KFORCE INC.



Michael Blackman, Chief Corporate Development Officer
Jeffrey Hackman, SVP, Finance & Accounting and Principal Accounting Officer

September 24, 2020

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Forward Looking Statements

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- All of 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 in order 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, following the "Investor Relations"* link and in our filings with the SEC.

Kforce Overview

We Are...

- We are a professional staffing and 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 more than 2,000 associates located across the U.S.
- More than 30,000 consultants engaged annually. Our two national delivery centers (Tampa & Phoenix) give us great scalability.

Lasting Personal Relationships

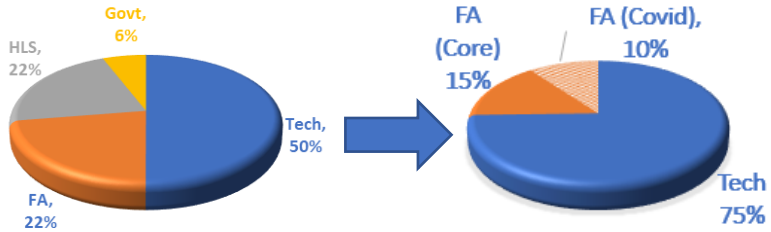
- Our relationships and client portfolio is a differentiator. Kforce serves approximately **70%** of the Fortune ranked companies.

FORTUNE 100 FORTUNE 500 FORTUNE 1000

- Our long-standing relationships are even more critical as we enter a more virtually-centric environment.

Focus on Technology Offering

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

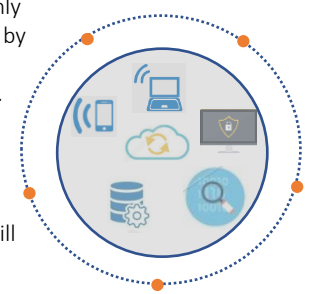


- Excluding COVID project revenues, Tech comprises 83% of total revenues.

Technology Characteristics

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

Expanding presence in IT solutions market due to client demand.



Average bill rates of ~$80.00

Large addressable market in staffing and solutions.

Avg. assignment length nearly 10 months.

Solid Financial Performance



- TTM June 2020 revenues of $1.36 billion.
- CAGR in our Tech Flex and FA Flex businesses since 2009 were 8.5% and 6.0%, respectively.
- Tech Flex revenues declined 3.0% on a year-over-year billing day basis in Q2 '20.
- Direct Hire revenues have declined from 22.5% of revenues in 2000 to less than 3% of revenues.
- Leverage of 0.5 times trailing twelve months EBITDA with attractive dividend. Expect to be essentially debt free by December 2020.

