

REFINITIV

DELTA REPORT

10-Q

KFRC - KFORCE INC

10-Q - JUNE 30, 2024 COMPARED TO 10-Q - MARCH 31, 2024

The following comparison report has been automatically generated

TOTAL DELTAS 882

█ **CHANGES** 135

█ **DELETIONS** 298

█ **ADDITIONS** 449

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2024
Q1
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2024-03-31
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2024-04-24
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iso4217:USD
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2023-01-01
2023-03-31
iso4217:USD
xbrli:shares
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2023-12-31
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kfrc:FlexRevenueMember
kfrc:TechnologySegmentMember
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us-gaap:RestrictedStockMember
2024-01-01
2024-03-31
0000930420
us-gaap:RestrictedStockMember
2024-03-31
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **March 31, 2024**

June 30, 2024

OR

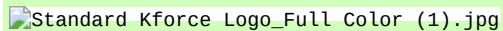
TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number 000-26058

001-42104



Kforce Inc

Inc.

Exact name of registrant as specified in its charter

Florida

59-3264661

State or other jurisdiction of incorporation or organization IRS Employer Identification No.

1150 Assembly Drive, Suite 500

33607

,

Tampa

,

Florida

Address of principal executive offices Zip Code

Registrant's

Florida

59-3264661

State or other jurisdiction of incorporation or organization

IRS Employer Identification No.

1150 Assembly Drive, Suite 500, Tampa, Florida

33607

Address of principal executive offices

Zip Code

Registrant's telephone number, including area code: (

813

) (813) 552-5000

Securities registered pursuant to Section 12(b) of the Act: [REDACTED]

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.01 per share	KFRC	NASDAQ

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.01 per share	KFRC	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of [REDACTED]

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, "accelerated" "accelerated filer," "non-accelerated" "non-accelerated filer," "smaller" "smaller" reporting company, " and "emerging" "emerging growth

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

Emerging growth company

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act.): Yes No

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation rece

The number of shares outstanding (in thousands) of the registrant's common stock as of **April 24, 2024** **July 24, 2024** was **19,491**

Table of Contents

19,379.

KFORCE INC.

TABLE OF CONTENTS

PART I	FINANCIAL INFORMATION	
Item 1.	Financial Statements.	3
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations.	12
Item 3.	Quantitative and Qualitative Disclosures About Market Risk.	20
Item 4.	Controls and Procedures.	20
PART II	OTHER INFORMATION	
Item 1.	Legal Proceedings.	21
Item 1A.	Risk Factors.	21
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds.	21
Item 3.	Defaults Upon Senior Securities.	21
Item 4.	Mine Safety Disclosures.	21
Item 5.	Other Information.	21
Item 6.	Exhibits.	22
SIGNATURES		23

PART I	FINANCIAL INFORMATION	
Item 1.	Financial Statements.	3
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations.	14
Item 3.	Quantitative and Qualitative Disclosures About Market Risk.	22
Item 4.	Controls and Procedures.	23
PART II	OTHER INFORMATION	
Item 1.	Legal Proceedings.	23
Item 1A.	Risk Factors.	23
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds.	24
Item 3.	Defaults Upon Senior Securities.	24
Item 4.	Mine Safety Disclosures.	24
Item 5.	Other Information.	24
Item 6.	Exhibits.	25
SIGNATURES		26

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

References in this document to the "Registrant," "Kforce," "Registrant," "Kforce," the "Company," "we," "Company," the "Firm," "management," "our" "Firm," "management," "we," "our" or "us" "us" refer to Kforce Inc. and its subsidiaries. This report, particularly Part I, Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations, contains forward-looking statements that reflect management's current beliefs, "will," "may," "likely," "could," "should," "future" "anticipate," "assume," "estimate," "expect," "intend," "plan," "believe." Forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted. Future events and actual results may differ from those anticipated in these statements.

2

Table of Contents

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

KFORCE INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	Three Months Ended March 31,	
	2024	2023
Revenue	\$ 351,889	\$ 405,997
Direct costs	256,639	292,021
Gross profit	95,250	113,976
Selling, general and administrative expenses	78,190	89,339
Depreciation and amortization	1,333	1,234
Income from operations	15,727	23,403
Other expense, net	656	1,045
Income from operations, before income taxes	15,071	22,358
Income tax expense	4,084	6,148
Net income	\$ 10,987	\$ 16,210
Earnings per share - basic	\$ 0.59	\$ 0.83
Earnings per share - diluted	\$ 0.58	\$ 0.82
Weighted average shares outstanding - basic	18,726	19,455
Weighted average shares outstanding - diluted	18,932	19,667

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023

Revenue	\$ 356,318	\$ 389,190	\$ 708,207	\$ 795,187
Direct costs	257,345	278,924	513,984	570,945
Gross profit	98,973	110,266	194,223	224,242
Selling, general and administrative expenses	77,718	82,993	155,908	172,332
Depreciation and amortization	1,555	1,340	2,888	2,574
Income from operations	19,700	25,933	35,427	49,336
Other expense, net	504	313	1,160	1,358
Income from operations, before income taxes	19,196	25,620	34,267	47,978
Income tax expense	5,039	7,046	9,123	13,194
Net income	\$ 14,157	\$ 18,574	\$ 25,144	\$ 34,784
Earnings per share - basic	\$ 0.76	\$ 0.96	\$ 1.34	\$ 1.79
Earnings per share - diluted	\$ 0.75	\$ 0.95	\$ 1.33	\$ 1.77
Weighted average shares outstanding - basic	18,696	19,341	18,711	19,398
Weighted average shares outstanding - diluted	18,886	19,611	18,903	19,638

The accompanying notes are an integral part of these unaudited condensed financial statements.

3

Table of Contents

**KFORCE INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS**

(IN

(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	March 31, 2024	December 31, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 106	\$ 119
Trade receivables, net of allowances of \$ 1,670 and \$ 1,643, respectively	236,923	233,428
Prepaid expenses and other current assets	9,146	10,912
Total current assets	246,175	244,459
Fixed assets, net	8,936	9,418
Other assets, net	82,800	75,924
Deferred tax assets, net	3,382	3,138
Goodwill	25,040	25,040
Total assets	\$ 366,333	\$ 357,979

LIABILITIES AND STOCKHOLDERS' EQUITY		
<i>Current liabilities:</i>		
<i>Accounts payable and other accrued liabilities</i>	\$ 59,415	\$ 64,795
<i>Accrued payroll costs</i>	39,746	33,968
<i>Current portion of operating lease liabilities</i>	3,423	3,589
<i>Income taxes payable</i>	3,520	623
<i>Total current liabilities</i>	106,104	102,975
<i>Long-term debt - credit facility</i>	40,800	41,600
<i>Other long-term liabilities</i>	54,924	54,324
<i>Total liabilities</i>	201,828	198,899
<i>Commitments and contingencies (Note J)</i>		
<i>Stockholders' equity:</i>		
<i>Preferred stock, \$ 0.01 par value; 15,000 shares authorized, none issued and outstanding</i>	-	-
<i>Common stock, \$ 0.01 par value; 250,000 shares authorized, 73,455 and 73,462 issued, respectively</i>	735	734
<i>Additional paid-in capital</i>	531,226	527,288
<i>Retained earnings</i>	528,795	525,222
<i>Treasury stock, at cost; 53,968 shares, respectively</i>	(896,251)	(894,164)
<i>Total stockholders' equity</i>	164,505	159,080
<i>Total liabilities and stockholders' equity</i>	\$ 366,333	\$ 357,979

June 30, 2024

December 31, 2023

ASSETS

Current assets:

	June 30, 2024	December 31, 2023
Current assets:		

Cash and cash equivalents	\$ 110	\$ 119
Trade receivables, net of allowances of \$1,646 and \$1,643, respectively	230,714	233,428
Prepaid expenses and other current assets	8,310	10,912
Total current assets	239,134	244,459
Fixed assets, net	8,526	9,418
Other assets, net	85,386	75,924
Deferred tax assets, net	4,599	3,138
Goodwill	25,040	25,040
Total assets	\$ 362,685	\$ 357,979
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and other accrued liabilities	\$ 58,359	\$ 64,795
Accrued payroll costs	39,589	33,968
Current portion of operating lease liabilities	3,384	3,589
Income taxes payable	1,499	623
Total current liabilities	102,831	102,975
Long-term debt - credit facility	36,700	41,600
Other long-term liabilities	56,534	54,324
Total liabilities	196,065	198,899
Commitments and contingencies (Note J)		
Stockholders' equity:		
Preferred stock, \$0.01 par value; 15,000 shares authorized, none issued and outstanding	—	—
Common stock, \$0.01 par value; 250,000 shares authorized, 73,479 and 73,462 issued, respectively	735	734
Additional paid-in capital	535,161	527,288
Retained earnings	535,565	525,222
Treasury stock, at cost; 54,104 and 53,941 shares, respectively	(904,841)	(894,164)
Total stockholders' equity	166,620	159,080
Total liabilities and stockholders' equity	\$ 362,685	\$ 357,979

