

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 16, 2023

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 1, 2023. 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>
99.1	Press Release dated February 16, 2023.
99.2	Presentation materials for February 16, 2023 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 16, 2023

KELLY SERVICES, INC.

/s/ Olivier G. Thiro
Olivier G. Thiro

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

February 16, 2023

/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 2022 EARNINGS

- **Q4 revenue down 1.3%; up 0.7% in constant currency**
- **Q4 gross profit up 1.7%; up 3.7% in constant currency with Q4 GP rate of 20.3%, an improvement of 60 bps**
- **Q4 operating earnings of \$4.6 million including non-cash goodwill impairment charge, or \$14.0 million on an adjusted basis, down 28% on an adjusted basis from a year ago**
- **Full year 2022 operating earnings of \$14.8 million, or adjusted earnings of \$68.3 million, compared to adjusted earnings of \$52.6 million last year, up 30% on an adjusted basis**

TROY, Mich. (February 16, 2023) – Kelly (Nasdaq: KELYA, KELYB), a leading specialty talent solutions provider, today announced results for the fourth quarter and full year of 2022.

Peter Quigley, president and chief executive officer, announced revenue for the fourth quarter of 2022 totaled \$1.2 billion, a 1.3% decrease, or 0.7% increase in constant currency, compared to the corresponding quarter of 2021. Year-over-year revenue trends were impacted by foreign currency headwinds and the impact of the sale of our Russian operations in July 2022. Year-over-year results in the quarter also reflect the impact of the recent acquisitions of RocketPower, a recruitment process outsourcing firm, and Pediatric Therapeutic Services, a specialty firm providing in-school therapy services.

Kelly reported operating earnings in the fourth quarter of 2022 of \$4.6 million, compared to earnings of \$15.3 million reported in the fourth quarter of 2021. Earnings in the fourth quarter of 2022 included a \$10.3 million goodwill impairment charge related to RocketPower. The charge reflects the acceleration of declines in hiring in the high-tech industry in which RocketPower specializes. Excluding the impairment charge and a \$0.9 million gain related to the sale of real property, adjusted earnings from operations were \$14.0 million. Earnings in the fourth quarter of 2021 included a \$4.1 million restructuring charge and adjusted earnings were \$19.4 million. Adjusted earnings declined primarily as a result of higher selling, general and administrative expenses, partially offset by the impact of structural improvements in the business mix which resulted in higher gross profit.

Loss per share in the fourth quarter of 2022 was \$0.02 compared to earnings per share of \$1.80 in the fourth quarter of 2021. Included in the loss per share in the fourth quarter of 2022 is a \$0.23 per share goodwill impairment charge, net of tax, related to RocketPower, partially offset by a \$0.02 per share gain on sale of real property, net of tax. Included in the fourth quarter of 2021 is a non-cash gain, net of tax, on Kelly's investment in Persol Holdings common shares 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. On an adjusted basis, earnings per share were \$0.18 in the fourth quarter of 2022, a decline from \$0.65 per share in the corresponding quarter of 2021.

Operating earnings for the full year of 2022 totaled \$14.8 million compared to earnings of \$48.6 million for the full year of 2021. The 2022 full-year results included a \$41.0 million goodwill impairment charge, an \$18.7 million loss on the disposal of Kelly's Russian operations and \$6.2 million of gains on the sale of assets. The 2021 full-year results included a \$4.0 million restructuring charge. On an adjusted basis, earnings from operations for the full year of 2022 were \$68.3 million compared to \$52.6 million for the full year of 2021, a 30% improvement.

The loss per share for the full year of 2022 was \$1.64 compared to earnings per share for the full year of 2021 of \$3.91. Included in the loss per share for the full year of 2022 is a \$1.28 loss on Kelly's investment in Persol Holdings common stock, net of tax, an \$0.89 goodwill impairment charge, net of tax, a \$0.49 loss on sale of Kelly's Russian operations, net of tax, and a \$0.43 loss on foreign currency matters, net of tax, partially offset by a \$0.12 gain on sale of assets, net of tax. Included in the earnings per share for the full year of 2021 was \$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. On an adjusted basis, earnings per share were \$1.33 for the full year of 2022 compared to \$1.51 for the full year of 2021.

“As macroeconomic uncertainty increased in the fourth quarter, we remained focused on executing our specialty strategy, achieving top-line growth in our Education, SET, and OCG segments, and expanding our gross profit rate on a year-over-year basis as we continue to remix our portfolio toward higher-margin, higher-value products and specialties,” said Quigley. “While it’s difficult to know how the macroeconomic situation will unfold as we move forward in 2023, we will position Kelly to manage through this economic cycle while staying the course in our aggressive pursuit of profitable growth. With ample capital available to us, we will continue to execute our inorganic strategy and invest in technologies and new products that will improve the talent and customer experience, increase efficiency, and enable organic growth well into the future.”

Kelly also reported that on February 14, its board of directors declared a dividend of \$0.075 per share. The dividend is payable on March 13, 2023 to stockholders of record as of the close of business on February 27, 2023.

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 16 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 2:30 p.m. ET on February 16, 2023, at (866) 207-1041 (toll-free) and (402) 970-0847 (caller-paid). The access code is 1472042#. 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 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 brands, 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 certain equity investments, including with strategic partners, risks associated with conducting business in foreign countries, including foreign currency fluctuations, 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 300,000 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 2022 was \$5.0 billion. Visit kellyservices.com and let us help with what's next for you.

