

March 2021 Investor Presentation

KFORCE



Forward Looking Statements

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…

$1.2 Billion
Market Cap
NASDAQ
"KFRC"

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 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.

Over 30,000 consultants engaged annually. Our two national delivery centers (Tampa & Phoenix) give us great scalability.

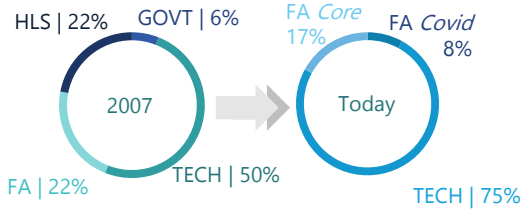
LASTING PERSONAL RELATIONSHIPS

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.

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

2020 revenues of $1.40 billion

Tech Flex revenue declined only 0.8% on a year-over-year billing day basis in 2020.

CAGR in our Tech Flex and FA Flex businesses since 2009 were each 7.7%.

$3.5m of net cash as of December 31, 2020.

BRAND RECOGNITION & REPUTATION

3 YEAR WINNER

BEST of Staffing CLIENT SATISFACTION 2020

2020 Best of Staffing Client

5 YEAR WINNER

BEST of Staffing TALENT SATISFACTION 2020

2020 Best of Staffing Talent

BEST of Staffing 5

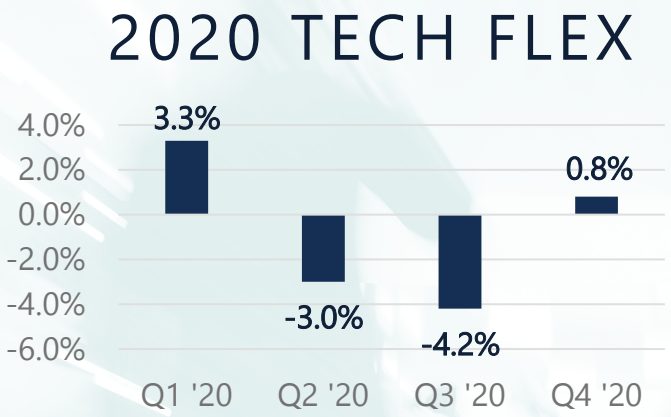
2020 Best of Staffing Talent Diamond

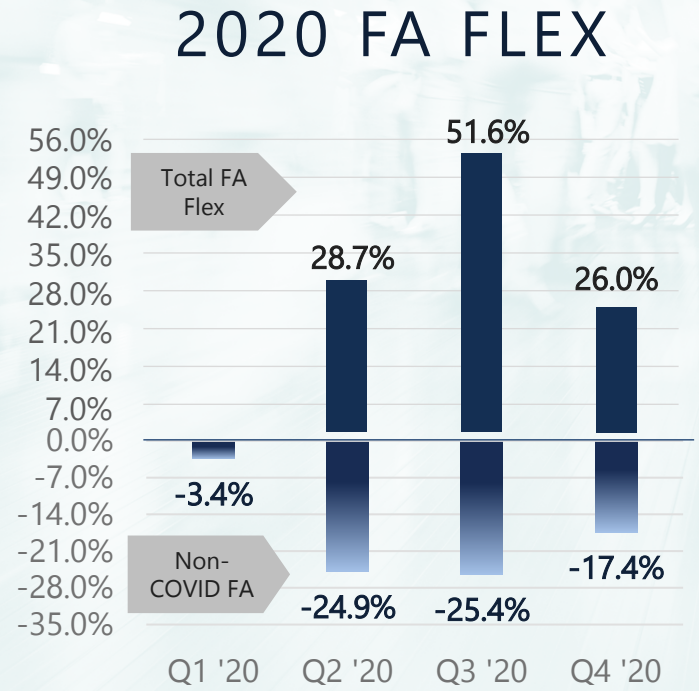
#1 recognized brand by IT consultants

SIA STAFFING INDUSTRY ANALYSTS

Ranked Top 5 for IT and for FA domestic staffing firms

Our Strong Foundation as the Pandemic Arrived





Preparation

A long-term strategy to simplify our offerings and focus on technical and professional staffing and solutions markets.

Strong financial position with solid balance sheet, cash flows and ample liquidity.

