward-looking statements may vary materially from any future results, performance, or achievements expressed or implied in this presentation. Forward-looking statements are not guarantees of performance and the Firm undertakes no obligation to update any of the information presented in light of new information or future events.

We use several non-GAAP financial measures, such as adjusted EBITDA and other adjusted financial performance measures when presenting our financial results in this presentation to provide greater clarity into our operating performance. Please refer to the reconciliations between our GAAP and non-GAAP financial measures on our website at [www.kforce.com](http://www.kforce.com), following the "Investor Relations" link, and in our filings with the SEC.

# Kforce Overview

## WHO WE ARE



We are a solutions Firm matching the needs of large, dynamic companies with highly-skilled talent and capabilities.

Founded in 1962, public (NASDAQ:KFRC) since 1995.

## OUR FOOTPRINT AND SCALE



100% of our revenue stream is generated domestically and supported by approximately 2,000 associates located across the U.S.

Approximately 30,000 consultants engaged annually. Superior local/national recruiting capabilities.

## LASTING PERSONAL RELATIONSHIPS

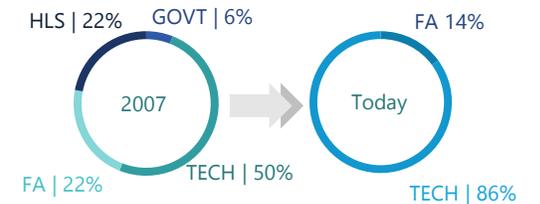


Our relationships and client portfolio are a differentiator. Kforce serves approximately 70% of the Fortune ranked companies.



Solid long-standing relationships and proven ability to service large clients, at scale.

## FOCUS ON TECHNOLOGY



Strategic decision to focus on our technology service offering coming out of the Great Recession.

## TECHNOLOGY CHARACTERISTICS

Strong secular drivers, only enhanced by COVID-19 pandemic.

Expanding presence in IT solutions market due to client demand.



Accelerating avg bill rates (~\$85).

Large addressable market in staffing and solutions.

Growing avg. assignment length approximately 10 months.

## SOLID FINANCIAL PERFORMANCE



Q1 2022 TTM revenues of \$1.63 billion grew 14.6% YoY. Q1 '22 revenues of \$417.0m grew 13.0% YoY.

Technology revenues grew 26.7% on a YoY basis in Q1 '22 and 35% over Q1 '20

Consistent long-term growth in our Technology business that is well in excess of market expectations (~2x the market)

Return on invested capital of approximately 48%

## BRAND RECOGNITION & REPUTATION

7 YEAR WINNER



2022 Best of Staffing Talent



2022 Best of Staffing Talent Diamond

5 YEAR WINNER



2022 Best of Staffing Client



2022 Best of Staffing Client Diamond



#1 recognized brand by IT consultants

# Strategically Focused on Technology

Large, Growing & Attractive End Markets...

## POWERFUL SECULAR GROWTH DRIVERS

Digitization and other technology transformations are driving strong secular tailwinds and have demonstrated solid resilience in disruptive economic environments

## PANDEMIC WAS A GAME CHANGER

The pandemic accelerated many years of technology adoption and advancements

Boundaryless environment has expanded the pool of talent

## TECHNOLOGY MOVING TO THE FOREFRONT

Clients are prioritizing the modernization of consumer and employee experience technologies in addition to more traditional back-office applications

## HIGH-END DOMESTIC FOCUS

Higher bill rates, better spreads, longer assignments, and embedded, longstanding & personal customer relationships

...and 100% domestic

# Competitively Positioned to Win

## CAPTURING SIGNIFICANT SHARE IN TECHNOLOGY

We are uniquely positioned to meet our clients' evolving needs in the managed teams and project solutions space at higher bill rates and gross margins than our traditional staffing solutions

## ATTRACTIVE BLUE CHIP CLIENT BASE

Providing 70% of the Fortune companies with highly-skilled professionals, as clients continue to narrow their vendor lists to providers with the appropriate scale and capabilities

## BETTER RECRUITING MEANS BETTER TALENT

Vast & efficient recruiting machine (people and technology) plus strong consultant relationships creates greater opportunity

## INVESTING IN IT & PROCESSES

Continued technology investments to drive higher levels of productivity (front and back office) and enhanced interactions with clients and consultants



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# Financial Performance Overview

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# Kforce

## Q1 2022

### Financial Performance



## Solid Revenue Performance

Q1 '22 TTM revenue is up 14.6% on a year-over-year basis. Q1 '22 revenue of \$417.0m is up 13.0%.

Our Technology business is up approximately 27% year-over-year for Q1 '22. Over a 2-year period (Q1 '22 vs Q1 '20) revenue grew 35%.

