

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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 08, 2024

KELLY SERVICES, INC.

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

0-1088
(Commission
File Number)

38-1510762
(IRS Employer
Identification No.)

999 West Big Beaver Road, Troy, Michigan 48084

(Address of principal executive offices) (Zip Code)

(248) 362-4444

(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

| Title of each class | Trading Symbols | Name of each exchange on which registered |
|---------------------|-----------------|---|
| Class A Common | KELYA | NASDAQ Global Market |
| Class B Common | KELYB | NASDAQ Global Market |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

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 new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition

Kelly Services, Inc. (the "Company") today released financial information containing highlighted financial data for the three and six months ended June 30, 2024. A copy of the press release is attached as Exhibit 99.1 to this Current Report on Form 8-K and incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

| <u>Exhibit No.</u> | <u>Description</u> |
|----------------------|---|
| 99.1 | Press Release dated August 8, 2024. |
| 99.2 | Presentation materials for August 8, 2024 conference call. |
| 104 | Cover Page Interactive Data File (embedded within the Inline XBRL document) |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

August 8, 2024

/s/ Laura S. Lockhart
Laura S. Lockhart

Vice President, Corporate Controller and
Chief Accounting Officer
(Principal Accounting Officer)

EXHIBIT INDEX

| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|---|
| 99.1 | Press Release dated August 8, 2024. |
| 99.2 | Presentation materials for August 8, 2024 conference call. |
| 104 | Cover Page Interactive Data File (embedded within the Inline XBRL document) |



Kelly Reports Second-Quarter 2024 Earnings

- Q2 operating earnings of \$12.2 million; \$28.1 million on an adjusted basis, up 95%
- Q2 revenue down following sale of European staffing operations; up 0.6% on an organic basis
- Q2 adjusted EBITDA margin increased 170 basis points to 3.7% driven by meaningful reduction in operating expenses resulting from business transformation initiatives and sale of European staffing operations
- Company expects further expansion of EBITDA margin from the May 31, 2024 acquisition of Motion Recruitment Partners, LLC ("MRP")

TROY, Mich. (August 8, 2024) – Kelly (Nasdaq: KELYA, KELYB), a leading specialty talent solutions provider, today announced results for the second quarter of 2024.

Peter Quigley, president and chief executive officer, announced revenue for the second quarter of 2024 totaled \$1.06 billion, a 13.1% decrease compared to the corresponding quarter of 2023 resulting primarily from the sale of the company's European staffing operations on January 2, 2024. Excluding the impact of the sale of the European staffing operations and the recent acquisition of MRP, revenue improved 0.6% on an organic basis reflecting the continuing impact of customers' more guarded approach to hiring and initiating new projects or capital spending. MRP revenue is included in reported revenue upon acquisition beginning in June 2024 and added 400 bps to reported year-over-year revenue growth.

Kelly reported operating earnings in the second quarter of 2024 of \$12.2 million, compared to earnings of \$6.2 million reported in the second quarter of 2023. Adjusted earnings were \$28.1 million in the second quarter of 2024. The \$15.9 million increase from reported earnings includes a loss on the sale of our European staffing operations, charges related to transformation actions and the sale of our European staffing operations, an impairment charge related to excess leased property and a gain on the sale of assets related to the Ayers Group. The acquisition of MRP added \$1.5 million of earnings from operations in the second quarter of 2024. Adjusted earnings in the second quarter of 2023 were \$14.2 million. The \$8.0 million increase from reported earnings included transformation related charges and an asset impairment charge. The European staffing operations produced \$1 million of earnings from operations on an adjusted basis in the second quarter of 2023.

Earnings per share in the second quarter of 2024 were \$0.12 compared to earnings per share of \$0.20 in the second quarter of 2023. Included in earnings per share in the second quarter of 2024 were a loss on the sale of EMEA staffing operations and a gain on the sale of Ayers Group, net of tax of \$0.16, as well as transaction costs related to the acquisition of MRP, restructuring charges associated with our transformation and an asset impairment charge, net of tax, of \$0.43. Included in the earnings per share in the second quarter of 2023 are \$0.16 per share related to restructuring charges and an asset impairment charge, net of tax. On an adjusted basis, earnings per share were \$0.71 in the second quarter of 2024, a significant improvement from \$0.36 per share in the corresponding quarter of 2023.

"In the second quarter, employers continued to take a cautious approach to hiring, though customer demand stabilized on a sequential basis across much of our business – a development that is reflected in Kelly's organic revenue for the quarter," said Quigley. "As we continued to navigate uncertain market conditions, we remained focused on what we can control. Our ongoing growth and efficiency initiatives increased Kelly's EBITDA margin in the first half of the year to 3.4% on an organic, adjusted basis – at the midpoint of our initial expectation for EBITDA margin expansion which we established one year ago. This improvement, combined with the scale and capabilities we added through our recent acquisition of MRP, position Kelly to accelerate profitable growth as market conditions improve."

Kelly also reported that on August 7, its board of directors declared a dividend of \$0.075 per share. The dividend is payable on September 4, 2024, to stockholders of record as of the close of business on August 21, 2024.

In conjunction with its second-quarter earnings release, Kelly has published a financial presentation on the Investor Relations page of its public website and will host a conference call at 9 a.m. ET on August 8 to review the results and answer questions. The call may be accessed in one of the following ways:

Via the Internet:
Kellyservices.com

Via the telephone
(877) 692-8955 (toll free) or (234) 720-6979 (caller paid)
Enter access code 5728672
After the prompt, please enter “#”

A recording of the conference call will be available after 1:30 p.m. ET on August 8, 2024, at (866) 207-1041 (toll-free) and (402) 970-0847 (caller-paid). The access code is 2784290#. The recording will also be available at kellyservices.com during this period.

This release contains statements that are forward looking in nature and, accordingly, are subject to risks and uncertainties. These statements are made under the “safe harbor” provisions of the U.S. Private Securities Litigation Reform Act of 1995. Statements that are not historical facts, including statements about Kelly’s financial expectations, are forward-looking statements. Factors that could cause actual results to differ materially from those contained in this release include, but are not limited to, (i) changing market and economic conditions, (ii) disruption in the labor market and weakened demand for human capital resulting from technological advances, loss of large corporate customers and government contractor requirements, (iii) the impact of laws and regulations (including federal, state and international tax laws), (iv) unexpected changes in claim trends on workers’ compensation, unemployment, disability and medical benefit plans, (v) litigation and other legal liabilities (including tax liabilities) in excess of our estimates, (vi) our ability to achieve our business’s anticipated growth strategies, (vii) our future business development, results of operations and financial condition, (viii) damage to our brands, (ix) dependency on third parties for the execution of critical functions, (x) conducting business in foreign countries, including foreign currency fluctuations, (xi) availability of temporary workers with appropriate skills required by customers, (xii) cyberattacks or other breaches of network or information technology security, and (xiii) other risks, uncertainties and factors discussed in this release and in the Company’s filings with the Securities and Exchange Commission. In some cases, forward-looking statements can be identified by words or phrases such as “may,” “will,” “expect,” “anticipate,” “target,” “aim,” “estimate,” “intend,” “plan,” “believe,” “potential,” “continue,” “is/are likely to” or other similar expressions. All information provided in this press release is as of the date of this press release and we undertake no duty to update any forward-looking statement to conform the statement to actual results or changes in the Company’s expectations.

About Kelly®

Kelly Services, Inc. (Nasdaq: KELYA, KELYB) helps companies recruit and manage skilled workers and helps job seekers find great work. Since inventing the staffing industry in 1946, we have become experts in the many industries and local and global markets we serve. With a network of suppliers and partners around the world, we connect more than 500,000 people with work every year. Our suite of outsourcing and consulting services ensures companies have the people they need, when and where they are needed most. Headquartered in Troy, Michigan, we empower businesses and individuals to access limitless opportunities in industries such as science, engineering, technology, education, manufacturing, retail, finance, and energy. Revenue in 2023 was \$4.8 billion. Learn more at kellyservices.com.