Cloud-based and mobile IT investments positioned us well.

Battle-tested business continuity plans.

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.

Business Impact

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 returned to positive year-over-year growth in Q4 ‘20.

COVID project related opportunities added $115m in 2020 revenue, helping offset declines in our FA portfolio.

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.

Key Investment Highlights

LARGE, ATTRACTIVE END MARKET WITH POSITIVE SECULAR TRENDS

- Tech staffing spend projected at $32 billion in 2021
- 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

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

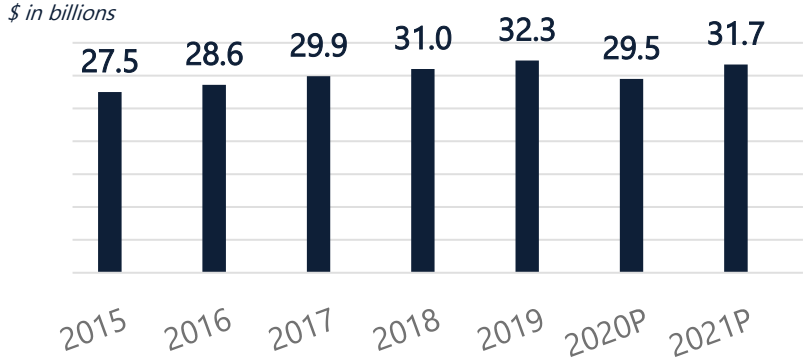
- The pandemic and resulting shutdowns have tested every company's digital capabilities, prompting increased need to add and expand the underlying technological infrastructure
- Changing customer expectations and evolving business models are causing companies across all industries to digitalize their 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: ~6,500
- Tech Flex GP%: 26.1%

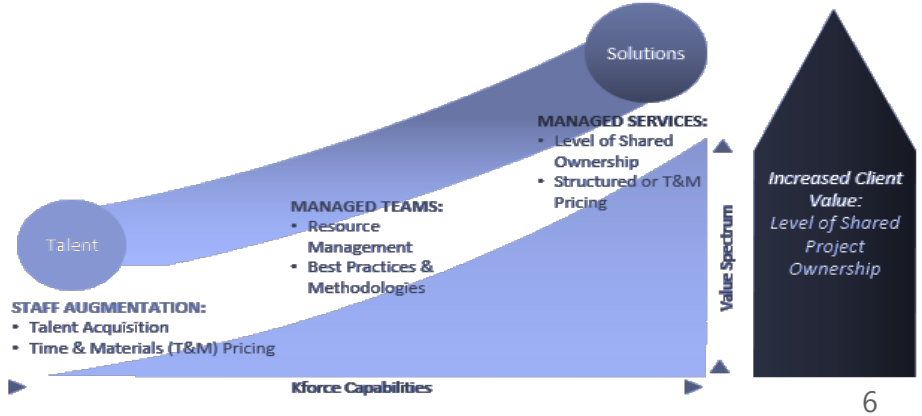
Our objective is to continue expanding our capabilities beyond traditional staff augmentation by providing differentiated solutions to our clients.

Technology Staffing Historical and Projected Spending



Source: SIA

Expansion Into Higher Value Offerings



Our FA Business

Key Commentary:

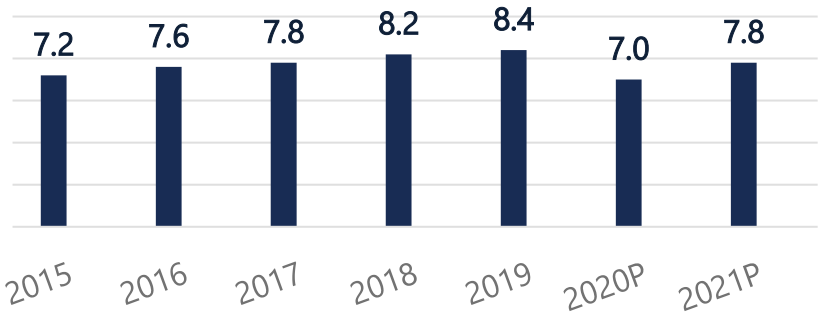
- Currently focusing on repositioning the FA business into more highly-skilled positions that are less susceptible to technological disruption
- Our direction is to create a dedicated, functionally-aligned business vs. an embedded geographical footprint
- $7.0 billion domestic market for F&A staffing projected in 2020 and $7.8 billon in 2021