KLYA-FIN

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KELLY SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
FOR THE 13 WEEKS ENDED JANUARY 1, 2023 AND JANUARY 2, 2022
(UNAUDITED)

(In millions of dollars except per share data)

	2022	2021	Change	% Change	CC % Change
Revenue from services	\$ 1,233.8	\$ 1,250.3	\$ (16.5)	(1.3) %	0.7 %
Cost of services	983.6	1,004.3	(20.7)	(2.1)	
Gross profit	250.2	246.0	4.2	1.7	3.7
Selling, general and administrative expenses	236.2	230.7	5.5	2.4	4.0
Goodwill impairment charge	10.3	—	10.3	NM	
Gain on sale of assets	(0.9)	—	(0.9)	NM	
Earnings from operations	4.6	15.3	(10.7)	(70.2)	
Gain (loss) on investment in Persol Holdings	—	50.0	(50.0)	NM	
Gain on insurance settlement	—	19.0	(19.0)	NM	
Other income (expense), net	(0.3)	0.4	(0.7)	(161.1)	
Earnings before taxes and equity in net earnings (loss) of affiliate	4.3	84.7	(80.4)	(94.9)	
Income tax expense (benefit)	5.2	16.1	(10.9)	(67.7)	
Net earnings (loss) before equity in net earnings (loss) of affiliate	(0.9)	68.6	(69.5)	NM	
Equity in net earnings (loss) of affiliate	—	3.1	(3.1)	NM	
Net earnings	\$ (0.9)	\$ 71.7	\$ (72.6)	NM %	
Basic earnings (loss) per share	\$ (0.02)	\$ 1.80	\$ (1.82)	NM %	
Diluted earnings (loss) per share	\$ (0.02)	\$ 1.80	\$ (1.82)	NM %	
STATISTICS:					
Permanent placement income (included in revenue from services)	\$ 18.4	\$ 21.1	\$ (2.7)	(12.7) %	(10.0) %
Gross profit rate	20.3 %	19.7 %	0.6 pts.		
Conversion rate	1.8 %	6.2 %	(4.4) pts.		
Adjusted EBITDA	\$ 24.1	\$ 27.7	\$ (3.6)		
Adjusted EBITDA margin	2.0 %	2.2 %	(0.2) pts.		
Effective income tax rate	121.4 %	19.0 %	102.4 pts.		
Average number of shares outstanding (millions):					
Basic	37.9	39.4			
Diluted	37.9	39.6			

KELLY SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
FOR THE 52 WEEKS ENDED JANUARY 1, 2023 AND JANUARY 2, 2022
(UNAUDITED)

(In millions of dollars except per share data)

	2022	2021	Change	% Change	CC % Change
Revenue from services	\$ 4,965.4	\$ 4,909.7	\$ 55.7	1.1 %	3.2 %
Cost of services	3,953.6	3,990.5	(36.9)	(0.9)	
Gross profit	1,011.8	919.2	92.6	10.1	12.1
Selling, general and administrative expenses	943.5	870.6	72.9	8.4	10.0
Goodwill impairment charge	41.0	—	41.0	NM	
Gain on sale of assets	(6.2)	—	(6.2)	NM	
Loss on disposal	18.7	—	18.7	NM	
Earnings from operations	14.8	48.6	(33.8)	(69.7)	
Gain (loss) on investment in Persol Holdings	(67.2)	121.8	(189.0)	NM	
Gain on insurance settlement	—	19.0	(19.0)	NM	
Loss on currency translation from liquidation of subsidiary	(20.4)	—	(20.4)	NM	
Other income (expense), net	1.6	(3.6)	5.2	146.4	
Earnings (loss) before taxes and equity in net earnings (loss) of affiliate	(71.2)	185.8	(257.0)	NM	
Income tax expense (benefit)	(7.9)	35.1	(43.0)	(122.6)	
Net earnings (loss) before equity in net earnings (loss) of affiliate	(63.3)	150.7	(214.0)	NM	
Equity in net earnings (loss) of affiliate	0.8	5.4	(4.6)	(85.9)	
Net earnings (loss)	\$ (62.5)	\$ 156.1	\$ (218.6)	NM %	
Basic earnings (loss) per share	\$ (1.64)	\$ 3.93	\$ (5.57)	NM %	
Diluted earnings (loss) per share	\$ (1.64)	\$ 3.91	\$ (5.55)	NM %	
STATISTICS:					
Permanent placement income (included in revenue from services)	\$ 89.6	\$ 75.4	\$ 14.2	18.9 %	21.9 %
Gross profit rate	20.4 %	18.7 %	1.7 pts.		
Conversion rate	1.5 %	5.3 %	(3.8) pts.		
Adjusted EBITDA	\$ 105.6	\$ 84.1	\$ 21.5		
Adjusted EBITDA margin	2.1 %	1.7 %	0.4 pts.		
Effective income tax rate	11.1 %	18.9 %	(7.8) pts.		
Average number of shares outstanding (millions):					
Basic	38.1	39.4			
Diluted	38.1	39.5			