KLYA-FIN

###

ANALYST & MEDIA CONTACT:

Scott Thomas
(248) 251-7264
scott.thomas@kellyservices.com

KELLY SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
FOR THE 13 WEEKS ENDED JUNE 30, 2024 AND JULY 2, 2023
(UNAUDITED)

(In millions of dollars except per share data)

| | <u>2024</u> | <u>2023</u> | <u>Change</u> | <u>% Change</u> | <u>CC % Change</u> |
|--|-------------|-------------|---------------|---------------------|------------------------|
| Revenue from services | \$ 1,057.5 | \$ 1,217.2 | \$ (159.7) | (13.1) % | (13.0) % |
| Cost of services | 843.8 | 976.6 | (132.8) | (13.6) | |
| Gross profit | 213.7 | 240.6 | (26.9) | (11.2) | (11.1) |
| Selling, general and administrative expenses | 191.5 | 232.0 | (40.5) | (17.4) | (17.4) |
| Asset impairment charge | 5.5 | 2.4 | 3.1 | 124.1 | |
| Loss on sale of EMEA staffing operations | 10.0 | — | 10.0 | NM | |
| Gain on sale of assets | (5.5) | — | (5.5) | NM | |
| Earnings from operations | 12.2 | 6.2 | 6.0 | 95.9 | |
| Other income (expense), net | (6.5) | (0.6) | (5.9) | NM | |
| Earnings before taxes | 5.7 | 5.6 | 0.1 | 1.4 | |
| Income tax expense (benefit) | 1.1 | (1.9) | 3.0 | 160.7 | |
| Net earnings | \$ 4.6 | \$ 7.5 | \$ (2.9) | (38.2) | |
| Basic earnings per share | \$ 0.13 | \$ 0.20 | \$ (0.07) | (35.0) | |
| Diluted earnings per share | \$ 0.12 | \$ 0.20 | \$ (0.08) | (40.0) | |

STATISTICS:

| | | | | | |
|---|---------|---------|----------|----------|----------|
| Permanent placement revenue (included in revenue from services) | \$ 10.7 | \$ 15.7 | \$ (5.0) | (32.0) % | (32.0) % |
| Gross profit rate | 20.2 | 19.8 | 0.4 | pts. | |
| Adjusted EBITDA | \$ 40.5 | \$ 24.6 | \$ 15.9 | | |
| Adjusted EBITDA margin | 3.8 | 2.0 | 1.8 | pts. | |
| Effective income tax rate | 19.4 | (32.4) | 51.8 | pts. | |
| Average number of shares outstanding (millions): | | | | | |
| Basic | 35.5 | 36.0 | | | |
| Diluted | 35.9 | 36.4 | | | |

KELLY SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
FOR THE 26 WEEKS ENDED JUNE 30, 2024 AND JULY 2, 2023
(UNAUDITED)

(In millions of dollars except per share data)

| | <u>2024</u> | <u>2023</u> | <u>Change</u> | <u>% Change</u> | <u>CC % Change</u> |
|--|----------------|----------------|----------------|---------------------|------------------------|
| Revenue from services | \$ 2,102.6 | \$ 2,485.5 | \$ (382.9) | (15.4) % | (15.4) % |
| Cost of services | 1,683.2 | 1,990.8 | (307.6) | (15.4) | |
| Gross profit | 419.4 | 494.7 | (75.3) | (15.2) | (15.2) |
| Selling, general and administrative expenses | 382.0 | 475.4 | (93.4) | (19.6) | (19.7) |
| Asset impairment charge | 5.5 | 2.4 | 3.1 | 124.1 | |
| Gain on sale of EMEA staffing operations | (1.6) | — | (1.6) | NM | |
| Gain on sale of assets | (5.5) | — | (5.5) | NM | |
| Earnings from operations | 39.0 | 16.9 | 22.1 | 130.2 | |
| Gain on forward contract | 1.2 | — | 1.2 | NM | |
| Other income (expense), net | (4.7) | 1.4 | (6.1) | (439.8) | |
| Earnings before taxes | 35.5 | 18.3 | 17.2 | 93.8 | |
| Income tax expense (benefit) | 5.1 | (0.1) | 5.2 | NM | |
| Net earnings | <u>\$ 30.4</u> | <u>\$ 18.4</u> | <u>\$ 12.0</u> | 65.3 | |
| Basic earnings per share | \$ 0.84 | \$ 0.49 | \$ 0.35 | 71.4 | |
| Diluted earnings per share | \$ 0.83 | \$ 0.49 | \$ 0.34 | 69.4 | |

STATISTICS:

| | | | | | |
|---|---------|---------|-----------|----------|----------|
| Permanent placement revenue (included in revenue from services) | \$ 18.7 | \$ 33.2 | \$ (14.5) | (43.7) % | (43.8) % |
| Gross profit rate | 19.9 % | 19.9 % | — pts. | | |
| Adjusted EBITDA | \$ 73.8 | \$ 51.4 | \$ 22.4 | | |
| Adjusted EBITDA margin | 3.5 % | 2.1 % | 1.4 pts. | | |
| Effective income tax rate | 14.4 % | (0.3) % | 14.7 pts. | | |
| Average number of shares outstanding (millions): | | | | | |
| Basic | 35.5 | 36.5 | | | |
| Diluted | 35.9 | 36.9 | | | |

KELLY SERVICES, INC. AND SUBSIDIARIES
SEGMENT INFORMATION
(UNAUDITED)
(In millions of dollars)

We utilize business unit profit (loss) to evaluate the performance of our segments. Business unit profit (loss) and SG&A expenses as presented in the segment information table below do not include depreciation and amortization expenses.

| | Second Quarter | | | |
|--|----------------|----------|-------------|----------------|
| | 2024 | 2023 | % Change | CC % Change |
| Professional & Industrial | | | | |
| Revenue from services | \$ 357.7 | \$ 390.8 | (8.5) % | (8.4) % |
| Gross profit | 62.3 | 68.5 | (8.9) | (8.8) |
| Total SG&A expenses | 55.4 | 65.0 | (14.8) | (14.7) |
| Asset impairment charge | — | 0.3 | (100.0) | |
| Business unit profit (loss) | 6.9 | 3.2 | 124.5 | |
| Gross profit rate | 17.4 % | 17.5 % | (0.1) pts. | |
| Science, Engineering & Technology | | | | |
| Revenue from services | \$ 332.2 | \$ 301.4 | 10.2 % | 10.2 % |
| Gross profit | 77.3 | 68.1 | 13.5 | 13.5 |
| Total SG&A expenses | 52.8 | 50.1 | 5.6 | 5.6 |
| Asset impairment charge | — | 0.1 | (100.0) | |
| Business unit profit (loss) | 24.5 | 17.9 | 36.2 | |
| Gross profit rate | 23.3 % | 22.6 % | 0.7 pts. | |
| Education | | | | |
| Revenue from services | \$ 251.1 | \$ 206.4 | 21.7 % | 21.7 % |
| Gross profit | 36.9 | 32.5 | 13.4 | 13.4 |
| Total SG&A expenses | 24.2 | 23.2 | 4.3 | 4.3 |
| Business unit profit (loss) | 12.7 | 9.3 | 36.2 | |
| Gross profit rate | 14.7 % | 15.8 % | (1.1) pts. | |
| Outsourcing & Consulting | | | | |
| Revenue from services | \$ 117.0 | \$ 113.7 | 2.9 % | 3.2 % |
| Gross profit | 37.2 | 41.3 | (10.2) | (9.8) |
| Total SG&A expenses | 34.2 | 39.1 | (12.3) | (12.2) |
| Asset impairment charge | — | 2.0 | (100.0) | |
| Business unit profit (loss) | 3.0 | 0.2 | NM | |
| Gross profit rate | 31.8 % | 36.4 % | (4.6) pts. | |
| International | | | | |
| Revenue from services | \$ — | \$ 205.9 | (100.0) % | (100.0) % |
| Gross profit | — | 30.2 | (100.0) | (100.0) |
| Total SG&A expenses | — | 30.2 | (100.0) | (100.0) |
| Business unit profit (loss) | — | — | (100.0) | |
| Gross profit rate | — % | 14.7 % | (14.7) pts. | |