Key Statistics *excludes COVID except where noted:*

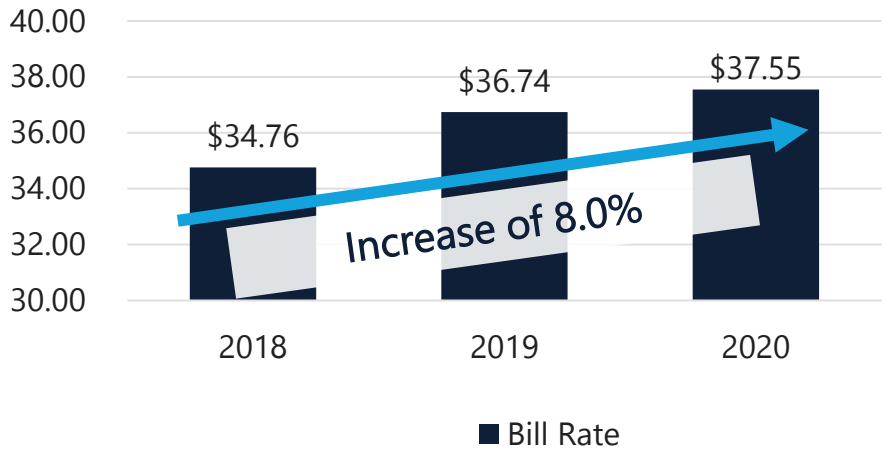
- Average bill rate: ~$37.00
- Assignment length: ~3 to 4 months
- Billable headcount: ~3,000
- FA Flex GP%: 27.5%
  - 27.9% Core and 26.9% COVID