Our FA business is down 5.8% (excluding negative impact of COVID revenue declines) given the repositioning efforts to higher level skillsets. The shift contributed to 6.4% YoY bill rate improvement (and higher margins).



## Improved Profitability

Stable Flex gross profit margins in our Technology business.

We continue to drive improvements in associate productivity and lower our fixed operating costs in areas including real estate (given our hybrid future work environment). Operating margins of 6.7% in Q1 '22 increased 130 bps YoY.

EPS in Q1 '22 of \$0.93 improved approximately 50% year-over-year as we continue to benefit from improved profitability levels as revenues expand.



## Solid Balance Sheet and Return to Shareholders

Net cash of \$16.6m as of Q1 '22 and TTM EBITDA of \$134.7m.

Returned \$16.2m in capital to our shareholders in Q1 '22 via share repurchases and dividends (\$0.30 per share, quarterly).

Significant flexibility under our \$200m credit facility to return further capital & pursue M&A opportunities.

# Our Technology Business

# Resilient and Solid Growth



## Our Performance

- Our technology business grew at a rate of roughly 2x the market in 2021, after being effectively flat in 2020 against a very tough macro backdrop
- The YoY change in revenues during 2020 troughed at being down ~4% in Q3 '20 before resuming growth in Q4 '20
- We are experiencing demand from our clients in the managed teams and project solutions space, which we believe is being driven by our superior delivery capability and significant economic leverage

## Technology Staffing – Addressable Market

	2018	2019	2020	2021	2022P	2023P
IT	31.0	32.3	30.7	34.7	38.8	41.2
Year-over-year chg.	4%	4%	-5%	13%	12%	6%

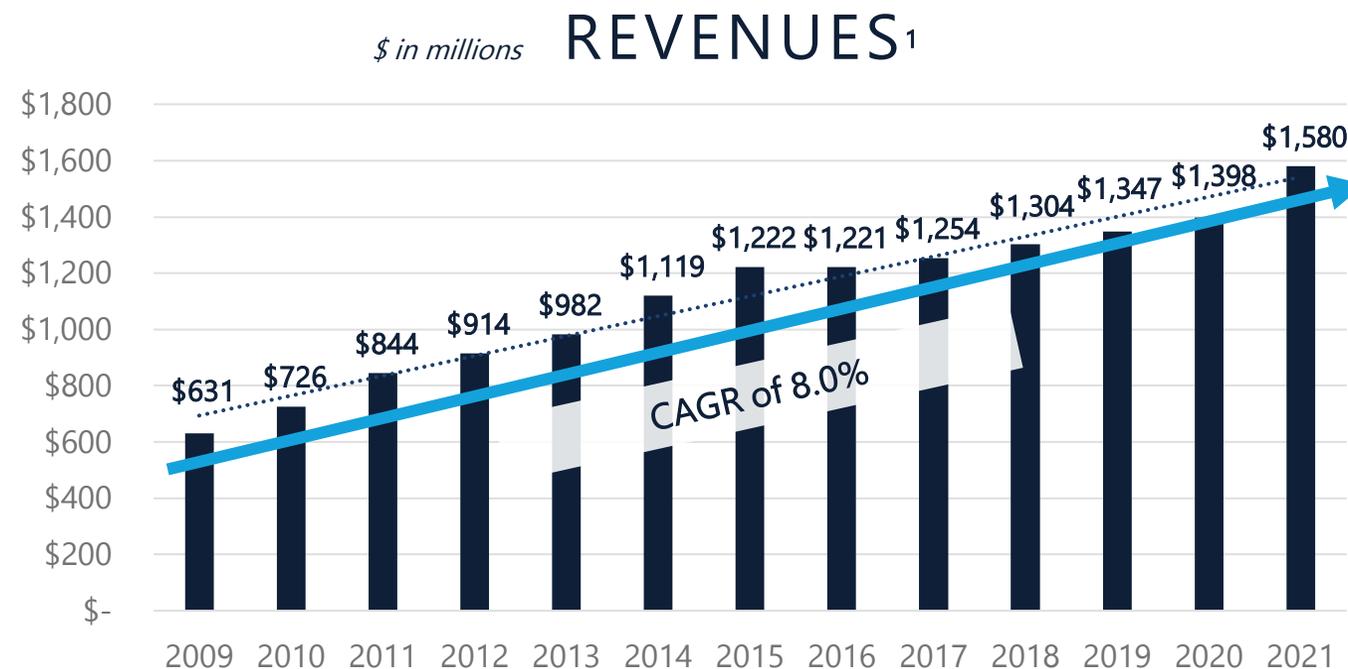
Source: Staffing Industry Analysts

## Key Statistics

- Average bill rate: ~\$85
- Predominant skillset: Application Development
- Assignment length: ~10 months
- Consultants on assignment: ~8,000
- Flex GP%: 26.8%

# Long-Term Sustainable Revenue Growth

Pre-pandemic CAGR (2009-2019) in Technology Flex was 8.5%, which was significantly above the market expectation per SIA. Clear focus on driving growth in our Technology business, including our managed teams / project solutions offering. Greatest growth is being seen from the largest consumers of our services (i.e. Fortune 1000).