KELLY SERVICES, INC. AND SUBSIDIARIES
RESULTS OF OPERATIONS BY SEGMENT
(UNAUDITED)

(In millions of dollars)

We utilize business unit profit (loss) to evaluate the performance of our segments. Business unit profit (loss) and SG&A expenses as presented in the segment information table below do not include depreciation and amortization expenses.

| | June Year to Date | | | |
|---|-------------------|----------|-------------|----------------|
| | 2024 | 2023 | % Change | CC % Change |
| Professional & Industrial | | | | |
| Revenue from services | \$ 716.1 | \$ 793.4 | (9.8) % | (9.9) % |
| Gross profit | 126.2 | 140.7 | (10.3) | (10.5) |
| SG&A expenses excluding restructuring charges | 113.0 | 135.1 | (16.3) | (16.4) |
| Restructuring charges | 0.4 | 3.3 | (89.3) | (89.3) |
| Total SG&A expenses | 113.4 | 138.4 | (18.0) | (18.2) |
| Asset impairment charge | — | 0.3 | (100.0) | |
| Business unit profit (loss) | 12.8 | 2.0 | NM | |
| Business unit profit (loss) excluding restructuring charges | 13.2 | 5.3 | 147.0 | |
| Gross profit rate | 17.6 % | 17.7 % | (0.1) pts. | |
| Science, Engineering & Technology | | | | |
| Revenue from services | \$ 621.5 | \$ 607.8 | 2.2 % | 2.3 % |
| Gross profit | 141.7 | 139.4 | 1.7 | 1.7 |
| Total SG&A expenses | 99.0 | 102.9 | (3.7) | (3.7) |
| Asset impairment charge | — | 0.1 | (100.0) | |
| Business unit profit (loss) | 42.7 | 36.4 | 17.2 | |
| Gross profit rate | 22.8 % | 22.9 % | (0.1) pts. | |
| Education | | | | |
| Revenue from services | \$ 541.0 | \$ 455.8 | 18.7 % | 18.7 % |
| Gross profit | 79.0 | 71.8 | 10.0 | 10.0 |
| Total SG&A expenses | 48.2 | 47.1 | 2.3 | 2.3 |
| Business unit profit (loss) | 30.8 | 24.7 | 24.7 | |
| Gross profit rate | 14.6 % | 15.8 % | (1.2) pts. | |
| Outsourcing & Consulting | | | | |
| Revenue from services | \$ 225.0 | \$ 228.3 | (1.4) % | (1.1) % |
| Gross profit | 72.5 | 82.9 | (12.6) | (12.4) |
| Total SG&A expenses | 71.3 | 80.8 | (11.7) | (11.7) |
| Asset impairment charge | — | 2.0 | (100.0) | |
| Business unit profit (loss) | 1.2 | 0.1 | NM | |
| Gross profit rate | 32.2 % | 36.3 % | (4.1) pts. | |
| International | | | | |
| Revenue from services | \$ — | \$ 401.7 | (100.0) % | (100.0) % |
| Gross profit | — | 59.9 | (100.0) | (100.0) |
| Total SG&A expenses | — | 60.6 | (100.0) | (100.0) |
| Business unit profit (loss) | — | (0.7) | (100.0) | |
| Gross profit rate | — % | 14.9 % | (14.9) pts. | |

KELLY SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)
(In millions of dollars)

| | June 30, 2024 | December 31, 2023 | July 2, 2023 |
|---|-------------------|-------------------|-------------------|
| Current Assets | | | |
| Cash and equivalents | \$ 38.2 | \$ 125.8 | \$ 124.8 |
| Trade accounts receivable, less allowances of \$7.9, \$10.9, and \$10.7, respectively | 1,193.9 | 1,160.6 | 1,423.6 |
| Prepaid expenses and other current assets | 78.7 | 48.9 | 79.8 |
| Assets held for sale | — | 291.3 | — |
| Total current assets | 1,310.8 | 1,626.6 | 1,628.2 |
| Noncurrent Assets | | | |
| Property and equipment, net | 26.8 | 24.6 | 28.8 |
| Operating lease right-of-use assets | 53.1 | 47.1 | 61.6 |
| Deferred taxes | 302.3 | 321.1 | 308.4 |
| Retirement plan assets | 245.9 | 230.3 | 217.8 |
| Goodwill, net | 372.6 | 151.1 | 151.1 |
| Intangibles, net | 272.3 | 137.7 | 148.2 |
| Other assets | 44.4 | 43.1 | 50.9 |
| Total noncurrent assets | 1,317.4 | 955.0 | 966.8 |
| Total Assets | \$ 2,628.2 | \$ 2,581.6 | \$ 2,595.0 |
| Current Liabilities | | | |
| Accounts payable and accrued liabilities | \$ 594.8 | \$ 646.1 | \$ 692.7 |
| Operating lease liabilities | 12.4 | 8.4 | 13.9 |
| Accrued payroll and related taxes | 168.3 | 156.2 | 270.6 |
| Accrued workers' compensation and other claims | 18.7 | 22.1 | 23.3 |
| Income and other taxes | 18.1 | 17.2 | 54.4 |
| Liabilities held for sale | — | 169.9 | — |
| Total current liabilities | 812.3 | 1,019.9 | 1,054.9 |
| Noncurrent Liabilities | | | |
| Long-term debt | 210.4 | — | — |
| Operating lease liabilities | 49.6 | 42.9 | 52.6 |
| Accrued workers' compensation and other claims | 34.7 | 40.9 | 41.4 |
| Accrued retirement benefits | 232.6 | 217.4 | 193.0 |
| Other long-term liabilities | 8.7 | 6.8 | 11.2 |
| Total noncurrent liabilities | 536.0 | 308.0 | 298.2 |
| Stockholders' Equity | | | |
| Common stock | 38.5 | 38.5 | 38.5 |
| Treasury stock | (52.3) | (57.3) | (51.3) |
| Paid-in capital | 29.5 | 30.6 | 29.0 |
| Earnings invested in the business | 1,266.7 | 1,241.7 | 1,229.1 |
| Accumulated other comprehensive income (loss) | (2.5) | 0.2 | (3.4) |
| Total stockholders' equity | 1,279.9 | 1,253.7 | 1,241.9 |
| Total Liabilities and Stockholders' Equity | \$ 2,628.2 | \$ 2,581.6 | \$ 2,595.0 |
| STATISTICS: | | | |
| Working Capital | \$ 498.5 | \$ 606.7 | \$ 573.3 |
| Current Ratio | 1.6 | 1.6 | 1.5 |
| Debt-to-capital % | 14.1 % | 0.0 % | 0.0 % |
| Global Days Sales Outstanding | 57 | 59 | 61 |
| Year-to-Date Free Cash Flow | \$ 25.5 | \$ 61.4 | \$ 14.1 |

