

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): February 14, 2022

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  
Number)

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 months and year ended January 2, 2022. A copy of the press release is attached as exhibit 99.1 herein.

**Item 9.01. Financial Statements and Exhibits**

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
<a href="#">99.1</a>	Press Release dated February 14, 2022.
<a href="#">99.2</a>	Presentation materials for February 14, 2022 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.

February 14, 2022

KELLY SERVICES, INC.

*/s/ Olivier G. Thiro*  
Olivier G. Thiro

Executive Vice President and Chief Financial Officer  
(Principal Financial Officer)

February 14, 2022

*/s/ Laura S. Lockhart*  
Laura S. Lockhart

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

EXHIBIT INDEX

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**KELLY® REPORTS**  
**FOURTH-QUARTER AND FULL-YEAR EARNINGS 2021**

- Q4 revenue increased 0.7%, or 6% as adjusted
- Q4 gross profit rate of 19.7%, improved 160 bps
- Q4 operating earnings of \$15.3 million, or earnings of \$19.4 million as adjusted, compared to earnings of \$13.9 million in the corresponding quarter of 2020 as adjusted, up 40% on an adjusted basis
- Full year 2021 operating earnings of \$48.6 million, or earnings of \$52.6 million as adjusted, compared to adjusted earnings of \$44.3 million last year, up 19% on an adjusted basis
- **To unlock capital to accelerate Kelly's specialty strategy, Kelly and Persol Holdings will unwind cross-ownership and Kelly will reduce its ownership interest in PersolKelly, the companies' joint venture in the APAC region, in Q1 2022**

TROY, Mich. (February 14, 2022) – Kelly® (Nasdaq: [KELYA](#), [KELYB](#)), a leading specialty talent solutions provider, today announced results for the fourth quarter and full year of 2021. The company's 2021 fiscal year is a 52-week year, and the fourth quarter of 2021 includes 13 weeks. The company's 2020 fiscal year was a 53-week year, and the fourth quarter of 2020 included 14 weeks.

Peter Quigley, president and chief executive officer, announced revenue for the fourth quarter of 2021 totaled \$1.3 billion, a 0.7% increase compared to the corresponding quarter of 2020. Year-over-year revenue trends were negatively impacted by the additional week in the 2020 period. Adjusted for the impact of the additional week in 2020, revenue for the fourth quarter of 2021 increased 6.0%. Improving year-over-year revenues in the quarter reflect increasing customer demand compared to the COVID-19-impacted prior year period.

Earnings from operations in the fourth quarter of 2021 totaled \$15.3 million, compared to earnings of \$9.5 million reported in the fourth quarter of 2020. The 2021 fourth-quarter results include a \$4.1 million restructuring charge. The 2020 fourth-quarter results included a \$4.4 million restructuring charge. On an adjusted basis, earnings from operations were \$19.4 million compared to \$13.9 million in the corresponding quarter of 2020.

Diluted earnings per share in the fourth quarter of 2021 were \$1.80 compared to \$0.59 per share in the fourth quarter of 2020. Included in the earnings per share in the fourth quarter of 2021 is a non-cash gain, net of tax, on Kelly's investment in Persol Holdings common stock of \$0.87 and a gain on insurance settlement, net of tax, of \$0.36, partially offset by a loss of \$0.08 related to restructuring charges, net of tax. Included in the earnings per share in the fourth quarter of 2020 is \$0.26 from a non-cash gain per share on Kelly's investment in Persol Holdings common stock, net of tax, partially offset by a loss of \$0.08 related to restructuring charges, net of tax. On an adjusted basis, earnings per share were \$0.65 in the fourth quarter of 2021 compared to \$0.41 in the corresponding quarter of 2020.

"Our fourth-quarter results reflect that the economic recovery continues. While our revenue growth in the quarter was affected by talent supply, we are pleased with our ability to leverage growth into solid gross profit and earnings improvements," said Quigley.

Operating earnings for the full year of 2021 totaled \$48.6 million, compared to a loss of \$93.6 million reported for the full year of 2020. The 2021 full-year results included a \$4.0 million restructuring charge. The 2020 full-year results include a \$147.7

million goodwill impairment charge, \$12.8 million of restructuring charges, a \$9.5 million customer dispute charge and a \$32.1 million gain on sale of assets. On an adjusted basis, earnings from operations for the full year of 2021 were \$52.6 million compared to \$44.3 million for the full year of 2020.

Diluted earnings per share for the full year of 2021 were \$3.91 compared to a loss per share of \$1.83 for the full year of 2020. Included in the earnings per share for the full year of 2021 is \$2.12 from a non-cash gain on Kelly's investment in Persol Holdings common stock, net of tax, and a \$0.36 gain on insurance settlement, net of tax, partially offset by a \$0.07 per share restructuring charge, net of tax. Included in the loss per share for the full year of 2020 is a non-cash goodwill impairment charge, net of tax, of \$3.17; restructuring charges, net of tax, of \$0.24; a \$0.17 customer dispute charge, net of tax; and a non-cash loss, net of tax, on Kelly's investment in Persol Holdings common stock of \$0.29, partially offset by a gain of \$0.61 related to the gain on sale of assets, net of tax. On an adjusted basis, earnings per share were \$1.51 for the full year of 2021 compared to \$1.44 for the full year of 2020.

In other actions taken today, Persol Holdings and Kelly have agreed to changes in their relationship in the APAC region.

First, Kelly will reduce its ownership interest in PersolKelly Pte. Ltd., the staffing joint venture established between Kelly and Persol in 2016, from 49% to 2.5%. Persol will acquire 46.5% of the shares held by Kelly through a Persol subsidiary. These changes will have no impact on the operations of PersolKelly, which remains a premier staffing supplier across the region. PersolKelly will continue to use the brand name, PersolKelly, for a period of time.

Second, Kelly and Persol will discontinue their cross-shareholding. Kelly holds 9,106,800 shares of Persol Holdings common stock, and Persol owns 1,576,169 shares of Kelly's Class A common stock and 1,475 shares of its Class B common stock. Kelly will monetize its equity holdings in Persol by selling all its shares in an open market transaction. Kelly will also buy back from Persol its equity position in Kelly. These actions will allow Kelly to realize the appreciation of its equity investment in Persol and enable the company to reinvest in Kelly's specialty growth strategy. Both stock transactions are expected to be completed within two business days.

Persol Holdings continues to be a valued partner to Kelly, and the companies' senior leaders will continue to regularly meet as part of this valued business partnership. PersolKelly, under the leadership of CEO Francis Koh, will continue to provide workforce solutions to customers across 13 markets in the Asia Pacific market and Kelly, under the leadership of Pete Hamilton, will continue to operate KellyOCG in the region.

"Kelly is already building on our momentum from 2021, which included Softworld, our largest acquisition to date, the creation of a strong, diverse leadership team, and the introduction of new solutions and products in our specialty businesses," said Quigley. "With the additional transactions announced today, Kelly will free up significant capital to invest in our specialty strategy, positioning us to elevate growth and profitability in 2022 and beyond."

In conjunction with its fourth-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 February 14 to review the results and answer questions. The call may be accessed in one of the following ways:

Via the Internet:  
[Kellyservices.com](https://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 February 14, 2022, at (866) 207-1041 (toll-free) and (402) 970-0847 (caller-paid). The access code is 7976390#. The recording will also be available at [kellyservices.com](https://kellyservices.com) during this period.