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

	Fourth Quarter			
	2022	2021	% Change	CC % Change
Professional & Industrial				
Revenue from services	\$ 397.5	\$ 450.7	(11.8) %	(11.2) %
Gross profit	71.3	82.3	(13.3)	(12.6)
Total SG&A expenses	66.4	70.8	(6.1)	(5.7)
Earnings (loss) from operations	4.9	11.5	(57.9)	
Gross profit rate	17.9 %	18.2 %	(0.3) pts.	
Science, Engineering & Technology				
Revenue from services	\$ 302.7	\$ 297.7	1.7 %	2.0 %
Gross profit	71.7	66.1	8.5	8.7
Total SG&A expenses	53.5	49.2	8.7	8.8
Earnings (loss) from operations	18.2	16.9	7.8	
Gross profit rate	23.7 %	22.2 %	1.5 pts.	
Education				
Revenue from services	\$ 203.0	\$ 132.4	53.3 %	53.3 %
Gross profit	31.1	21.1	47.2	47.2
Total SG&A expenses	21.4	15.6	37.0	37.0
Earnings (loss) from operations	9.7	5.5	76.2	
Gross profit rate	15.3 %	15.9 %	(0.6) pts.	
Outsourcing & Consulting				
Revenue from services	\$ 116.0	\$ 112.1	3.5 %	5.1 %
Gross profit	42.0	38.0	10.5	13.3
Total SG&A expenses	38.0	33.5	13.0	14.8
Goodwill impairment charge	10.3	—	NM	
Earnings (loss) from operations	(6.3)	4.5	NM	
Gross profit rate	36.3 %	34.0 %	2.3 pts.	
International				
Revenue from services	\$ 216.3	\$ 257.7	(16.1) %	(8.4) %
Gross profit	34.1	38.5	(11.7)	(3.4)
SG&A expenses excluding restructuring charges	33.3	35.5	(6.1)	1.7
Restructuring charges	—	1.2	NM	NM
Total SG&A expenses	33.3	36.7	(9.2)	(1.6)
Earnings (loss) from operations	0.8	1.8	(61.4)	
Earnings (loss) from operations excluding restructuring charges	0.8	3.0	(76.7)	
Gross profit rate	15.8 %	15.0 %	0.8 pts.	

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

	December Year to Date			
	2022	2021	% Change	CC % Change
Professional & Industrial				
Revenue from services	\$ 1,666.2	\$ 1,837.4	(9.3) %	(9.0) %
Gross profit	302.5	310.0	(2.4)	(2.1)
Total SG&A expenses	270.5	278.6	(2.9)	(2.7)
Earnings (loss) from operations	32.0	31.4	1.8	
Gross profit rate	18.2 %	16.9 %	1.3 pts.	
Science, Engineering & Technology				
Revenue from services	\$ 1,265.4	\$ 1,156.8	9.4 %	9.6 %
Gross profit	297.0	253.9	17.0	17.2
Total SG&A expenses	214.9	180.2	19.2	19.4
Earnings (loss) from operations	82.1	73.7	11.4	
Gross profit rate	23.5 %	21.9 %	1.6 pts.	
Education				
Revenue from services	\$ 636.2	\$ 416.5	52.7 %	52.7 %
Gross profit	100.3	65.1	54.0	54.0
Total SG&A expenses	81.8	62.1	31.7	31.7
Earnings (loss) from operations	18.5	3.0	NM	
Gross profit rate	15.8 %	15.6 %	0.2 pts.	
Outsourcing & Consulting				
Revenue from services	\$ 468.0	\$ 432.1	8.3 %	9.6 %
Gross profit	169.6	141.4	20.0	22.4
Total SG&A expenses	149.8	122.7	22.1	23.9
Goodwill impairment charge	41.0	—	NM	
Earnings (loss) from operations	(21.2)	18.7	NM	
Gross profit rate	36.3 %	32.7 %	3.6 pts.	
International				
Revenue from services	\$ 932.2	\$ 1,067.8	(12.7) %	(4.7) %
Gross profit	142.4	148.8	(4.3)	4.6
SG&A expenses excluding restructuring charges	132.5	137.7	(3.8)	4.5
Restructuring charges	—	1.2	NM	NM
Total SG&A expenses	132.5	138.9	(4.6)	3.6
Earnings (loss) from operations	9.9	9.9	(0.5)	
Earnings (loss) from operations excluding restructuring charges	9.9	11.1	(11.2)	
Gross profit rate	15.3 %	13.9 %	1.4 pts.	

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

	Jan. 1, 2023	Jan. 2, 2022
Current Assets		
Cash and equivalents	\$ 153.7	\$ 112.7
Trade accounts receivable, less allowances of \$11.2 and \$12.6, respectively	1,491.6	1,423.2
Prepaid expenses and other current assets	69.9	52.8
Total current assets	1,715.2	1,588.7
Noncurrent Assets		
Property and equipment, net	27.8	35.3
Operating lease right-of-use assets	66.8	75.8
Deferred taxes	299.7	302.8
Goodwill, net	151.1	114.8
Investment in Persol Holdings	—	264.3
Investment in equity affiliate	—	123.4
Other assets	403.2	389.1
Total noncurrent assets	948.6	1,305.5
Total Assets	\$ 2,663.8	\$ 2,894.2
Current Liabilities		
Short-term borrowings	\$ 0.7	\$ —
Accounts payable and accrued liabilities	723.3	687.2
Operating lease liabilities	14.7	17.5
Accrued payroll and related taxes	315.8	318.4
Accrued workers' compensation and other claims	22.9	20.8
Income and other taxes	51.4	51.3
Total current liabilities	1,128.8	1,095.2
Noncurrent Liabilities		
Operating lease liabilities	55.0	61.4
Accrued payroll and related taxes	—	57.6
Accrued workers' compensation and other claims	40.7	37.0
Accrued retirement benefits	174.1	220.0
Other long-term liabilities	11.0	86.8
Total noncurrent liabilities	280.8	462.8
Stockholders' Equity		
Common stock	38.5	40.1
Treasury stock	(20.1)	(15.1)
Paid-in capital	28.0	23.9
Earnings invested in the business	1,216.3	1,315.0
Accumulated other comprehensive income (loss)	(8.5)	(27.7)
Total stockholders' equity	1,254.2	1,336.2
Total Liabilities and Stockholders' Equity	\$ 2,663.8	\$ 2,894.2
Statistics:		
Working Capital	\$ 586.4	\$ 493.5
Current Ratio	1.5	1.5
Debt-to-capital %	0.1 %	0.0 %
Global Days Sales Outstanding	61	60
Year-to-Date Free Cash Flow	\$ (88.3)	\$ 73.8