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

4

Table of Contents

KFORCE INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENT STATEMENTS OF CHANGES IN STOCKHOLDERS' STOCKHOLDERS' EQUITY
(IN THOUSANDS)

	Common Stock			Additional Paid-In Capital		Accumulated Other Comprehensive Income		Treasury
	Shares	Amount	Retained Earnings	Shares	Amount	(\$)		
Balance,	73,462	\$ 734	\$ 527,288	\$ -	\$ 525,222	\$ 53,941	\$ (\$ 1)	
December								894,164
31, 2023)
Net income	-	-	-	-	10,987	-	-	
Issuance for	(1)	285		-	(286)	-	-	
stock-based	7)							
compensation								

<i>and dividends, net of forfeitures</i>							
<i>Stock-based compensation expense</i>		3,501					
<i>Employee stock purchase plan</i>		152				(52)	
<i>Dividends (\$ 0.38 per share)</i>					(7,128)		
<i>Repurchases of common stock</i>						30 (2,139)	
<i>Balance, March 31, 2024</i>	73,455	\$ 735	\$ 531,226	\$ -	\$ 528,795	53,968	\$ (\$ 1,896,251)

Stockholders' Equity

	<i>Common Stock</i>			<i>Additional Paid-In Capital</i>		<i>Accumulated Other Comprehensive Income</i>	<i>Treasury Stock</i>
	<i>Shares</i>	<i>Amount</i>	<i>Retained Earnings</i>	<i>Shares</i>	<i>Amount</i>		
<i>Balance, December 31, 2022</i>	73,242	\$ 732	\$ 507,734	\$ 6	\$ 492,764	52,744	\$ (\$ 1,819,038)
<i>Net income</i>	-	-	-	-	-	16,210	-

<i>Issuance for stock-based compensation and dividends, net of forfeitures</i>	5	-	340	-	(-	-	-
					341			
)			
<i>Stock-based compensation expense</i>	-	-	4,326	-	-	-	-	-
<i>Employee stock purchase plan</i>	-	-	172	-	-	(73	
					5			
)			
<i>Dividends (\$ 0.36 per share)</i>	-	-	-	-	(-	-	-
					7,003			
)			
<i>Repurchases of common stock</i>	-	-	-	-	-	181	(
						10,244		
)		
<i>Other</i>	-	-	-	-	(-	-	-
					6			
)			
<i>Balance, March 31, 2023</i>	73,247	\$ 732	\$ 512,572	\$ -	\$ 501,630	52,920	\$ (\$ 1 829,209)
			Stockholders' Equity					

	Common Stock			Accumulated Other			
	Shares	Amount	Additional Paid-In Capital	Comprehensive Income	Retained Earnings		
Balance, December 31, 2023	73,462	\$ 734	\$	527,288	\$	—	\$ 525,222
Net income	—	—	—	—	—	—	10,987
Issuance for stock-based compensation and dividends, net of forfeitures	(7)	1	—	285	—	—	(286)
Stock-based compensation expense	—	—	3,501	—	—	—	—
Employee stock purchase plan	—	—	—	152	—	—	—
Dividends (\$0.38 per share)	—	—	—	—	—	—	(7,128)
Repurchases of common stock	—	—	—	—	—	—	—
Balance, March 31, 2024	73,455	735	—	531,226	—	—	528,795
Net income	—	—	—	—	—	—	14,157
Issuance for stock-based compensation and dividends, net of forfeitures	24	—	—	286	—	—	(286)
Stock-based compensation expense	—	—	3,498	—	—	—	—
Employee stock purchase plan	—	—	—	151	—	—	—
Dividends (\$0.38 per share)	—	—	—	—	—	—	(7,101)
Repurchases of common stock	—	—	—	—	—	—	—
Balance, June 30, 2024	73,479	\$ 735	\$	535,161	\$	—	\$ 535,565

	Common Stock			Accumulated Other			
	Shares	Amount	Additional Paid-In Capital	Comprehensive Income	Retained Earnings		
Balance, December 31, 2022	73,242	\$ 732	\$	507,734	\$	6	\$ 492,764
Net income	—	—	—	—	—	—	16,210
Issuance for stock-based compensation and dividends, net of forfeitures	5	—	—	340	—	—	(341)
Stock-based compensation expense	—	—	—	4,326	—	—	—
Employee stock purchase plan	—	—	—	172	—	—	—
Dividends (\$0.36 per share)	—	—	—	—	—	—	(7,003)
Repurchases of common stock	—	—	—	—	—	—	—
Other	—	—	—	—	(6)	—	—
Balance, March 31, 2023	73,247	732	—	512,572	—	—	501,630
Net income	—	—	—	—	—	—	18,574
Issuance for stock-based compensation and dividends, net of forfeitures	32	—	—	322	—	—	(322)
Stock-based compensation expense	—	—	—	4,309	—	—	—
Employee stock purchase plan	—	—	—	219	—	—	—
Dividends (\$0.36 per share)	—	—	—	—	—	—	(6,945)
Repurchases of common stock	—	—	—	—	—	—	—
Balance, June 30, 2023	73,279	\$ 732	\$	517,422	\$	—	\$ 512,937

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

KFORCE INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN
(IN THOUSANDS)

	<i>Three Months Ended March 31,</i>	
	<i>2024</i>	<i>2023</i>
<i>Cash flows from operating activities:</i>		
<i>Net income</i>	\$ 10,987	\$ 16,210
<i>Adjustments to reconcile net income to cash provided by operating activities:</i>		
<i>Deferred income tax provision, net</i>	(1,301	
	244	
)	
<i>Provision for credit losses</i>	(371	
	40	
)	
<i>Depreciation and amortization</i>	1,333	1,234
<i>Stock-based compensation expense</i>	3,501	4,326
<i>Noncash lease expense</i>	938	1,130
<i>Loss on equity method investment</i>	-	750
<i>Other</i>	404	50
<i>(Increase) decrease in operating assets</i>		
<i>Trade receivables, net</i>	(2,601	
	3,456	
)	
<i>Other assets</i>	(243	
	608	
)	
<i>Increase (decrease) in operating liabilities</i>		
<i>Accrued payroll costs</i>	5,982	(
	1,230	
)	
<i>Other liabilities</i>	((
	5,628	7,930
))
<i>Cash provided by operating activities</i>	13,169	19,056
<i>Cash flows from investing activities:</i>		
<i>Capital expenditures</i>	((
	1,875	1,872
))
<i>Premiums paid for company-owned life insurance</i>	(-	
	529	
)	
<i>Proceeds from the sale of our joint venture interest</i>	- 5,059	
<i>Note receivable issued to our joint venture</i>	- (
	750	
)	
<i>Cash (used in) provided by investing activities</i>	(2,437	

			2,404
)
Cash flows from financing activities:			
<i>Proceeds from credit facility</i>		107,600	174,200
<i>Payments on credit facility</i>		((
		108,400	177,500
))
<i>Repurchases of common stock</i>		((
		2,848	11,126
))
<i>Cash dividends</i>		((
		7,128	7,003
))
<i>Other</i>		((
		2	14
))
<i>Cash used in financing activities</i>		((
		10,778	21,443
))
<i>Change in cash and cash equivalents</i>		(50
		13	
)	
<i>Cash and cash equivalents, beginning of period</i>		119	121
<i>Cash and cash equivalents, end of period</i>		\$ 106	\$ 171