This release contains statements that are forward looking in nature and, accordingly, are subject to risks and uncertainties. These factors include, but are not limited to, changing market and economic conditions, the impact of the novel coronavirus (COVID-19) outbreak, competitive market pressures including pricing and technology introductions and disruptions, disruption in the labor market and weakened demand for human capital resulting from technological advances, competition law risks, the impact of changes in laws and regulations (including federal, state and international tax laws), unexpected changes in claim trends on workers' compensation, unemployment, disability and medical benefit plans, or the risk of additional tax liabilities in

excess of our estimates, our ability to achieve our business strategy, our ability to successfully develop new service offerings, material changes in demand from or loss of large corporate customers as well as changes in their buying practices, risks particular to doing business with government or government contractors, the risk of damage to our brand, our exposure to risks associated with services outside traditional staffing, including business process outsourcing, services of licensed professionals and services connecting talent to independent work, our increasing dependency on third parties for the execution of critical functions, our ability to effectively implement and manage our information technology strategy, the risks associated with past and future acquisitions, including risk of related impairment of goodwill and intangible assets, exposure to risks associated with investments in equity affiliates including PersolKelly Pte. Ltd., risks associated with conducting business in foreign countries, including foreign currency fluctuations, the exposure to potential market and currency exchange risks relating to our investment in Persol Holdings, risks associated with violations of anti-corruption, trade protection and other laws and regulations, availability of qualified full-time employees, availability of temporary workers with appropriate skills required by customers, liabilities for employment-related claims and losses, including class action lawsuits and collective actions, our ability to sustain critical business applications through our key data centers, risks arising from failure to preserve the privacy of information entrusted to us or to meet our obligations under global privacy laws, the risk of cyberattacks or other breaches of network or information technology security, our ability to realize value from our tax credit and net operating loss carryforwards, our ability to maintain specified financial covenants in our bank facilities to continue to access credit markets, and other risks, uncertainties and factors discussed in this release and in the Company's filings with the Securities and Exchange Commission. Actual results may differ materially from any forward-looking statements contained herein, 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) connects talented people to companies in need of their skills in areas including Science, Engineering, Education, Office, Contact Center, Light Industrial, and more. We're always thinking about what's next in the evolving world of work, and we help people ditch the script on old ways of thinking and embrace the value of all workstyles in the workplace. We directly employ more than 350,000 people around the world, and we connect thousands more with work through our global network of talent suppliers and partners in our outsourcing and consulting practice. Revenue in 2021 was \$4.9 billion. Visit [kellyservices.com](https://kellyservices.com) and let us help with what's next for you.

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**KELLY SERVICES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF EARNINGS**  
**FOR THE 13 WEEKS ENDED JANUARY 2, 2022 AND 14 WEEKS ENDED JANUARY 3, 2021**  
**(UNAUDITED)**

(In millions of dollars except per share data)

	2021	2020	Change	% Change	CC % Change
<b>Revenue from services</b>	\$ 1,250.3	\$ 1,241.4	\$ 8.9	0.7 %	1.1 %
Cost of services	1,004.3	1,017.3	(13.0)	(1.3)	
<b>Gross profit</b>	246.0	224.1	21.9	9.8	10.1
Selling, general and administrative expenses	230.7	214.6	16.1	7.5	7.9
<b>Earnings from operations</b>	15.3	9.5	5.8	60.7	
Gain (loss) on investment in Persol Holdings	50.0	14.8	35.2	236.8	
Gain on insurance settlement	19.0	—	19.0	NM	
Other income (expense), net	0.4	(0.2)	0.6	277.9	
<b>Earnings before taxes and equity in net earnings (loss) of affiliate</b>	84.7	24.1	60.6	251.5	
Income tax expense (benefit)	16.1	2.5	13.6	NM	
<b>Net earnings before equity in net earnings (loss) of affiliate</b>	68.6	21.6	47.0	218.4	
Equity in net earnings (loss) of affiliate	3.1	1.8	1.3	72.2	
<b>Net earnings</b>	<u>\$ 71.7</u>	<u>\$ 23.4</u>	<u>\$ 48.3</u>	207.1 %	
<b>Basic earnings per share</b>	\$ 1.80	\$ 0.59	\$ 1.21	205.1 %	
<b>Diluted earnings per share</b>	\$ 1.80	\$ 0.59	\$ 1.21	205.1 %	
<b>STATISTICS:</b>					
Permanent placement income (included in revenue from services)	\$ 21.1	\$ 10.8	\$ 10.3	94.7 %	95.0 %
Gross profit rate	19.7 %	18.1 %	1.6 pts.		
Conversion rate	6.2	4.2	2.0		
Adjusted EBITDA	\$ 27.7	\$ 20.4	\$ 7.3		
Adjusted EBITDA margin	2.2 %	1.6 %	0.6 pts.		
Effective income tax rate	19.0 %	10.6 %	8.4 pts.		
Average number of shares outstanding (millions):					
Basic	39.4	39.3			
Diluted	39.6	39.4			



**KELLY SERVICES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF EARNINGS**  
**FOR THE 52 WEEKS ENDED JANUARY 2, 2022 AND 53 WEEKS ENDED JANUARY 3, 2021**  
**(UNAUDITED)**

(In millions of dollars except per share data)

	2021	2020	Change	% Change	CC % Change
<b>Revenue from services</b>	\$ 4,909.7	\$ 4,516.0	\$ 393.7	8.7 %	7.8 %
Cost of services	3,990.5	3,688.4	302.1	8.2	
<b>Gross profit</b>	919.2	827.6	91.6	11.1	10.1
Selling, general and administrative expenses	870.6	805.6	65.0	8.1	7.3
Goodwill impairment charge	—	147.7	(147.7)	NM	
Gain on sale of assets	—	(32.1)	32.1	NM	
<b>Earnings (loss) from operations</b>	48.6	(93.6)	142.2	NM	
Gain (loss) on investment in Persol Holdings	121.8	(16.6)	138.4	NM	
Gain on insurance settlement	19.0	—	19.0	NM	
Other income (expense), net	(3.6)	3.4	(7.0)	(206.5)	
<b>Earnings (loss) before taxes and equity in net earnings (loss) of affiliate</b>	185.8	(106.8)	292.6	NM	
Income tax expense (benefit)	35.1	(34.0)	69.1	203.4	
<b>Net earnings (loss) before equity in net earnings (loss) of affiliate</b>	150.7	(72.8)	223.5	NM	
Equity in net earnings (loss) of affiliate	5.4	0.8	4.6	NM	
<b>Net earnings (loss)</b>	\$ 156.1	\$ (72.0)	\$ 228.1	NM %	
<b>Basic earnings (loss) per share</b>	\$ 3.93	\$ (1.83)	\$ 5.76	NM %	
<b>Diluted earnings (loss) per share</b>	\$ 3.91	\$ (1.83)	\$ 5.74	NM %	
<b>STATISTICS:</b>					
Permanent placement income (included in revenue from services)	\$ 75.4	\$ 39.7	\$ 35.7	89.7 %	87.4 %
Gross profit rate	18.7 %	18.3 %	0.4 pts.		
Conversion rate	5.3	(11.3)	16.6		
Adjusted EBITDA	\$ 84.1	\$ 69.0	\$ 15.1		
Adjusted EBITDA margin	1.7 %	1.5 %	0.2 pts.		
Effective income tax rate	18.9 %	31.8 %	(12.9) pts.		
Average number of shares outstanding (millions):					
Basic	39.4	39.3			
Diluted	39.5	39.3			

**KELLY SERVICES, INC. AND SUBSIDIARIES**  
**RESULTS OF OPERATIONS BY SEGMENT**  
**(UNAUDITED)**  
(In millions of dollars)