Brand Recognition & Reputation

3 YEAR WINNER

BEST of Staffing CLIENT SATISFACTION 2020

2020 Best of Staffing Client

#1 recognized brand by IT consultants

SIA STAFFING INDUSTRY ANALYSTS

Ranked Top 5 for IT and for FA domestic staffing firms

5 YEAR WINNER

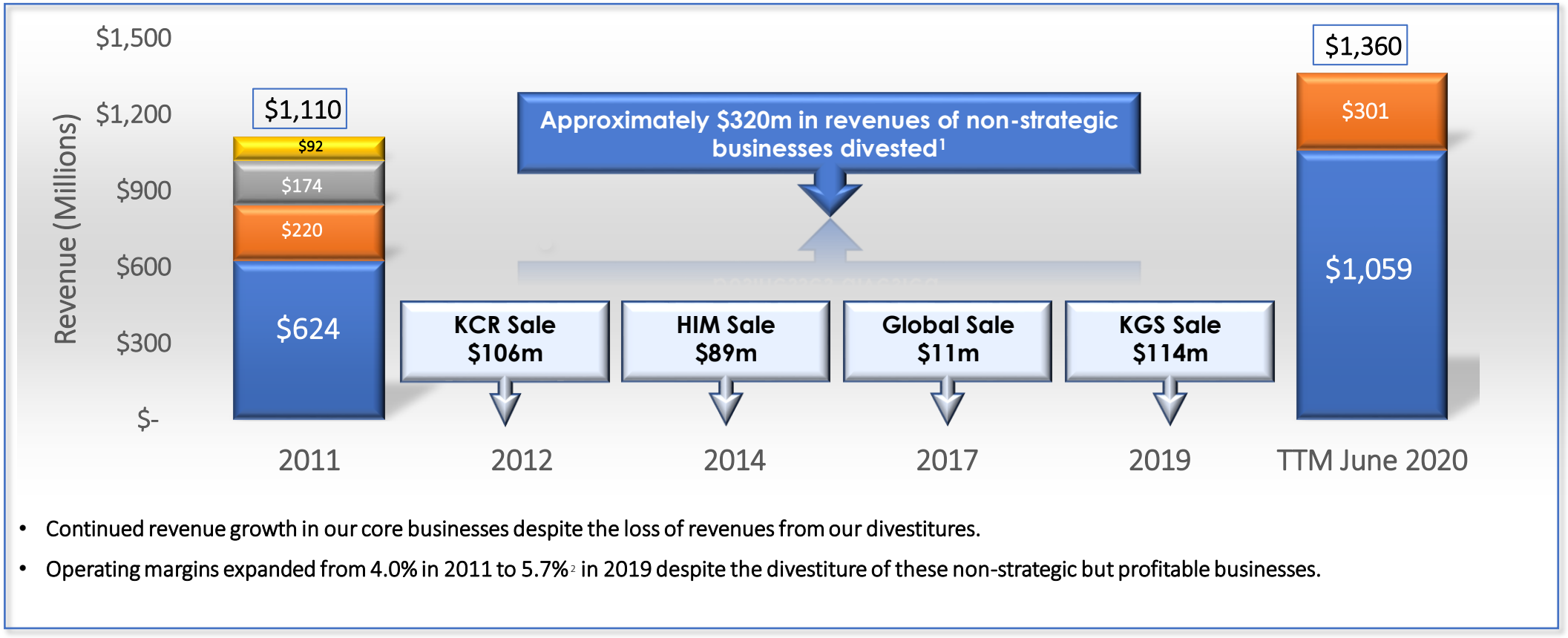
BEST of Staffing TALENT SATISFACTION 2020

2020 Best of Staffing Talent

BEST of Staffing 5

2020 Best of Staffing Talent Diamond

Focus on Core Offerings



- Continued revenue growth in our core businesses despite the loss of revenues from our divestitures.
- Operating margins expanded from 4.0% in 2011 to 5.7%[2] in 2019 despite the divestiture of these non-strategic but profitable businesses.

[1] Amount of divested revenue is based upon the most recently completed 4 quarters prior to the divestiture.
[2] 2019 excludes $2.0m of pre-tax costs from actions taken from the divestiture of our prime federal government contractor, KGS. 2019 GAAP Operating Margin is 5.6%.

Kforce COVID-19 Response & Updated Operating Trends

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Our Preparation

- Strategy to focus on technical and professional staffing and solutions markets.
- Strong financial position w/ solid balance sheet, cash flows and ample liquidity.
- Cloud-based and mobile IT investments positioned us well.
- Battle-tested business continuity plans.

Our Response

- Seamlessly transitioned 100% of our workforce to be remote in a 24-hour period.
- Proactively engaged certain clients in hardest hit industries to assist them navigate the COVID-19 pandemic.

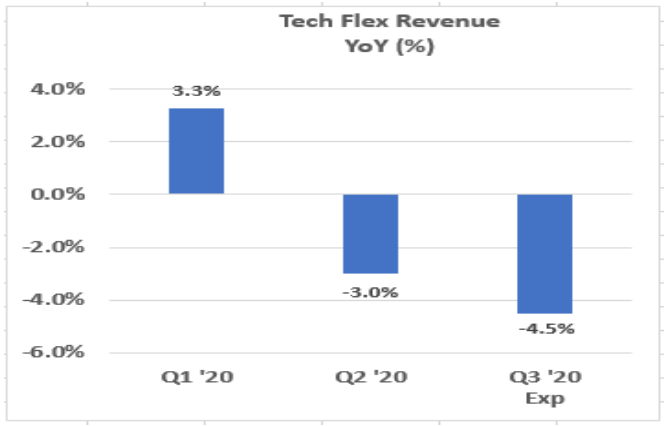
Impacts on the Business

- Experienced early impacts in certain clients in industries such as travel & leisure, retail and healthcare.
- Extremely pleased with the continued performance of our technology business, which continues to be down YoY in the low to mid single digits.