KELLY SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE 26 WEEKS ENDED JUNE 30, 2024 AND JULY 2, 2023
(UNAUDITED)
(In millions of dollars)

| | 2024 | 2023 |
|---|----------------|-----------------|
| Cash flows from operating activities: | | |
| Net earnings | \$ 30.4 | \$ 18.4 |
| Adjustments to reconcile net earnings to net cash from operating activities: | | |
| Asset impairment charge | 5.5 | 2.4 |
| Gain on sale of EMEA staffing operations | (1.6) | — |
| Gain on sale of assets | (5.5) | — |
| Depreciation and amortization | 17.6 | 17.2 |
| Operating lease asset amortization | 4.6 | 8.4 |
| Provision for credit losses and sales allowances | (0.2) | 0.4 |
| Stock-based compensation | 5.2 | 5.6 |
| Gain on sale of equity securities | — | (2.0) |
| Gain on forward contract | (1.2) | — |
| Other, net | (1.1) | 0.5 |
| Changes in operating assets and liabilities, net of acquisition | (21.5) | (27.5) |
| Net cash from operating activities | 32.2 | 23.4 |
| Cash flows from investing activities: | | |
| Capital expenditures | (6.7) | (9.3) |
| Proceeds from sale of EMEA staffing operations, net of cash disposed | 77.1 | — |
| Proceeds from sale of assets | 4.4 | — |
| Acquisition of company, net of cash received | (427.4) | — |
| Payment for settlement of forward contract | (2.4) | — |
| Proceeds from equity securities | — | 2.0 |
| Other investing activities | 1.9 | (0.4) |
| Net cash used in investing activities | (353.1) | (7.7) |
| Cash flows from financing activities: | | |
| Net change in short-term borrowings | — | (0.7) |
| Proceeds from long-term debt | 378.6 | — |
| Payments on long-term debt | (168.2) | — |
| Financing lease payments | — | (0.5) |
| Dividend payments | (5.4) | (5.6) |
| Payments of tax withholding for stock awards | (2.1) | (1.3) |
| Buyback of common shares | — | (34.8) |
| Contingent consideration payments | — | (2.5) |
| Other financing activities | (1.3) | — |
| Net cash from (used in) financing activities | 201.6 | (45.4) |
| Effect of exchange rates on cash, cash equivalents and restricted cash | (2.7) | 1.8 |
| Net change in cash, cash equivalents and restricted cash | (122.0) | (27.9) |
| Cash, cash equivalents and restricted cash at beginning of period | 167.6 | 162.4 |
| Cash, cash equivalents and restricted cash at end of period | \$ 45.6 | \$ 134.5 |

KELLY SERVICES, INC. AND SUBSIDIARIES
REVENUE FROM SERVICES BY GEOGRAPHY
(UNAUDITED)
(In millions of dollars)

Second Quarter

| | 2024 | 2023 | % Change | CC % Change |
|-----------------------------------|-------------------|-------------------|-------------|----------------|
| Americas | | | | |
| United States | \$ 944.2 | \$ 892.4 | 5.8 % | 5.8 % |
| Canada | 46.4 | 46.4 | (0.1) | 1.8 |
| Puerto Rico | 28.2 | 27.7 | 1.6 | 1.6 |
| Mexico | 15.4 | 20.0 | (22.9) | (24.8) |
| Total Americas Region | <u>1,034.2</u> | <u>986.5</u> | 4.8 | 4.9 |
| Europe | | | | |
| Switzerland | 1.0 | 56.0 | (98.2) | (98.2) |
| France | — | 50.2 | (100.0) | (100.0) |
| Portugal | — | 49.3 | (100.0) | (100.0) |
| Italy | — | 16.5 | (100.0) | (100.0) |
| Other | 9.8 | 47.6 | (79.3) | (79.2) |
| Total Europe Region | <u>10.8</u> | <u>219.6</u> | (95.1) | (95.0) |
| Total Asia-Pacific Region | <u>12.5</u> | <u>11.1</u> | 12.3 | 14.9 |
| Total Kelly Services, Inc. | <u>\$ 1,057.5</u> | <u>\$ 1,217.2</u> | (13.1) % | (13.0) % |

KELLY SERVICES, INC. AND SUBSIDIARIES
REVENUE FROM SERVICES BY GEOGRAPHY
(UNAUDITED)
(In millions of dollars)

| | June Year to Date | | | |
|-----------------------------------|-------------------|------------|-------------|----------------|
| | 2024 | 2023 | % Change | CC % Change |
| Americas | | | | |
| United States | \$ 1,877.8 | \$ 1,851.6 | 1.4 % | 1.4 % |
| Canada | 91.8 | 91.3 | 0.6 | 1.4 |
| Puerto Rico | 53.1 | 54.6 | (2.8) | (2.8) |
| Mexico | 34.3 | 36.7 | (6.5) | (12.2) |
| Total Americas Region | 2,057.0 | 2,034.2 | 1.1 | 1.1 |
| Europe | | | | |
| Switzerland | 2.1 | 108.9 | (98.1) | (98.1) |
| France | — | 98.0 | (100.0) | (100.0) |
| Portugal | — | 93.7 | (100.0) | (100.0) |
| Italy | — | 33.4 | (100.0) | (100.0) |
| Other | 19.5 | 95.3 | (79.5) | (79.7) |
| Total Europe Region | 21.6 | 429.3 | (95.0) | (95.0) |
| Total Asia-Pacific Region | 24.0 | 22.0 | 9.1 | 13.0 |
| Total Kelly Services, Inc. | \$ 2,102.6 | \$ 2,485.5 | (15.4) % | (15.4) % |

KELLY SERVICES, INC. AND SUBSIDIARIES
RECONCILIATION OF NON-GAAP MEASURES
(UNAUDITED)
(In millions of dollars)

| | Second Quarter | | | | June Year to Date | | | |
|----------------------------------|----------------|-------|------|-------|-------------------|-------|------|--------|
| | 2024 | | 2023 | | 2024 | | 2023 | |
| SG&A Expenses: | | | | | | | | |
| As reported | \$ | 191.5 | \$ | 232.0 | \$ | 382.0 | \$ | 475.4 |
| Transaction costs ⁽⁴⁾ | | (1.6) | | — | | (7.2) | | — |
| Restructuring ⁽⁶⁾ | | (4.3) | | (5.6) | | (6.6) | | (12.2) |
| Adjusted SG&A expenses | \$ | 185.6 | \$ | 226.4 | \$ | 368.2 | \$ | 463.2 |

| | Second Quarter | | | | June Year to Date | | | |
|--|----------------|-------|------|------|-------------------|-------|------|------|
| | 2024 | | 2023 | | 2024 | | 2023 | |
| Earnings from Operations: | | | | | | | | |
| As reported | \$ | 12.2 | \$ | 6.2 | \$ | 39.0 | \$ | 16.9 |
| (Gain) loss on sale of EMEA staffing operations ⁽¹⁾ | | 10.0 | | — | | (1.6) | | — |
| Gain on sale of assets ⁽²⁾ | | (5.5) | | — | | (5.5) | | — |
| Transaction costs ⁽⁴⁾ | | 1.6 | | — | | 7.2 | | — |
| Asset impairment charge ⁽⁵⁾ | | 5.5 | | 2.4 | | 5.5 | | 2.4 |
| Restructuring ⁽⁶⁾ | | 4.3 | | 5.6 | | 6.6 | | 12.2 |
| Adjusted earnings from operations | \$ | 28.1 | \$ | 14.2 | \$ | 51.2 | \$ | 31.5 |

KELLY SERVICES, INC. AND SUBSIDIARIES
RECONCILIATION OF NON-GAAP MEASURES
(UNAUDITED)