**Fourth Quarter**

	2021 (13 Wks)	2020 (14 Wks)	% Change	CC % Change
<b>Professional &amp; Industrial</b>				
Revenue from services	\$ 450.7	\$ 511.7	(11.9) %	(12.1) %
Gross profit	82.3	89.1	(7.7)	(7.9)
SG&A expenses excluding restructuring charges	70.8	76.5	(7.4)	(7.6)
Restructuring charges	—	1.7	NM	NM
Total SG&A expenses	70.8	78.2	(9.5)	(9.6)
Earnings (loss) from operations	11.5	10.9	5.3	
Earnings (loss) from operations excluding restructuring charges	11.5	12.6	(9.2)	
Gross profit rate	18.2 %	17.4 %	0.8 pts.	
<b>Science, Engineering &amp; Technology</b>				
Revenue from services	\$ 297.7	\$ 257.6	15.5 %	15.5 %
Gross profit	66.1	53.4	23.7	23.7
SG&A expenses excluding restructuring charges	49.2	35.2	39.7	39.6
Restructuring charges	—	0.1	NM	NM
Total SG&A expenses	49.2	35.3	39.3	39.3
Earnings (loss) from operations	16.9	18.1	(6.7)	
Earnings (loss) from operations excluding restructuring charges	16.9	18.2	(7.1)	
Gross profit rate	22.2 %	20.7 %	1.5 pts.	
<b>Education</b>				
Revenue from services	\$ 132.4	\$ 91.8	44.3 %	44.3 %
Gross profit	21.1	13.4	57.6	57.6
SG&A expenses excluding restructuring charges	15.6	13.3	17.1	17.1
Restructuring charges	—	0.2	NM	NM
Total SG&A expenses	15.6	13.5	15.3	15.3
Earnings (loss) from operations	5.5	(0.1)	NM	
Earnings (loss) from operations excluding restructuring charges	5.5	0.1	NM	
Gross profit rate	15.9 %	14.6 %	1.3 pts.	
<b>Outsourcing &amp; Consulting</b>				
Revenue from services	\$ 112.1	\$ 102.5	9.3 %	9.4 %
Gross profit	38.0	32.7	16.3	16.5
SG&A expenses excluding restructuring charges	33.5	28.9	16.2	16.4
Restructuring charges	—	0.3	NM	NM
Total SG&A expenses	33.5	29.2	15.1	15.4
Earnings (loss) from operations	4.5	3.5	26.2	
Earnings (loss) from operations excluding restructuring charges	4.5	3.8	17.6	
Gross profit rate	34.0 %	31.9 %	2.1 pts.	
<b>International</b>				
Revenue from services	\$ 257.7	\$ 278.0	(7.2) %	(5.4) %
Gross profit	38.5	35.5	8.6	11.0
SG&A expenses excluding restructuring charges	35.5	33.2	6.9	9.2
Restructuring charges	1.2	0.3	365.5	384.5
Total SG&A expenses	36.7	33.5	9.6	12.1
Earnings (loss) from operations	1.8	2.0	(7.7)	
Earnings (loss) from operations excluding restructuring charges	3.0	2.3	35.1	
Gross profit rate	15.0 %	12.8 %	2.2 pts.	

**KELLY SERVICES, INC. AND SUBSIDIARIES**  
**RESULTS OF OPERATIONS BY SEGMENT**  
**(UNAUDITED)**  
(In millions of dollars)

December Year to Date

	2021 (52 Wks)	2020 (53 Wks)	% Change	CC % Change
<b>Professional &amp; Industrial</b>				
Revenue from services	\$ 1,837.4	\$ 1,858.4	(1.1) %	(1.5) %
Gross profit	310.0	330.2	(6.1)	(6.5)
SG&A expenses excluding restructuring charges	278.6	282.6	(1.4)	(1.7)
Restructuring charges	—	6.0	NM	NM
Total SG&A expenses	278.6	288.6	(3.5)	(3.8)
Earnings (loss) from operations	31.4	41.6	(24.4)	
Earnings (loss) from operations excluding restructuring charges	31.4	47.6	(34.0)	
Gross profit rate	16.9 %	17.8 %	(0.9) pts.	
<b>Science, Engineering &amp; Technology</b>				
Revenue from services	\$ 1,156.8	\$ 1,019.1	13.5 %	13.3 %
Gross profit	253.9	209.4	21.3	21.1
SG&A expenses excluding restructuring charges	180.2	133.8	34.7	34.5
Restructuring charges	—	0.6	NM	NM
Total SG&A expenses	180.2	134.4	34.1	33.9
Earnings (loss) from operations	73.7	75.0	(1.7)	
Earnings (loss) from operations excluding restructuring charges	73.7	75.6	(2.5)	
Gross profit rate	21.9 %	20.5 %	1.4 pts.	
<b>Education</b>				
Revenue from services	\$ 416.5	\$ 286.9	45.2 %	45.2 %
Gross profit	65.1	42.2	54.1	54.1
SG&A expenses excluding restructuring charges	62.1	50.2	23.6	23.6
Restructuring charges	—	1.0	NM	NM
Total SG&A expenses	62.1	51.2	21.1	21.1
Earnings (loss) from operations	3.0	(9.0)	NM	
Earnings (loss) from operations excluding restructuring charges	3.0	(8.0)	NM	
Gross profit rate	15.6 %	14.7 %	0.9 pts.	
<b>Outsourcing &amp; Consulting</b>				
Revenue from services	\$ 432.1	\$ 363.5	18.9 %	17.9 %
Gross profit	141.4	119.8	18.0	16.3
SG&A expenses excluding restructuring charges	122.7	108.0	13.6	12.4
Restructuring charges	—	0.3	NM	NM
Total SG&A expenses	122.7	108.3	13.3	12.0
Earnings (loss) from operations	18.7	11.5	62.7	
Earnings (loss) from operations excluding restructuring charges	18.7	11.8	58.3	
Gross profit rate	32.7 %	33.0 %	(0.3) pts.	
<b>International</b>				
Revenue from services	\$ 1067.8	\$ 988.6	8.0 %	4.9 %
Gross profit	148.8	126.0	18.1	14.8
SG&A expenses excluding restructuring charges	137.7	133.5	3.1	0.2
Restructuring charges	1.2	1.4	(10.2)	(6.6)
Total SG&A expenses	138.9	134.9	2.9	0.1
Earnings (loss) from operations	9.9	(8.9)	NM	
Earnings (loss) from operations excluding restructuring charges	11.1	(7.5)	NM	
Gross profit rate	13.9 %	12.7 %	1.2 pts.	

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

	Jan. 2, 2022	Jan. 3, 2021
<b>Current Assets</b>		
Cash and equivalents	\$ 112.7	\$ 223.0
Trade accounts receivable, less allowances of \$12.6 and \$13.3, respectively	1,423.2	1,265.2
Prepaid expenses and other current assets	52.8	61.4
Total current assets	1,588.7	1,549.6
<b>Noncurrent Assets</b>		
Property and equipment, net	35.3	41.0
Operating lease right-of-use assets	75.8	83.2
Deferred taxes	302.8	282.0
Goodwill, net	114.8	3.5
Investment in Persol Holdings	264.3	164.2
Investment in equity affiliate	123.4	118.5
Other assets	389.1	319.9
Total noncurrent assets	1,305.5	1,012.3
<b>Total Assets</b>	<b>\$ 2,894.2</b>	<b>\$ 2,561.9</b>
<b>Current Liabilities</b>		
Short-term borrowings	\$ —	\$ 0.3
Accounts payable and accrued liabilities	687.2	536.8
Operating lease liabilities	17.5	19.6
Accrued payroll and related taxes	318.4	293.0
Accrued workers' compensation and other claims	20.8	22.7
Income and other taxes	51.3	53.2
Total current liabilities	1,095.2	925.6
<b>Noncurrent Liabilities</b>		
Operating lease liabilities	61.4	67.5
Accrued payroll and related taxes	57.6	58.5
Accrued workers' compensation and other claims	37.0	42.2
Accrued retirement benefits	220.0	205.8
Other long-term liabilities	86.8	59.3
Total noncurrent liabilities	462.8	433.3
<b>Stockholders' Equity</b>		
Common stock	40.1	40.1
Treasury stock	(15.1)	(17.1)
Paid-in capital	23.9	21.3
Earnings invested in the business	1,315.0	1,162.9
Accumulated other comprehensive income (loss)	(27.7)	(4.2)
Total stockholders' equity	1,336.2	1,203.0
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 2,894.2</b>	<b>\$ 2,561.9</b>
<b>Statistics:</b>		
Working Capital	\$ 493.5	\$ 624.0
Current Ratio	1.5	1.7
Debt-to-capital %	0.0 %	0.0 %
Global Days Sales Outstanding	60	64
Year-to-Date Free Cash Flow	\$ 73.8	\$ 170.5