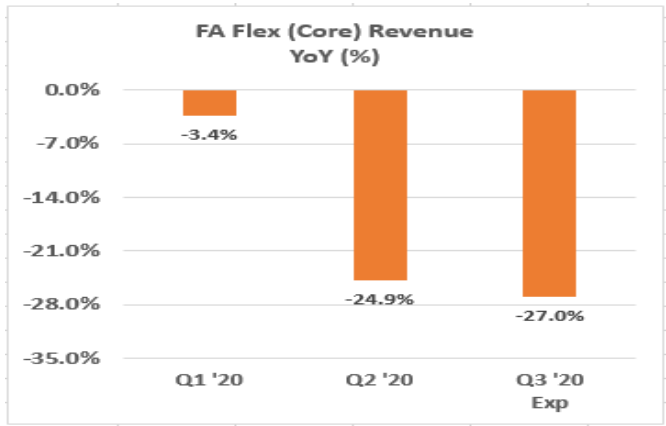
Looking Forward

- Our belief is that the COVID-19 pandemic has only strengthened the secular drivers of technology demand.
- Ideally positioned to increase market share and expand our service offerings in technology.

Tech Flex



FA Flex (Core)



Key Investment Highlights

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Large, attractive end market with positive secular trends

- Tech staffing spend projected at $32 billion in 2021; roughly doubled over last 10 years
- Strong demand being driven by companies' investments in technology to improve customer-facing applications and gain operational efficiencies
- Solid longer-term secular trends as employers seek a flexible human capital solution against an increasingly complex regulatory environment
- Addressable market expanding into managed team and services opportunities within our client base

Strong position in high-end skill sets

- Participates in the "sweet spot" of professional staffing (~80% Tech)
- High-end domestic focus yields higher bill rates, better spreads, longer assignments and embedded customer relationships
- Outsized growth in our managed services and managed teams business, which has persisted throughout the pandemic

Our operating model

- Focused on providing highly-skilled professionals to world class companies (primarily Fortune 1000)
- Talent delivery capabilities including two national delivery (Tampa/Phoenix) centers and a dedicated and highly specialized group focused on access to highly skilled foreign workers in the U.S.
- Focus on ensuring compliance with regulations and client requirements

Attractive financial model with tangible growth opportunities

- Above-market revenue growth in technology business
- Improving profitability levels and capital efficient model
- Strong balance sheet affording us flexibility in returning capital and executing efficiently on strategic acquisitions

Our Technology Business

Technology

The IT temporary staffing market is poised for better relative performance due to solid secular demand drivers:

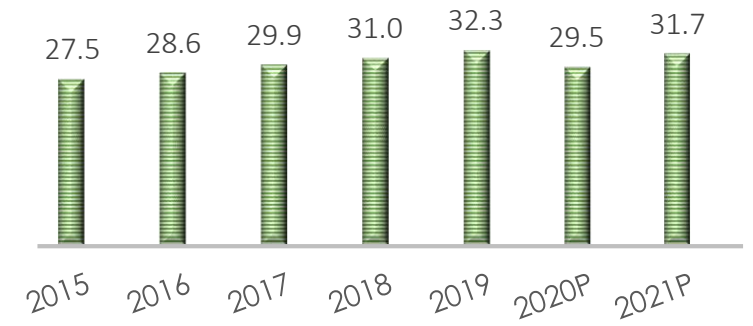
- The pandemic and resulting shutdowns have tested every company's digital capabilities, prompting increased need to add and expand the underlying technological infrastructure
- Changing customer expectations and evolving business models are causing companies across all industries to digitalize their business and invest in IT innovation
- Project-based nature of IT initiatives lends itself well to a flexible staffing model that gives clients access to specific skill sets or teams of skilled workers
- S.I.A. projects a 9% decline in 2020 and 7% recovery in 2021.
- Kforce 3% domestic market share in Technology

