

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): November 07, 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 nine months ended September 29, 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 November 7, 2024. |
| 99.2 | Presentation materials for November 7, 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.

November 7, 2024

/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 Third-Quarter 2024 Earnings

- **Following the sale of European staffing operations, Q3 revenue down 7.1% year-over-year; nearly flat on an organic basis**
- **Q3 operating earnings of \$2.6 million; \$11.7 million on an adjusted basis, down 24.5%**
- **Q3 adjusted EBITDA margin increased 20 basis points to 2.5%**
- **Company expects sale of European staffing operations, acquisition of Motion Recruitment Partners, LLC ("MRP"), ongoing transformation actions to contribute to continued year-over-year EBITDA margin expansion in Q4 2024**

TROY, Mich. (November 7, 2024) – Kelly (Nasdaq: KELYA, KELYB), a leading specialty talent solutions provider, today announced results for the third quarter of 2024.

Peter Quigley, president and chief executive officer, announced revenue for the third quarter of 2024 totaled \$1.04 billion, a 7.1% decrease compared to the corresponding quarter of 2023 resulting primarily from the sale of the company's European staffing operations on January 2, 2024, partially offset by the May 2024 acquisition of MRP. Excluding the impact of the sale of the European staffing operations and the recent acquisition of MRP, revenue was down 0.2% on an organic basis, reflecting a stabilization of year-over-year revenues for the second consecutive quarter despite the continued impact of customers' more guarded approach to hiring, initiating new projects, and backfilling open roles. MRP revenue added 11.2% to reported Q3 year-over-year revenue growth.

Kelly reported operating earnings in the third quarter of 2024 of \$2.6 million, compared to earnings of \$0.1 million reported in the third quarter of 2023. Adjusted earnings were \$11.7 million in the third quarter of 2024. The \$9.1 million increase from reported earnings includes costs related to MRP integration and further aligning processes and technology across the Company, as well as charges related to the acquisition of MRP and the sale of our European staffing operations. The acquisition of MRP added \$2.0 million of earnings from operations in the third quarter of 2024. Adjusted earnings in the third quarter of 2023 were \$15.5 million. The \$15.4 million increase from reported earnings included transformation-related charges. The European staffing operations produced \$0.8 million of earnings from operations on an adjusted basis in the third quarter of 2023.

Earnings per share in the third quarter of 2024 were \$0.02 compared to earnings per share of \$0.18 in the third quarter of 2023. Included in earnings per share in the third quarter of 2024 are costs related to MRP integration and further aligning processes and technology across the Company as well as charges related to the acquisition of MRP and the sale of our European staffing operations, net of tax, of \$0.18. Included in the earnings per share in the third quarter of 2023 were \$0.32 per share of transformation-related restructuring charges, net of tax. On an adjusted basis, earnings per share were \$0.21 in the third quarter of 2024 compared to \$0.50 per share in the corresponding quarter of 2023.

"In the third quarter, we remained focused on what we can control as uncertain macroeconomic market conditions persisted, and once again delivered stable year-over-year organic revenue that outpaced the market," said Quigley. "Contributing to this trend is continued double-digit revenue growth in Education, our ongoing expansion into the market for higher-margin outcome-based solutions in SETT and P&I, and sequential stability in MSP and RPO revenue in OCG. We expect to build on our momentum as we close the year, propelled by our growth and efficiency initiatives which are positioning Kelly to capitalize when staffing demand rebounds and continue delivering above-market performance."

Kelly also reported that on November 5, its board of directors declared a dividend of \$0.075 per share. The dividend is payable on December 4, 2024, to stockholders of record as of the close of business on November 20, 2024.

In conjunction with its third-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 November 7 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 November 7, 2024, at (866) 207-1041 (toll-free) and (402) 970-0847 (caller-paid). The access code is 9480328#. 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.

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KELLY SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
FOR THE 13 WEEKS ENDED SEPTEMBER 29, 2024 AND OCTOBER 1, 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 | \$ 1,038.1 | \$ 1,118.0 | \$ (79.9) | \$ (7.1) % | (7.0) % |
| Cost of services | 816.4 | 889.5 | (73.1) | (8.2) | |
| Gross profit | 221.7 | 228.5 | (6.8) | (3.0) | (2.9) |
| Selling, general and administrative expenses | 219.0 | 228.4 | (9.4) | (4.1) | (4.0) |
| Loss on sale of assets | 0.1 | — | 0.1 | NM | |
| Earnings from operations | 2.6 | 0.1 | 2.5 | NM | |
| Other income (expense), net | (4.4) | 1.6 | (6.0) | (375.9) | |
| Earnings (loss) before taxes | (1.8) | 1.7 | (3.5) | NM | |
| Income tax expense (benefit) | (2.6) | (4.9) | 2.3 | 46.5 | |
| Net earnings | \$ 0.8 | \$ 6.6 | \$ (5.8) | (88.4) | |
| Basic earnings per share | \$ 0.02 | \$ 0.18 | \$ (0.16) | (88.9) | |
| Diluted earnings per share | \$ 0.02 | \$ 0.18 | \$ (0.16) | (88.9) | |

STATISTICS:

| | | | | | |
|---|---------|---------|----------|---------|---------|
| Permanent placement revenue (included in revenue from services) | \$ 13.5 | \$ 14.6 | \$ (1.1) | (7.4) % | (7.1) % |
| Gross profit rate | 21.4 | 20.4 | 1.0 | pts. | |
| Adjusted EBITDA | \$ 26.2 | \$ 25.5 | 0.7 | | |
| Adjusted EBITDA margin | 2.5 | 2.3 | 0.2 | pts. | |
| Effective income tax rate | 140.8 | (299.3) | 440.1 | pts. | |
| Average number of shares outstanding (millions): | | | | | |
| Basic | 35.6 | 35.4 | | | |
| Diluted | 36.0 | 35.8 | | | |