**KELLY SERVICES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE 52 WEEKS ENDED JANUARY 2, 2022 AND 53 WEEKS ENDED JANUARY 3, 2021**  
**(UNAUDITED)**  
(In millions of dollars)

	2021	2020
<b>Cash flows from operating activities:</b>		
Net earnings (loss)	\$ 156.1	\$ (72.0)
Adjustments to reconcile net earnings to net cash from operating activities:		
Goodwill impairment charge	—	147.7
Deferred income taxes	21.6	(57.1)
Depreciation and amortization	29.8	24.2
Operating lease asset amortization	21.2	21.1
Provision for credit losses and sales allowances	1.6	12.8
Stock-based compensation	5.1	3.9
(Gain) loss on investment in Persol Holdings	(121.8)	16.6
Gain on insurance settlement	(19.0)	—
Gain on sale of assets	—	(32.1)
Equity in net (earnings) loss of PersolKelly Pte. Ltd.	(5.4)	(0.8)
Other, net	6.0	1.4
Changes in operating assets and liabilities, net of acquisitions	(10.2)	120.3
<b>Net cash from operating activities</b>	<b>85.0</b>	<b>186.0</b>
<b>Cash flows from investing activities:</b>		
Capital expenditures	(11.2)	(15.5)
Proceeds from sale of assets	—	55.5
Acquisition of companies, net of cash received	(213.0)	(39.2)
Proceeds from company-owned life insurance	12.2	2.3
Proceeds from insurance settlement	19.0	—
Proceeds from sale of Brazil, net of cash disposed	—	1.2
Proceeds (payments) related to loans to equity affiliate	5.9	5.6
Proceeds from (investment in) equity securities	5.0	(0.2)
Other investing activities	1.4	0.1
<b>Net cash (used in) from investing activities</b>	<b>(180.7)</b>	<b>9.8</b>
<b>Cash flows from financing activities:</b>		
Net change in short-term borrowings	(0.2)	(1.7)
Financing lease payments	(1.5)	(2.0)
Dividend payments	(4.0)	(3.0)
Payments of tax withholding for stock awards	(0.6)	(1.2)
Contingent consideration payments	(1.6)	—
Other financing activities	(0.2)	(0.2)
<b>Net cash used in financing activities</b>	<b>(8.1)</b>	<b>(8.1)</b>
<b>Effect of exchange rates on cash, cash equivalents and restricted cash</b>	<b>(4.8)</b>	<b>9.4</b>
<b>Net change in cash, cash equivalents and restricted cash</b>	<b>(108.6)</b>	<b>197.1</b>
<b>Cash, cash equivalents and restricted cash at beginning of year</b>	<b>228.1</b>	<b>31.0</b>
<b>Cash, cash equivalents and restricted cash at end of year</b>	<b>\$ 119.5</b>	<b>\$ 228.1</b>

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

**Fourth Quarter**

	<u>2021</u> <u>(13 Wks)</u>	<u>2020</u> <u>(14 Wks)</u>	<u>%</u> <u>Change</u>	<u>CC %</u> <u>Change</u>
<b>Americas</b>				
United States	\$ 908.6	\$ 891.0	2.0 %	2.0 %
Canada	38.1	33.8	12.6	8.6
Puerto Rico	25.5	20.9	21.6	21.6
Mexico	10.6	35.8	(70.5)	(70.1)
<b>Total Americas Region</b>	<u>982.8</u>	<u>981.5</u>	0.1	—
<b>Europe</b>				
Switzerland	61.0	59.2	3.1	4.9
France	55.0	57.0	(3.5)	0.5
Portugal	37.3	42.6	(12.4)	(8.6)
Russia	32.9	29.9	9.8	4.9
Italy	18.2	15.7	15.8	20.7
United Kingdom	16.4	17.2	(4.5)	(6.7)
Germany	9.4	8.0	17.4	22.3
Ireland	8.0	5.9	36.9	42.4
Other	18.1	15.9	13.5	17.4
<b>Total Europe Region</b>	<u>256.3</u>	<u>251.4</u>	2.0	4.0
<b>Total Asia-Pacific Region</b>	<u>11.2</u>	<u>8.5</u>	33.3	34.5
<b>Total Kelly Services, Inc.</b>	<u>\$ 1,250.3</u>	<u>\$ 1,241.4</u>	0.7 %	1.1 %

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

	December Year to Date			
	2021 (52 Wks)	2020 (53 Wks)	% Change	CC % Change
<b>Americas</b>				
United States	\$ 3,513.4	\$ 3,260.2	7.8 %	7.8 %
Canada	155.0	122.5	26.5	18.2
Puerto Rico	102.1	77.0	32.5	32.5
Mexico	92.7	114.4	(19.0)	(23.2)
Brazil	—	17.0	NM	NM
<b>Total Americas Region</b>	<u>3,863.2</u>	<u>3,591.1</u>	7.6	7.2
<b>Europe</b>				
France	223.1	198.2	12.5	8.6
Switzerland	222.2	200.4	10.9	8.2
Portugal	158.2	141.7	11.7	7.6
Russia	132.2	118.5	11.5	14.3
Italy	74.2	58.2	27.4	23.0
United Kingdom	68.3	73.7	(7.4)	(13.7)
Germany	34.0	30.1	13.0	9.7
Ireland	26.8	19.9	34.9	31.4
Other	68.0	54.6	24.5	20.4
<b>Total Europe Region</b>	<u>1,007.0</u>	<u>895.3</u>	12.5	9.5
<b>Total Asia-Pacific Region</b>	<u>39.5</u>	<u>29.6</u>	33.8	27.7
<b>Total Kelly Services, Inc.</b>	<u>\$ 4,909.7</u>	<u>\$ 4,516.0</u>	8.7 %	7.8 %

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

	2021			2020	
	As Reported	Restructuring <sup>(5)</sup>	Adjusted	Adjusted	
<b>SG&amp;A Expenses:</b>					
Professional & Industrial	\$ 70.8	\$ —	\$ 70.8	\$ 76.5	
Science, Engineering & Technology	49.2	—	49.2	35.2	
Education	15.6	—	15.6	13.3	
Outsourcing & Consulting	33.5	—	33.5	28.9	
International	36.7	(1.2)	35.5	33.2	
Corporate	24.9	(2.9)	22.0	23.1	
<b>Total Company</b>	<b>\$ 230.7</b>	<b>\$ (4.1)</b>	<b>\$ 226.6</b>	<b>\$ 210.2</b>	
<b>Earnings (Loss) from Operations:</b>					
Professional & Industrial	\$ 11.5	\$ —	\$ 11.5	\$ 12.6	
Science, Engineering & Technology	16.9	—	16.9	18.2	
Education	5.5	—	5.5	0.1	
Outsourcing & Consulting	4.5	—	4.5	3.8	
International	1.8	1.2	3.0	2.3	
Corporate	(24.9)	(2.9)	(22.0)	(23.1)	
<b>Total Company</b>	<b>\$ 15.3</b>	<b>\$ 4.1</b>	<b>\$ 19.4</b>	<b>\$ 13.9</b>	