Key Statistics

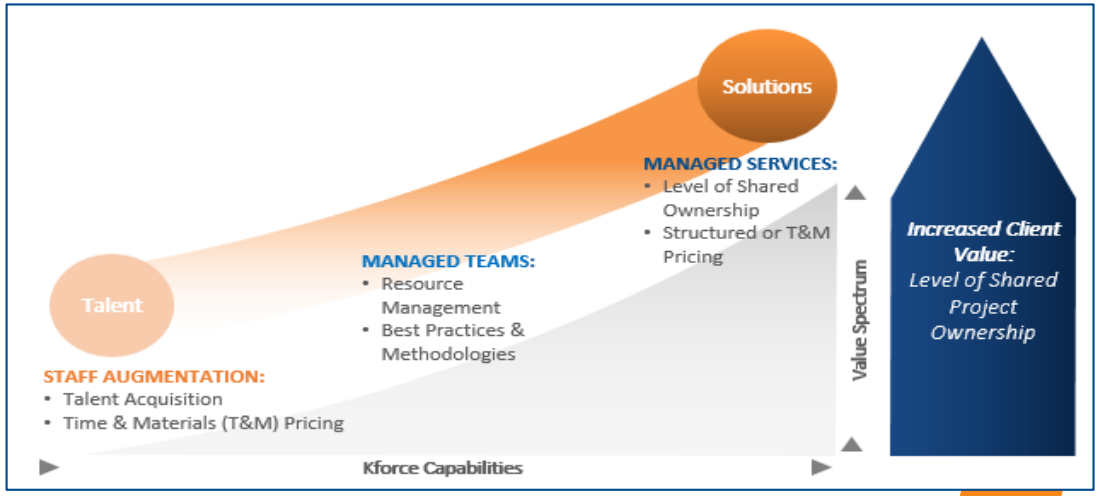
- Average bill rate: ~$80.00
- Predominant skill set: application development
- Assignment length: ~10 months
- Billable headcount: ~6,150
- Tech Flex GP%: 27.1%

Our objective is to continue expanding our capabilities beyond traditional staff augmentation by providing differentiated solutions to our clients.

Technology Historical and Projected Spending



Expansion Into Higher Value Offerings



Our FA Business

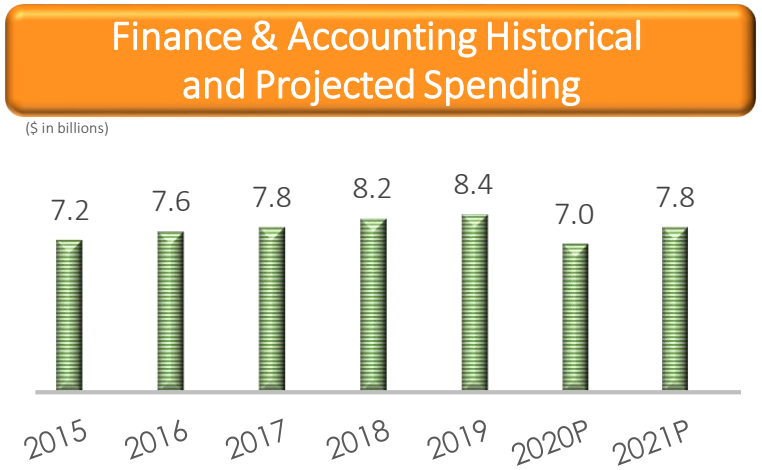
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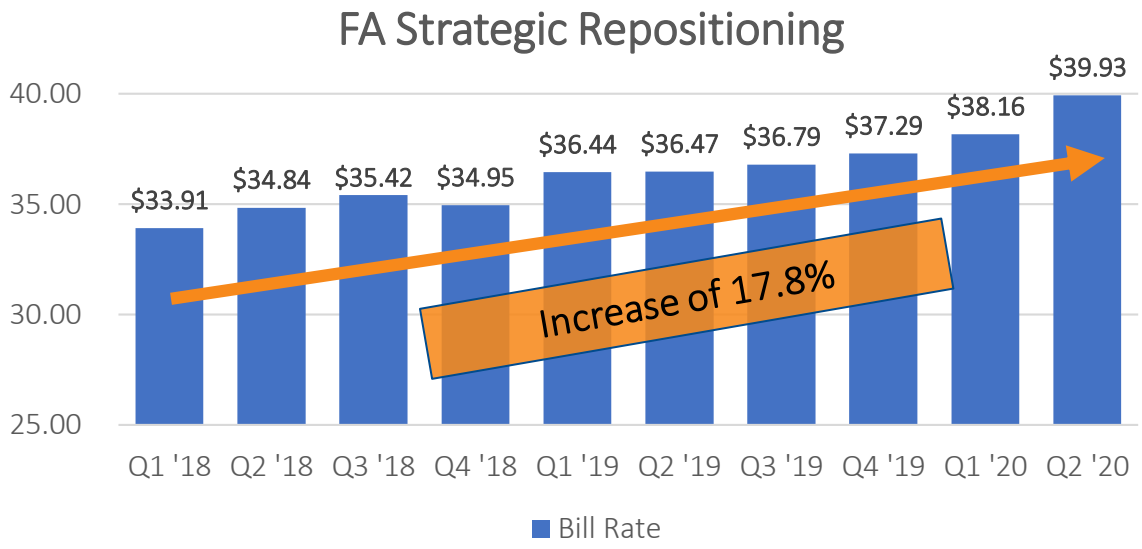
Key Commentary:

- Currently focusing on repositioning the FA business into more highly-skilled positions that are less susceptible to technological disruption
- Our direction is to create a dedicated, functionally-aligned business vs. an embedded geographical footprint
- $7.0 billion domestic market for F&A staffing projected in 2020
- S.I.A. projects a 17% decline in 2020 and 12% recovery in 2021.

Key Statistics (excludes COVID except where noted):

- Average bill rate: $40.00
- Assignment length: ~3 to 4 months
- Billable headcount: ~2,600
- FA Flex GP%: 26.5%
  - 27.7% Core and 24.7% COVID







Financial Overview

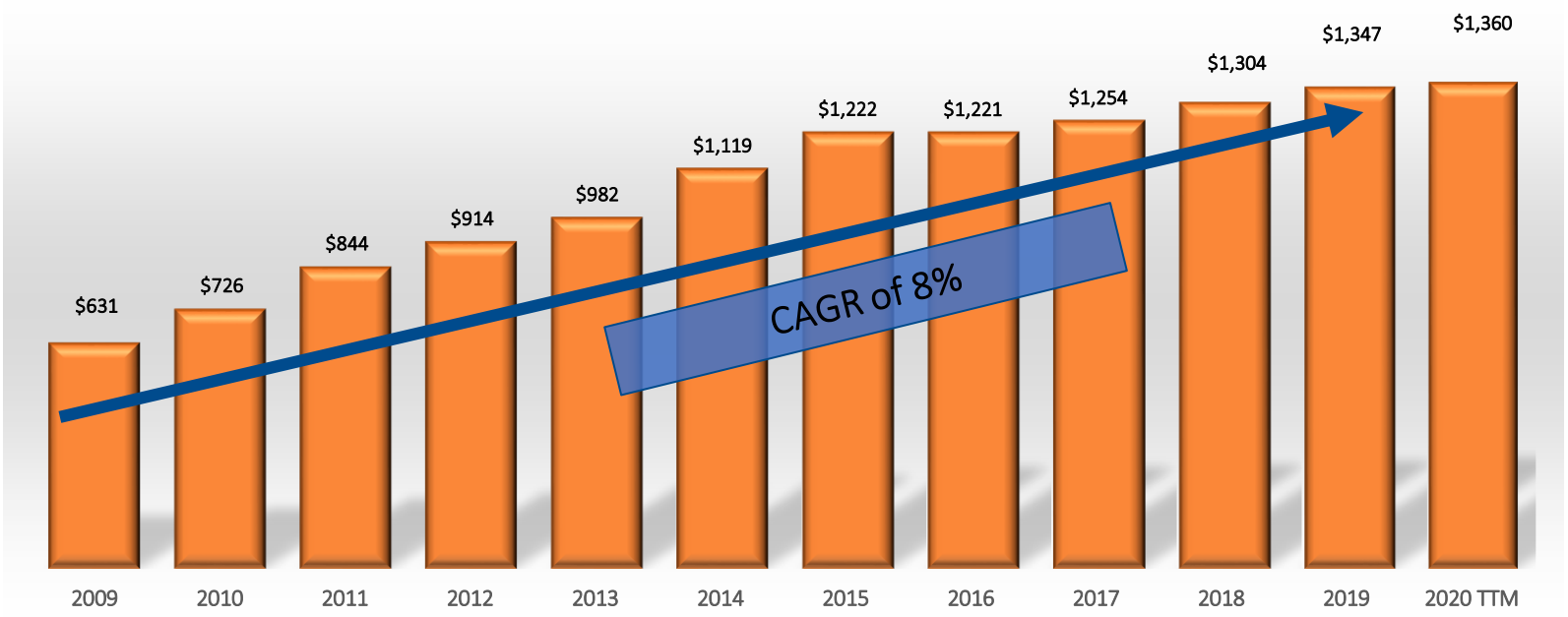
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Summary of Financial Results