	Six Months Ended June 30,	
	2024	2023
Cash flows from operating activities:		
Net income	\$ 25,144	\$ 34,784
Adjustments to reconcile net income to cash provided by operating activities:		
Deferred income tax provision, net	(1,461)	2,006
Provision for credit losses	(17)	454
Depreciation and amortization	2,888	2,574
Stock-based compensation expense	6,999	8,635
Noncash lease expense	1,848	1,803
Loss on equity method investment	—	750
Other	(993)	368
(Increase) decrease in operating assets		
Trade receivables, net	2,730	19,148
Other assets	(395)	2,461
Increase (decrease) in operating liabilities		
Accrued payroll costs	6,027	(8,414)
Other liabilities	(8,665)	(24,138)
Cash provided by operating activities	34,105	40,431
Cash flows from investing activities:		
Capital expenditures	(4,979)	(4,950)
Proceeds from company-owned life insurance	2,377	—
Premiums paid for company-owned life insurance	(1,150)	(193)
Proceeds from the sale of our joint venture interest	—	5,059

Note receivable issued to our joint venture	—	(750)
Cash used in investing activities	(3,752)	(834)
Cash flows from financing activities:		
Proceeds from credit facility	141,600	342,500
Payments on credit facility	(146,500)	(343,500)
Repurchases of common stock	(11,229)	(24,614)
Cash dividends	(14,229)	(13,947)
Other	(4)	(10)
Cash used in financing activities	(30,362)	(39,571)
Change in cash and cash equivalents	(9)	26
Cash and cash equivalents, beginning of period	119	121
Cash and cash equivalents, end of period	\$ 110	\$ 147

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

6

Table of Contents

Three Months Ended March 31,	2024	2023
Supplemental Disclosure of Cash Flow Information		
Cash Paid During the Period For:		
Income taxes	\$ 300	\$ 5,108
Operating lease liabilities	1,297	1,303
Interest, net	614	248
Non-Cash Investing and Financing Transactions:		
ROU assets obtained from operating leases	\$ 1,152	\$ 566
Employee stock purchase plan	204	245
Unsettled repurchases of common stock	200	-
Equipment and software additions included in accounts payable and other accrued liabilities	181	957

■

	Six Months Ended June 30,	
	2024	2023
Supplemental Disclosure of Cash Flow Information		
Cash Paid During the Period For:		
Income taxes	\$ 8,593	\$ 16,547
Operating lease liabilities	2,485	2,541
Interest, net	1,097	233
Non-Cash Investing and Financing Transactions:		
ROU assets obtained from operating leases	\$ 1,825	\$ 773
Employee stock purchase plan	406	541
Unsettled repurchases of common stock	400	726

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

7

Table of Contents

KFORCE INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note A - Summary of Significant Accounting Policies

Unless otherwise noted below, there have been no material changes to the accounting policies presented in Note 1 - "Summary" of **Basis of Presentation**

The unaudited condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the SEC regarding Our quarterly operating results are affected by the number of billing days in a particular quarter, the seasonality of our clients' businesses and changes in holiday and vacation days taken. In addition,

Principles of Consolidation

The unaudited condensed consolidated financial statements include the accounts of Kforce Inc. and its subsidiaries. All intercompany t **Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the **Earnings per Share**

Basic earnings per share is computed as net income divided by the weighted average number of common shares outstanding ("WASO" ("WASO") dilutive effect of potentially dilutive securities, such as unvested shares of restricted stock using the treasury stock method, except For the three months ended March 31, 2024 and 2023,

206

thousand and

212

thousand common stock equivalents were included in the diluted WASO, respectively. For the three months ended March 31, 2024 and 2023, there were

1

thousand and

264

thousand anti-dilutive common stock equivalents, respectively.

8

[Table of Contents](#)

The following table provides information on potentially dilutive securities (in thousands):

	2024	2023
<i>Three Months Ended June 30,</i>		
Common stock equivalents	190	270
Anti-dilutive common stock equivalents	7	201
<i>Six Months Ended June 30,</i>		
Common stock equivalents	192	240
Anti-dilutive common stock equivalents	4	235

Note B - Reportable Segments

The following table provides information on the operations of our segments (in thousands):

	Technology	FA	Total
<i>Three Months Ended March 31,</i>			
<i>2024</i>			
Revenue	\$ 322,084	\$ 29,805	\$ 351,889

Gross profit	\$ 84,037	\$ 11,213	\$ 95,250
Operating and other expenses	\$ 80,179		
Income from operations, before income taxes	\$ 15,071		
2023			
Revenue	\$ 364,844	\$ 41,153	\$ 405,997
Gross profit	\$ 98,411	\$ 15,565	\$ 113,976
Operating and other expenses	\$ 91,618		
Income from operations, before income taxes	\$ 22,358		

	Technology	FA	Total
<i>Three Months Ended June 30,</i>			
<i>2024</i>			
Revenue	\$ 327,874	\$ 28,444	\$ 356,318
Gross profit	\$ 87,897	\$ 11,076	\$ 98,973
Operating and other expenses			\$ 79,777
Income from operations, before income taxes			\$ 19,196
<i>2023</i>			
Revenue	\$ 352,025	\$ 37,165	\$ 389,190
Gross profit	\$ 95,485	\$ 14,781	\$ 110,266
Operating and other expenses			\$ 84,646
Income from operations, before income taxes			\$ 25,620
<i>Six Months Ended June 30,</i>			
<i>2024</i>			
Revenue	\$ 649,958	\$ 58,249	\$ 708,207
Gross profit	\$ 171,934	\$ 22,289	\$ 194,223
Operating and other expenses			\$ 159,956
Income from operations, before income taxes			\$ 34,267
<i>2023</i>			
Revenue	\$ 716,869	\$ 78,318	\$ 795,187
Gross profit	\$ 193,896	\$ 30,346	\$ 224,242
Operating and other expenses			\$ 176,264
Income from operations, before income taxes			\$ 47,978

Note C - Disaggregation of Revenue

The following table provides the disaggregation of revenue by segment and type (in thousands):

Technology	FA	Total
<i>Three Months Ended March 31,</i>		
<i>2024</i>		
<i>Revenue by type:</i>		
Flex revenue	\$ 318,514	\$ 26,210
	\$ 344,724	
Direct Hire revenue	3,570	3,595
		7,165

Total Revenue	\$ 322,084	\$ 29,805	\$ 351,889
2023			
Revenue by type:			
Flex revenue	\$ 359,524	\$ 36,008	\$ 395,532
Direct Hire revenue	5,320	5,145	10,465
Total Revenue	\$ 364,844	\$ 41,153	\$ 405,997

	Technology	FA	Total
Three Months Ended June 30,			
2024			
Flex revenue	\$ 324,064	\$ 24,720	\$ 348,784
Direct Hire revenue	3,810	3,724	7,534
Total Revenue	\$ 327,874	\$ 28,444	\$ 356,318
2023			
Flex revenue	\$ 346,326	\$ 32,144	\$ 378,470
Direct Hire revenue	5,699	5,021	10,720
Total Revenue	\$ 352,025	\$ 37,165	\$ 389,190
Six Months Ended June 30,			
2024			
Flex revenue	\$ 642,578	\$ 50,930	\$ 693,508
Direct Hire revenue	7,380	7,319	14,699
Total Revenue	\$ 649,958	\$ 58,249	\$ 708,207
2023			
Flex revenue	\$ 705,850	\$ 68,152	\$ 774,002
Direct Hire revenue	11,019	10,166	21,185
Total Revenue	\$ 716,869	\$ 78,318	\$ 795,187

Note D - Allowance for Credit Losses

The following table presents the activity within the allowance for credit losses on trade receivables for the **three** **six** months ended **Ma**

Allowance for credit losses, January 1, 2024	\$ 1,106
Current period provision	(
	40
)
Write-offs charged against the allowance, net of recoveries of amounts previously written off	(
	61
)
Allowance for credit losses, March 31, 2024	\$ 1,005

Allowance for credit losses, January 1, 2024	\$ 1,106
Current period provision	(17)
Write-offs charged against the allowance, net of recoveries of amounts previously written off	(105)
Allowance for credit losses, June 30, 2024	\$ 984

The allowances on trade receivables presented in the Unaudited Condensed Consolidated Balance Sheets include **\$ 0.7** million and **\$ 0.5** million at **March 31, 2024** **June 30, 2024** and **December 31, 2023**, respectively, for reserves unrelated to credit losses.