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

	2020		
	As Reported	Restructuring <sup>(5)</sup>	Adjusted
<b>SG&amp;A Expenses:</b>			
Professional & Industrial	\$ 78.2	\$ (1.7)	\$ 76.5
Science, Engineering & Technology	35.3	(0.1)	35.2
Education	13.5	(0.2)	13.3
Outsourcing & Consulting	29.2	(0.3)	28.9
International	33.5	(0.3)	33.2
Corporate	24.9	(1.8)	23.1
<b>Total Company</b>	<b>\$ 214.6</b>	<b>\$ (4.4)</b>	<b>\$ 210.2</b>
<b>Earnings (Loss) from Operations:</b>			
Professional & Industrial	\$ 10.9	\$ 1.7	\$ 12.6
Science, Engineering & Technology	18.1	0.1	18.2
Education	(0.1)	0.2	0.1
Outsourcing & Consulting	3.5	0.3	3.8
International	2.0	0.3	2.3
Corporate	(24.9)	1.8	(23.1)
<b>Total Company</b>	<b>\$ 9.5</b>	<b>\$ 4.4</b>	<b>\$ 13.9</b>

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

	2021			2020
	As Reported	Restructuring <sup>(5)</sup>	Adjusted	Adjusted
<b>SG&amp;A Expenses:</b>				
Professional & Industrial	\$ 278.6	\$ —	\$ 278.6	\$ 282.6
Science, Engineering & Technology	180.2	—	180.2	133.8
Education	62.1	—	62.1	50.2
Outsourcing & Consulting	122.7	—	122.7	108.0
International	138.9	(1.2)	137.7	124.0
Corporate	88.1	(2.8)	85.3	84.7
<b>Total Company</b>	<b>\$ 870.6</b>	<b>\$ (4.0)</b>	<b>\$ 866.6</b>	<b>\$ 783.3</b>
<b>Earnings (Loss) from Operations:</b>				
Professional & Industrial	\$ 31.4	\$ —	\$ 31.4	\$ 47.6
Science, Engineering & Technology	73.7	—	73.7	75.6
Education	3.0	—	3.0	(8.0)
Outsourcing & Consulting	18.7	—	18.7	11.8
International	9.9	1.2	11.1	2.0
Corporate	(88.1)	2.8	(85.3)	(84.7)
<b>Total Company</b>	<b>\$ 48.6</b>	<b>\$ 4.0</b>	<b>\$ 52.6</b>	<b>\$ 44.3</b>

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

SG&A Expenses:	2020			
	As Reported	Customer Dispute <sup>(4)</sup>	Restructuring <sup>(5)</sup>	Adjusted
Professional & Industrial	\$ 288.6	\$ —	\$ (6.0)	\$ 282.6
Science, Engineering & Technology	134.4	—	(0.6)	133.8
Education	51.2	—	(1.0)	50.2
Outsourcing & Consulting	108.3	—	(0.3)	108.0
International	134.9	(9.5)	(1.4)	124.0
Corporate	88.2	—	(3.5)	84.7
<b>Total Company</b>	<b>\$ 805.6</b>	<b>\$ (9.5)</b>	<b>\$ (12.8)</b>	<b>\$ 783.3</b>

Earnings (Loss) from Operations:	2020					
	As Reported	Goodwill Impairment <sup>(1)</sup>	Gain on sale of assets <sup>(3)</sup>	Customer Dispute <sup>(4)</sup>	Restructuring <sup>(5)</sup>	Adjusted
Professional & Industrial	\$ 41.6	\$ —	\$ —	\$ —	\$ 6.0	\$ 47.6
Science, Engineering & Technology	75.0	—	—	—	0.6	75.6
Education	(9.0)	—	—	—	1.0	(8.0)
Outsourcing & Consulting	11.5	—	—	—	0.3	11.8
International	(8.9)	—	—	9.5	1.4	2.0
Corporate	(203.8)	147.7	(32.1)	—	3.5	(84.7)
<b>Total Company</b>	<b>\$ (93.6)</b>	<b>\$ 147.7</b>	<b>\$ (32.1)</b>	<b>\$ 9.5</b>	<b>\$ 12.8</b>	<b>\$ 44.3</b>

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

(In millions of dollars except per share data)

	Fourth Quarter		December Year to Date	
	2021	2020	2021	2020
Income tax expense (benefit)	\$ 16.1	\$ 2.5	\$ 35.1	\$ (34.0)
Taxes on goodwill impairment charge <sup>(1)</sup>	—	—	—	23.0
Taxes on investment in Persol Holdings <sup>(2)</sup>	(15.3)	(4.5)	(37.3)	5.1
Taxes on gain on sale of assets <sup>(3)</sup>	—	—	—	(8.1)
Taxes on customer dispute <sup>(4)</sup>	—	—	—	2.8
Taxes on restructuring charges <sup>(5)</sup>	1.0	1.0	1.0	3.2
Taxes on gain on insurance settlement <sup>(6)</sup>	(4.8)	—	(4.8)	—
Adjusted income tax expense (benefit)	<u>\$ (3.0)</u>	<u>\$ (1.0)</u>	<u>\$ (6.0)</u>	<u>\$ (8.0)</u>

	Fourth Quarter		December Year to Date	
	2021	2020	2021	2020
Net earnings (loss)	\$ 71.7	\$ 23.4	\$ 156.1	\$ (72.0)
Goodwill impairment charge, net of taxes <sup>(1)</sup>	—	—	—	124.7
(Gain) loss on investment in Persol Holdings, net of taxes <sup>(2)</sup>	(34.7)	(10.3)	(84.5)	11.5
(Gain) loss on sale of assets, net of taxes <sup>(3)</sup>	—	—	—	(23.9)
Customer dispute, net of taxes <sup>(4)</sup>	—	—	—	6.7
Restructuring charges, net of taxes <sup>(5)</sup>	3.1	3.4	3.0	9.6
Gain on insurance settlement, net of taxes <sup>(6)</sup>	(14.2)	—	(14.2)	—
Adjusted net earnings	<u>\$ 25.9</u>	<u>\$ 16.5</u>	<u>\$ 60.4</u>	<u>\$ 56.6</u>

	Fourth Quarter		December Year to Date	
	2021	2020	2021	2020
	Per Share		Per Share	
Net earnings (loss)	\$ 1.80	\$ 0.59	\$ 3.91	\$ (1.83)
Goodwill impairment charge, net of taxes <sup>(1)</sup>	—	—	—	3.17
(Gain) loss on investment in Persol Holdings, net of taxes <sup>(2)</sup>	(0.87)	(0.26)	(2.12)	0.29
Gain on sale of assets, net of taxes <sup>(3)</sup>	—	—	—	(0.61)
Customer dispute, net of taxes <sup>(4)</sup>	—	—	—	0.17
Restructuring charges, net of taxes <sup>(5)</sup>	0.08	0.08	0.07	0.24
Gain on insurance settlement, net of taxes <sup>(6)</sup>	(0.36)	—	(0.36)	—
Adjusted net earnings	<u>\$ 0.65</u>	<u>\$ 0.41</u>	<u>\$ 1.51</u>	<u>\$ 1.44</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)

	Fourth Quarter		December Year to Date	
	2021	2020	2021	2020
Net earnings (loss)	\$ 71.7	\$ 23.4	\$ 156.1	\$ (72.0)
Other (income) expense, net	(0.4)	0.2	3.6	(3.4)
Income tax expense (benefit)	16.1	2.5	35.1	(34.0)
Depreciation and amortization	8.3	6.5	31.5	24.7
<b>EBITDA</b>	<b>95.7</b>	<b>32.6</b>	<b>226.3</b>	<b>(84.7)</b>
Equity in net (earnings) loss of affiliate	(3.1)	(1.8)	(5.4)	(0.8)
Goodwill impairment charge <sup>(1)</sup>	—	—	—	147.7
(Gain) loss on investment in Persol Holdings <sup>(2)</sup>	(50.0)	(14.8)	(121.8)	16.6
Gain on sale of assets <sup>(3)</sup>	—	—	—	(32.1)
Customer dispute <sup>(4)</sup>	—	—	—	9.5
Restructuring <sup>(5)</sup>	4.1	4.4	4.0	12.8
Gain on insurance settlement <sup>(6)</sup>	(19.0)	—	(19.0)	—
<b>Adjusted EBITDA</b>	<b>\$ 27.7</b>	<b>\$ 20.4</b>	<b>\$ 84.1</b>	<b>\$ 69.0</b>
<b>Adjusted EBITDA margin</b>	<b>2.2 %</b>	<b>1.6 %</b>	<b>1.7 %</b>	<b>1.5 %</b>

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

Management believes that the non-GAAP (Generally Accepted Accounting Principles) information excluding the 2020 goodwill impairment charge, the 2021 and 2020 gains and losses on the investment in Persol Holdings, the 2020 gain on sale of assets, the 2020 customer dispute, the 2021 and 2020 restructuring charges and the 2021 gain on insurance settlement are useful to understand the Company's fiscal 2021 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.