<sup>1</sup> Excludes results of operations for our prime federal government contractor, KGS, which was divested in Q2 '19, our Health Information Management business, which was divested in Q3 '14, and our Clinical Research business, which was divested in Q1 '12

## TECHNOLOGY SECULAR STORY



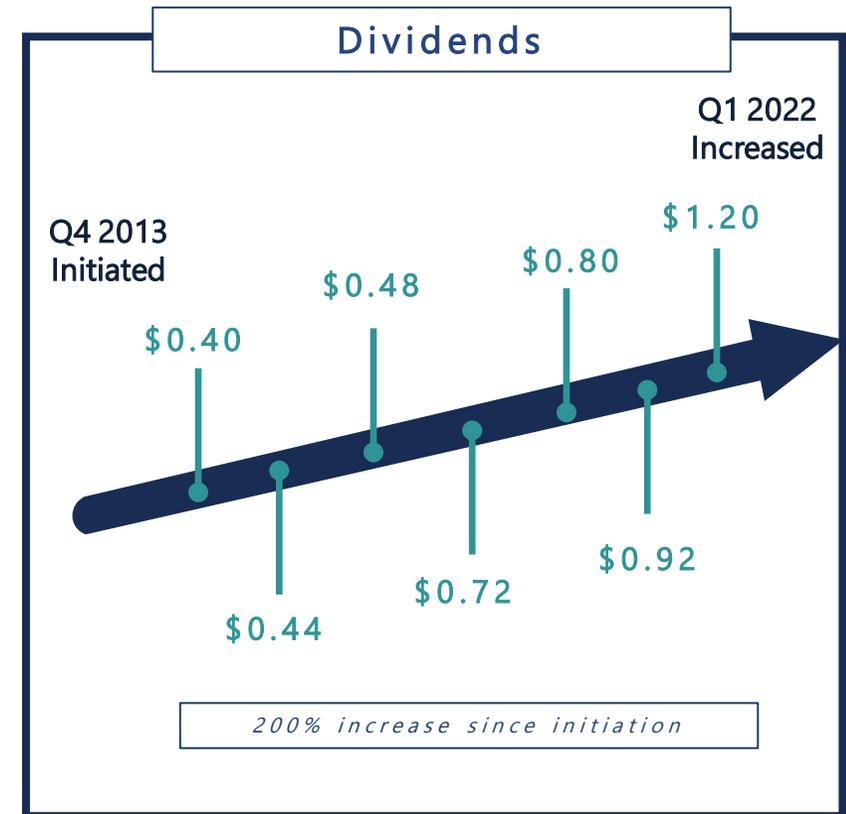
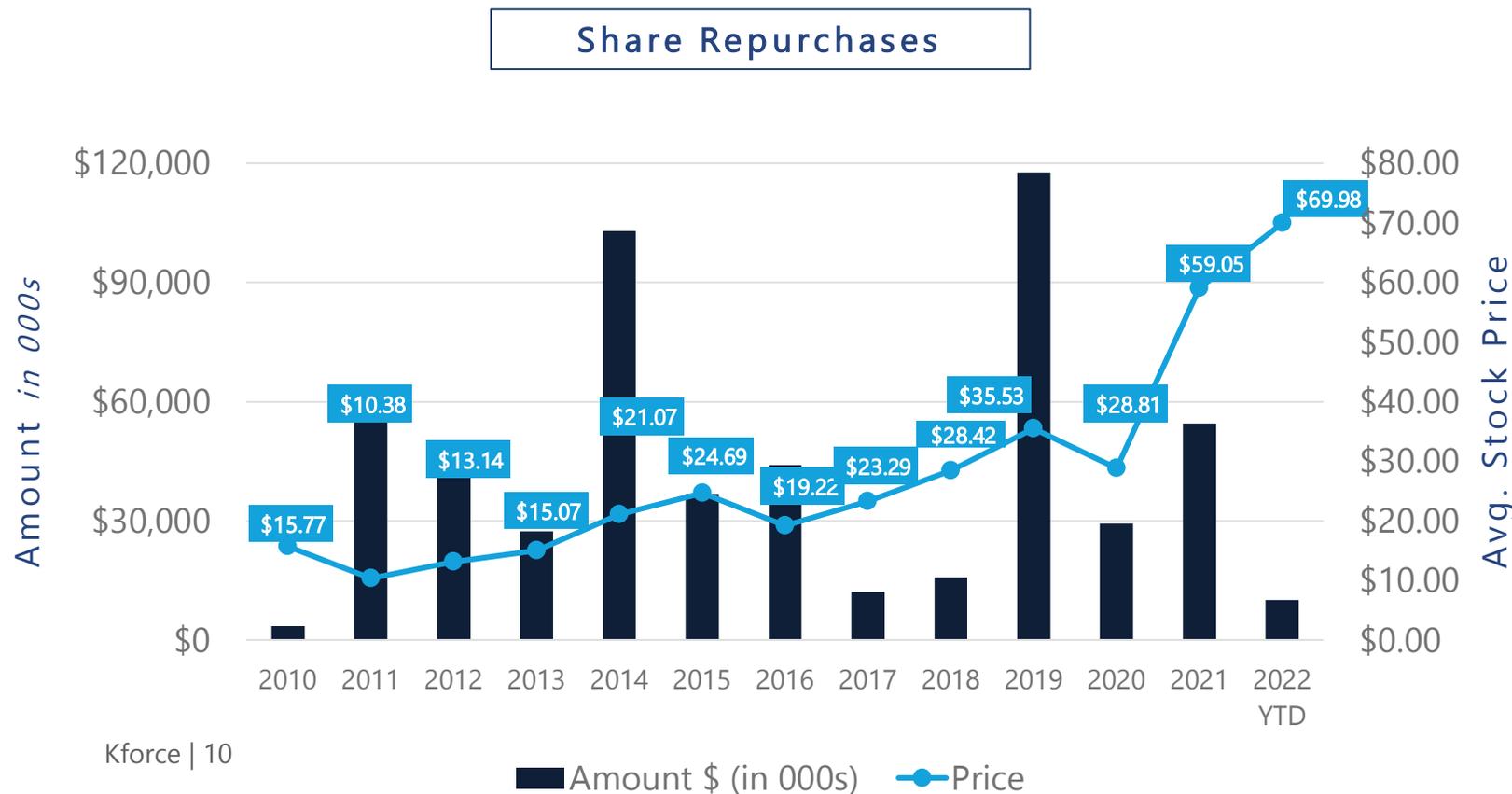
Technology Flex SIA CAGR of 3.8% from 2007 – 2021