Table of Contents

Note E - Other Assets, Net

Other assets, net consisted of the following (in thousands):

March 31, 2024	December 31, 2023
Assets held in Rabbi Trust	\$ 44,025 \$ 40,389

Capitalized software, net

	June 30, 2024	December 31, 2023
Assets held in Rabbi Trust	\$ 45,803	\$ 40,389
Capitalized software, net ⁽¹⁾	22,468	16,434
ROU assets for operating leases, net	14,323	14,368
Deferred loan costs, net	539	658
Other non-current assets	2,253	4,075
Total Other assets, net	\$ 85,386	\$ 75,924

(1) 20,620	16,434	
ROU assets for operating leases, net	14,504	14,368
Deferred loan costs, net	598	658
Other non-current assets	3,053	4,075
Total Other assets, net	\$ 82,800	\$ 75,924

⁽¹⁾

Accumulated amortization of capitalized software was \$

~~39.6~~ \$40.3 million and \$

~~37.6~~ \$37.6 million as of March 31, 2024 June 30, 2024 and December 31, 2023, respectively.

Note F - Current Liabilities

The following table provides information on certain current liabilities (in thousands):

March 31, 2024	December 31, 2023
Accounts payable and other accrued liabilities:	
Accounts payable	\$ 43,202 \$ 42,842
Deferred compensation payable	
Deferred compensation payable	6,746 5,927
Accrued liabilities	
Accrued liabilities	5,691 8,699
Customer rebates payable	
Customer rebates payable	3,776 7,327
Total Accounts payable and other accrued liabilities	\$ 59,415 \$ 64,795
Accrued payroll costs:	
Payroll and benefits	\$ 31,075 \$ 28,110
Payroll taxes	4,329 1,705
Health insurance liabilities	3,809 3,727

Workers' compensation liabilities	533	426
Total Accrued payroll costs	\$ 39,746	\$ 33,968

		June 30, 2024	December 31, 2023
Accounts payable	\$	42,392	\$ 42,842
Deferred compensation payable		6,962	5,927
Accrued liabilities		5,047	8,699
Customer rebates payable		3,958	7,327
Total Accounts payable and other accrued liabilities	\$	58,359	\$ 64,795
Payroll and benefits	\$	33,276	\$ 28,110
Health insurance liabilities		3,576	3,727
Payroll taxes		2,134	1,705
Workers' compensation liabilities		603	426
Total Accrued payroll costs	\$	39,589	\$ 33,968

Note G - Credit Facility

On October 20, 2021, the Firm entered into an amended and restated credit agreement with Wells Fargo Bank, National Association, ("Wells Fargo") for \$200.0 million, which may, subject to certain conditions and the participation of the lenders, be increased up to an aggregate additional \$150.0 million. The maturity date of the Amended and Restated Credit Facility is October 20, 2026.

As of March 31, 2024 June 30, 2024 and December 31, 2023, \$

\$36.7 million and \$

\$41.6 million was outstanding under the Amended and Restated Credit Facility, respectively. As of March 31, 2024 June 30, 2024, we

Note H - Other Long-Term Liabilities

Other long-term liabilities consisted of the following (in thousands):

March 31, 2024	December 31, 2023
Deferred compensation payable	\$ 42,519 \$ 42,025
Operating lease liabilities	12,383 12,275
Other long-term liabilities	22 24
Total Other long-term liabilities	\$ 54,924 \$ 54,324

10

Table of Contents

	June 30, 2024	December 31, 2023
Deferred compensation payable - long term	\$ 44,325	\$ 42,025
Operating lease liabilities	12,190	12,275
Other long-term liabilities	19	24
Total Other long-term liabilities	\$ 56,534	\$ 54,324

Note I - Stock-based Stock-Based Compensation

The following table presents the restricted stock activity for the three/six months ended March 31, 2024 June 30, 2024 (in thousands, except per share data):

Number of Restricted Stock	Weighted-Average Grant Date	Total Intrinsic Value of Restricted Fair Value
		Stock Vested

Outstanding at December 31, 2023	798	\$ 60.80
Granted	5	\$ 60.01
Forfeited	(\$ 51.32
	12	
)	
Vested	(\$ 23.80
	6	
)	
Outstanding at March 31, 2024	785	\$ 61.24

	Number of Restricted Stock	Weighted-Average Grant Date Fair Value	Total Intrinsic Value of Restricted Stock Vested
Outstanding at December 31, 2023	798	\$ 60.80	
Granted	32	\$ 63.06	
Forfeited	(16)	\$ 52.94	
Vested	(39)	\$ 43.76	\$ 2,559
Outstanding at June 30, 2024	775	\$ 61.92	

As of **March 31, 2024** **June 30, 2024**, total unrecognized stock-based compensation expense related to restricted stock was **\$38.1**

million, \$35.8 million, which is expected to be recognized over a weighted-average remaining period of 4.14.0 years.

During the three and six months ended March 31, 2024 and 2023, June 30, 2024, stock-based compensation expense was \$3.5 million and \$4.3 million, respectively, respectively. During the three and six months ended June 30, 2023, stock-based compensation expense was

Note J - Commitments and Contingencies

Employment Agreements

Kforce has employment agreements with certain executives that provide for certain post-employment benefits under certain circumstances

2024 June 30, 2024, our liability would be approximately \$ 22.1

30.4 million \$30.4 million if, following a change in control, all of the executives under contract were terminated without cause by the empl
11.5

million \$11.5 million if, in the absence of a change in control, all of the executives under contract were terminated by Kforce without litigation.

Litigation

We are involved in legal proceedings, claims and administrative matters that arise in the ordinary course of business, and we have mad

11

Table of Contents

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

EXECUTIVE SUMMARY

The following is an executive summary of what Kforce believes are highlights as of and for the **three** **six** months ended **March 31, 2024** Jur

- Revenue for the **three** **six** months ended **March 31, 2024** **June 30, 2024** decreased **13.3%** **10.9%** to **\$351.9 million** **\$708.2 million** from **\$406.0 million** **\$795.2 million** in the comparable period in 2023. Revenue decreased **11.7%** **9.3%** and **27.6%** **25%**.
.
- Flex revenue for the **three** **six** months ended **March 31, 2024** **June 30, 2024** decreased **12.8%** **10.4%** to **\$344.7 million** **\$693.5 million** from **\$**. These decreases were driven by a decrease in the number of consultants on assignment.
- Direct Hire revenue for the **three** **six** months ended **March 31, 2024** **June 30, 2024** decreased **31.5%** **30.6%** to **\$7.2 million** **\$14.7 million** fr
.
- Gross profit margin for the **three** **six** months ended **March 31, 2024** **June 30, 2024** decreased **100** **80** basis points to **27.1%** **27.4%** from **28.1** due to as a result of a decline in the mix of Direct Hire revenue mix and Technology a decline in Flex gross profit margins.

margin.

- Flex gross profit margin for the **threesix** months ended **March 31, 2024** **June 30, 2024** decreased **60.30** basis points to **25.6%** **25.9%** from primarily due to a tighter pricing environment.

2023.

- SG&A expenses as a percentage of revenue for the **threesix** months ended **March 31, 2024** **June 30, 2024** increased to **22.2%** **22.0%** from **22.0%** **21.7%** in the comparable period in 2023.
- Net income for the **threesix** months ended **March 31, 2024** **June 30, 2024** decreased **32.2%** **27.7%** to **\$11.0** million, **\$25.1** million, or **\$0.58** **\$1.33** per share, from **\$16.2** million **\$34.8** million, or **\$0.82** **\$1.77** per share, for the **threesix** months.
- The Firm returned **\$9.1** million **\$24.5** million of capital to our shareholders in the form of open market repurchases totaling **\$2.0** mil.
- Cash provided by operating activities was **\$13.2** million **\$34.1** million during the **threesix** months ended **March 31, 2024** **June 30, 2024**,

12

Table of Contents

RESULTS OF OPERATIONS

Business Overview

Kforce is a leading domestic provider of technology and finance and accounting talent solutions to innovative and industry-leading companies. As of June 30, 2024, Kforce employed approximately 1,800 over 1,700 associates and had approximately 8,100 consultants on assignment. Kforce's results continue to be negatively impacted by the ongoing macroeconomic uncertainty including inflation and interest rate levels, (beginning in March 2022) to combat significant inflation, among other indicators, U.S. real gross domestic product ("GDP") growth. Based on data published by the U.S. Bureau of Labor Statistics and Staffing Industry Analysts ("SIA" ("SIA")), temporary employment figures.

Operating Results - Three and Six Months Ended March 31, 2024 June 30, 2024 and 2023

The following table presents certain items in our Unaudited Condensed Consolidated Statements of Operations as a percentage of revenue.