KELLY SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE 52 WEEKS ENDED JANUARY 1, 2023 AND JANUARY 2, 2022
(UNAUDITED)
(In millions of dollars)

	2022	2021
Cash flows from operating activities:		
Net earnings (loss)	\$ (62.5)	\$ 156.1
Adjustments to reconcile net earnings to net cash from operating activities:		
Goodwill impairment charge	41.0	—
Deferred income taxes	(72.1)	21.6
Loss on disposal	18.7	—
Depreciation and amortization	33.4	29.8
Operating lease asset amortization	18.5	21.2
Provision for credit losses and sales allowances	1.5	1.6
Stock-based compensation	7.8	5.1
(Gain) loss on investment in Persol Holdings	67.2	(121.8)
Loss on cumulative translation adjustment reversal	20.4	—
Gain on foreign currency remeasurement	(5.5)	—
Gain on insurance settlement	—	(19.0)
Gain on sale of assets	(6.2)	—
Equity in net (earnings) loss of PersolKelly Pte. Ltd.	(0.8)	(5.4)
Other, net	3.3	6.0
Changes in operating assets and liabilities, net of acquisitions	(141.0)	(10.2)
Net cash (used in) from operating activities	(76.3)	85.0
Cash flows from investing activities:		
Capital expenditures	(12.0)	(11.2)
Proceeds from sale of assets	10.1	—
Acquisition of companies, net of cash received	(143.1)	(213.0)
Cash disposed from sale of Russia, net of proceeds	(6.0)	—
Proceeds from sale of Persol Holdings investment	196.9	—
Proceeds from sale of equity method investment	119.5	—
Proceeds from company-owned life insurance	1.5	12.2
Proceeds from insurance settlement	—	19.0
Proceeds (payments) related to loans to equity affiliate	—	5.9
Proceeds from equity securities	—	5.0
Other investing activities	0.6	1.4
Net cash from (used in) investing activities	167.5	(180.7)
Cash flows from financing activities:		
Net change in short-term borrowings	0.8	(0.2)
Financing lease payments	(1.4)	(1.5)
Dividend payments	(10.6)	(4.0)
Payments of tax withholding for stock awards	(0.9)	(0.6)
Buyback of common shares	(27.2)	—
Purchase of treasury stock	(7.8)	—
Contingent consideration payments	(3.3)	(1.6)
Other financing activities	(0.2)	(0.2)
Net cash used in financing activities	(50.6)	(8.1)
Effect of exchange rates on cash, cash equivalents and restricted cash	2.3	(4.8)
Net change in cash, cash equivalents and restricted cash	42.9	(108.6)
Cash, cash equivalents and restricted cash at beginning of year	119.5	228.1
Cash, cash equivalents and restricted cash at end of year	\$ 162.4	\$ 119.5

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

Fourth Quarter

	<u>2022</u>	<u>2021</u>	<u>% Change</u>	<u>CC % Change</u>
Americas				
United States	\$ 925.0	\$ 908.6	1.8 %	1.8 %
Canada	45.5	38.1	19.6	28.8
Puerto Rico	27.6	25.5	8.2	8.2
Mexico	14.1	10.6	32.7	25.4
Total Americas Region	<u>1,012.2</u>	<u>982.8</u>	3.0	3.3
Europe				
Switzerland	57.3	61.0	(6.0)	(1.8)
France	48.6	55.0	(11.6)	(1.1)
Portugal	43.7	37.3	17.3	31.1
Italy	15.0	18.2	(18.0)	(8.6)
United Kingdom	11.9	16.4	(27.6)	(17.2)
Russia	—	32.9	NM	NM
Other	35.6	35.5	0.1	13.9
Total Europe Region	<u>212.1</u>	<u>256.3</u>	(17.2)	(8.7)
Total Asia-Pacific Region	<u>9.5</u>	<u>11.2</u>	(15.0)	(6.9)
Total Kelly Services, Inc.	<u>\$ 1,233.8</u>	<u>\$ 1,250.3</u>	(1.3) %	0.7 %

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

	December Year to Date			
	2022	2021	% Change	CC % Change
Americas				
United States	\$ 3,671.5	\$ 3,513.4	4.5 %	4.5 %
Canada	168.2	155.0	8.6	12.9
Puerto Rico	112.4	102.1	10.1	10.1
Mexico	46.5	92.7	(49.9)	(50.5)
Total Americas Region	3,998.6	3,863.2	3.5	3.7
Europe				
Switzerland	222.8	222.2	0.3	4.7
France	199.4	223.1	(10.6)	0.3
Portugal	169.5	158.2	7.1	20.4
Italy	69.3	74.2	(6.7)	4.7
Russia	63.4	132.2	(52.1)	(51.5)
United Kingdom	57.1	68.3	(16.4)	(7.0)
Other	143.2	128.8	11.2	26.1
Total Europe Region	924.7	1,007.0	(8.2)	0.8
Total Asia-Pacific Region	42.1	39.5	6.6	13.8
Total Kelly Services, Inc.	\$ 4,965.4	\$ 4,909.7	1.1 %	3.2 %

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

	2022		2021	
	As Reported	66.4	Adjusted	70.8
SG&A Expenses:				
Professional & Industrial	\$		\$	
Science, Engineering & Technology		53.5		49.2
Education		21.4		15.6
Outsourcing & Consulting		38.0		33.5
International		33.3		35.5
Corporate		23.6		22.0
Total Company	\$	236.2	\$	226.6

