

Q4 2023

February 15, 2024



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.



Non-GAAP Measures

Management believes that the non-GAAP (Generally Accepted Accounting Principles) information excluding the 2023 restructuring charges, the 2023 impairment charge, the 2023 transaction costs and tax adjustments related to the sale of our EMEA staffing operations, the 2022 sale of the Persol Holdings investment, the 2022 losses on the fair value changes of the investment in Persol Holdings, the 2022 losses on foreign currency matters, the 2022 gain on sale of assets, the 2022 loss on disposal, and the 2022 goodwill impairment charge are useful to understand the Company's fiscal 2023 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.



Full Year 2023 Financial Summary

	Actual Results	Change Increase/(Decrease)	
		As Reported	As Adjusted ⁽²⁾
Revenue	\$4.8B	(2.6%)	(2.6%)
		(3.2%) CC ⁽¹⁾	(3.2%) CC ⁽¹⁾
Gross Profit Rate	19.9%	(50) bps	(50) bps
Earnings from Operations	\$24.3M	65.0%	1.2%
		73.8% CC ⁽¹⁾	2.8% CC ⁽¹⁾
Adjusted EBITDA	\$109.4M		3.6%
Adjusted EBITDA Margin	2.3%		20 bps

Footnote details on slide 20 of the Earnings Release support slides filed in Form 8-K dated February 15, 2024

Fourth-Quarter 2023 Financial Summary

	Actual Results	Change Increase/(Decrease)	
		As Reported	As Adjusted ⁽²⁾
Revenue	\$1.2B	(0.1%)	(0.1%)
		(1.3%) CC ⁽¹⁾	(1.3%) CC ⁽¹⁾
Gross Profit Rate	19.3%	(100) bps	(100) bps
Earnings from Operations	\$7.3M	60.5%	58.5%
		61.8% CC ⁽¹⁾	57.5% CC ⁽¹⁾
Adjusted EBITDA	\$32.5M		35.1%
Adjusted EBITDA Margin	2.6%		60 bps

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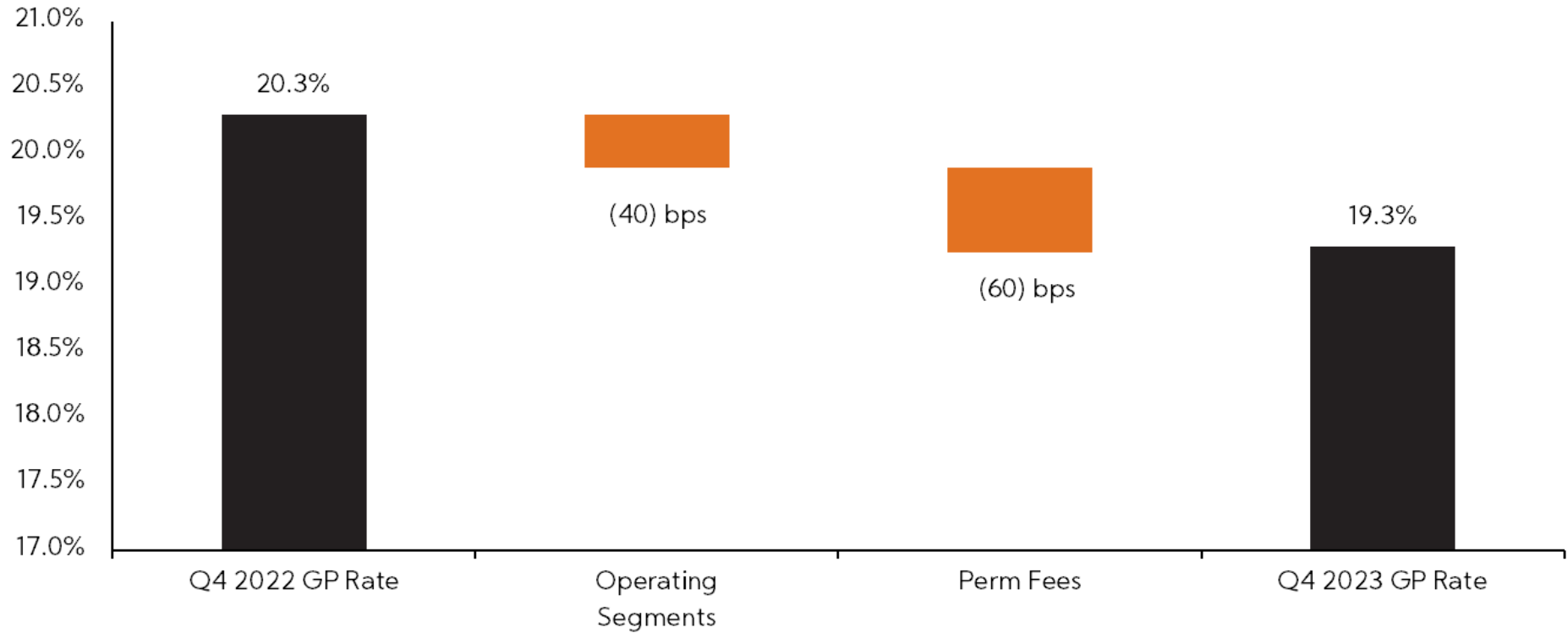
Fourth-Quarter 2023 Revenue