KELLY SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
FOR THE 39 WEEKS ENDED SEPTEMBER 29, 2024 AND OCTOBER 1, 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 | \$ 3,140.7 | \$ 3,603.5 | \$ (462.8) | (12.8) % | (12.8) % |
| Cost of services | 2,499.6 | 2,880.3 | (380.7) | (13.2) | |
| Gross profit | 641.1 | 723.2 | (82.1) | (11.4) | (11.3) |
| Selling, general and administrative expenses | 601.0 | 703.8 | (102.8) | (14.6) | (14.6) |
| 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 | (5.4) | — | (5.4) | NM | |
| Earnings from operations | 41.6 | 17.0 | 24.6 | 144.5 | |
| Gain on forward contract | 1.2 | — | 1.2 | NM | |
| Other income (expense), net | (9.1) | 3.0 | (12.1) | (405.5) | |
| Earnings before taxes | 33.7 | 20.0 | 13.7 | 68.3 | |
| Income tax expense (benefit) | 2.5 | (5.0) | 7.5 | 149.4 | |
| Net earnings | <u>\$ 31.2</u> | <u>\$ 25.0</u> | <u>\$ 6.2</u> | 24.6 | |
| Basic earnings per share | \$ 0.86 | \$ 0.68 | \$ 0.18 | 26.5 | |
| Diluted earnings per share | \$ 0.85 | \$ 0.67 | \$ 0.18 | 26.9 | |

STATISTICS:

| | | | | | |
|---|----------|----------|-----------|----------|----------|
| Permanent placement revenue (included in revenue from services) | \$ 32.2 | \$ 47.8 | \$ (15.6) | (32.6) % | (32.6) % |
| Gross profit rate | 20.4 % | 20.1 % | 0.3 | pts. | |
| Adjusted EBITDA | \$ 100.0 | \$ 76.9 | \$ 23.1 | | |
| Adjusted EBITDA margin | 3.2 % | 2.1 % | 1.1 | pts. | |
| Effective income tax rate | 7.4 % | (25.1) % | 32.5 | pts. | |
| Average number of shares outstanding (millions): | | | | | |
| Basic | 35.5 | 36.2 | | | |
| Diluted | 35.9 | 36.5 | | | |

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.

| | Third Quarter | | | |
|---|----------------------|-------------|---------------------|------------------------|
| | 2024 | 2023 | % Change | CC % Change |
| Professional & Industrial | | | | |
| Revenue from services | \$ 370.4 | \$ 378.0 | (2.0) % | (1.5) % |
| Gross profit | 66.5 | 69.1 | (3.8) | (3.2) |
| SG&A expenses excluding restructuring charges | 56.3 | 59.4 | (5.2) | (4.7) |
| Restructuring charges | — | 4.0 | (100.0) | (100.0) |
| Total SG&A expenses | 56.3 | 63.4 | (11.2) | (10.7) |
| Business unit profit (loss) | 10.2 | 5.7 | 78.4 | |
| Business unit profit (loss) excluding restructuring charges | 10.2 | 9.7 | 4.7 | |
| Gross profit rate | 17.9 % | 18.3 % | (0.4) pts. | |
| Science, Engineering & Technology | | | | |
| Revenue from services | \$ 405.2 | \$ 295.7 | 37.1 % | 37.1 % |
| Gross profit | 99.1 | 68.0 | 45.5 | 45.4 |
| Total SG&A expenses | 74.1 | 47.3 | 56.6 | 56.7 |
| Business unit profit (loss) | 25.0 | 20.7 | 20.3 | |
| Gross profit rate | 24.4 % | 23.0 % | 1.4 pts. | |
| Education | | | | |
| Revenue from services | \$ 142.1 | \$ 128.1 | 10.9 % | 10.9 % |
| Gross profit | 19.7 | 19.8 | (0.2) | (0.2) |
| Total SG&A expenses | 23.0 | 22.3 | 3.3 | 3.3 |
| Business unit profit (loss) | (3.3) | (2.5) | (30.7) | |
| Gross profit rate | 13.9 % | 15.5 % | (1.6) pts. | |
| Outsourcing & Consulting | | | | |
| Revenue from services | \$ 121.0 | \$ 114.1 | 6.0 % | 5.7 % |
| Gross profit | 36.4 | 41.5 | (12.2) | (12.6) |
| SG&A expenses excluding restructuring charges | 34.2 | 38.2 | (10.5) | (10.8) |
| Restructuring charges | (0.1) | 1.8 | (106.5) | (106.5) |
| Total SG&A expenses | 34.1 | 40.0 | (14.8) | (15.1) |
| Business unit profit (loss) | 2.3 | 1.5 | 58.4 | |
| Business unit profit (loss) excluding restructuring charges | 2.2 | 3.3 | (31.7) | |
| Gross profit rate | 30.1 % | 36.4 % | (6.3) pts. | |
| International | | | | |
| Revenue from services | \$ — | \$ 203.0 | (100.0) % | (100.0) % |
| Gross profit | — | 30.1 | (100.0) | (100.0) |
| Total SG&A expenses | — | 28.7 | (100.0) | (100.0) |
| Business unit profit (loss) | — | 1.4 | (100.0) | |
| Gross profit rate | — % | 14.8 % | (14.8) 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.