	2022				2021	
	As Reported	Gain on sale of assets ⁽³⁾	Goodwill impairment charge ⁽⁵⁾	Adjusted	Adjusted	
Earnings (Loss) from Operations:						
Professional & Industrial	\$ 4.9	\$ —	\$ —	\$ 4.9	\$	11.5
Science, Engineering & Technology	18.2	—	—	18.2		16.9
Education	9.7	—	—	9.7		5.5
Outsourcing & Consulting	(6.3)	—	10.3	4.0		4.5
International	0.8	—	—	0.8		3.0
Corporate	(23.6)	—	—	(23.6)		(22.0)
Gain on sale of assets	0.9	(0.9)	—	—		—
Total Company	\$ 4.6	\$ (0.9)	\$ 10.3	\$ 14.0	\$	19.4

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

	2021		
	As Reported	Restructuring ⁽⁶⁾	Adjusted
SG&A Expenses:			
Professional & Industrial	\$ 70.8	\$ —	\$ 70.8
Science, Engineering & Technology	49.2	—	49.2
Education	15.6	—	15.6
Outsourcing & Consulting	33.5	—	33.5
International	36.7	(1.2)	35.5
Corporate	24.9	(2.9)	22.0
Total Company	\$ 230.7	\$ (4.1)	\$ 226.6

	2021		
	As Reported	Restructuring ⁽⁶⁾	Adjusted
Earnings (Loss) from Operations:			
Professional & Industrial	\$ 11.5	\$ —	\$ 11.5
Science, Engineering & Technology	16.9	—	16.9
Education	5.5	—	5.5
Outsourcing & Consulting	4.5	—	4.5
International	1.8	1.2	3.0
Corporate	(24.9)	2.9	(22.0)
Total Company	\$ 15.3	\$ 4.1	\$ 19.4

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

	2022		2021	
	As Reported		Adjusted	
SG&A Expenses:				
Professional & Industrial	\$	270.5	\$	278.6
Science, Engineering & Technology		214.9		180.2
Education		81.8		62.1
Outsourcing & Consulting		149.8		122.7
International		132.5		137.7
Corporate		94.0		85.3
Total Company	\$	943.5	\$	866.6

	2022					2021	
	As Reported	Gain on sale of assets ⁽³⁾	Loss on disposal ⁽⁴⁾	Goodwill impairment charge ⁽⁵⁾	Adjusted	Adjusted	Adjusted
Earnings (Loss) from Operations:							
Professional & Industrial	\$ 32.0	\$ —	\$ —	\$ —	\$ 32.0	\$ 32.0	\$ 31.4
Science, Engineering & Technology	82.1	—	—	—	82.1	82.1	73.7
Education	18.5	—	—	—	18.5	18.5	3.0
Outsourcing & Consulting	(21.2)	—	—	41.0	19.8	19.8	18.7
International	9.9	—	—	—	9.9	9.9	11.1
Corporate	(94.0)	—	—	—	(94.0)	(94.0)	(85.3)
Loss on disposal	(18.7)	—	18.7	—	—	—	—
Gain on sale of assets	6.2	(6.2)	—	—	—	—	—
Total Company	\$ 14.8	\$ (6.2)	\$ 18.7	\$ 41.0	\$ 68.3	\$ 68.3	\$ 52.6

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

	2021		
	As Reported	Restructuring ⁽⁶⁾	Adjusted
SG&A Expenses:			
Professional & Industrial	\$ 278.6	\$ —	\$ 278.6
Science, Engineering & Technology	180.2	—	180.2
Education	62.1	—	62.1
Outsourcing & Consulting	122.7	—	122.7
International	138.9	(1.2)	137.7
Corporate	88.1	(2.8)	85.3
Total Company	\$ 870.6	\$ (4.0)	\$ 866.6

	2021		
	As Reported	Restructuring ⁽⁶⁾	Adjusted
Earnings (Loss) from Operations:			
Professional & Industrial	\$ 31.4	\$ —	\$ 31.4
Science, Engineering & Technology	73.7	—	73.7
Education	3.0	—	3.0
Outsourcing & Consulting	18.7	—	18.7
International	9.9	1.2	11.1
Corporate	(88.1)	2.8	(85.3)
Total Company	\$ 48.6	\$ 4.0	\$ 52.6

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	
	2022	2021	2022	2021
Income tax expense (benefit)	\$ 5.2	\$ 16.1	\$ (7.9)	\$ 35.1
Taxes on investment in Persol Holdings ⁽¹⁾	—	(15.3)	18.4	(37.3)
Taxes on foreign currency matters ⁽²⁾	—	—	(1.5)	—
Taxes on gain on sale of assets ⁽³⁾	(0.3)	—	(1.6)	—
Taxes on loss on disposal ⁽⁴⁾	—	—	—	—
Taxes on goodwill impairment charge ⁽⁵⁾	1.8	—	7.1	—
Taxes on restructuring charges ⁽⁶⁾	—	1.0	—	1.0
Taxes on gain on insurance settlement ⁽⁷⁾	—	(4.8)	—	(4.8)
Adjusted income tax expense (benefit)	<u>\$ 6.7</u>	<u>\$ (3.0)</u>	<u>\$ 14.5</u>	<u>\$ (6.0)</u>