Three Months Ended March 31,		Three Months Ended June 30,		Six Months Ended June 30,	
2024	2023	2024	2023	2024	2023
Revenue by segment:					
Technology		92.0 %	90.5 %	91.8 %	90.2 %
FA		8.0	9.5	8.2	9.8
Total Revenue		100.0 %	100.0 %	100.0 %	100.0 %
Revenue by type:					
Flex		97.9 %	97.2 %	97.9 %	97.3 %
Direct Hire		2.1	2.8	2.1	2.7
Total Revenue		100.0 %	100.0 %	100.0 %	100.0 %
Gross profit					
Selling, general and administrative expenses		27.8 %	28.3 %	27.4 %	28.2 %
Depreciation and amortization		21.8 %	21.3 %	22.0 %	21.7 %
Income from operations		0.4 %	0.3 %	0.4 %	0.3 %
Income from operations, before income taxes		5.5 %	6.7 %	5.0 %	6.2 %
Net income		5.4 %	6.6 %	4.8 %	6.0 %
		4.0 %	4.8 %	3.6 %	4.4 %

Revenue by segment:		
Technology	91.5	% 89.9 %
FA	8.5	10.1
Total Revenue	100.0	% 100.0 %
Revenue by type:		
Flex	98.0	% 97.4 %
Direct Hire	2.0	2.6
Total Revenue	100.0	% 100.0 %
Gross profit	27.1	% 28.1 %
Selling, general and administrative expenses	22.2	% 22.0 %
Depreciation and amortization	0.4	% 0.3 %
Income from operations	4.5	% 5.8 %
Income from operations, before income taxes	4.3	% 5.5 %
Net income	3.1	% 4.0 %

13

Table of Contents

Revenue

. The following table presents revenue by type for each segment and the percentage change from the prior period (in thousands):

Three Months Ended March 31,		
2024	Increase	2023
(Decrease)		
Technology		
Flex revenue	\$ 318,514 (11.4) %	\$ 359,524
Direct Hire revenue	3,570 (32.9) %	5,320
Total Technology revenue	\$ 322,084 (11.7) %	\$ 364,844
FA		
Flex revenue	\$ 26,210 (27.2) %	\$ 36,008
Direct Hire revenue	3,595 (30.1) %	5,145
Total FA revenue	\$ 29,805 (27.6) %	\$ 41,153
Total Flex revenue	\$ 344,724 (12.8) %	\$ 395,532
Total Direct Hire revenue	7,165 (31.5) %	10,465
Total Revenue	\$ 351,889 (13.3) %	\$ 405,997

	Three Months Ended June 30,			Six Months Ended June 30,		
	2024	Increase (Decrease)	2023	2024	Increase (Decrease)	2023
Technology						
Flex revenue	\$ 324,064	(6.4)%	\$ 346,326	\$ 642,578	(9.0)%	\$ 705,850
Direct Hire revenue	3,810	(33.1)%	5,699	7,380	(33.0)%	11,019
Total Technology revenue	\$ 327,874	(6.9)%	\$ 352,025	\$ 649,958	(9.3)%	\$ 716,869
FA						
Flex revenue	\$ 24,720	(23.1)%	\$ 32,144	\$ 50,930	(25.3)%	\$ 68,152
Direct Hire revenue	3,724	(25.8)%	5,021	7,319	(28.0)%	10,166
Total FA revenue	\$ 28,444	(23.5)%	\$ 37,165	\$ 58,249	(25.6)%	\$ 78,318
Total Flex revenue	\$ 348,784	(7.8)%	\$ 378,470	\$ 693,508	(10.4)%	\$ 774,002
Total Direct Hire revenue	7,534	(29.7)%	10,720	14,699	(30.6)%	21,185
Total Revenue	\$ 356,318	(8.4)%	\$ 389,190	\$ 708,207	(10.9)%	\$ 795,187

Flex Revenue. The key drivers of Flex revenue are the number of consultants on assignment, billable hours, the bill rate per hour and, Technology Flex revenue decreased during the three and six months ended March 31, 2024 June 30, 2024 by 11.4% 6.4% and 9.0%, respectively. The result of the first quarter assignment growth experienced in the month of 2024, our leading indicators began to improve March 2024. At January early April 2024, which led to consistent growth in the number of consultants on assignment throughout March 2024. As a result, Our FA segment experienced a decrease in Flex revenue of 27.2% 23.1% and 25.3% during the three and six months ended March 31, 2024 June 30, 2024.

The following table presents the key drivers for the change in Flex revenue by segment over the prior period (in thousands):

Three Months Ended			
March 31, 2024 vs. March 31, 2023			
Key Drivers - Increase (Decrease)	Technology	FA	
Volume - hours billed	\$ (42,423)	\$ (11,341)	
Bill rate	1,370	1,518	
Billable expenses	43	25	
Total change in Flex revenue	\$ (41,010)	\$ (9,798)	

Key Drivers - Increase (Decrease)	Three Months Ended		Six Months Ended	
	June 30, 2024 vs. June 30, 2023		June 30, 2024 vs. June 30, 2023	
	Technology	FA	Technology	FA
Volume - hours billed	\$ (22,879)	\$ (7,676)	\$ (65,422)	\$ (19,085)
Bill rate	868	252	2,358	1,838
Billable expenses	(251)	–	(208)	25
Total change in Flex revenue	\$ (22,262)	\$ (7,424)	\$ (63,272)	\$ (17,222)

The following table presents total Flex hours billed by segment and percentage change over the prior period (in thousands):

Three Months Ended March 31,		
2024	Increase	2023
	(Decrease)	
Technology	3,555	(11.8) % 4,032
FA	512	(31.6) % 748
Total Flex hours billed	4,067	(14.9) % 4,780

	Three Months Ended June 30,			Six Months Ended June 30,		
	Increase		2023	Increase		2023
	2024	(Decrease)		2024	(Decrease)	
Technology	3,575	(6.6)%	3,829	7,130	(9.3)%	7,861
FA	482	(23.9)%	633	994	(28.0)%	1,381
Total Flex hours billed	4,057	(9.1)%	4,462	8,124	(12.1)%	9,242

Direct Hire Revenue. The key drivers of Direct Hire revenue are the number of placements and the associated placement fee. Direct Hire Direct Hire revenue decreased 31.5% 29.7% and 30.6% during the three and six months ended March 31, 2024 June 30, 2024, respectively, as compared to the same period periods in 2023, which was primarily driven by a decrease in placements:

Table of Contents

Gross Profit. Gross profit is calculated by deducting direct costs (primarily consultant compensation, payroll taxes, payroll-related i The following table presents the gross profit percentage (gross profit as a percentage of total revenue) by segment and percentage cha

Three Months Ended March 31,		
2024	Increase	2023
	(Decrease)	
Technology	26.1 % (3.3) % 27.0 %	
FA	37.6 % (0.5) % 37.8 %	
Total gross profit percentage	27.1 % (3.6) % 28.1 %	

	Three Months Ended June 30,			Six Months Ended June 30,		
	Increase		2023	Increase		2023
	2024	(Decrease)		2024	(Decrease)	
Technology	26.8 %	(1.1)%	27.1 %	26.5 %	(1.9)%	27.0 %
FA	38.9 %	(2.3)%	39.8 %	38.3 %	(1.0)%	38.7 %
Total gross profit percentage	27.8 %	(1.8)%	28.3 %	27.4 %	(2.8)%	28.2 %

The total gross profit percentage for the three and six months ended March 31, 2024 June 30, 2024 decreased 100.50 and 80 basis points, respectively. The Flex gross profit percentage (Flex gross profit as a percentage of Flex revenue) provides management with helpful insights into the operating performance of the business. The following table presents the Flex gross profit percentage by segment and percentage change over the prior period:

Three Months Ended March 31,					
2024	Increase	2023			
	(Decrease)				
Technology	25.3 %	(2.3) %	25.9 %		
FA	29.1 %	0.7 %	28.9 %		
Total Flex gross profit percentage	25.6 %	(2.3) %	26.2 %		

	Three Months Ended June 30,			Six Months Ended June 30,		
	2024	Increase (Decrease)	2023	2024	Increase (Decrease)	2023
Technology	25.9 %	– %	25.9 %	25.6 %	(1.2)%	25.9 %
FA	29.7 %	(2.3)%	30.4 %	29.4 %	(0.7)%	29.6 %
Total Flex gross profit percentage	26.2 %	(0.4)%	26.3 %	25.9 %	(1.1)%	26.2 %

Our Flex gross profit percentage decreased 60, 10 and 30 basis points for the three and six months ended March 31, 2024, June 30, 2024, respectively.