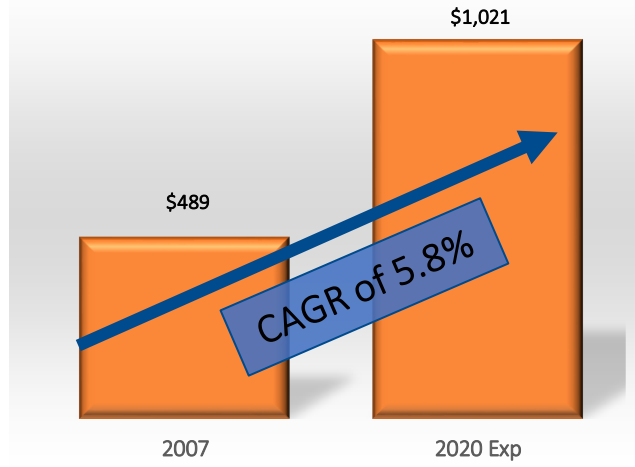
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$ in millions

Revenues[1]



Tech Flex Revenues

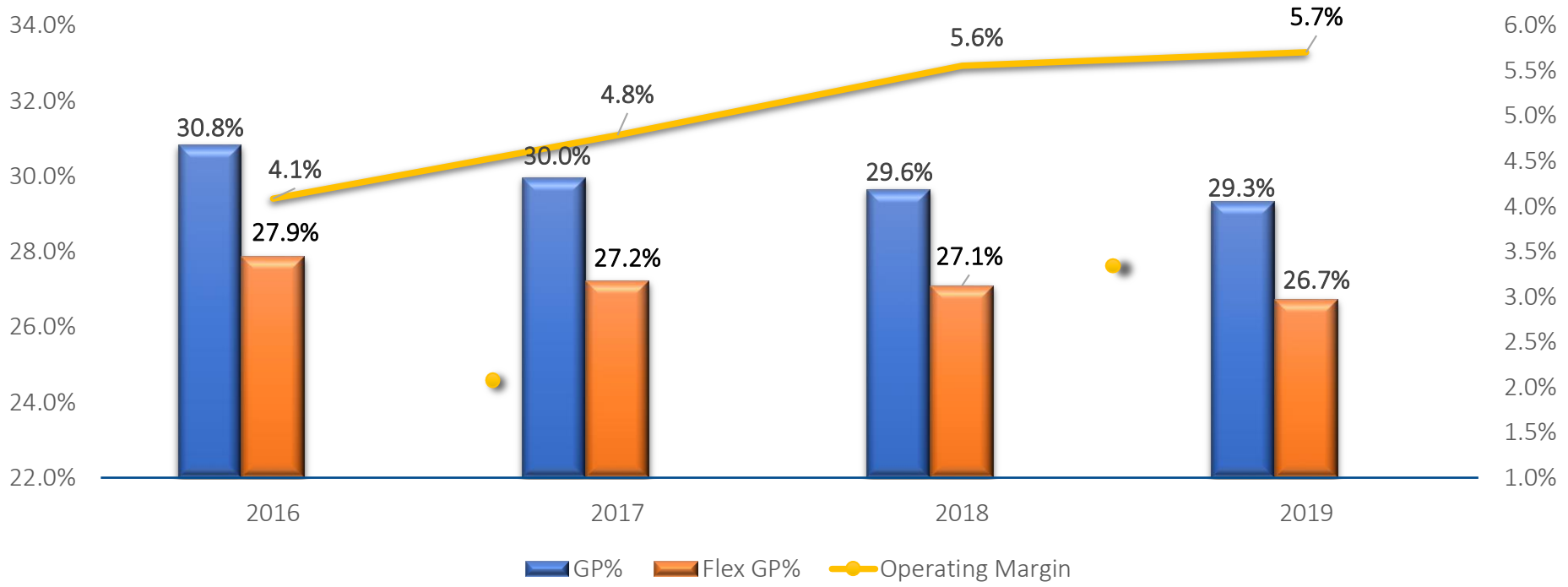


- CAGR of 8.5% in Tech Flex and 6.0% in FA Flex from 2009 - 2019.
- Clear focus on driving growth in our Technology business and elevating our value-add service offerings
- Recent growth rates have been impacted by repositioning of our FA business and COVID-19 pandemic.
- Greatest growth is being seen from the larger consumers of our services (i.e. Fortune 1000).

- Tech Flex SIA CAGR of 2.8% from 2007 – 2020P.