FA Staffing Historical and Projected Spending

$ in billions



FA Strategic Repositioning



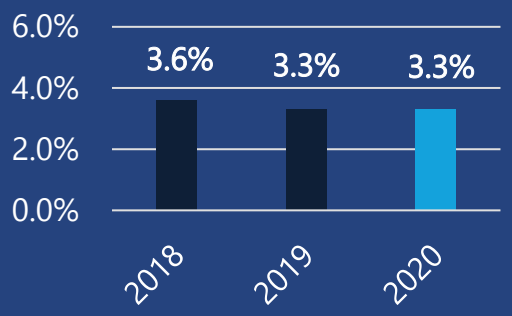


Financials Overview

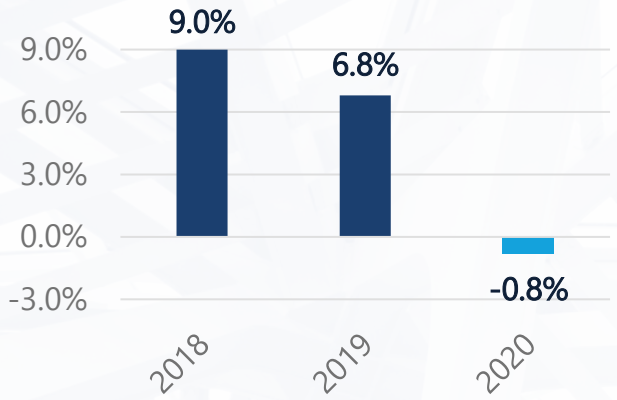
Confidential and Proprietary

2018-2020 Revenue by Business Line

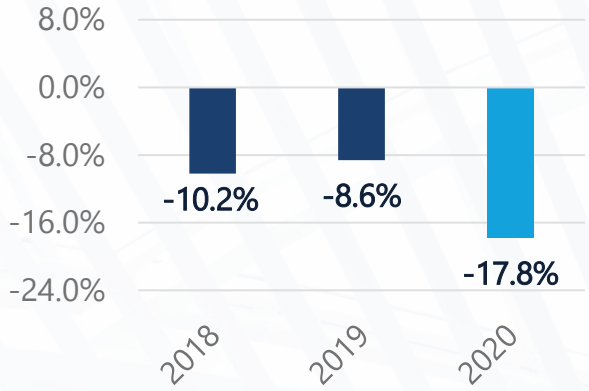
TOTAL FIRM



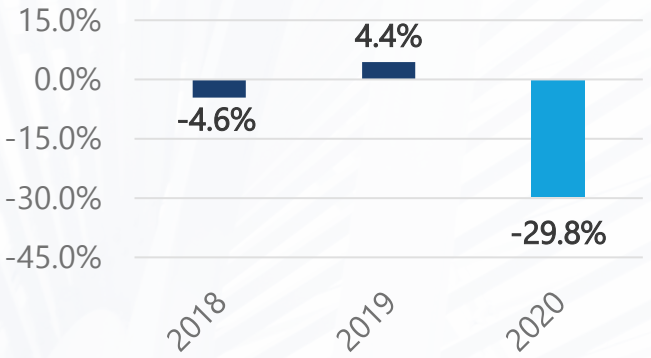
TECH FLEX



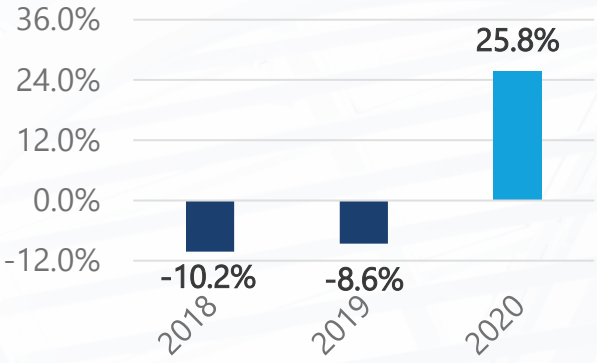
NON-COVID FA FLEX



DIRECT HIRE



TOTAL FA FLEX



Total FA includes $115m in COVID FA Revenue in 2020

Kforce 2020 Financial Performance



Solid Revenue Performance

2020 revenue of $1.398 billion

Up 3.3% on a YoY billing day basis. Q4 ‘20 revenues of $354.0 million, up 5.3% on a YoY billing day basis.

2020 and Q4 ’20 Tech Flex is down 0.8% and up 0.8% on a YoY billing day basis, respectively



Raising the Target on Profitability

FY 2020 EPS of $2.62 per share, an increase of 14.4% year-over-year

COVID-19 environment created new opportunities for creating operating leverage, including future hybrid office model.

Increasing operating margin targets by 20 basis points



Optimal Balance Sheet and Return to Shareholders

Net cash of $3.5 million as of 2020 and TTM EBITDA of $97.1 million

Returned $46.2 million in 2020 in capital to our shareholders

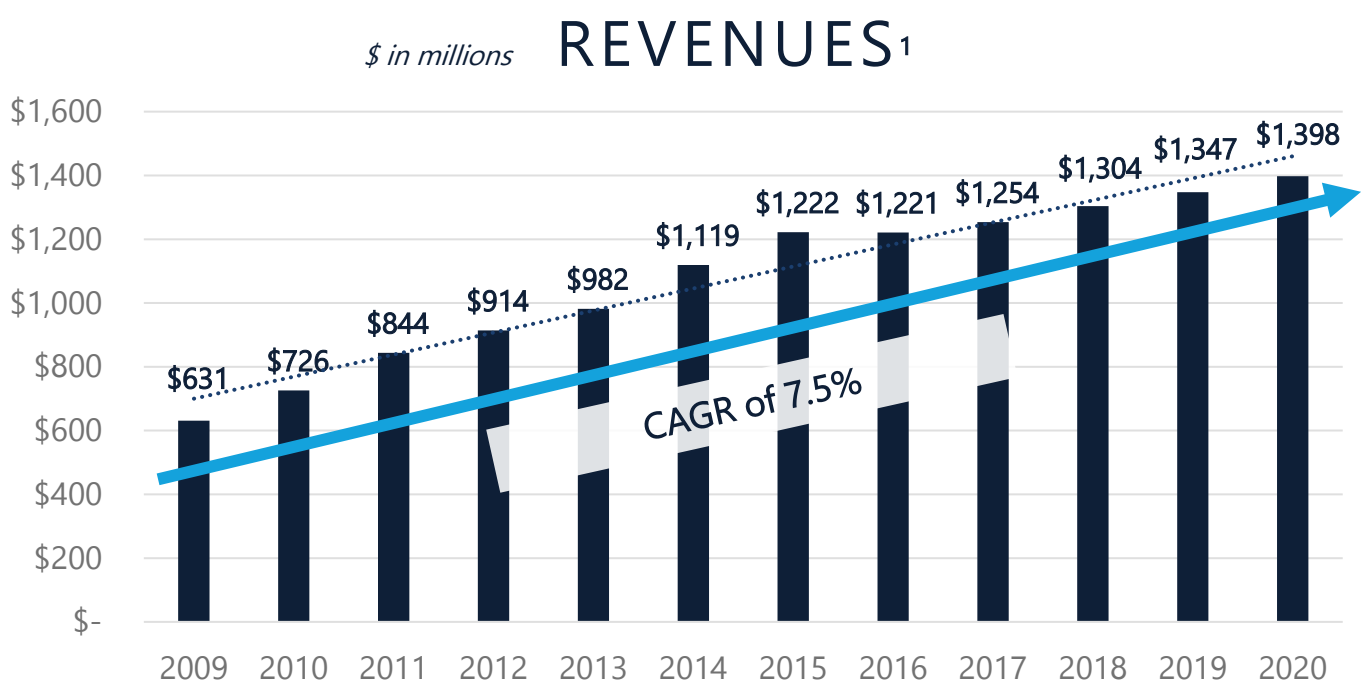
Significant flexibility under our $300m credit facility to return further capital & pursue strategic M&A opportunities.