- (1) The goodwill impairment charge is the result of an interim impairment test the Company performed during the first quarter of 2020, due to a triggering event caused by a decline in the Company's common stock price.
- (2) The gains and losses on the investment in Persol Holdings represent the change in fair value of the investment during the period presented and the related tax expense and benefit.
- (3) Gain on sale of assets in 2020 primarily represents the excess of the proceeds over the cost of the headquarters properties sold during the first quarter of 2020.
- (4) Customer dispute in 2020 represents a non-cash charge in Mexico to increase the reserve against a long-term receivable from a former customer based on an updated probability of loss assessment.
- (5) Restructuring charges in 2021 represent severance costs as part of cost management actions designed to increase operational efficiencies within enterprise functions that provide centralized support to operating units. Restructuring charges in 2020 represent severance costs and lease terminations in preparation for the new operating model adopted in the third quarter of 2020.
- (6) Gain on insurance settlement represents a payment received in the fourth quarter of 2021 related to the settlement of claims under a representations and warranties insurance policy purchased by the Company in connection with the acquisition of Softworld.

# FOURTH QUARTER AND FULL YEAR 2021

Kelly



February 14, 2022

## NON-GAAP MEASURES

Management believes that the non-GAAP (Generally Accepted Accounting Principles) information excluding the 2020 goodwill impairment charge, the 2021 and 2020 gains and losses on the investment in Persol Holdings, the 2020 gain on sale of assets, the 2020 customer dispute, the 2021 and 2020 restructuring charges and the 2021 gain on insurance settlement are useful to understand the Company's fiscal 2021 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 release contains statements that are forward looking in nature and, accordingly, are subject to risks and uncertainties. The principal important risk factors that could cause our actual performance and future events and actions to differ materially from such forward-looking statements include, but are not limited to, changing market and economic conditions, the impact of the novel coronavirus (COVID-19) outbreak, competitive market pressures including pricing and technology introductions and disruptions, disruption in the labor market and weakened demand for human capital resulting from technological advances, competition law risks, the impact of changes in laws and regulations (including federal, state and international tax laws), unexpected changes in claim trends on workers' compensation, unemployment, disability and medical benefit plans, or the risk of additional tax liabilities in excess of our estimates, our ability to achieve our business strategy, our ability to successfully develop new service offerings, material changes in demand from or loss of large corporate customers as well as changes in their buying practices, risks particular to doing business with government or government contractors, the risk of damage to our brand, our exposure to risks associated with services outside traditional staffing, including business process outsourcing, services of licensed professionals and services connecting talent to independent work, our increasing dependency on third parties for the execution of critical functions, our ability to effectively implement and manage our information technology strategy, the risks associated with past and future acquisitions, including risk of related impairment of goodwill and intangible assets, exposure to risks associated with investments in equity affiliates including PersolKelly Pte. Ltd., risks associated with conducting business in foreign countries, including foreign currency fluctuations, the exposure to potential market and currency exchange risks relating to our investment in Persol Holdings, risks associated with violations of anti-corruption, trade protection and other laws and regulations, availability of qualified full-time employees, availability of temporary workers with appropriate skills required by customers, liabilities for employment-related claims and losses, including class action lawsuits and collective actions, our ability to sustain critical business applications through our key data centers, risks arising from failure to preserve the privacy of information entrusted to us or to meet our obligations under global privacy laws, the risk of cyberattacks or other breaches of network or information technology security, our ability to realize value from our tax credit and net operating loss carryforwards, our ability to maintain specified financial covenants in our bank facilities to continue to access credit markets, and other risks, uncertainties and factors discussed in this report and in our other filings with the Securities and Exchange Commission. Actual results may differ materially from any forward-looking statements contained herein, 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.

## FOURTH QUARTER 2021 TAKEAWAYS

Economic recovery continues, but moderates on impact of COVID variants and talent supply challenges

- Q4 revenue up 0.7% on a reported basis, up 1.1% in constant currency<sup>(1)</sup>
  - Includes unfavorable 490 bps<sup>(1),(2)</sup> impact from additional week in 2020
  - Includes favorable 290 bps<sup>(2)</sup> impact from the acquisition of Softworld, Inc. ("Softworld") on April 5, 2021
  - Includes unfavorable 210 bps<sup>(1),(2)</sup> impact from changes in Mexican staffing market legislation
- Q4 revenue recovery ratio<sup>(3)</sup> is 91% consistent with Q3

Near-term steps to capitalize on improving demand

- Continuing robust workplace safety protocols and addressing masking and vaccine standards with our talent and clients
- Addressing talent supply to meet customer demand and accelerate revenue growth
- Executing cost management and productivity actions expected to result in structural cost savings beginning in Q1 2022
- Emerging from the pandemic with actionable strategies in every Business Unit to deliver improving top- and bottom-line results aligned to our specialty growth strategy

Continued focus on our future

- Mapping a digital strategy to deliver technology-enabled solutions focused on innovation and efficiency
- Monetizing investments in Persol Holdings common shares and PersolKelly JV in Q1 2022 to unlock approximately \$255 million<sup>(4)</sup> of additional capital to accelerate and expand organic and inorganic investments and deliver greater shareholder value

<sup>(1)</sup>Constant Currency (CCT) represents year-over-year changes resulting from translating 2021 financial data into USD using 2020 exchange rates.

<sup>(2)</sup>2020 was a 53 week fiscal year, resulting in an additional week of operating results in our reported results for the month of December, the quarter and the year. The additional week is excluded from the Q4 2020 results when making comparisons.

<sup>(3)</sup>Recovery ratio is defined as 2021 organic revenue on a 2019 constant currency basis divided by 2019 revenue.

<sup>(4)</sup>Expected cash proceeds net of estimated transaction costs and taxes payable.

## FOURTH QUARTER 2021 FINANCIAL SUMMARY

	Actual Results	Change Increase/(Decrease)	
		As Reported	As Adjusted <sup>(1)</sup>
Revenue	\$1.3B	0.7%	0.7%
		1.1% CC <sup>(2)</sup>	1.1% CC <sup>(2)</sup>
Gross Profit %	19.7%	160 bps	160 bps
Earnings from Operations	\$15.3M	60.7%	39.7%
		59.6% CC <sup>(2)</sup>	39.3% CC <sup>(2)</sup>
Adjusted EBITDA	\$27.7M		36.0%
Adjusted EBITDA Margin	2.2%		60 bps

<sup>(1)</sup>See reconciliation of Non-GAAP Measures included in Form 8-K dated February 14, 2022.

<sup>(2)</sup>Constant Currency ("CC") represents year-over-year changes resulting from translating 2021 financial data into USD using 2020 exchange rates.