| | September Year to Date | | | |
|---|------------------------|------------|-------------|----------------|
| | 2024 | 2023 | % Change | CC % Change |
| Professional & Industrial | | | | |
| Revenue from services | \$ 1,086.5 | \$ 1,171.4 | (7.3) % | (7.2) % |
| Gross profit | 192.7 | 209.8 | (8.2) | (8.1) |
| SG&A expenses excluding restructuring charges | 169.3 | 194.5 | (12.9) | (12.9) |
| Restructuring charges | 0.4 | 7.3 | (95.2) | (95.2) |
| Total SG&A expenses | 169.7 | 201.8 | (15.9) | (15.8) |
| Asset impairment charge | — | 0.3 | (100.0) | |
| Business unit profit (loss) | 23.0 | 7.7 | 198.4 | |
| Business unit profit (loss) excluding restructuring charges | 23.4 | 15.0 | 55.3 | |
| Gross profit rate | 17.7 % | 17.9 % | (0.2) pts. | |
| Science, Engineering & Technology | | | | |
| Revenue from services | \$ 1,026.7 | \$ 903.5 | 13.6 % | 13.6 % |
| Gross profit | 240.8 | 207.4 | 16.1 | 16.0 |
| SG&A expenses excluding restructuring charges | 172.8 | 149.0 | 16.0 | 16.0 |
| Restructuring charges | 0.3 | 1.2 | (71.6) | (71.6) |
| Total SG&A expenses | 173.1 | 150.2 | 15.3 | 15.3 |
| Asset impairment charge | — | 0.1 | (100.0) | |
| Business unit profit (loss) | 67.7 | 57.1 | 18.3 | |
| Business unit profit (loss) excluding restructuring charges | 68.0 | 58.3 | 16.4 | |
| Gross profit rate | 23.4 % | 23.0 % | 0.4 pts. | |
| Education | | | | |
| Revenue from services | \$ 683.1 | \$ 583.9 | 17.0 % | 17.0 % |
| Gross profit | 98.7 | 91.6 | 7.8 | 7.8 |
| SG&A expenses excluding restructuring charges | 71.2 | 68.4 | 4.0 | 4.0 |
| Restructuring charges | — | 1.0 | (100.0) | (100.0) |
| Total SG&A expenses | 71.2 | 69.4 | 2.6 | 2.6 |
| Business unit profit (loss) | 27.5 | 22.2 | 24.0 | |
| Business unit profit (loss) excluding restructuring charges | 27.5 | 23.2 | 18.9 | |
| Gross profit rate | 14.5 % | 15.7 % | (1.2) pts. | |
| Outsourcing & Consulting | | | | |
| Revenue from services | \$ 346.0 | \$ 342.4 | 1.1 % | 1.1 % |
| Gross profit | 108.9 | 124.4 | (12.5) | (12.4) |
| SG&A expenses excluding restructuring charges | 104.9 | 118.5 | (11.4) | (11.6) |
| Restructuring charges | 0.5 | 2.3 | (78.9) | (78.9) |
| Total SG&A expenses | 105.4 | 120.8 | (12.7) | (12.9) |
| Asset impairment charge | — | 2.0 | (100.0) | |
| Business unit profit (loss) | 3.5 | 1.6 | 112.5 | |
| Business unit profit (loss) excluding restructuring charges | 4.0 | 3.9 | 0.3 | |
| Gross profit rate | 31.5 % | 36.3 % | (4.8) pts. | |
| International | | | | |
| Revenue from services | \$ — | \$ 604.7 | (100.0) % | (100.0) % |
| Gross profit | — | 90.0 | (100.0) | (100.0) |
| Total SG&A expenses | — | 89.3 | (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)

| | September 29, 2024 | December 31, 2023 | October 1, 2023 |
|---|--------------------|-------------------|-------------------|
| Current Assets | | | |
| Cash and equivalents | \$ 32.8 | \$ 125.8 | \$ 117.2 |
| Trade accounts receivable, less allowances of \$8.6, \$10.9, and \$11.1, respectively | 1,248.6 | 1,160.6 | 1,388.2 |
| Prepaid expenses and other current assets | 76.1 | 48.9 | 86.1 |
| Assets held for sale | — | 291.3 | — |
| Total current assets | 1,357.5 | 1,626.6 | 1,591.5 |
| Noncurrent Assets | | | |
| Property and equipment, net | 26.5 | 24.6 | 28.8 |
| Operating lease right-of-use assets | 55.2 | 47.1 | 59.9 |
| Deferred taxes | 308.4 | 321.1 | 315.3 |
| Retirement plan assets | 259.2 | 230.3 | 211.0 |
| Goodwill | 374.0 | 151.1 | 151.1 |
| Intangibles, net | 264.3 | 137.7 | 142.9 |
| Other assets | 43.8 | 43.1 | 49.5 |
| Total noncurrent assets | 1,331.4 | 955.0 | 958.5 |
| Total Assets | \$ 2,688.9 | \$ 2,581.6 | \$ 2,550.0 |
| Current Liabilities | | | |
| Short-term borrowings | \$ 0.2 | \$ — | \$ — |
| Accounts payable and accrued liabilities | 604.7 | 646.1 | 647.5 |
| Operating lease liabilities | 11.9 | 8.4 | 13.2 |
| Accrued payroll and related taxes | 184.5 | 156.2 | 287.8 |
| Accrued workers' compensation and other claims | 18.1 | 22.1 | 22.8 |
| Income and other taxes | 21.6 | 17.2 | 54.0 |
| Liabilities held for sale | — | 169.9 | — |
| Total current liabilities | 841.0 | 1,019.9 | 1,025.3 |
| Noncurrent Liabilities | | | |
| Long-term debt | 228.2 | — | — |
| Operating lease liabilities | 51.8 | 42.9 | 51.5 |
| Accrued workers' compensation and other claims | 33.7 | 40.9 | 40.5 |
| Accrued retirement benefits | 243.3 | 217.4 | 185.6 |
| Other long-term liabilities | 9.0 | 6.8 | 11.4 |
| Total noncurrent liabilities | 566.0 | 308.0 | 289.0 |
| Stockholders' Equity | | | |
| Common stock | 38.5 | 38.5 | 38.5 |
| Treasury stock | (52.0) | (57.3) | (57.4) |
| Paid-in capital | 32.0 | 30.6 | 29.3 |
| Earnings invested in the business | 1,264.7 | 1,241.7 | 1,233.0 |
| Accumulated other comprehensive income (loss) | (1.3) | 0.2 | (7.7) |
| Total stockholders' equity | 1,281.9 | 1,253.7 | 1,235.7 |
| Total Liabilities and Stockholders' Equity | \$ 2,688.9 | \$ 2,581.6 | \$ 2,550.0 |
| STATISTICS: | | | |
| Working Capital | \$ 516.5 | \$ 606.7 | \$ 566.2 |
| Current Ratio | 1.6 | 1.6 | 1.6 |
| Debt-to-capital % | 15.1 % | 0.0 % | 0.0 % |
| Global Days Sales Outstanding | 64 | 59 | 63 |
| Year-to-Date Free Cash Flow | \$ 2.8 | \$ 61.4 | \$ 21.0 |