(In millions of dollars except per share data)

| | Second Quarter | | June Year to Date | |
|--|----------------|---------------|-------------------|---------------|
| | 2024 | 2023 | 2024 | 2023 |
| Income tax expense | \$ 1.1 | \$ (1.9) | \$ 5.1 | \$ (0.1) |
| Taxes on gain on sale of EMEA staffing operations ⁽¹⁾ | — | — | (1.2) | — |
| Taxes on gain on forward contract ⁽²⁾ | — | — | — | — |
| Taxes on gain on sale of assets ⁽³⁾ | (1.4) | — | (1.4) | — |
| Taxes on transaction costs ⁽⁴⁾ | 1.1 | — | 2.3 | — |
| Taxes on asset impairment charge ⁽⁵⁾ | 1.4 | 0.6 | 1.4 | 0.6 |
| Taxes on restructuring charges ⁽⁶⁾ | 1.1 | 1.4 | 1.7 | 3.0 |
| Adjusted income tax expense | <u>\$ 3.3</u> | <u>\$ 0.1</u> | <u>\$ 7.9</u> | <u>\$ 3.5</u> |

| | Second Quarter | | June Year to Date | |
|--|----------------|----------------|-------------------|----------------|
| | 2024 | 2023 | 2024 | 2023 |
| Net earnings | \$ 4.6 | \$ 7.5 | \$ 30.4 | \$ 18.4 |
| (Gain) loss on sale of EMEA staffing operations, net of taxes ⁽¹⁾ | 10.0 | — | (0.4) | — |
| Gain on forward contract, net of taxes ⁽²⁾ | — | — | (1.2) | — |
| Gain on sale of assets, net of taxes ⁽³⁾ | (4.1) | — | (4.1) | — |
| Transaction costs, net of taxes ⁽⁴⁾ | 8.3 | — | 12.7 | — |
| Asset impairment charge, net of taxes ⁽⁵⁾ | 4.1 | 1.8 | 4.1 | 1.8 |
| Restructuring charges, net of taxes ⁽⁶⁾ | 3.2 | 4.2 | 4.9 | 9.2 |
| Adjusted net earnings | <u>\$ 26.1</u> | <u>\$ 13.5</u> | <u>\$ 46.4</u> | <u>\$ 29.4</u> |

| | Second Quarter | | June Year to Date | |
|--|----------------|----------------|-------------------|----------------|
| | 2024 | 2023 | 2024 | 2023 |
| | Per Share | | Per Share | |
| Net earnings | \$ 0.12 | \$ 0.20 | \$ 0.83 | \$ 0.49 |
| (Gain) loss on sale of EMEA staffing operations, net of taxes ⁽¹⁾ | 0.27 | — | (0.01) | — |
| Gain on forward contract, net of taxes ⁽²⁾ | — | — | (0.03) | — |
| Gain on sale of assets, net of taxes ⁽³⁾ | (0.11) | — | (0.11) | — |
| Transaction costs, net of taxes ⁽⁴⁾ | 0.23 | — | 0.35 | — |
| Asset impairment charge, net of taxes ⁽⁵⁾ | 0.11 | 0.05 | 0.11 | 0.05 |
| Restructuring charges, net of taxes ⁽⁶⁾ | 0.09 | 0.11 | 0.13 | 0.24 |
| Adjusted net earnings | <u>\$ 0.71</u> | <u>\$ 0.36</u> | <u>\$ 1.26</u> | <u>\$ 0.78</u> |

Note: Earnings per share amounts for each quarter are required to be computed independently and may not equal the amounts computed for the total year.

KELLY SERVICES, INC. AND SUBSIDIARIES
RECONCILIATION OF NON-GAAP MEASURES
(UNAUDITED)
(In millions of dollars)

Total Adjusted EBITDA:

| | Second Quarter | | | | June Year to Date | | | |
|--|----------------|--------------|-----------|--------------|-------------------|--------------|-----------|--------------|
| | 2024 | | 2023 | | 2024 | | 2023 | |
| Net earnings | \$ | 4.6 | \$ | 7.5 | \$ | 30.4 | \$ | 18.4 |
| Other (income) expense, net | | (1.4) | | 0.6 | | (3.2) | | (1.4) |
| Income tax expense (benefit) | | 1.1 | | (1.9) | | 5.1 | | (0.1) |
| Depreciation and amortization | | 12.5 | | 10.2 | | 22.7 | | 19.7 |
| (Gain) loss on sale of EMEA staffing operations ⁽¹⁾ | | 10.0 | | — | | (1.6) | | — |
| Gain on forward contract ⁽²⁾ | | — | | — | | (1.2) | | — |
| Gain on sale of assets ⁽³⁾ | | (5.5) | | — | | (5.5) | | — |
| Transaction costs ⁽⁴⁾ | | 9.4 | | — | | 15.0 | | — |
| Asset impairment charge ⁽⁵⁾ | | 5.5 | | 2.4 | | 5.5 | | 2.4 |
| Restructuring ⁽⁶⁾ | | 4.3 | | 5.6 | | 6.6 | | 12.2 |
| Other, net | | — | | 0.2 | | — | | 0.2 |
| Adjusted EBITDA | \$ | 40.5 | \$ | 24.6 | \$ | 73.8 | \$ | 51.4 |
| Adjusted EBITDA margin | | 3.8 % | | 2.0 % | | 3.5 % | | 2.1 % |

Business Unit Adjusted EBITDA:

| | Second Quarter 2024 | | | | |
|-------------------------------|---------------------------|-----------------------------------|----------------|--------------------------|---------------|
| | Professional & Industrial | Science, Engineering & Technology | Education | Outsourcing & Consulting | International |
| Business unit profit (loss) | \$ 6.9 | \$ 24.5 | \$ 12.7 | \$ 3.0 | \$ — |
| Restructuring ⁽⁶⁾ | 0.3 | 0.3 | — | — | — |
| Adjusted EBITDA | \$ 7.2 | \$ 24.8 | \$ 12.7 | \$ 3.0 | \$ — |
| Adjusted EBITDA margin | 2.0 % | 7.5 % | 5.1 % | 2.5 % | — % |

| | Second Quarter 2023 | | | | |
|--|---------------------------|-----------------------------------|---------------|--------------------------|---------------|
| | Professional & Industrial | Science, Engineering & Technology | Education | Outsourcing & Consulting | International |
| Business unit profit (loss) | \$ 3.2 | \$ 17.9 | \$ 9.3 | \$ 0.2 | \$ — |
| Asset impairment charge ⁽⁵⁾ | 0.3 | 0.1 | — | 2.0 | — |
| Restructuring ⁽⁶⁾ | 0.3 | — | 0.3 | (0.1) | — |
| Adjusted EBITDA | \$ 3.8 | \$ 18.0 | \$ 9.6 | \$ 2.1 | \$ — |
| Adjusted EBITDA margin | 1.0 % | 6.0 % | 4.7 % | 2.0 % | — % |

KELLY SERVICES, INC. AND SUBSIDIARIES
RECONCILIATION OF NON-GAAP MEASURES
(UNAUDITED)
(In millions of dollars)

Business Unit Adjusted EBITDA (continued):

| | June Year to Date 2024 | | | | |
|-------------------------------|--------------------------------------|--|------------------|-------------------------------------|----------------------|
| | Professional & Industrial | Science, Engineering & Technology | Education | Outsourcing & Consulting | International |
| Business unit profit (loss) | \$ 12.8 | \$ 42.7 | \$ 30.8 | \$ 1.2 | \$ — |
| Restructuring ⁽⁶⁾ | 0.4 | 0.3 | — | 0.6 | — |
| Adjusted EBITDA | \$ 13.2 | \$ 43.0 | \$ 30.8 | \$ 1.8 | \$ — |
| Adjusted EBITDA margin | 1.8 % | 6.9 % | 5.7 % | 0.8 % | — % |

| | June Year to Date 2023 | | | | |
|--|--------------------------------------|--|------------------|-------------------------------------|----------------------|
| | Professional & Industrial | Science, Engineering & Technology | Education | Outsourcing & Consulting | International |
| Business unit profit (loss) | \$ 2.0 | \$ 36.4 | \$ 24.7 | \$ 0.1 | \$ (0.7) |
| Asset impairment charge ⁽⁵⁾ | 0.3 | 0.1 | — | 2.0 | — |
| Restructuring ⁽⁶⁾ | 3.3 | 0.5 | 0.4 | 0.5 | 0.6 |
| Adjusted EBITDA | \$ 5.6 | \$ 37.0 | \$ 25.1 | \$ 2.6 | \$ (0.1) |
| Adjusted EBITDA margin | 0.7 % | 6.1 % | 5.5 % | 1.2 % | — % |

| Free Cash Flow: | June Year to Date | |
|------------------------------------|--------------------------|----------------|
| | 2024 | 2023 |
| Net cash from operating activities | \$ 32.2 | \$ 23.4 |
| Capital expenditures | (6.7) | (9.3) |
| Free Cash Flow | \$ 25.5 | \$ 14.1 |

KELLY SERVICES, INC. AND SUBSIDIARIES
RECONCILIATION OF NON-GAAP MEASURES
(UNAUDITED)

Management believes that the non-GAAP (Generally Accepted Accounting Principles) information excluding the 2024 gain on the sale of our EMEA staffing operations, the 2024 gain on sale of assets, the 2024 gain on forward contract, the 2024 transaction costs, the 2024 asset impairment charge, the 2024 restructuring charges, the 2023 asset impairment charge, and the 2023 restructuring charges are useful to understand the Company's fiscal 2024 financial performance and increases comparability. Specifically, Management believes that removing the impact of these items allows for a meaningful comparison of current period operating performance with the operating results of prior periods. Management also believes that such measures are used by those analyzing performance of companies in the staffing industry to compare current performance to prior periods and to assess future performance.