## FULL YEAR 2021 FINANCIAL SUMMARY

	Actual Results	Change Increase/(Decrease)	
		As Reported	As Adjusted <sup>(1)</sup>
Revenue	\$4.9B	8.7%	8.7%
		7.8% CC <sup>(2)</sup>	7.8% CC <sup>(2)</sup>
Gross Profit %	18.7%	40 bps	40 bps
Earnings from Operations	\$48.6M	NM	18.7%
		NM CC <sup>(2)</sup>	15.5% CC <sup>(2)</sup>
Adjusted EBITDA	\$84.1M		21.8%
Adjusted EBITDA Margin	1.7%		20 bps

<sup>(1)</sup>See reconciliation of Non-GAAP Measures included in Form 8-K dated February 14, 2022.

<sup>(2)</sup>Constant Currency ("CC") represents year-over-year changes resulting from translating 2021 financial data into USD using 2020 exchange rates.

## REVENUE TRENDS

percent in constant currency<sup>(1)</sup>

	Q4 2021 <sup>(2)</sup>	Adjusted Q4 2021 <sup>(2),(3)</sup>	Q4 2021 (Recovery Rate <sup>(4)</sup> )	Q3 2021 (Recovery Rate <sup>(4)</sup> )
<b>Total</b>	1.1%	6.0%	91%	91%
<b>Professional &amp; Industrial</b>	(12.1%)	(7.3%)	82%	84%
<b>Science, Engineering &amp; Technology</b>	15.5%	21.9%	97%	95%
<b>Education</b>	44.3%	44.7%	97%	117%
<b>Outsourcing &amp; Consulting</b>	9.4%	15.9%	117%	119%
<b>International</b>	(5.4%)	(1.1%)	88%	85%

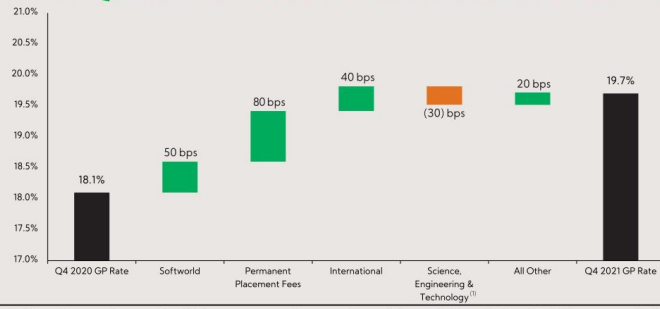
<sup>(1)</sup>Constant Currency represents year-over-year changes resulting from translating 2021 financial data into USD using 2020 exchange rates.

<sup>(2)</sup>Includes the 2021 results of Softworld, which was acquired as of April 5, 2021, and was included in the reported results of operations in Science, Engineering & Technology, from the date of acquisition.

<sup>(3)</sup>2020 was a 53 week fiscal year, resulting in an additional week of operating results in our reported results for the month of December, the quarter and the year. The additional week is excluded from the Q4 2020 results when calculating the changes in the Adjusted Q4 2021 column.

<sup>(4)</sup>Recovery rate is defined as 2021 organic revenue on a 2019 constant currency basis divided by 2019 revenue.

## FOURTH QUARTER 2021 GROSS PROFIT RATE GROWTH

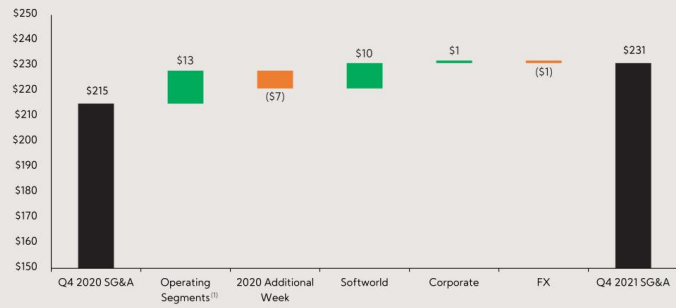


- Overall GP rate improved as a result of higher permanent placement fees and the acquisition of Softwareworld, which generates higher gross profit rates and favorable business mix
- Softwareworld added 50 bps to the total company GP rate as it delivers higher margins from specialty services
- Permanent placement fees increased as customers accelerated permanent hiring activity and due to the Q4 2020 acquisition of Greenwood/Asher & Associates
- International GP rate improved on favorable business mix as Mexico staffing revenue, which generated lower margins, declined
- Science, Engineering & Technology, excluding Softwareworld, was impacted by higher employee-related costs

<sup>(1)</sup>Excludes the 2021 results of Softwareworld, which was acquired as of April 5, 2021, and was included in the reported results of operations in Science, Engineering & Technology, from the date of acquisition.

## FOURTH QUARTER 2021 SG&A

\$ in millions

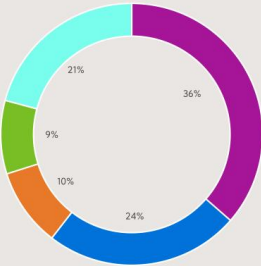


- The 2020 Additional Week resulted from our 53-week fiscal year in 2020. Q4 2020 included 14 weeks
- Expenses in the Operating Segments, excluding Softworld, increased primarily as a result of the higher performance-based incentive compensation expenses
- Softworld expenses include amortization expense related to acquired intangible assets

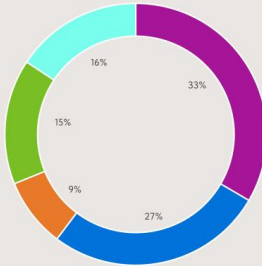
<sup>(1)</sup>Excludes 2021 results of Softworld, which was acquired as of April 5, 2021, and was included in the reported results of operations in Science, Engineering & Technology from the date of acquisition.

# FOURTH QUARTER 2021 REVENUE & GROSS PROFIT MIX

REVENUE MIX BY SEGMENT



GROSS PROFIT MIX BY SEGMENT



Professional & Industrial Science, Engineering & Technology Education Outsourcing & Consulting International



## FOURTH QUARTER 2021 EPS SUMMARY

*\$ in millions except per share data*

	Fourth Quarter			
	2021		2020	
	Amount	Per Share	Amount	Per Share
<b>Net earnings (loss)</b>	\$71.7	\$1.80	\$23.4	\$0.59
<b>(Gain) loss on investment in Persol Holdings, net of taxes<sup>(1)</sup></b>	(34.7)	(0.87)	(10.3)	(0.26)
<b>Restructuring charges, net of taxes<sup>(2)</sup></b>	3.1	0.08	3.4	0.08
<b>Gain on insurance settlement, net of taxes<sup>(3)</sup></b>	(14.2)	(0.36)	-	-
<b>Adjusted net earnings</b>	<u>\$25.9</u>	<u>\$0.65</u>	<u>\$16.5</u>	<u>\$0.41</u>

<sup>(1)</sup>Gain on investment in Persol Holdings of \$50.0 million, \$34.7 million net of tax or \$0.87 per share in Q4 2021 and gain on investment in Persol Holdings of \$14.8 million, \$10.3 million net of tax or \$0.26 per share in Q4 2020.

<sup>(2)</sup>Restructuring charges of \$4.1 million, \$3.1 million net of tax or \$0.08 per share in Q4 2021 and \$4.4 million, \$3.4 million net of tax or \$0.08 per share in Q4 2020.

<sup>(3)</sup>Gain on insurance settlement of \$19.0 million, \$14.2 million net of tax or \$0.36 per share in Q4 2021.