KELLY SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE 39 WEEKS ENDED SEPTEMBER 29, 2024 AND OCTOBER 1, 2023
(UNAUDITED)
(In millions of dollars)

| | 2024 | 2023 |
|---|----------------|-----------------|
| Cash flows from operating activities: | | |
| Net earnings | \$ 31.2 | \$ 25.0 |
| 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 | (5.4) | — |
| Depreciation and amortization | 28.7 | 25.6 |
| Operating lease asset amortization | 7.7 | 12.4 |
| Provision for credit losses and sales allowances | 0.6 | 1.4 |
| Stock-based compensation | 8.5 | 7.9 |
| Gain on sale of equity securities | — | (2.0) |
| Gain on forward contract | (1.2) | — |
| Other, net | — | 0.5 |
| Changes in operating assets and liabilities, net of acquisition | (62.1) | (39.8) |
| Net cash from operating activities | 11.9 | 33.4 |
| Cash flows from investing activities: | | |
| Capital expenditures | (9.1) | (12.4) |
| Proceeds from sale of EMEA staffing operations, net of cash disposed | 77.1 | — |
| Proceeds from sale of assets | 4.3 | — |
| Acquisition of company, net of cash received | (427.4) | — |
| Payment for settlement of forward contract | (2.4) | — |
| Proceeds from company-owned life insurance | 1.7 | — |
| Proceeds from equity securities | — | 2.0 |
| Other investing activities | 0.3 | (0.4) |
| Net cash used in investing activities | (355.5) | (10.8) |
| Cash flows from financing activities: | | |
| Net change in short-term borrowings | 0.6 | (0.7) |
| Proceeds from long-term debt | 849.0 | — |
| Payments on long-term debt | (620.8) | — |
| Financing lease payments | — | (1.0) |
| Dividend payments | (8.2) | (8.3) |
| Payments of tax withholding for stock awards | (2.3) | (1.7) |
| Buyback of common shares | — | (42.2) |
| Contingent consideration payments | — | (2.5) |
| Other financing activities | (1.0) | (0.2) |
| Net cash from (used in) financing activities | 217.3 | (56.6) |
| Effect of exchange rates on cash, cash equivalents and restricted cash | (0.9) | (1.9) |
| Net change in cash, cash equivalents and restricted cash | (127.2) | (35.9) |
| Cash, cash equivalents and restricted cash at beginning of period | 167.6 | 162.4 |
| Cash, cash equivalents and restricted cash at end of period | \$ 40.4 | \$ 126.5 |

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

| | Third Quarter | | | |
|-----------------------------------|---------------|------------|-------------|----------------|
| | 2024 | 2023 | % Change | CC % Change |
| Americas | | | | |
| United States | \$ 923.6 | \$ 795.5 | 16.1 % | 16.1 % |
| Canada | 49.3 | 50.9 | (3.1) | (1.5) |
| Puerto Rico | 26.6 | 26.5 | 0.2 | 0.2 |
| Mexico | 12.7 | 18.4 | (30.9) | (23.3) |
| Total Americas Region | 1,012.2 | 891.3 | 13.6 | 13.8 |
| Europe | | | | |
| Switzerland | 0.8 | 57.0 | (98.6) | (98.6) |
| France | 0.1 | 47.0 | (99.7) | (99.7) |
| Portugal | — | 48.6 | (100.0) | (100.0) |
| Italy | — | 16.1 | (100.0) | (100.0) |
| Other | 9.2 | 47.1 | (80.6) | (81.4) |
| Total Europe Region | 10.1 | 215.8 | (95.3) | (95.5) |
| Total Asia-Pacific Region | 15.8 | 10.9 | 44.9 | 41.2 |
| Total Kelly Services, Inc. | \$ 1,038.1 | \$ 1,118.0 | (7.1) % | (7.0) % |

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

| | September Year to Date | | | |
|-----------------------------------|------------------------|------------|-------------|----------------|
| | 2024 | 2023 | % Change | CC % Change |
| Americas | | | | |
| United States | \$ 2,801.4 | \$ 2,647.1 | 5.8 % | 5.8 % |
| Canada | 141.1 | 142.2 | (0.7) | 0.4 |
| Puerto Rico | 79.7 | 81.1 | (1.8) | (1.8) |
| Mexico | 47.0 | 55.1 | (14.7) | (15.9) |
| Total Americas Region | 3,069.2 | 2,925.5 | 4.9 | 4.9 |
| Europe | | | | |
| Switzerland | 2.9 | 165.9 | (98.3) | (98.3) |
| France | 0.1 | 145.0 | (99.9) | (99.9) |
| Portugal | — | 142.3 | (100.0) | (100.0) |
| Italy | — | 49.5 | (100.0) | (100.0) |
| Other | 28.7 | 142.4 | (79.9) | (80.2) |
| Total Europe Region | 31.7 | 645.1 | (95.1) | (95.2) |
| Total Asia-Pacific Region | 39.8 | 32.9 | 21.0 | 22.4 |
| Total Kelly Services, Inc. | \$ 3,140.7 | \$ 3,603.5 | (12.8) % | (12.8) % |