Long-Term Sustainable Revenue Growth

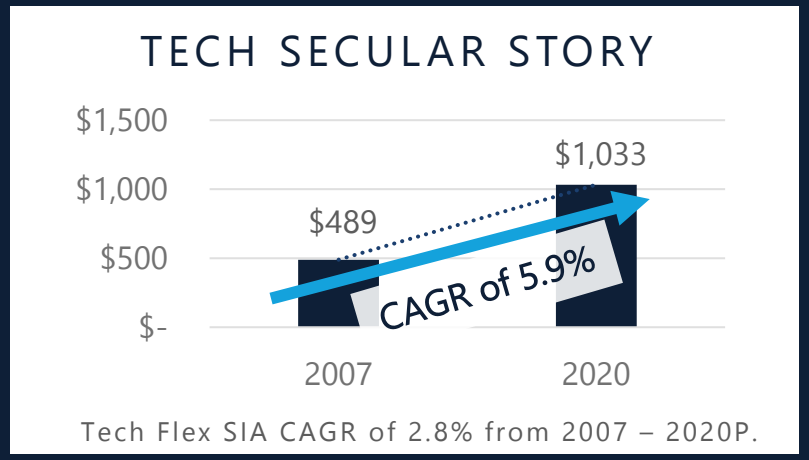
Pre-pandemic CAGR (2009-2019) in Tech Flex was 8.5%, which was above the market expectation per SIA.

Clear focus on driving growth in our Technology business and managed teams / solutions offering.

Greatest growth is being seen from the larger consumers of our services (i.e. Fortune 1000).