[1] 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

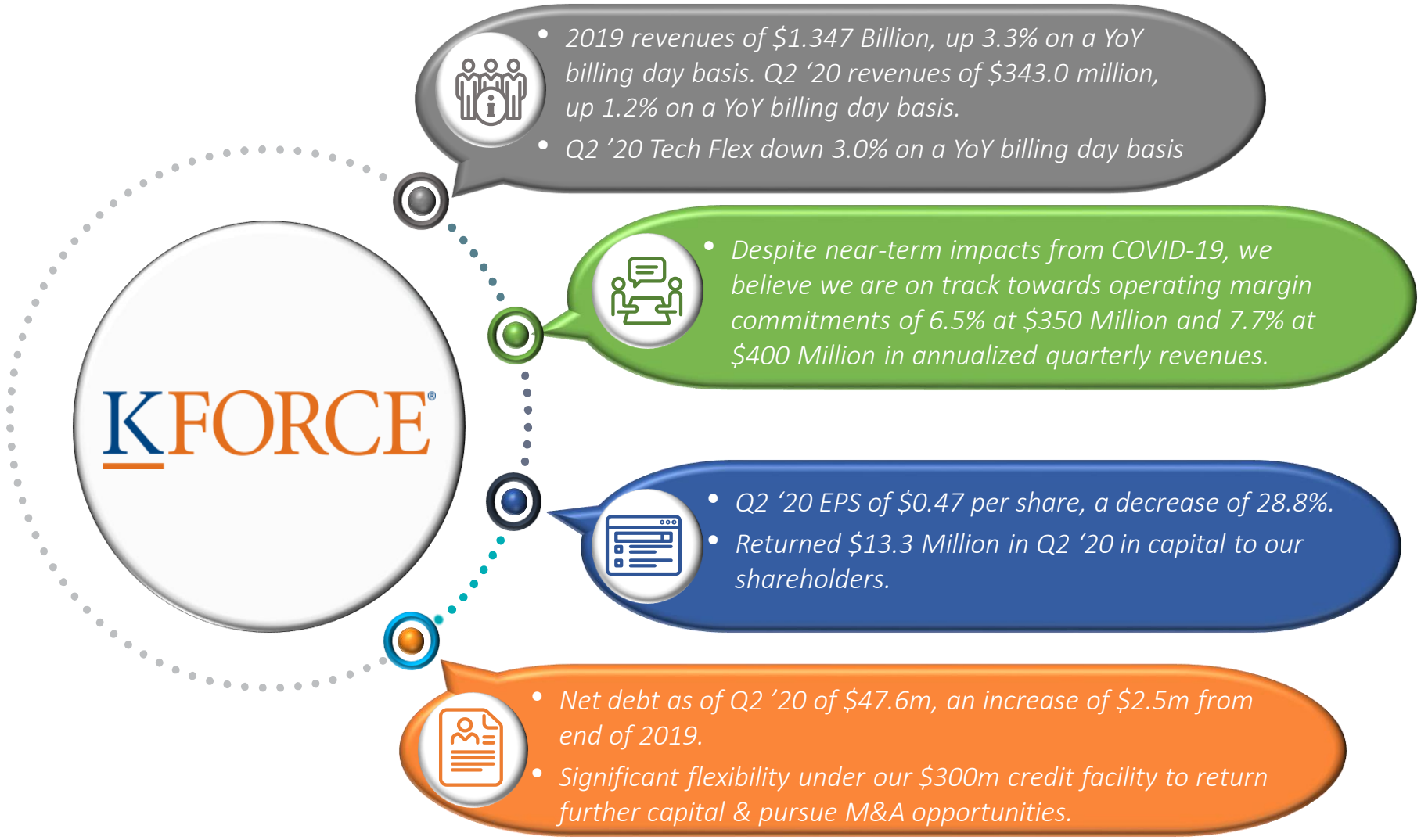
Summary of Financial Results



- We have experienced compression in our GP due primarily to compression in our spreads.
- Our efforts of aligning our sales and delivery talent within our client portfolio and improving productivity have resulted in improved profitability while investing significantly in our technology.
- On track to achieve our operating margin commitments of 6.5% and 7.7% when quarterly revenues reach $350 million and $400 million, respectively.

Notes:
- Excludes discontinued operations in all periods presented.
- 2019 Operating Margin of 5.7% excludes $2.0m of pre-tax costs from actions taken from the divestiture of our prime federal government contractor, KGS. 2019 GAAP Operating Margin is 5.6%.

2020 Financial Performance



Q3 2020 Financial Estimates

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Financial Estimates	Ranges of Estimates		
Revenues (in millions)	$352	-	$362
Gross Margin	28.2%	-	28.4%
SG&A as a % of Revenue	21.3%	-	21.5%
Operating Income as a % of Revenue	6.3%	-	6.7%
EPS	$0.72	-	$0.80
Effective Tax Rate	26.8%		
Diluted WASO (in millions)	21.0		

Commentary:

- Overall, we are experiencing better than expected trends in each of our business lines.
  - We expect to experience sequential growth of approximately 1% in our technology business as we have continued to see modest growth in our billable headcount throughout Q3 2020.
  - Our Core FA Flex business may experience a sequential decline in the low single digits vs. our expectation of a mid single digit decline.
  - COVID revenues are expected to be towards the top half of our range of $45m to $55m.
  - Our Direct Hire business is performing better than expected and may grow double digits sequentially.
- The above suggests that, excluding the contribution of COVID revenue to our sequential growth, our core business is expected to grow sequentially from Q2 to Q3 2020.

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

Positioned to Excel

SOLID DEMAND IN END MARKETS