	Reported	Constant Currency ⁽¹⁾
Total	(0.1%)	(1.3%)
Professional & Industrial	(11.5%)	(11.5%)
Science, Engineering & Technology	(5.1%)	(5.2%)
Education	27.1%	27.1%
Outsourcing & Consulting	(3.1%)	(3.3%)
International	5.1%	(1.5%)

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Fourth-Quarter 2023 Gross Profit Rate

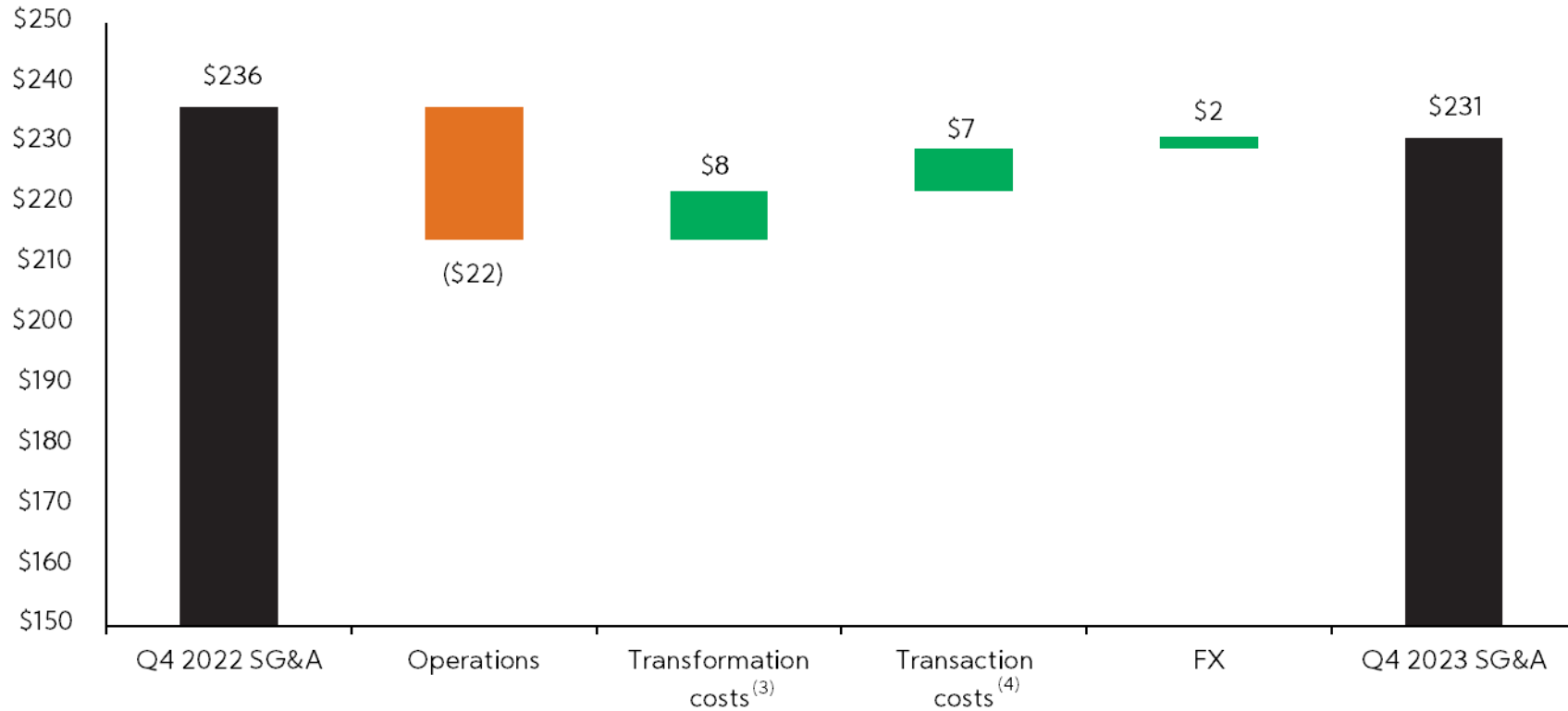


- Operating Segments gross profit rate reflects unfavorable business mix, partially offset by lower employee-related costs
- Permanent placement fees decreased as customers have continued to slow permanent hiring activity amid the continuing uncertain economic environment



Fourth-Quarter 2023 SG&A

\$ in millions



- Expenses in Operations decreased as a result of workforce reductions related to our transformation activities
- Transformation costs are primarily third-party consultant fees for assistance with the execution of the transformation-related activities
- Transaction costs include \$3.8 million of legal costs and \$3.1 million of severance related to the sale of our EMEA staffing operations in Q1 2024

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Fourth-Quarter 2023 Financial Summary

	Actual Results	Change Increase/(Decrease)	
		As Reported	As Adjusted ⁽²⁾
Revenue	\$1.2B	(0.1%)	(0.1%)
		(1.3%) CC ⁽¹⁾	(1.3%) CC ⁽¹⁾
Gross Profit Rate	19.3%	(100) bps	(100) bps
Earnings from Operations	\$7.3M	60.5%	58.5%
		61.8% CC ⁽¹⁾	57.5% CC ⁽¹⁾
Adjusted EBITDA	\$32.5M		35.1%
Adjusted EBITDA Margin	2.6%		60 bps

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Fourth-Quarter 2023 EPS Summary