Management uses Adjusted EBITDA (adjusted earnings before interest, taxes, depreciation and amortization) and Adjusted EBITDA Margin (percent of total GAAP revenue) which Management believes is useful to compare operating performance compared to prior periods and uses it in conjunction with GAAP measures to assess performance. Our calculation of Adjusted EBITDA may not be consistent with similarly titled measures of other companies and should be used in conjunction with GAAP measurements. Management also uses year-to-date free cash flow (operating cash flows less capital expenditures) to indicate the change in cash balances arising from operating activities, net of working capital needs and expenditures on fixed assets.

These non-GAAP measures may have limitations as analytical tools because they exclude items which can have a material impact on cash flow and earnings per share. As a result, Management considers these measures, along with reported results, when it reviews and evaluates the Company's financial performance. Management believes that these measures provide greater transparency to investors and provide insight into how Management is evaluating the Company's financial performance. Non-GAAP measures should not be considered a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP.

- (1) (Gain) loss on sale of EMEA staffing operations represents the loss as of the second quarter-end 2024 and gain as of June year-to-date 2024 as a result of the sale in January 2024.
- (2) Gain on forward contract represents the gain recognized in the first quarter of 2024 for the settlement of the foreign currency forward contract in January 2024 that was entered into in 2023 relating to the sale of the EMEA staffing operations.
- (3) Gain on sale of assets represents the sale of Ayers Group in the second quarter of 2024.
- (4) Transaction costs in the second quarter of 2024 includes employee termination costs and transition costs directly related to the sale of the EMEA staffing operations and the acquisition of MRP. Employee termination costs and transition costs related to the sale of the EMEA staffing operations were \$1.5 million in the second quarter of 2024 and \$7.1 million for June year-to-date 2024. Transaction costs related to the acquisition of MRP were \$7.9 million in the second quarter of 2024.
- (5) Asset impairment charge in the second quarter of 2024 for certain right-of-use assets related to our leased headquarters facility reflects adjustments to how we are utilizing the building as part of our ongoing transformation efforts. Asset impairment charge in the second quarter of 2023 represents the impairment of right-of-use assets related to an unoccupied existing office space lease.
- (6) Restructuring charges in 2024 represent a continuation of the comprehensive transformation initiative that started in the second quarter of 2023 that will further streamline the Company's operating model to enhance organizational efficiency and effectiveness. In the second quarter of 2024, these restructuring charges include \$1.9 million of costs to execute the transformation and \$2.4 million of severance. For June year-to-date 2024, these restructuring charges include \$3.5 million of costs to execute the transformation and \$3.1 million of severance. Restructuring charges in the second quarter of 2023 relate to a comprehensive transformation initiative that includes actions that will further streamline the Company's operating model to enhance organizational efficiency and effectiveness. These restructuring charges include \$4.5 million of costs to execute the transformation through the use of an external consultant and \$1.1 million of severance. Restructuring charges in the first quarter of 2023 represent severance costs and lease and other terminations as a result of management undertaking actions to further our cost management efforts in response to the current demand levels and reflects a repositioning of our P&I staffing business to better capitalize on opportunities in local markets.

Kelly

Q2 2024

August 8, 2024

© 2024 Kelly Services, Inc. All rights reserved.



Kelly



Presentation Disclosures

Non-GAAP Measures

Management believes that the non-GAAP (Generally Accepted Accounting Principles) information excluding the 2024 loss on the sale of our EMEA staffing operations, the 2024 gain on sale of assets, the 2024 restructuring charges, the 2024 transaction costs, the 2024 asset impairment charge, the 2023 restructuring charges and the 2023 asset impairment charge are useful to understand the Company's fiscal 2024 financial performance and increases comparability. Specifically, Management believes that removing the impact of these items allows for a meaningful comparison of current period operating performance with the operating results of prior periods. Management also believes that such measures are used by those analyzing performance of companies in the staffing industry to compare current performance to prior periods and to assess future performance.

Management uses Adjusted EBITDA (adjusted earnings before interest, taxes, depreciation and amortization) and Adjusted EBITDA Margin (percent of total GAAP revenue) which Management believes is useful to compare operating performance compared to prior periods and uses it in conjunction with GAAP measures to assess performance. Our calculation of Adjusted EBITDA may not be consistent with similarly titled measures of other companies and should be used in conjunction with GAAP measurements.

These non-GAAP measures may have limitations as analytical tools because they exclude items which can have a material impact on cash flow and earnings per share. As a result, Management considers these measures, along with reported results, when it reviews and evaluates the Company's financial performance. Management believes that these measures provide greater transparency to investors and provide insight into how Management is evaluating the Company's financial performance. Non-GAAP measures should not be considered a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP.

Safe Harbor Statement

This presentation contains statements that are forward looking in nature and, accordingly, are subject to risks and uncertainties. These statements are made under the “safe harbor” provisions of the U.S. Private Securities Litigation Reform Act of 1995. Statements that are not historical facts, including statements about Kelly’s financial expectations, are forward-looking statements. Factors that could cause actual results to differ materially from those contained in this release include, but are not limited to, (i) changing market and economic conditions, (ii) disruption in the labor market and weakened demand for human capital resulting from technological advances, loss of large corporate customers and government contractor requirements, (iii) the impact of laws and regulations (including federal, state and international tax laws), (iv) unexpected changes in claim trends on workers’ compensation, unemployment, disability and medical benefit plans, (v) litigation and other legal liabilities (including tax liabilities) in excess of our estimates, (vi) our ability to achieve our business’s anticipated growth strategies, (vii) our future business development, results of operations and financial condition, (viii) damage to our brands, (ix) dependency on third parties for the execution of critical functions, (x) conducting business in foreign countries, including foreign currency fluctuations, (xi) availability of temporary workers with appropriate skills required by customers, (xii) cyberattacks or other breaches of network or information technology security, and (xiii) other risks, uncertainties and factors discussed in this release and in the Company’s filings with the Securities and Exchange Commission. In some cases, forward-looking statements can be identified by words or phrases such as “may,” “will,” “expect,” “anticipate,” “target,” “aim,” “estimate,” “intend,” “plan,” “believe,” “potential,” “continue,” “is/are likely to” or other similar expressions. All information provided in this presentation is as of the date of this presentation and we undertake no duty to update any forward-looking statement to conform the statement to actual results or changes in the Company’s expectations.

Kelly



Financials



Second-Quarter 2024 Takeaways



Staffing demand continued to be impacted by market and labor trends, but sequential trends are stabilizing

- Q2 revenue down 13.1% on a reported basis due primarily to the sale of European staffing operations, up 0.6%⁽¹⁾ on an organic basis

Significant progress on in-flight Transformation initiatives

- Structural changes in our expenses providing sustained efficiency
- Growth initiatives contributing to market share gains
- Q2 Adjusted EBITDA Margin at 3.8%, up 180 bps, or 130 bps⁽¹⁾ organically

Executing on capital allocation strategy to accelerate focus on North American specialty staffing and global RPO and MSP businesses

- Completed the acquisition of Motion Recruitment Partners, LLC ("MRP") on May 31, 2024
 - Positive impact of MRP's higher gross and net margin visible with only MRP's June results included in Kelly's second quarter. Expect further expansion with full quarter results beginning in Q3
- Ended the quarter with a debt to capital ratio of 14.1% demonstrating our ability to leverage Kelly's strong balance sheet and maintain the flexibility to pursue additional organic and inorganic investments

Refer to the last slide for footnotes.