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

| | Third Quarter | | September Year to Date | |
|----------------------------------|-----------------|-----------------|------------------------|-----------------|
| | 2024 | 2023 | 2024 | 2023 |
| SG&A Expenses: | | | | |
| As reported | \$ 219.0 | \$ 228.4 | \$ 601.0 | \$ 703.8 |
| Transaction costs ⁽⁴⁾ | (3.1) | — | (10.3) | — |
| Restructuring ⁽⁶⁾ | 0.2 | (15.4) | (6.4) | (27.6) |
| Integration costs ⁽⁷⁾ | (6.1) | — | (6.1) | — |
| Adjusted SG&A expenses | <u>\$ 210.0</u> | <u>\$ 213.0</u> | <u>\$ 578.2</u> | <u>\$ 676.2</u> |

| | Third Quarter | | September Year to Date | |
|---|----------------|----------------|------------------------|----------------|
| | 2024 | 2023 | 2024 | 2023 |
| Earnings from Operations: | | | | |
| As reported | \$ 2.6 | \$ 0.1 | \$ 41.6 | \$ 17.0 |
| Gain on sale of EMEA staffing operations ⁽¹⁾ | — | — | (1.6) | — |
| (Gain) loss on sale of assets ⁽³⁾ | 0.1 | — | (5.4) | — |
| Transaction costs ⁽⁴⁾ | 3.1 | — | 10.3 | — |
| Asset impairment charge ⁽⁵⁾ | — | — | 5.5 | 2.4 |
| Restructuring ⁽⁶⁾ | (0.2) | 15.4 | 6.4 | 27.6 |
| Integration costs ⁽⁷⁾ | 6.1 | — | 6.1 | — |
| Adjusted earnings from operations | <u>\$ 11.7</u> | <u>\$ 15.5</u> | <u>\$ 62.9</u> | <u>\$ 47.0</u> |

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

(In millions of dollars except per share data)

| | Third Quarter | | September Year to Date | |
|--|-----------------|-----------------|------------------------|---------------|
| | 2024 | 2023 | 2024 | 2023 |
| Income tax expense | \$ (2.6) | \$ (4.9) | \$ 2.5 | \$ (5.0) |
| Taxes on gain on sale of EMEA staffing operations ⁽¹⁾ | — | — | (1.2) | — |
| Taxes on gain on forward contract ⁽²⁾ | — | — | — | — |
| Taxes on (gain) loss on sale of assets ⁽³⁾ | — | — | (1.4) | — |
| Taxes on transaction costs ⁽⁴⁾ | 0.8 | — | 3.1 | — |
| Taxes on asset impairment charge ⁽⁵⁾ | — | — | 1.4 | 0.6 |
| Taxes on restructuring charges ⁽⁶⁾ | (0.1) | 3.9 | 1.6 | 6.9 |
| Taxes on integration costs ⁽⁷⁾ | 1.6 | — | 1.6 | — |
| Adjusted income tax expense | <u>\$ (0.3)</u> | <u>\$ (1.0)</u> | <u>\$ 7.6</u> | <u>\$ 2.5</u> |

| | Third Quarter | | September Year to Date | |
|---|---------------|----------------|------------------------|----------------|
| | 2024 | 2023 | 2024 | 2023 |
| Net earnings | \$ 0.8 | \$ 6.6 | \$ 31.2 | \$ 25.0 |
| Gain on sale of EMEA staffing operations, net of taxes ⁽¹⁾ | — | — | (0.4) | — |
| Gain on forward contract, net of taxes ⁽²⁾ | — | — | (1.2) | — |
| (Gain) loss on sale of assets, net of taxes ⁽³⁾ | 0.1 | — | (4.0) | — |
| Transaction costs, net of taxes ⁽⁴⁾ | 2.4 | — | 15.1 | — |
| Asset impairment charge, net of taxes ⁽⁵⁾ | — | — | 4.1 | 1.8 |
| Restructuring charges, net of taxes ⁽⁶⁾ | (0.1) | 11.5 | 4.8 | 20.7 |
| Integration costs, net of taxes ⁽⁷⁾ | 4.5 | — | 4.5 | — |
| Adjusted net earnings | <u>\$ 7.7</u> | <u>\$ 18.1</u> | <u>\$ 54.1</u> | <u>\$ 47.5</u> |

| | Third Quarter | | September Year to Date | |
|---|----------------|----------------|------------------------|----------------|
| | 2024 | 2023 | 2024 | 2023 |
| | Per Share | | Per Share | |
| Net earnings | \$ 0.02 | \$ 0.18 | \$ 0.85 | \$ 0.67 |
| Gain on sale of EMEA staffing operations, net of taxes ⁽¹⁾ | — | — | (0.01) | — |
| Gain on forward contract, net of taxes ⁽²⁾ | — | — | (0.03) | — |
| (Gain) loss on sale of assets, net of taxes ⁽³⁾ | — | — | (0.11) | — |
| Transaction costs, net of taxes ⁽⁴⁾ | 0.06 | — | 0.41 | — |
| Asset impairment charge, net of taxes ⁽⁵⁾ | — | — | 0.11 | 0.05 |
| Restructuring charges, net of taxes ⁽⁶⁾ | — | 0.32 | 0.13 | 0.56 |
| Integration costs, net of taxes ⁽⁷⁾ | 0.12 | — | 0.12 | — |
| Adjusted net earnings | <u>\$ 0.21</u> | <u>\$ 0.50</u> | <u>\$ 1.47</u> | <u>\$ 1.28</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:

| | Third Quarter | | September Year to Date | |
|---|----------------|----------------|------------------------|----------------|
| | 2024 | 2023 | 2024 | 2023 |
| Net earnings | \$ 0.8 | \$ 6.6 | \$ 31.2 | \$ 25.0 |
| Other (income) expense, net | 4.3 | (1.6) | 1.1 | (3.0) |
| Income tax expense (benefit) | (2.6) | (4.9) | 2.5 | (5.0) |
| Depreciation and amortization | 14.5 | 10.0 | 37.2 | 29.7 |
| Gain on sale of EMEA staffing operations ⁽¹⁾ | — | — | (1.6) | — |
| Gain on forward contract ⁽²⁾ | — | — | (1.2) | — |
| (Gain) loss on sale of assets ⁽³⁾ | 0.1 | — | (5.4) | — |
| Transaction costs ⁽⁴⁾ | 3.2 | — | 18.2 | — |
| Asset impairment charge ⁽⁵⁾ | — | — | 5.5 | 2.4 |
| Restructuring ⁽⁶⁾ | (0.2) | 15.4 | 6.4 | 27.6 |
| Integration costs ⁽⁷⁾ | 6.1 | — | 6.1 | — |
| Other, net | — | — | — | 0.2 |
| Adjusted EBITDA | \$ 26.2 | \$ 25.5 | \$ 100.0 | \$ 76.9 |
| Adjusted EBITDA margin | 2.5 % | 2.3 % | 3.2 % | 2.1 % |

Business Unit Adjusted EBITDA:

| | Third Quarter 2024 | | | | |
|-------------------------------|---------------------------|-----------------------------------|-----------------|--------------------------|---------------|
| | Professional & Industrial | Science, Engineering & Technology | Education | Outsourcing & Consulting | International |
| Business unit profit (loss) | \$ 10.2 | \$ 25.0 | \$ (3.3) | \$ 2.3 | \$ — |
| Restructuring ⁽⁶⁾ | — | — | — | (0.1) | — |
| Adjusted EBITDA | \$ 10.2 | \$ 25.0 | \$ (3.3) | \$ 2.2 | \$ — |
| Adjusted EBITDA margin | 2.7 % | 6.2 % | (2.3)% | 1.9 % | — % |

| | Third Quarter 2023 | | | | |
|-------------------------------|---------------------------|-----------------------------------|-----------------|--------------------------|---------------|
| | Professional & Industrial | Science, Engineering & Technology | Education | Outsourcing & Consulting | International |
| Business unit profit (loss) | \$ 5.7 | \$ 20.7 | \$ (2.5) | \$ 1.5 | \$ 1.4 |
| Restructuring ⁽⁶⁾ | 4.0 | 0.7 | 0.6 | 1.8 | — |
| Adjusted EBITDA | \$ 9.7 | \$ 21.4 | \$ (1.9) | \$ 3.3 | \$ 1.4 |
| Adjusted EBITDA margin | 2.6 % | 7.3 % | (1.5)% | 2.9 % | 0.7 % |

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

Business Unit Adjusted EBITDA (continued):

| | September Year to Date 2024 | | | | |
|-------------------------------|-----------------------------|-----------------------------------|----------------|--------------------------|---------------|
| | Professional & Industrial | Science, Engineering & Technology | Education | Outsourcing & Consulting | International |
| Business unit profit (loss) | \$ 23.0 | \$ 67.7 | \$ 27.5 | \$ 3.5 | \$ — |
| Restructuring ⁽⁶⁾ | 0.4 | 0.3 | — | 0.5 | — |
| Adjusted EBITDA | \$ 23.4 | \$ 68.0 | \$ 27.5 | \$ 4.0 | \$ — |
| Adjusted EBITDA margin | 2.1 % | 6.6 % | 4.0 % | 1.1 % | — % |

| | September Year to Date 2023 | | | | |
|--|-----------------------------|-----------------------------------|----------------|--------------------------|---------------|
| | Professional & Industrial | Science, Engineering & Technology | Education | Outsourcing & Consulting | International |
| Business unit profit (loss) | \$ 7.7 | \$ 57.1 | \$ 22.2 | \$ 1.6 | \$ 0.7 |
| Asset impairment charge ⁽⁵⁾ | 0.3 | 0.1 | — | 2.0 | — |
| Restructuring ⁽⁶⁾ | 7.3 | 1.2 | 1.0 | 2.3 | 0.6 |
| Adjusted EBITDA | \$ 15.3 | \$ 58.4 | \$ 23.2 | \$ 5.9 | \$ 1.3 |
| Adjusted EBITDA margin | 1.3 % | 6.5 % | 4.0 % | 1.7 % | 0.2 % |

| Free Cash Flow: | September Year to Date | |
|------------------------------------|------------------------|----------------|
| | 2024 | 2023 |
| Net cash from operating activities | \$ 11.9 | \$ 33.4 |
| Capital expenditures | (9.1) | (12.4) |
| Free Cash Flow | \$ 2.8 | \$ 21.0 |

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 2024 integration costs, 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 on sale of EMEA staffing operations represents the gain as of September 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 third 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 \$1.8 million in the third quarter of 2024 and \$8.9 million for September year-to-date 2024. Transaction costs related to the acquisition of MRP were \$1.4 million in the third quarter of 2024 and \$9.3 million for September year-to-date 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 the first six months of 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. There was a \$0.2 million adjustment to the restructuring charges in the third quarter of 2024 and the September year-to-date 2024 restructuring charges include \$3.3 million of severance and \$3.1 million of costs to execute the transformation. Restructuring charges in the second and third quarters of 2023 related to a comprehensive transformation initiative that included actions to further streamline the Company's operating model to enhance organizational efficiency and effectiveness. These restructuring charges included \$10.4 million of severance, \$4.5 million of costs to execute the transformation, and \$0.5 million of lease transformation expenses in the third quarter of 2023 and \$4.5 million of costs to execute the transformation and \$1.1 million of severance in the second quarter of 2023. 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.