Through two recessions (Great Recession and 2020 pandemic), our Technology Flex business has grown 6.9% on a compound basis, which is approximately 2x SIA growth rates.

Long term performance demonstrates secular drivers of technology demand.

# Returning Capital to Shareholders

Consistently deployed capital towards share repurchases and dividends benefiting shareholders; have returned roughly 75% of the capital generated over the last 10+ years



# Q2 2022 Financial Estimates

Financial Estimates	Ranges of Estimates
Revenues (in millions)	\$436 - \$444
Gross Margin	30.4% - 30.6%
SG&A as a % of Revenue	22.2% - 22.4%
Operating Income as a % of Revenue	7.7% - 8.1%
EPS	\$1.15 - \$1.23
Effective Tax Rate	26.0%
Diluted WASO (in millions)	20.7

Billing Days	Q1	Q2	Q3	Q4	Full Year
2022	64	64	64	61	253
2021	63	64	64	61	252
2020	64	64	64	62	254
2019	63	64	64	62	253

## FULL YEAR 2022 – FINANCIAL EXPECTATIONS

We shared initial thoughts in February on potential expectations for 2022.

This contemplates: (a) solid continued growth in our Technology business of at least 15% year-over-year; (b) an overall decline in our FA business due to the year-over-year impact of the repositioning of our business to focus on higher skilled positions and the elimination of COVID-19 revenue streams with a partial offset of market growth in our ongoing FA business; and (c) enhanced profitability levels.

- Revenue of at least \$1.7 billion
- Operating margin of at least 7.0%
- Earnings per share of at least \$4.20

If the demand environment remains strong and full year trends remain stable, we would expect to significantly exceed the above levels.

# Positioned to Excel



**85%+ of our revenues are in Technology**, which is experiencing solid longer-term secular demand



**#1 Recognized Technology Brand** per SIA and **World Class Net Promoter Scores** by ClearlyRated



**Stable margin profile** given mix of growth in Technology and repositioning efforts in FA



Business model provides **strong, predictable cash flows** and **debt-free balance sheet**.



**100% domestic revenue** stream with market share of ~4% in Technology.



**Driving exponential growth in expanded Technology offerings** in our managed teams and project solutions business.



**Committed to growing profitability levels** through productivity improvements and lower structural operating costs; path to **double digits** in sight.



**#1 in total shareholder return of approximately 215%** versus our peers since 2017.