© 2024 Kelly Services, Inc. All rights reserved.



Second-Quarter 2024 Financial Summary

| | Actual Results | Change Increase/(Decrease) | |
|-----------------------------------|----------------|----------------------------|----------------------------|
| | | As Reported | As Adjusted ⁽²⁾ |
| Revenue | \$1.1B | (13.1%) | (13.1%) |
| Gross Profit Rate | 20.2% | 40 bps | 40 bps |
| Earnings from Operations | \$12.2M | 95.9% | 95.2% |
| Diluted Earnings per Share | \$0.12 | (\$0.08) | \$0.35 |
| Adjusted EBITDA | \$40.5M | | 64.3% |
| Adjusted EBITDA Margin | 3.8% | | 180 bps |

Refer to the last slide for footnotes.



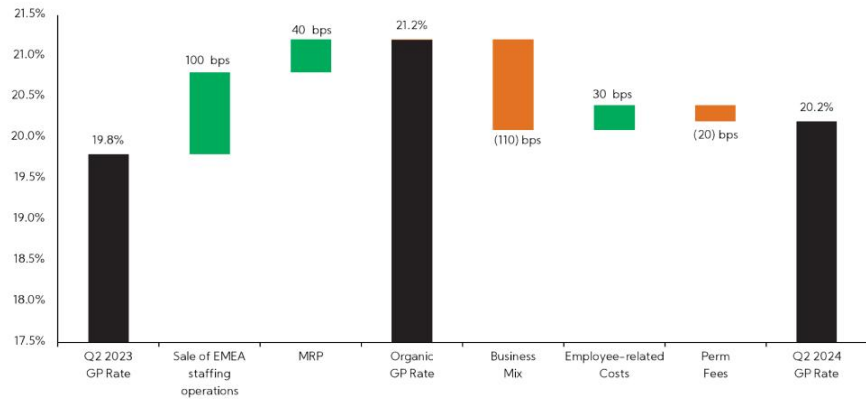
Second-Quarter 2024 Revenue Trends

| | Reported ⁽³⁾ | Organic ⁽¹⁾ |
|--|-------------------------|------------------------|
| Total | (13.1%) | 0.6% |
| Professional & Industrial | (8.5%) | n/a |
| Science, Engineering & Technology | 10.2% | (3.1%) |
| Education | 21.7% | n/a |
| Outsourcing & Consulting | 2.9% | n/a |

Refer to the last slide for footnotes.



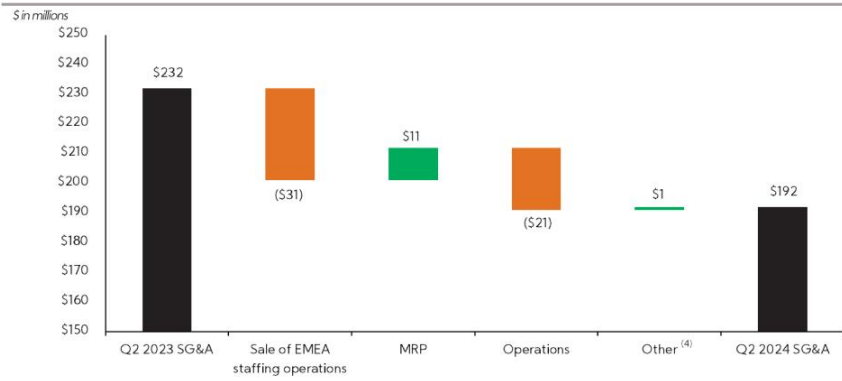
Second-Quarter 2024 Gross Profit Rate



- GP rate favorably impacted by the sale of our EMEA staffing operations, which had lower margins, and was completed on January 2, 2024, and the acquisition of MRP completed on May 31, 2024
- Organic GP rate decreased due to unfavorable business mix, as growth in Education and PPO, which generate lower gross margins, outpaced growth in our higher margin outcome-based and specialty staffing business, partially offset by lower employee-related costs
- Permanent placement fees decreased on lower customer demand



Second-Quarter 2024 SG&A



- SG&A expenses decreased following the sale of our EMEA staffing operations on January 2, 2024, partially offset by an increase in expense related to the acquisition of MRP completed on May 31, 2024
- Expenses in Operations decreased as a result of workforce reductions and other cost management actions related to our transformation activities as well as lower performance-based incentive compensation in response to lower revenue volume
- Other reflects transaction costs, including employee termination costs and transition costs related to the sale of our EMEA staffing operations on January 2, 2024, partially offset by a decrease in transformation costs related to severance and third-party consultant fees for assistance with the execution of the transformation-related activities as compared to prior year

 Refer to the last slide for footnotes.

© 2024 Kelly Services, Inc. All rights reserved.

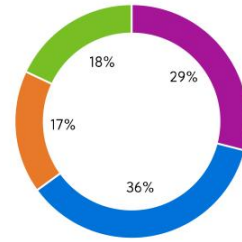
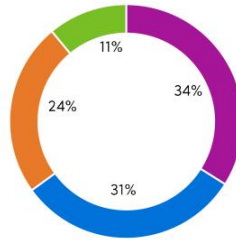


Second-Quarter 2024 Revenue and Gross Profit Mix

Revenue mix by segment

Gross Profit mix by segment

- Kelly Professional & Industrial**
- Kelly Science, Engineering, Technology & Telecom**
- Kelly Education**
- Kelly OCG**





Second-Quarter 2024 EPS Summary

In millions except per share data

| | 2024 | | 2023 | |
|---|--------|-----------|--------|-----------|
| | Amount | Per Share | Amount | Per Share |
| Net earnings (loss) | \$4.6 | \$0.12 | \$7.5 | \$0.20 |
| Loss on sale of EMEA staffing operations, net of taxes⁽⁵⁾ | 10.0 | 0.27 | - | - |
| Gain on sale of assets, net of taxes⁽⁶⁾ | (4.1) | (0.11) | - | - |
| Transaction costs, net of taxes⁽⁷⁾ | 8.3 | 0.23 | - | - |
| Asset impairment charge, net of taxes⁽⁸⁾ | 4.1 | 0.11 | 1.8 | 0.05 |
| Restructuring charges, net of taxes⁽⁹⁾ | 3.2 | 0.09 | 4.2 | 0.11 |
| Adjusted net earnings | \$26.1 | \$0.71 | \$13.5 | \$0.36 |

Refer to the last slide for footnotes.

© 2024 Kelly Services, Inc. All rights reserved.



Second-Quarter 2024 Liquidity



- As of the end of Q2 2024, we have more than \$180 million of available liquidity, including \$38 million of cash on hand, following the acquisition of MRP on May 31, 2024
- During Q2 2024, we amended our credit facilities, which resulted in \$400 million of combined borrowing capacity on our U.S. revolving credit and securitization facilities
- Borrowings in Q2 2024 represents amounts outstanding on our U.S. credit facilities related to our acquisition of MRP
- Standby letters of credit ("SBLC") represents amounts outstanding related to workers' compensation



Business Transformation Overview

Comprehensive initiative to build on our strategic progress. In 2023, we successfully delivered on structural cost optimization, and we will continue to execute on opportunities to accelerate profitable top- and bottom-line growth.