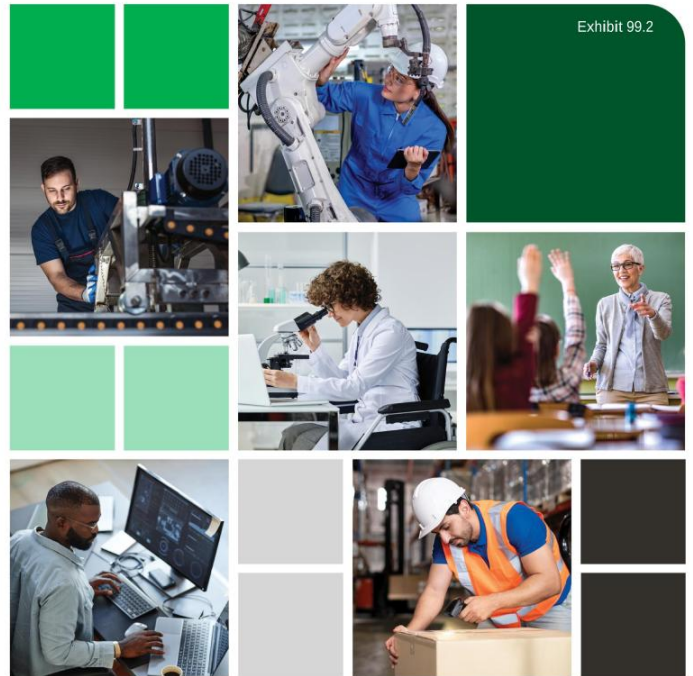
(7) Integration costs in the third quarter of 2024 reflect various initiatives aimed at both integrating the MRP acquisition and further aligning processes and technology across the Company.

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Q3 2024

November 7, 2024

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Presentation Disclosures

Non-GAAP Measures

Management believes that the non-GAAP (Generally Accepted Accounting Principles) information excluding the 2024 loss on sale of assets, the 2024 restructuring charges, the 2024 transaction costs, the 2024 integration costs 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.

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.

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Financials



Third-Quarter 2024 Takeaways



Staffing demand continued to be impacted by uncertain market and labor trends, consistent with prior quarter

- Q3 revenue down 7.1% on a reported basis due primarily to the sale of European staffing operations, down 0.2%⁽¹⁾ on an organic basis

Driving strategic progress on our specialty growth journey and delivering near-term results

- Organic and inorganic growth initiatives contributing to market share gains
- Sustained efficiency from structural changes reflected in our operating results
- Motion Recruitment Partners, LLC ("MRP"), acquired on May 31, 2024, is reflected in our results for a full quarter in Q3 2024 and the positive impact of MRP's higher gross and net margin continues

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

- Integration efforts related to the acquisition of MRP as well as to further align processes and technology across the Company are in progress
- Continuing to proactively develop a pipeline of high-quality acquisition targets in SET, Education, and more opportunistically, OCG

Refer to the last slide for footnotes.

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Third-Quarter 2024 Financial Summary

| | Actual Results | Change Increase/(Decrease) | |
|-----------------------------------|----------------|----------------------------|----------------------------|
| | | As Reported | As Adjusted ⁽²⁾ |
| Revenue | \$1.0B | (7.1%) | (7.1%) |
| Gross Profit Rate | 21.4% | 100 bps | 100 bps |
| Earnings from Operations | \$2.6M | NM | (24.5%) |
| Diluted Earnings per Share | \$0.02 | (\$0.16) | (\$0.29) |
| Adjusted EBITDA | \$26.2M | | 2.7% |
| Adjusted EBITDA Margin | 2.5% | | 20 bps |

Refer to the last slide for footnotes.



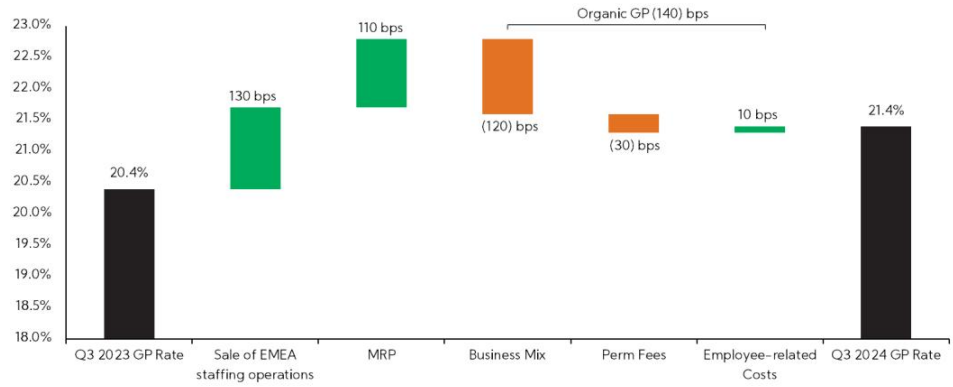
Third-Quarter 2024 Revenue Trends

| | Reported ⁽³⁾ | Organic ⁽¹⁾ |
|--|-------------------------|------------------------|
| Total | (7.1%) | (0.2%) |
| Professional & Industrial | (2.0%) | n/a |
| Science, Engineering & Technology | 37.1% | (5.1%) |
| Education | 10.9% | n/a |
| Outsourcing & Consulting | 6.0% | n/a |

Refer to the last slide for footnotes.