	Fourth Quarter		December Year to Date	
	2022	2021	2022	2021
Net earnings (loss)	\$ (0.9)	\$ 71.7	\$ (62.5)	\$ 156.1
(Gain) loss on investment in Persol Holdings, net of taxes ⁽¹⁾	—	(34.7)	48.8	(84.5)
Loss on foreign currency matters, net of taxes ⁽²⁾	—	—	16.4	—
Gain on sale of assets, net of taxes ⁽³⁾	(0.6)	—	(4.6)	—
Loss on disposal, net of taxes ⁽⁴⁾	—	—	18.7	—
Goodwill impairment charge, net of taxes ⁽⁵⁾	8.5	—	33.9	—
Restructuring charges, net of taxes ⁽⁶⁾	—	3.1	—	3.0
Gain on insurance settlement, net of taxes ⁽⁷⁾	—	(14.2)	—	(14.2)
Adjusted net earnings	<u>\$ 7.0</u>	<u>\$ 25.9</u>	<u>\$ 50.7</u>	<u>\$ 60.4</u>

	Fourth Quarter		December Year to Date	
	2022	2021	2022	2021
	Per Share		Per Share	
Net earnings (loss)	\$ (0.02)	\$ 1.80	\$ (1.64)	\$ 3.91
(Gain) loss on investment in Persol Holdings, net of taxes ⁽¹⁾	—	(0.87)	1.28	(2.12)
Loss on foreign currency matters, net of taxes ⁽²⁾	—	—	0.43	—
Gain on sale of assets, net of taxes ⁽³⁾	(0.02)	—	(0.12)	—
Loss on disposal, net of taxes ⁽⁴⁾	—	—	0.49	—
Goodwill impairment charge, net of taxes ⁽⁵⁾	0.23	—	0.89	—
Restructuring charges, net of taxes ⁽⁶⁾	—	0.08	—	0.07
Gain on insurance settlement, net of taxes ⁽⁷⁾	—	(0.36)	—	(0.36)
Adjusted net earnings	<u>\$ 0.18</u>	<u>\$ 0.65</u>	<u>\$ 1.33</u>	<u>\$ 1.51</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	
	2022	2021	2022	2021
Net earnings (loss)	\$ (0.9)	\$ 71.7	\$ (62.5)	\$ 156.1
Other (income) expense, net ⁽²⁾	0.3	(0.4)	(1.6)	3.6
Income tax expense (benefit)	5.2	16.1	(7.9)	35.1
Depreciation and amortization	10.1	8.3	37.3	31.5
EBITDA	14.7	95.7	(34.7)	226.3
Equity in net (earnings) loss of affiliate	—	(3.1)	(0.8)	(5.4)
(Gain) loss on investment in Persol Holdings ⁽¹⁾	—	(50.0)	67.2	(121.8)
Loss on foreign currency matters ⁽²⁾	—	—	20.4	—
Gain on sale of assets ⁽³⁾	(0.9)	—	(6.2)	—
Loss on disposal ⁽⁴⁾	—	—	18.7	—
Goodwill impairment charge ⁽⁵⁾	10.3	—	41.0	—
Restructuring ⁽⁶⁾	—	4.1	—	4.0
Gain on insurance settlement ⁽⁷⁾	—	(19.0)	—	(19.0)
Adjusted EBITDA	\$ 24.1	\$ 27.7	\$ 105.6	\$ 84.1
Adjusted EBITDA margin	2.0 %	2.2 %	2.1 %	1.7 %

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

Management believes that the non-GAAP (Generally Accepted Accounting Principles) information excluding the 2022 sale of the Persol Holdings investment, the 2022 and 2021 gains and losses on the fair value changes of the investment in Persol Holdings, the 2022 losses on foreign currency matters, the 2022 gains on sale of assets, the 2022 loss on disposal, the 2022 goodwill impairment, the 2021 restructuring charges and the 2021 gain on insurance settlement are useful to understand the Company's fiscal 2022 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.

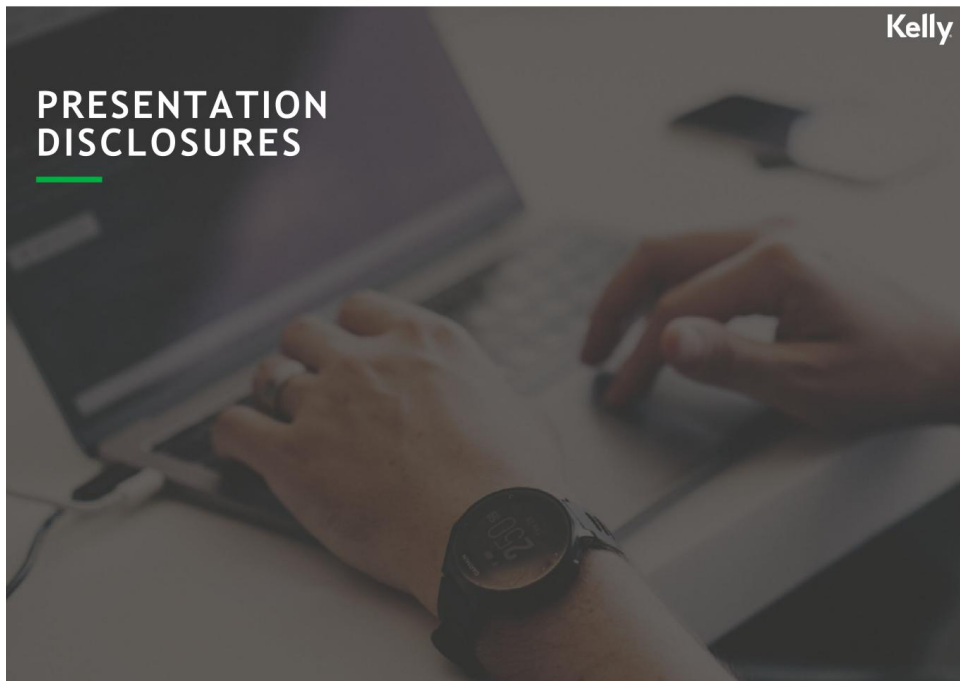
- (1) In 2022, the loss on the investment in Persol Holdings represents the change in fair value up until the date of the sale of the investment on February 15, 2022 as well as the loss on the sale of the investment during the period presented and the related tax benefit. In 2021, the gain on the investment in Persol Holdings represents the change in fair value of the investment during the period presented and the related tax expense.
- (2) In 2022, the loss on foreign currency matters includes a \$20.4 million loss on currency translation resulting from the substantially complete liquidation of the Company's Japan entity, partially offset by a \$5.5 million foreign exchange gain on the Japan entity's USD-denominated cash balance. The foreign exchange gain is included in other (income) expense, net in the EBITDA calculation.
- (3) Gain on sale of assets in 2022 is related to the sale of real property in the fourth quarter of 2022, under-utilized real property in the second quarter of 2022 and other real property sold in the first quarter of 2022.
- (4) Loss on disposal in 2022 represents the write-off of the net assets of our Russian operations that were sold in the third quarter of 2022.
- (5) Goodwill impairment charge in 2022 is the result of interim impairment tests the Company performed related to RocketPower due to triggering events caused by changes in market conditions.
- (6) Restructuring in 2021 represents adjustments to restructuring charges from 2020 relating to the severance costs and lease terminations for the new operating model adopted in the third quarter of 2020.
- (7) 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.