\$in millions except per share data

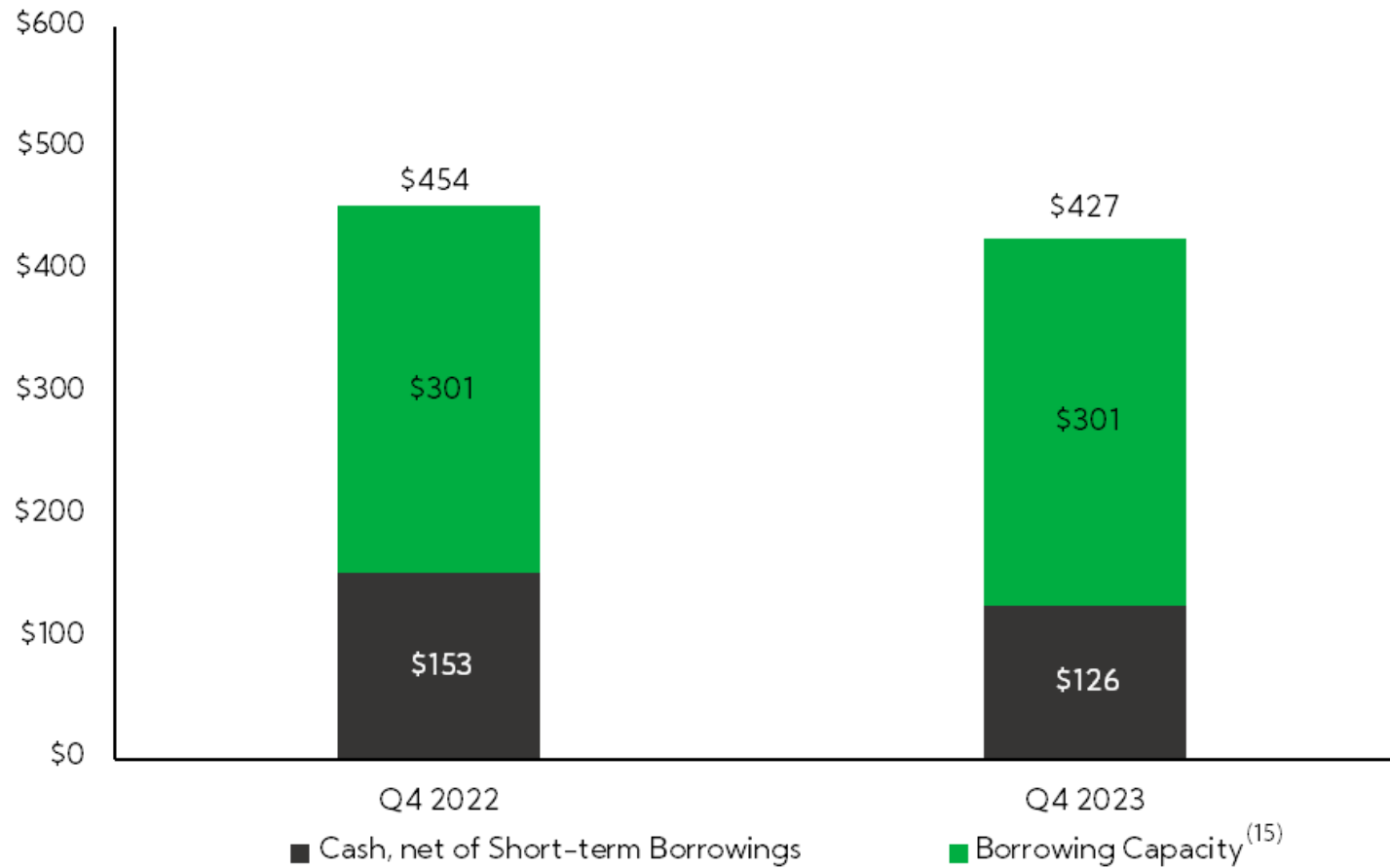
	2023		2022	
	Amount	Per Share	Amount	Per Share
Net earnings (loss)	\$11.4	\$0.31	(\$0.9)	(\$0.02)
Gain on sale of assets, net of taxes⁽⁵⁾	-	-	(0.6)	(0.02)
Goodwill impairment charge, net of taxes⁽⁶⁾	-	-	8.5	0.23
Unrealized loss on forward contract, net of taxes⁽⁷⁾	2.7	0.07	-	-
Transaction costs, net of taxes⁽⁸⁾	6.4	0.18	-	-
Restructuring charges, net of taxes⁽⁹⁾	5.9	0.16	-	-
Tax adjustments on EMEA staffing transaction⁽¹⁰⁾	7.7	0.21	-	-
Adjusted net earnings	\$34.1	\$0.93	\$7.0	\$0.18

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Fourth-Quarter 2023 Liquidity

\$inmillions



- As of the end of Q4 2023, we continue to maintain more than \$400 million of available liquidity to fund organic and inorganic growth initiatives and provide the ability to fund working capital as revenues improve as we move through the economic cycle

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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 EBITDA margin in the first half of 2024 and beyond





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

2024 First Half Outlook

With a streamlined operating model now comprising four business units with market-leading positions in North American staffing and global MSP and RPO solutions, we remain committed to the execution of our specialty growth strategy and transformation initiatives.

Assumes a continuation of the current economic environment and excludes the European staffing operations from the 2023 base. On a like-for-like basis, our outlook for first half of 2024 reflects:



- **Revenue** – flat to up 50 bps YOY on a nominal basis, with no significant FX impact; mid-point expectation of \$2.09 billion for H1 2024
- **GP rate** – 20.5% to 20.7%; 30 bps YOY decline on a like-for-like basis primarily resulting from changes in business mix
- **Adjusted SG&A** – down 5% to 6% reflecting continued efficiency improvement from transformation actions; mid-point expectation of approximately \$190 million per quarter expense run rate in H1 2024
- **Adjusted EBITDA margin** – 3.3% to 3.5%; in addition to 60 bps of improvement in the second half of 2023 and 40 bps resulting from European staffing operations sale, expect an additional 30 to 50 bps of improvement in the first half of 2024

A blurred city street scene at sunset. The sun is low in the sky, creating a warm, golden glow. In the foreground, there are green plants. In the middle ground, several people are walking, their figures slightly out of focus. The background shows tall city buildings.

Kelly[®]