Delivering on three key outcomes:

- **Optimized** business and functional operations in a sustainable manner
 - Completed workforce reductions to enhance organizational efficiency and effectiveness and established controls to provide clear visibility into resources and expenses
- **Unlocking** additional value-creating opportunities
 - Executing several revenue growth initiatives related to technology enhancements, large enterprise account sales strategy, P&I local delivery model and inorganic opportunities
- **Accelerating** profitable growth
 - Expect continued improvement in organic EBITDA margin with acceleration from MRP acquisition



Sale of European Staffing Operations

With the closing of the European staffing transaction in January 2024, we have **unlocked more than \$100 million of capital** to reinvest in organic and inorganic growth in our North American staffing and global MSP and RPO businesses.



European staffing operations 2023 reported results:

- Revenue of \$810 million
- GP of \$120 million
- Expenses of \$119 million

Baseline expectation impact from the sale of our European staffing operations on 2024:

- Reported revenue down 17%
- GP rate improvement of 100 bps
- EBITDA margin improvement of 40 bps



H2 2024 Outlook

Our H2 Outlook assumes a continuation of staffing market conditions relatively consistent with what we have experienced in the first half of 2024, including sequential stabilization of top-line trends.

The results of the European staffing operations have been excluded from the 2023 base

- **Revenue** – up organically 2.5% to 3.5%, with no significant FX impact; mid-point organic expectation of \$2.0 billion for H2 2024
 - Reflects continuation of Education double-digit growth and P&I, SET and OCG sequential quarter-over-quarter improvement in Q3 and Q4
 - MRP will add an additional \$260 to \$270 million of revenue
- **GP rate** – organic 20.0% to 20.2%
 - Organic rate impacted by unfavorable business mix
 - MRP will add 100 bps to total company rate due to higher-margin specialty profile
- **Adjusted SG&A** –organically YOY down 3.5% to 4.5%, excluding D&A, as we begin to anniversary our transformation actions
 - MRP will add approximately \$60 million of expense, excluding D&A
 - Total D&A of approximately \$28 million expected
- **Adjusted EBITDA margin** – organic 3.2% to 3.3%, up 30 to 40 bps YOY
 - MRP expected to add 30 bps of additional improvement
 - Education seasonality will impact Q3 net margin, 3.0% total net margin expected
- **Tax rate** – effective rate in the low teens



MRP will propel Kelly into a new era of growth.

This acquisition is a transformational step forward on Kelly's journey.

- MRP is a leading specialty talent solutions provider, which has strengthened both the scale and capabilities of Kelly's staffing, consulting and RPO solutions in attractive customer end markets – including technology, financial services and healthcare
- MRP will continue to deliver services through its existing companies and brands, including Motion Recruitment, Sevenstep®, Motion Telco and TG Federal

MRP brings an attractive financial profile.





We have redesigned our operating model to drive profitable growth.

Our priorities for each segment are clear. Together, they contribute to a strong, balanced portfolio.

Optimize Operations
and Drive Efficiencies →

Accelerate Organic and Inorganic Growth

| | Kelly Professional & Industrial | Kelly Science, Engineering & Technology | Kelly Education | Kelly OCG | Kelly International ⁽¹⁴⁾ |
|--|---|---|--|--|---|
| Revenue ⁽¹⁰⁾ | \$1.5B ⁽¹¹⁾ | \$1.2B ⁽¹²⁾ | \$0.8B | \$0.5B | \$0.8B |
| GP Rate ⁽¹⁰⁾ | 18.0% ⁽¹¹⁾ | 22.8% ⁽¹²⁾ | 15.3% | 36.0% | 14.8% |
| Adjusted EBITDA Margin ⁽¹⁰⁾ | 1.5% ⁽¹¹⁾ | 6.4% ⁽¹²⁾ | 4.4% | 1.6% | 0.2% |
| Geography | North America | North America | U.S. | Global | EMEA |
| Specialties | <ul style="list-style-type: none"> Industrial Contact Center Office Clerical | <ul style="list-style-type: none"> Engineering Science & Clinical Technology Telecom MRP | <ul style="list-style-type: none"> K-12 Special Ed/Needs Tutoring Therapy Services Higher Education Executive Search | <ul style="list-style-type: none"> MSP⁽¹³⁾ RPO⁽¹³⁾ PPO⁽¹³⁾ | <ul style="list-style-type: none"> Life Sciences IT Finance Other Local Professional Niches |

Refer to the last slide for footnotes.

© 2024 Kelly Services, Inc. All rights reserved.



Appendix



MRP Net Earnings to Adjusted EBITDA Non-GAAP Reconciliation

\$ in millions

| | 2023 |
|-------------------------------|---------------|
| Net earnings (loss) | (\$6.6) |
| Other (income) expense, net | 28.6 |
| Income tax expense (benefit) | 9.0 |
| Depreciation & amortization | 4.0 |
| EBITDA | \$35.0 |
| Non-recurring costs | 1.6 |
| Adjusted EBITDA | \$36.6 |
| Adjusted EBITDA Margin | 6.6% |



Second-Quarter 2024 Footnotes

- (1) Organic excludes the impact of the sale of our EMEA staffing operations in January 2024 and the 2024 results of Motion Recruitment Partners ("MRP"), which was acquired as of May 31, 2024;
- (2) See reconciliation of Non-GAAP Measures included in Form 8-K dated August 8, 2024;
- (3) Reported includes the impact of the sale of our EMEA staffing operations in January 2024 and the 2024 results of MRP, which was acquired as of May 31, 2024, and included in the reported results of operations in SET, from the date of acquisition;
- (4) Other reflects 1) transaction costs, including employee termination costs and transition costs of \$1.5 million primarily related to the sale of our EMEA staffing operations on January 2, 2024 in Q2 2024 and 2) transformation costs related to a comprehensive transformation initiative, which includes \$1.9 million of costs to execute the transformation through the use of an external consultant and \$2.4 million of severance costs in Q2 2024 as compared to \$4.5 million of external consultant costs and \$1.1 million of severance costs and lease and other termination costs in Q2 2023;
- (5) Loss on sale of EMEA staffing operations of \$10.0 million, \$10.0 million net of tax or \$0.27 per share in Q2 2024 represents a reduction of our expected receivable related to the sale of our EMEA staffing operations in January 2024;
- (6) Gain on sale of assets of \$5.5 million, \$4.1 million net of tax or \$0.11 per share represents the sale of Ayers Group in Q2 2024;
- (7) Transaction costs of \$9.4 million, \$8.3 million net of tax or \$0.23 per share related to employee termination costs and transition costs directly related to the sale of the EMEA staffing operations of \$1.5 million and transaction costs related to the acquisition of MRP of \$7.9 million in Q2 2024;
- (8) Asset impairment charge of \$5.5 million, \$4.1 million net of tax or \$0.11 per share related to impairment of right-of-use assets related to our leased headquarters facility reflecting adjustments as to how we are utilizing the building as a part of our ongoing transformation efforts in Q2 2024 and \$2.4 million, \$1.8 million net of tax or \$0.05 per share related to impairment of right-of-use assets related to an unoccupied existing office space lease in Q2 2023;
- (9) Restructuring charges of \$4.3 million, \$3.2 million net of tax or \$0.09 per share in Q2 2024 and \$5.6 million, \$4.2 million net of tax or \$0.11 per share in Q2 2023 related to a comprehensive transformation initiative;
- (10) Kelly size and margin profiles are based on 2023 full year results;
- (11) Kelly P&I includes the results of our Mexico operations following the sale of our EMEA staffing operations in January 2024;
- (12) Kelly SET revenue, GP rate and Adjusted EBITDA Margin was \$1.7B, 25.2% and 6.5%, respectively, including the results of MRP on a proforma basis;
- (13) Managed Service Provider ("MSP"); Recruitment Process Outsourcing ("RPO"); Payroll Process Outsourcing ("PPO");
- (14) On January 2, 2024, Kelly completed the sale of our EMEA staffing operations. Following the sale, our Mexico operations, which were previously included in our International segment, is now included in our P&I segment, and the International segment no longer exists as a reportable segment.