Q4 and Full Year 2022

February 16, 2023



PRESENTATION DISCLOSURES



NON-GAAP MEASURES

Management believes that the non-GAAP (Generally Accepted Accounting Principles) information excluding the 2022 sale of the Persol Holdings investment, the 2022 and 2021 gains and losses on the fair value changes of the investment in Persol Holdings, the 2022 losses on foreign currency matters, the 2022 gains on sale of assets, the 2022 loss on disposal, 2022 goodwill impairment charge, the 2021 restructuring charges and the 2021 gain on insurance settlement are useful to understand the Company's fiscal 2022 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

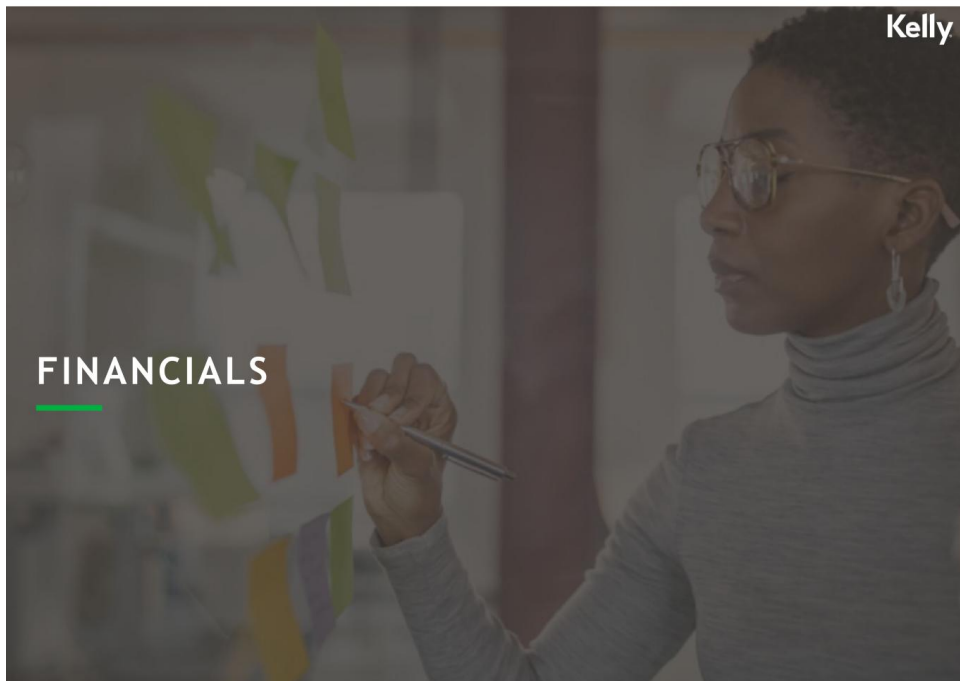
This release contains statements that are forward looking in nature and, accordingly, are subject to risks and uncertainties. The principal important risk factors that could cause our actual performance and future events and actions to differ materially from such forward-looking statements include, but 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 brands, 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 risk associated with certain equity investments, including with strategic partners, risks associated with conducting business in foreign countries, including foreign currency fluctuations, risks associated with violations of anticorruption, 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.

Kelly

FINANCIALS





Fourth Quarter 2022 Takeaways.

Specialty talent demand continues while broader staffing demand decelerates amid growing economic uncertainty and continuing inflationary pressures

- Q4 revenue declined by 1.3% on a reported basis, up 0.7% in constant currency⁽¹⁾
- Organic, constant currency⁽¹⁾ revenue up 1.9%
 - Excludes 150 bps favorable impact from the acquisition of RocketPower and Pediatric Therapeutic Services ("PTS")
 - Excludes 270 bps⁽¹⁾ unfavorable impact from the sale of our Russian operations
- Delivered 3.7%⁽¹⁾ year-over-year gross profit growth reflecting a GP rate of 20.3% up 60 bps year-over-year
 - Favorable product mix delivers structural improvements as permanent placement fees decelerate

Near-term steps to capitalize on continued demand for specialty talent and build resiliency

- Focused on high demand specialties and addressing talent supply to meet customer needs
- Every business unit is focusing on actionable strategies to deliver on our specialty growth strategy while proactively aligning resources with current growth opportunities

Continued focus on our future

- Executing on a board-approved \$50 million share repurchase program highlighting our flexible and balanced capital allocation strategy, as well as confidence in our ability to deliver specialty growth
- Ongoing deployment of technology investments in both the Americas and EMEA

Footnote details on slide 20

Fourth Quarter 2022 Financial Summary.