[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

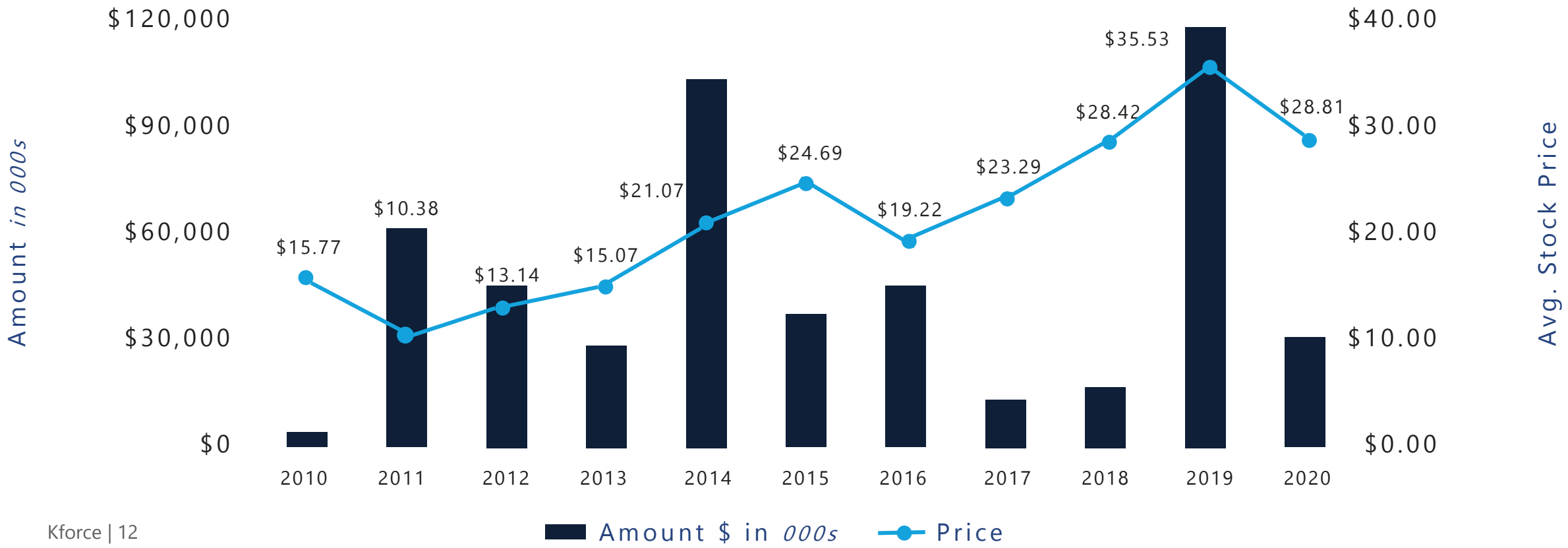


Through two recessions (Great Recession and 2020 pandemic), our Tech Flex business has grown roughly 6% on a compound basis, which is in excess of 2x SIA growth rates.

Long term performance demonstrates secular drivers of technology demand.

Open Market Buyback

Consistently deployed capital towards share repurchases benefiting shareholders



Q1 2021 Financial Estimates

Financial Estimates	Ranges of Estimates
Revenues (in millions)	$354 - $364
Gross Margin	27.4% - 27.6%
SG&A as a % of Revenue	21.6% - 21.8%
Operating Income as a % of Revenue	5.2% - 5.6%
EPS	$0.57 - $0.65
Effective Tax Rate	28.0%
Diluted WASO (in millions)	21.5

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

FULL YEAR 2021 – FINANCIAL EXPECTATIONS

The information below reflects our 2021 financial expectations, which assumes continued strong growth in our technology business and takes into account the revenue declines from the COVID-19 revenues and the strategic alignment of our FA business into higher-skilled areas such as analytical and decision support. Our expectations also reflect an expectation of improved profitability levels. We expect that our business mix as we enter 2022 will be comprised of roughly 85% of technology revenues.

- Revenue of $1.368 billion to $1.430 billion
- Operating margin of 6.0% to 6.3%
- Earnings per share of $2.68 to $3.00

	Billing Day	$
Technology	8.0% to 12.0%	$1.125B to $1.165B
Finance & Accounting	-3.0% to -12.0%	$203M to $225M
COVID	-65%	$40M
Overall	**-1.3% to 3.0%**	**$1.368B to $1.430B**



Positioned To Excel

SOLID DEMAND IN END MARKETS

We 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 of nearly 6% since 2007 in our Technology business, which is 2x the industry

Returned to year-over-year growth in Tech Flex by Q4' 20, exceeding the market and further supporting secular driver influence.

Strategic repositioning of our FA business should bring more secular drivers to this space, as we move away from skillsets more susceptible to automation.

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.

Raised operating margin targets by approximately 20 basis points as we leverage the efficiencies gained by a hybrid office model.

IDEAL LIQUIDITY POSITION

Our $300m Credit Facility and net cash position at end of 2020 provides optimal flexibility

Healthy free cash flow and low CapEx requirements

Dividend yield of approximately 2.0%.

Returned over $340m in capital since 2014, including dividend payments throughout 2020.

Summary

80% of our revenues are in Technology, which is experiencing solid secular demand as evidenced by the performance during this pandemic.

#1 Top Recognized Tech Staffing Brand, by SIA 2019 and **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 3% in Tech and 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.

Committed to growing profitability levels despite lower Direct Hire revenues and increased technology investments.

#1 in total shareholder return of nearly 80% over the last three years versus our peers.