- Technology Flex gross profit margins remained flat and decreased 60 basis points for the three and six months ended March 31, gross profit margins declined 10 basis points as a result of seasonal payroll tax increases, which was partially offset by lower healthcare costs. We expect Technology Flex gross profit margins to remain fairly stable sequentially.
- FA Flex gross profit margins increased 70 and 20 basis points for the three and six months ended March 31, June 30, and September 30, 2024, respectively. The increase was driven by a more favorable pricing environment and lower healthcare costs. We expect FA Flex gross profit margins for the second and third quarters of 2024 to remain stable.

The following table presents the key drivers for the change in Flex gross profit by segment over the prior period (in thousands):

Three Months Ended		
March 31, 2024 vs. March 31, 2023		
Key Drivers - Increase (Decrease)	Technology	FA
Revenue impact (volume)	\$ (10,619)	\$ (2,835)
Profitability impact (rate)	(2,005)	34
Total change in Flex gross profit	\$ (12,624)	\$ (2,801)

Key Drivers - Increase (Decrease)	Three Months Ended		Six Months Ended	
	June 30, 2024 vs. June 30, 2023		June 30, 2024 vs. June 30, 2023	
	Technology	FA	Technology	FA
Revenue impact (volume)	\$ (5,771)	\$ (2,255)	\$ (16,393)	\$ (5,100)
Profitability impact (rate)	72	(154)	(1,930)	(110)
Total change in Flex gross profit	\$ (5,699)	\$ (2,409)	\$ (18,323)	\$ (5,210)

SG&A Expenses. Total compensation, commissions, payroll taxes and benefit costs as a percentage of SG&A expenses represented 83.9% 84.31, 2024 June 30, 2024, respectively, as compared to 84.6% 85.6% and 85.1% for the comparable period periods in 2023. 2023, respectively.

Table of Contents

The following table presents certain components of SG&A expenses as a percentage of total revenue for the three months ended March 31

2024	% of Revenue	2023	% of Revenue
Three Months Ended March 31,			

Compensation, commissions, payroll taxes and benefits costs	\$ 65,609	18.6 %	\$ 75,615	18.6 %
Other				
Three Months Ended June 30,			2024	% of Revenue
Compensation, commissions, payroll taxes and benefits costs	\$ 65,425	18.4 %	\$ 71,004	18.2 %
Other ⁽¹⁾	12,293	3.4 %	11,989	3.1 %
Total SG&A	\$ 77,718	21.8 %	\$ 82,993	21.3 %
Six Months Ended June 30,			2023	% of Revenue
Compensation, commissions, payroll taxes and benefits costs	\$ 131,033	18.5 %	\$ 146,619	18.4 %
Other ⁽¹⁾	24,875	3.5 %	25,713	3.2 %
Total SG&A	\$ 155,908	22.0 %	\$ 172,332	21.7 %
(1) 12,581 3.6 % 13,724 3.4 %				
Total SG&A	\$ 78,190 22.2 % \$ 89,339 22.0 %			

⁽¹⁾

Includes items such as credit loss expense, lease expense, professional fees, travel, communication and office related expense, and certain other expense. SG&A expenses as a percentage of revenue increased 2050 and 30 basis points for the three and six months ended **March 31, 2024** June 30, while

For compensation and related expenses, we have gained leverage in areas of variable compensation due to the lower revenue and gross profit levels and through our organizational realignment activities in 2023, as well as other actions taken to align our costs to the lower revenue levels, we are experiencing experience a degree of SG&A deleverage as we look aim to retain our most productive. The increase in technology-related expenditures during Other SG&A expenses was primarily attributable to higher insurance and travel related expenses. We continue to prioritize investments in our strategic initiatives, including our integrated strategy, nearshore and offshore delivery. Depreciation and Amortization. The following table presents depreciation and amortization expense and percentage change over the prior

Three Months Ended March 31,		
2024	Increase	2023
	(Decrease)	
Fixed asset depreciation	\$ 800 26.2 %	\$ 634
Capitalized software amortization	533 (11.2) %	600
Total Depreciation and amortization	\$ 1,333 8.0 %	\$ 1,234

	Three Months Ended June 30,			Six Months Ended June 30,		
	2024	Increase (Decrease)	2023	2024	Increase (Decrease)	2023
Fixed asset depreciation	\$ 819	(7.4)%	\$ 884	\$ 1,619	6.7 %	\$ 1,518
Capitalized software amortization	736	61.4 %	456	1,269	20.2 %	1,056
Total Depreciation and amortization	\$ 1,555	16.0 %	\$ 1,340	\$ 2,888	12.2 %	\$ 2,574

Other Expense, Net. Other expense, net for the three months ended **March 31, 2024** June 30, 2024 and 2023 was \$0.7 million \$0.5 million and \$1.0 million \$0.3 million, respectively. Other expense, net for the six months ended June 30, 2024 and 2023 was

During the three and six months ended **March 31, 2023** June 30, 2023, this balance also includes included our proportionate share of losses. Income Tax Expense. Income tax expense as a percentage of income from operations, before income taxes (our "effective" effective tax rate) items such as Internal Revenue Code Section 162(m) the proceeds from company-owned life insurance received during the three months ended

16

Table of Contents

Non-GAAP Financial Measures

Revenue

Revenue Growth Rates. **"Revenue"** Revenue growth rates, **"** a non-GAAP financial measure, is defined by Kforce as **"** year-over-year revenue growth after removing the impacts on reported revenues from the changes in the number of billing days. Management

Year-Over-Year Growth Rates (As Reported)					
2024		2023			
	Q1	Q4	Q3	Q2	Q1
Technology Flex	(11.4)%	(11.1)%	(12.5)%	(7.8)%	2.2%
FA Flex	(27.2)%	(28.0)%	(26.9)%	(27.3)%	(28.2)%
Total Flex revenue	(12.8)%	(12.8)%	(13.9)%	(9.8)%	(1.6)%

Year-Over-Year Growth Rates (As Adjusted)					
2024		2023			
	Q1	Q4	Q3	Q2	Q1
Billing Days	64	61	63	64	64
Technology Flex	(11.4)%	(11.1)%	(11.1)%	(7.8)%	2.2%
FA Flex	(27.2)%	(28.0)%	(25.7)%	(27.3)%	(28.2)%
Total Flex revenue	(12.8)%	(12.8)%	(12.5)%	(9.8)%	(1.6)%

Sequential Growth Rates (As Reported)					
2024		2023			
	Q2	Q1	Q4	Q3	Q2
Technology Flex	1.7%	(2.3)%	(2.5)%	(3.5)%	(3.7)%
FA Flex	(5.7)%	(11.5)%	(1.0)%	(7.0)%	(10.7)%
Total Flex revenue	1.2%	(3.1)%	(2.3)%	(3.8)%	(4.3)%

Sequential Growth Rates (As Adjusted)					
2024		2023			
	Q2	Q1	Q4	Q3	Q2
Billing Days	64	64	61	63	64
Technology Flex	1.7%	(6.9)%	0.7%	(2.0)%	(3.7)%
FA Flex	(5.7)%	(15.7)%	2.3%	(5.5)%	(10.7)%
Total Flex revenue	1.2%	(7.6)%	0.9%	(2.3)%	(4.3)%

Year-Over-Year Growth Rates (As Reported)						
2024		2023				
	YTD	Q2	Q1	Q4	Q3	Q2
Technology Flex	(9.0)%	(6.4)%	(11.4)%	(11.1)%	(12.5)%	(7.8)%
FA Flex	(25.3)%	(23.1)%	(27.2)%	(28.0)%	(26.9)%	(27.3)%
Total Flex revenue	(10.4)%	(7.8)%	(12.8)%	(12.8)%	(13.9)%	(9.8)%

Year-Over-Year Growth Rates (As Adjusted)						
2024		2023				
	YTD	Q2	Q1	Q4	Q3	Q2
Billing Days	128	64	64	61	63	64
Technology Flex	(9.0)%	(6.4)%	(11.4)%	(11.1)%	(11.1)%	(7.8)%
FA Flex	(25.3)%	(23.1)%	(27.2)%	(28.0)%	(25.7)%	(27.3)%
Total Flex revenue	(10.4)%	(7.8)%	(12.8)%	(12.8)%	(12.5)%	(9.8)%

Free Cash Flow. **"Free"** Free Cash Flow, **"** a non-GAAP financial measure, is defined by Kforce as net cash provided by operating activities.