Third-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 business mix, as growth in Education and PPO, which generate lower gross margins, outpaced growth in our higher margin outcome-based and staffing business, and lower permanent placement fees due to customer demand, partially offset by lower employee-related costs



Third-Quarter 2024 SG&A



- SG&A expenses decreased following the sale of our EMEA staffing operations on January 2, 2024, as well as non-recurring prior year transformation costs related to severance and third-party consultant fees for assistance with the execution of the transformation-related activities in Q3 2023
- Expenses in Operations decreased as a result of management's efforts to align resource levels with volume as well as lower variable performance-based incentive compensation in response to lower revenue volume
- SG&A expenses increased due to transaction-related costs arising from the sale of our EMEA staffing operations on January 2, 2024 and the acquisition of MRP; integration costs related to initiatives to integrate MRP and aligning processes and technology across the Company; and also reflect the 2024 results of MRP, which was acquired as of May 31, 2024

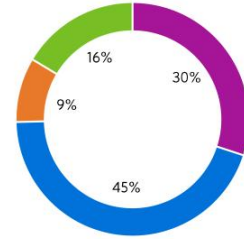
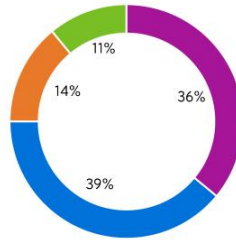


Third-Quarter 2024 Revenue and Gross Profit Mix

Revenue mix by segment

Gross Profit mix by segment

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





Third-Quarter 2024 EPS Summary

\$ in millions except per share data

| | 2024 | | 2023 | |
|---|--------|-----------|--------|-----------|
| | Amount | Per Share | Amount | Per Share |
| Net earnings (loss) | \$0.8 | \$0.02 | \$6.6 | \$0.18 |
| Loss on sale of assets, net of taxes⁽⁴⁾ | 0.1 | - | - | - |
| Transaction costs, net of taxes⁽⁵⁾ | 2.4 | 0.06 | - | - |
| Restructuring charges, net of taxes⁽⁶⁾ | (0.1) | - | 11.5 | 0.32 |
| Integration costs, net of taxes⁽⁷⁾ | 4.5 | 0.12 | - | - |
| Adjusted net earnings | \$7.7 | \$0.21 | \$18.1 | \$0.50 |

Refer to the last slide for footnotes.

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Third-Quarter 2024 Liquidity



- As of the end of Q3 2024, we have more than \$150 million of available liquidity, including \$33 million of cash on hand
- Our amended credit facilities include \$400 million of combined borrowing capacity on our U.S. revolving credit and securitization facilities
- Borrowings in Q3 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



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



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.





Q4 2024 Outlook

Our Q4 Outlook assumes a continuation of current staffing market conditions, including continued sequential stabilization in revenue.

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

- **Revenue** – up organically 1.5% to 2.5%, with no significant FX impact; mid-point organic expectation of \$1.045 billion for Q4 2024
 - Reflects continuation of Education double-digit growth and P&I, SET and OCG sequential stabilization quarter-over-quarter in Q4
 - MRP will add an additional \$120 million of revenue
- **GP rate** – organic at 19.3%
 - Organic rate impacted by unfavorable business mix
 - MRP will add 110 bps to total company rate due to higher-margin specialty profile resulting in an all-in GP rate of 20.4%
- **Adjusted SG&A** – organically YOY down 4.5% to 5.5%, excluding D&A
 - MRP will add approximately \$30 million of expense, excluding D&A
 - Total D&A of approximately \$14 million expected
- **Adjusted EBITDA margin** – 3.4% to 3.5%, up about 90 bps YOY reflecting the structural impact of transformation actions and including 30 bps from the acquisition of MRP
- **Tax rate** – effective rate in the low teens



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 ⁽¹²⁾ |
|---------------------------------------|---|---|--|--|---|
| Revenue ⁽⁸⁾ | \$1.5B ⁽⁹⁾ | \$1.2B ⁽¹⁰⁾ | \$0.8B | \$0.5B | \$0.8B |
| GP Rate ⁽⁸⁾ | 18.0% ⁽⁹⁾ | 22.8% ⁽¹⁰⁾ | 15.3% | 36.0% | 14.8% |
| Adjusted EBITDA Margin ⁽⁸⁾ | 1.5% ⁽⁹⁾ | 6.4% ⁽¹⁰⁾ | 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 Executive Search | <ul style="list-style-type: none"> MSP⁽¹¹⁾ RPO⁽¹¹⁾ PPO⁽¹¹⁾ | <ul style="list-style-type: none"> Life Sciences IT Finance Other Local Professional Niches |

Refer to the last slide for footnotes.

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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% |



Third-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 November 7, 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) Loss on sale of assets of \$0.1 million, \$0.1 million net of tax or \$0.00 per share in Q3 2024 represents a working capital adjustment related to our sale of Ayers Group, which was completed in Q2 2024;
- (5) Transaction costs of \$3.1 million, \$2.4 million net of tax or \$0.06 per share related to employee termination costs and transition costs directly related to the sale of the EMEA staffing operations of \$1.8 million and transaction costs related to the acquisition of MRP of \$1.3 million in Q3 2024;
- (6) Restructuring adjustment of \$0.2 million, \$0.1 million net of tax or \$0.00 per share in Q3 2024 and \$15.4 million, \$11.5 million net of tax or \$0.32 per share in Q3 2023 related to a comprehensive transformation initiative. Transformation costs related to a comprehensive transformation initiative included \$4.5 million of costs to execute the transformation through the use of an external consultant, \$10.4 million of severance costs and \$0.5 million of lease termination costs in Q3 2023;
- (7) Integration costs of \$6.1 million, \$4.5 million net of tax or \$0.12 per share in Q3 2024 related to integrating the MRP acquisition and further aligning processes and technology across the Company;
- (8) Kelly size and margin profiles are based on 2023 full year results;
- (9) Kelly P&I includes the results of our Mexico operations following the sale of our EMEA staffing operations in January 2024;
- (10) 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;
- (11) Managed Service Provider ("MSP"); Recruitment Process Outsourcing ("RPO"); Payroll Process Outsourcing ("PPO");
- (12) 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.