## FULL YEAR 2021 EPS SUMMARY

\$ in millions except per share data

	Full Year			
	2021		2020	
	Amount	Per Share	Amount	Per Share
<b>Net earnings (loss)</b>	\$156.1	\$3.91	(\$72.0)	(\$1.83)
<b>Goodwill impairment charge, net of taxes<sup>(1)</sup></b>	-	-	124.7	3.17
<b>(Gain) loss on investment in Persol Holdings, net of taxes<sup>(2)</sup></b>	(84.5)	(2.12)	11.5	0.29
<b>Gain on sale of assets, net of taxes<sup>(3)</sup></b>	-	-	(23.9)	(0.61)
<b>Customer dispute charge, net of taxes<sup>(4)</sup></b>	-	-	6.7	0.17
<b>Restructuring charges, net of taxes<sup>(5)</sup></b>	3.0	0.07	9.6	0.24
<b>Gain on insurance settlement, net of taxes<sup>(6)</sup></b>	(14.2)	(0.36)	-	-
<b>Adjusted net earnings</b>	<b>\$60.4</b>	<b>\$1.51</b>	<b>\$56.6</b>	<b>\$1.44</b>

<sup>(1)</sup>Goodwill impairment charge of \$147.7 million, \$124.7 million net of tax or \$3.17 per share in Q1 2020.

<sup>(2)</sup>Gain on investment in Persol Holdings of \$121.8 million, \$84.5 million net of tax or \$2.12 per share in 2021 and loss on investment in Persol Holdings of \$16.6 million, \$11.5 million net of tax or \$0.29 per share in 2020.

<sup>(3)</sup>Gain on sale of assets of \$32.1 million, \$23.9 million net of tax or \$0.61 per share represents the excess of the proceeds over the cost of the headquarters properties sold in Q1 2020.

<sup>(4)</sup>Customer dispute charge related to Mexico of \$9.5 million, \$6.7 million net of tax or \$0.17 per share in Q3 2020.

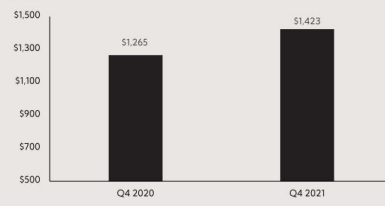
<sup>(5)</sup>Restructuring charges of \$4.0 million, \$3.0 million net of tax or \$0.07 per share in 2021 and \$12.8 million, \$9.6 million net of tax or \$0.24 per share in 2020.

<sup>(6)</sup>Gain on insurance settlement of \$19.0 million, \$14.2 million net of tax or \$0.36 per share in Q4 2021.

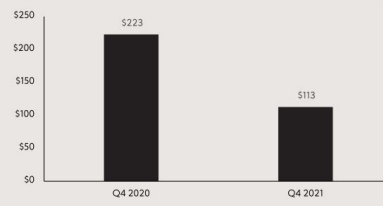
## FOURTH QUARTER 2021 BALANCE SHEET DATA

\$ in millions

### ACCOUNTS RECEIVABLE



### CASH, NET OF SHORT-TERM BORROWINGS



- Accounts Receivable reflects DSO of 60 days, down 4 days from a year ago. Q4 2020 DSO reflected the impact of customer-driven administrative issues, which were resolved in Q1 2021
- Cash of \$113 million, net of \$0 million short-term borrowings decreased from Q4 2020 as a result of cash paid upon the acquisition of Softworld during the second quarter of 2021, partially offset by free cash flows
  - U.S. credit facilities include a \$200 million revolving credit facility and a \$150 million securitization facility

## OUTLOOK – FULL YEAR 2022

### Revenue

- Up 4.5% to 5.5% YOY
  - In nominal currency

### GP Rate

- 19.4% – up 70 bps
  - Expect continued structural improvement from higher fee-based business, a continued shift to higher margin specialties and a more gradual pace of growth of lower margin specialties

### SG&A

- Up 4.5% to 5.5%
  - Includes costs savings from 2021 restructuring actions
  - Reflects targeted organic investments in growth and delivery against our digital roadmap and technology strategy

### EBITDA Margin

- Up 50 to 70 bps
  - Reflects expected structural GP rate and SG&A productivity improvements

### Tax Rate

- Effective rate in the high-teens
  - Includes impact of Work Opportunity Credit which has been extended through 2025

## RECENT ACQUISITIONS

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SOFTWORLD

- Softworld is a leading technology staffing and workforce solutions firm that serves clients across several end-markets, including financial services, life sciences, aerospace, defense, insurance, retail, and IT consulting
  - Softworld has been included on Staffing Industry Analysts' list of the fastest growing staffing firms in the United States for each of the past five years
- In 2021, the market for temporary information technology staffing in the U.S. is projected to reach \$34.0 billion, making it the largest professional staffing segment<sup>(1)</sup>

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<sup>(1)</sup>Staffing Industry Analysts U.S. Staffing Industry Forecast | September 7, 2021

## OUR OPERATING MODEL ALIGNS TO THESE SPECIALTIES.

We have redesigned our operating model to drive profitable growth in our chosen specialties.

	Kelly Professional & Industrial	Kelly Science, Engineering, Technology & Telecom	Kelly Education	Kelly OCG	Kelly International
Revenue	\$1.8B	\$1.2B <sup>(1)</sup>	\$0.4B	\$0.4B	\$1.1B
GP Rate	16.9%	21.9% <sup>(2)</sup>	15.6%	32.7%	13.9%
Geographic Span	North America	North America	U.S.	Global	EMEA & Mexico
Specialties	<ul style="list-style-type: none"> <li>- Industrial</li> <li>- Contact Center</li> <li>- Office</li> <li>- Professional</li> </ul>	<ul style="list-style-type: none"> <li>- Engineering</li> <li>- Science &amp; Clinical</li> <li>- IT</li> <li>- Telecom</li> </ul>	<ul style="list-style-type: none"> <li>- Early Childhood</li> <li>- K-12</li> <li>- Special Ed/Needs</li> <li>- Tutoring</li> <li>- Higher Education</li> <li>- Executive Search</li> </ul>	<ul style="list-style-type: none"> <li>- MSP<sup>(2)</sup></li> <li>- RPO<sup>(2)</sup></li> <li>- PPO<sup>(2)</sup></li> <li>- Consulting</li> </ul>	<ul style="list-style-type: none"> <li>- EMEA Regional</li> <li>- Life Sciences</li> <li>- Local Niches</li> </ul>

Kelly size and margin profiles are based on 2021 full year results.

<sup>(1)</sup>Kelly SET revenue and GP rate was \$1.2B and 22.3%, respectively, including the results of Softworld on a pro forma basis.

<sup>(2)</sup>Managed Service Provider ("MSP"); Recruitment Process Outsourcing ("RPO"); Professional Payroll Outsourcing ("PPO").

## OUR M&A ACTIVITIES ARE SHIFTING OUR PORTFOLIO.



## MONETIZING APAC INVESTMENTS

On February 11, 2022, Kelly's Board of Directors approved a series of transactions to unlock approximately \$255 million<sup>(1)</sup> of additional capital to accelerate and expand organic and inorganic investments and deliver greater shareholder value.

- Unwind our cross-shareholding arrangement with Persol Holdings
  - Selling our investment in Persol Holdings common shares in an open market transaction expected to generate \$169 million<sup>(1),(2)</sup> of net proceeds
  - Repurchasing the 1.6 million Class A and 1,475 Class B common shares held by Persol Holdings, at a price based on the average closing price of the last five trading days prior to the transaction, for \$27 million
- Reduce our stake in the PersolKelly joint venture
  - Selling 95% of our interest in the PersolKelly joint venture to our joint venture partner, which is expected to generate \$114 million, net of taxes payable
  - We will retain a 2.5% ownership interest in PersolKelly
- We expect to complete these transactions before the end of February 2022
- KellyOCG will continue to operate in APAC, delivering MSP, RPO and other leading talent solutions to customers in the region

<sup>(1)</sup>Expected cash proceeds net of estimated transaction costs and taxes payable.

<sup>(2)</sup>Based on the closing price of Persol Holdings common shares and foreign currency exchange rates as of February 10, 2022.