Three Months Ended March 31,		
2024		2023
Net cash provided by operating activities	\$ 13,169	\$ 19,056
Capital expenditures	(1,875)	(1,872)
Free cash flow	11,294	17,184

Change in debt	(800)	(3,300)
Repurchases of common stock	(2,848)	(11,126)
Cash dividends	(7,128)	(7,003)
Premiums paid for company-owned life insurance	(529)	-
Proceeds from the sale of our joint venture interest	-	5,059
Note receivable issued to our joint venture	-	(750)
Other	(2)	(14)
Change in cash and cash equivalents	\$ (13)	\$ 50

17

Table of Contents

	Six Months Ended June 30,	
	2024	2023
Net cash provided by operating activities	\$ 34,105	\$ 40,431
Capital expenditures	(4,979)	(4,950)
Free cash flow	29,126	35,481
Change in debt	(4,900)	(1,000)
Repurchases of common stock	(11,229)	(24,614)
Cash dividends	(14,229)	(13,947)
Proceeds from company-owned life insurance	2,377	-
Premiums paid for company-owned life insurance	(1,150)	(193)
Proceeds from the sale of our joint venture interest	-	5,059
Note receivable issued to our joint venture	-	(750)
Other	(4)	(10)
Change in cash and cash equivalents	\$ (9)	\$ 26

Adjusted EBITDA. **Adjusted** EBITDA, **Adjusted** a non-GAAP financial measure, is defined by Kforce as net income before depreciation and and certain other items. **Adjusted** EBITDA should not be considered a measure of financial performance under GAAP. Items excl In addition, although we excluded stock-based compensation expense because it is a non-cash expense, we expect to continue to incur st

The following table presents a reconciliation of net income to Adjusted EBITDA (in thousands):

	2024	2023
Three Months Ended March 31,		
Net income	\$ 10,987	\$ 16,210
Depreciation and amortization	1,333	1,234
Stock-based compensation expense	3,501	4,326
Interest expense, net	655	296
Income tax expense	4,084	6,148
Loss from equity method investment	-	750
Other	-	(235)
Adjusted EBITDA	\$ 20,560	\$ 28,729

18

Table of Contents

	2024	2023
Three Months Ended June 30,		
Net income	\$ 14,157	\$ 18,574
Depreciation and amortization	1,555	1,340
Stock-based compensation expense	3,498	4,309
Interest expense, net	504	313
Income tax expense	5,039	7,046

Adjusted EBITDA	\$ 24,753	\$ 31,582
<i>Six Months Ended June 30,</i>		
Net income	\$ 25,144	\$ 34,784
Depreciation and amortization	2,888	2,574
Stock-based compensation expense	6,999	8,635
Interest expense, net	1,159	608
Income tax expense	9,123	13,194
Loss from equity method investment	—	750
Adjusted EBITDA	\$ 45,313	\$ 60,545

LIQUIDITY AND CAPITAL RESOURCES

To meet our capital and liquidity requirements, we primarily rely on our operating cash flows and borrowings under our credit facility **2024 June 30, 2024** and December 31, 2023, we had **\$40.8 million** **\$36.7 million** and **\$41.6 million** outstanding under our Amended and Restated Credit Facility.

Cash Flows

We are principally focused on generating positive cash flows from operating activities, investing in our business to sustain our long-term growth and repurchasing common stock.

Cash provided by operating activities was **\$13.2 million** **\$34.1 million** during the **three** **six** months ended **March 31, 2024** **June 30, 2024**, as offset by the timing of payments.

receivables.

Cash used in investing activities during the **three** **six** months ended **March 31, 2024** **June 30, 2024** was **\$2.4 million** **\$3.8 million** and primarily related to capital expenditures.

Cash provided by investing activities was **\$2.4 million** **\$0.8 million** during the **three** **six** months ended **March 31, 2023** **June 30, 2023**, and **\$5.0 million**.

Cash used in financing activities was **\$10.8 million** **\$30.4 million** during the **three** **six** months ended **March 31, 2024** **June 30, 2024**, compared to **\$10.8 million** **\$30.4 million** during the **three** **six** months ended **March 31, 2023** **June 30, 2023**.

The following table presents the cash flow impact of the common stock repurchase activity (in thousands):

Three Months Ended March 31,		
	2024	2023
Open market repurchases	\$ 2,720	\$ 10,985
Repurchase of shares related to tax withholding requirements for vesting of restricted stock	128	141
Total cash flow impact of common stock repurchases	\$ 2,848	\$ 11,126
Cash paid in current year for settlement of prior year repurchases	\$ 920	\$ 974

	Six Months Ended June 30,	
	2024	2023
Open market repurchases	\$ 10,828	\$ 24,252
Repurchase of shares related to tax withholding requirements for vesting of restricted stock	401	362
Total cash flow impact of common stock repurchases	\$ 11,229	\$ 24,614
Cash paid in current year for settlement of prior year repurchases	\$ 920	\$ 974

During the **three** **six** months ended **March 31, 2024** **June 30, 2024** and 2023, Kforce declared and paid quarterly dividends of **\$7.1 million** **\$1.7 million**.

We believe that existing cash and cash equivalents, operating cash flows and available borrowings under our Amended and Restated Credit Facility are sufficient to meet our liquidity needs for the next twelve months.

Credit Facility

On October 20, 2021, the Firm entered into the Amended and Restated Credit Facility, which has a maximum borrowing capacity of \$200.0 million. As of **June 30, 2024**, **\$40.8 million** **\$36.7 million** was outstanding and **\$158.2 million** **\$162.3 million** was available on our Amended and Restated Credit Facility.

Stock Repurchases

In February 2024, the Board approved an increase in our stock repurchase authorization, bringing the total authorization to **\$100.0 million**.

19

Table of Contents

Contractual Obligations and Commitments

Other than the changes described below and elsewhere in this Quarterly Report, there have been no material changes during the period covered.

CRITICAL ACCOUNTING ESTIMATES

Our unaudited condensed consolidated financial statements are prepared in accordance with GAAP. In connection with the preparation of

NEW ACCOUNTING STANDARDS

Refer to Note 1 - "Summary" of Significant Accounting Policies in the Notes to the Consolidated Financial Statements,

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

RISK.

With respect to our quantitative and qualitative disclosures about market risk, there have been no material changes to the information

ITEM 4. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

As of **March 31, 2024** June 30, 2024, we carried out an evaluation required by Rules 13a-15 and 15d-15 under the Exchange Act (the "Evaluation of Disclosure Controls and Procedures")

Management has evaluated, with the participation of our CEO and CFO, whether any changes in our internal control over financial report ("Inherent Limitations of Internal Control Over Financial Reporting")

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls ("CEO and CFO Certifications")

Exhibits 31.1 and 31.2 are the Certifications of the CEO and the CFO, respectively. The Certifications are required in accordance with Rule 13a-14(d) of the Exchange Act.

Table of Contents

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

We are involved in legal proceedings, claims and administrative matters that arise in the ordinary course of business, and we have made no material changes to the information.

ITEM 1A. RISK FACTORS.

There have been no material changes in the risk factors previously disclosed in our 2023 Annual Report on Form 10-K.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

Purchases of Equity Securities by the Issuer

Purchases of common stock under the Board authorized stock repurchase plan (the "Plan") are subject to certain price, market, volume and other restrictions.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of	Approximate Dollar Value of Shares that May Yet Be Purchased Under the

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (2)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (2)
April 1, 2024 to April 30, 2024	10,816	\$ 61.63	10,816	\$ 97,333,201
May 1, 2024 to May 31, 2024	4,833	\$ 64.86	663	\$ 97,292,096
June 1, 2024 to June 30, 2024	123,331	\$ 61.63	123,331	\$ 89,691,557
Total	138,980	\$ 61.74	134,810	\$ 89,691,557

(1)	Publicly Announced	Purchased Under the	Plans or Programs	Plans or Programs (2)
January 1, 2024 to January 31, 2024	-	\$ -	\$ 41,731,977	
February 1, 2024 to February 29, 2024	1,854	\$ 69.18	\$ 100,000,000	
March 1, 2024 to March 31, 2024	28,640	\$ 69.84	\$ 97,999,764	
Total	30,494	\$ 69.80	\$ 97,999,764	

(1) Includes 1,854,4170 shares received upon vesting of restricted stock to satisfy tax withholding requirements for the period February 1, 2024 May 1, 2024 May 31, 2024.