- Given completion of divestitures, we now have a high-quality, 100% domestic, professional and technical revenue stream.
- We believe the secular drivers of demand in Technology have only strengthened as a result of the COVID-19 pandemic.
- Rapidly expanding our technology offerings to higher value-add services (managed teams / services).

OUR STRONG PERFORMANCE

- Achieved CAGR in excess of 8% since 2009 in our Technology business.
- Expect the full year decline in our Technology business to be close to 2%; significantly better than market expectations.
- Solid progress in the strategic repositioning of our FA business with growth in average bill rates of 17.8% since 2018.

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IMPROVING PROFITABILITY

- Relationships within our existing client portfolio (Fortune 100, 500, 1000) present us with an opportunity to drive further growth.
- Embedded capacity to further improve associate productivity and leverage our mature infrastructure and realize return on recent technology investments.
- Committed to 7.7% operating margin at $1.6 billion in annualized revenues ($400m in a quarter).

IDEAL LIQUIDITY POSITION

- Our $300m Credit Facility and expectation of being essentially debt free by the end of 2020 provides optimal flexibility
- Healthy free cash flow and low CapEx requirements
- Dividend yield of approximately 2.0%.
- Returned approximately $300m in capital over the last 5 years

Summary

- *Divestitures have resulted in 80% of our revenues being in Technology,* which is experiencing solid secular demand as evidenced by the performance during this pandemic.
- *100% domestic revenue* stream with market share of 3% in Tech and 4% in FA; creates singular focus on the U.S. markets.
- *Driving solid growth in expanded Technology offerings* in our managed teams and managed services business.
- *Stable margin profile* given mix of growth in Technology and repositioning efforts in FA
- *Technology investments* expected to yield continued productivity improvements
- *Committed to growing profitability levels* despite lower Direct Hire revenues and increased technology investments.