(2) In February 2024, the Board approved a change in our stock repurchase authorization, increasing bringing the available total authorization to \$100.0 million.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. MINE SAFETY DISCLOSURES.

None

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None.

ITEM 5. OTHER INFORMATION.

Insider Trading Arrangements

During the three months ended March 31, 2024 June 30, 2024, none of the Company's officers or directors adopted or terminated

21

Table of Contents

ITEM 6. EXHIBITS.

Exhibit Number	Description
3.1	Amended and Restated Articles of Incorporation, incorporated by reference to the Registrant's Registration Statement on Form S-1 (File No. 33-91738) filed with the SEC on April 28, 1995.
3.1a	Articles of Amendment to Articles of Incorporation, incorporated by reference to the Registrant's Registration Statement on Form S-4/A (File No. 333-111566) filed with the SEC on February 9, 2004, as amended.
3.1b	Articles of Amendment to Articles of Incorporation, incorporated by reference to the Registrant's Registration Statement on Form S-4/A (File No. 333-111566) filed with the SEC on February 9, 2004, as amended.
3.1c	Articles of Amendment to Articles of Incorporation, incorporated by reference to the Registrant's Registration Statement on Form S-4/A (File No. 333-111566) filed with the SEC on February 9, 2004, as amended.
3.1d	Articles of Amendment to Articles of Incorporation, incorporated by reference to the Registrant's Current Report on Form 8-K (File No. 000-26058) filed with the SEC on May 17, 2000.
3.1e	Articles of Amendment to Articles of Incorporation, incorporated by reference to the Registrant's Annual Report on Form 10-K (File No. 000-26058) filed with the SEC on March 29, 2002.
3.2	Amended & Restated Bylaws, incorporated by reference to the Registrant's Current Report on Form 8-K (File No. 000-26058) filed with the SEC on April 29, 2013.
31.1	Certification by the Chief Executive Officer of Kforce Inc. pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification by the Chief Financial Officer of Kforce Inc.

	pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification by the Chief Executive Officer
	of Kforce Inc. pursuant to 18 U.S.C.
	Section 1350, as adopted pursuant to Section
	906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification by the Chief Financial Officer
	of Kforce Inc. pursuant to 18 U.S.C.
	Section 2350, as adopted pursuant to Section
	906 of the Sarbanes-Oxley Act of 2002.
101.1	The following material from this Quarterly Report on Form 10-Q of
	Kforce Inc. for the period ended March 31, 2024, formatted in XBRL Part
	I, Item 1 of this Form 10-Q formatted in XBRL (Extensible Business
	Reporting Language): (i) Unaudited Condensed Consolidated Statements
	of Operations; (ii) Unaudited Condensed Consolidated Balance Sheets;
	(iii) Unaudited Condensed Consolidated Statement of Changes in
	Stockholders' Equity; (iv) Unaudited Condensed Consolidated Statements
	of Cash Flows; and (v) related notes to these financial statements.
104	Cover Page Interactive Data File - the cover page
	interactive data file does not appear in the
	Interactive Data File because its XBRL tags
	are embedded within the Inline XBRL document.

22

Table of Contents

Exhibit Number

3.1	Amended and Restated Articles of Incorporation, incorporated by reference to the Registrant's Registration Statement on Form S-1 (File No. 000-26058) filed with the SEC on April 1, 2024.
3.1a	Articles of Amendment to Articles of Incorporation, incorporated by reference to the Registrant's Registration Statement on Form S-4/A (File No. 000-26058) filed with the SEC on April 1, 2024.
3.1b	Articles of Amendment to Articles of Incorporation, incorporated by reference to the Registrant's Registration Statement on Form S-4/A (File No. 000-26058) filed with the SEC on April 1, 2024.
3.1c	Articles of Amendment to Articles of Incorporation, incorporated by reference to the Registrant's Registration Statement on Form S-4/A (File No. 000-26058) filed with the SEC on April 1, 2024.
3.1d	Articles of Amendment to Articles of Incorporation, incorporated by reference to the Registrant's Current Report on Form 8-K (File No. 000-26058) filed with the SEC on April 1, 2024.
3.1e	Articles of Amendment to Articles of Incorporation, incorporated by reference to the Registrant's Annual Report on Form 10-K (File No. 000-26058) filed with the SEC on April 1, 2024.
3.2	Amended & Restated Bylaws, incorporated by reference to the Registrant's Current Report on Form 8-K (File No. 000-26058) filed with the SEC on April 1, 2024.
31.1	Certification by the Chief Executive Officer of Kforce Inc. pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification by the Chief Financial Officer of Kforce Inc. pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification by the Chief Executive Officer of Kforce Inc. pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification by the Chief Financial Officer of Kforce Inc. pursuant to 18 U.S.C. Section 2350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.1	The following material from this Quarterly Report on Form 10-Q of Kforce Inc. for the period ended June 30, 2024, formatted in XBRL Part I, Item 1.
104	Cover Page Interactive Data File - formatted in Inline XBRL and contained in Exhibit 101.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on behalf of the registrant by the following persons in the capacities and on the dates indicated.

Date: May 1, 2024 By: /s/ JEFFREY B. HACKMAN

Jeffrey B. Hackman
Chief Financial Officer
(Principal Financial and Accounting Officer)

23

KFORCE INC.

Date: July 31, 2024

By:

/s/ JEFFREY B. HACKMAN

Jeffrey B. Hackman

Chief Financial Officer

(Principal Financial and Accounting Officer)

26

Exhibit 31.1

CERTIFICATIONS

I, Joseph J. Liberatore, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Kforce Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact ne
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under o (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be de (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred (e) Disclosed in this report any fraud, whether or not material, that involves management or other employees who have a significant role in the registr
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registr

Date: May 1, 2024 /s/ JOSEPH J. LIBERATORE
Joseph J. Liberatore
Chief Executive Officer
(Principal Executive Officer)

Date: July 31, 2024

/s/ JOSEPH J. LIBERATORE

Joseph J. Liberatore
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATIONS

I, Jeffrey B. Hackman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Kforce Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition of the registrant as of the end of the period covered by this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15) for the registrant and have:

 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to be sufficient to prevent material non-compliance with the rules and regulations of the Securities and Exchange Commission regarding the disclosure of the registrant's periodic reports;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance that the registrant's periodic reports filed under the Securities Exchange Act will fairly present, in all material respects, the financial condition of the registrant as of the end of the period covered by such periodic reports;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of such controls and procedures, based on such evaluation;
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's audited financial statements:

 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting that could reasonably be expected to adversely affect the registrant's ability to file timely and accurate periodic reports;
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 1, 2024
/s/ JEFFREY B. HACKMAN
Jeffrey B. Hackman,
Chief Financial Officer
(Principal Financial and Accounting Officer)

Date: July 31, 2024

/s/ JEFFREY B. HACKMAN

Jeffrey B. Hackman,
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Kforce Inc. ("Kforce" ("Kforce")) on Form 10-Q for the quarterly period ended **March 31, 2024**, I, Joseph J. Liberatore, certify that:

- (1) The Form 10-Q fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. § 78l or § 78o(d));
- (2) The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Kforce Inc.

Date: May 1, 2024 /s/ JOSEPH J. LIBERATORE
Joseph J. Liberatore
Chief Executive Officer
(Principal Executive Officer)

Date: July 31, 2024

/s/ JOSEPH J. LIBERATORE

Joseph J. Liberatore

Chief Executive Officer

(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO SECTION 906

OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Kforce Inc. ("Kforce" ("Kforce") on Form 10-Q for the quarterly period ended **March 31, 2024**:

- (1) The Form 10-Q fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78l-4(a) or 78o(d)).
- (2) The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the company.

Date: May 1, 2024

/s/ JEFFREY B. HACKMAN

Jeffrey B. Hackman,

Chief Financial Officer

(Principal Financial and Accounting Officer)

{graphic omitted}

{graphic omitted}

{graphic omitted}

Date: July 31, 2024

/s/ JEFFREY B. HACKMAN

Jeffrey B. Hackman,

Chief Financial Officer

(Principal Financial and Accounting Officer)

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