	Actual Results	Change Increase/(Decrease)	
		As Reported	As Adjusted ⁽²⁾
Revenue	\$1.2B	(1.3%)	(1.3%)
		0.7% CC ⁽¹⁾	0.7% CC ⁽¹⁾
Gross Profit Rate	20.3%	60 bps	60 bps
Earnings from Operations	\$4.6M	(70.2%)	(28.1%)
		(61.5%) CC ⁽¹⁾	(21.2%) CC ⁽¹⁾
Adjusted EBITDA	\$24.1M		(13.1%)
Adjusted EBITDA Margin	2.0%		(20) bps

Footnote details on slide 20

Full Year 2022 Financial Summary.

	Actual Results	Change Increase/(Decrease)	
		As Reported	As Adjusted ⁽²⁾
Revenue	\$5.0B	1.1%	1.1%
		3.2% CC ⁽¹⁾	3.2% CC ⁽¹⁾
Gross Profit Rate	20.4%	170 bps	170 bps
Earnings from Operations	\$14.8M	(69.7%)	29.9%
		(61.3%) CC ⁽¹⁾	37.7% CC ⁽¹⁾
Adjusted EBITDA	\$105.6M		25.5%
Adjusted EBITDA Margin	2.1%		40 bps

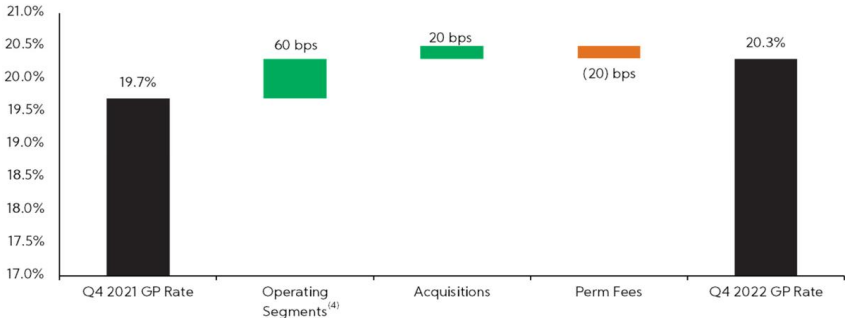
Footnote details on slide 20

Fourth Quarter 2022 Revenue Trends.

	Reported ⁽³⁾	Constant Currency ^{(1),(3)}	Organic ^{(1),(4),(5)}
Total	(1.3%)	0.7%	1.9%
Professional & Industrial	(11.8%)	(11.2%)	(11.2%)
Science, Engineering & Technology	1.7%	2.0%	2.0%
Education	53.3%	53.3%	43.3%
Outsourcing & Consulting	3.5%	5.1%	(0.1%)
International	(16.1%)	(8.4%)	5.0%

Footnote details on slide 20

Fourth Quarter 2022 Gross Profit Rate Growth.

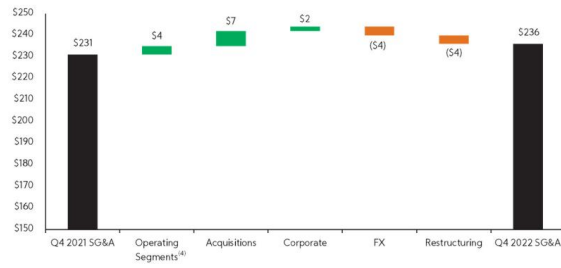


- Overall GP rate improved primarily as a result of favorable specialty mix in the Operating Segments, partially offset by higher employee-related costs
- Acquisitions of higher margin specialty business continues to contribute to our improving GP rate
- Permanent placement fees decreased slightly as customers slowed permanent hiring activity amid the uncertain economic environment

Footnote details on slide 20

Fourth Quarter 2022 SG&A.

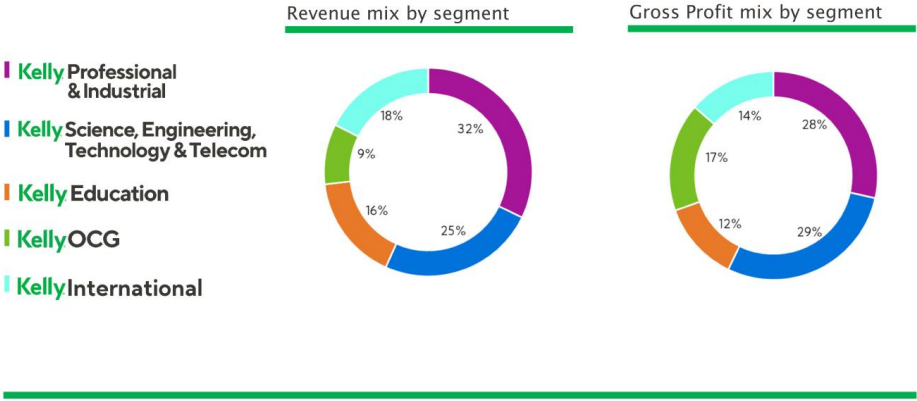
\$ in millions



- Expenses in the Operating Segments, excluding recent acquisitions of RocketPower and PTS, increased primarily due to higher compensation-related expenses for our full-time talent. We have added headcount in line with revenue growth in selected specialties and provided market-driven compensation adjustments to attract and retain talent
- Expenses from our recent acquisitions of RocketPower and PTS include amortization expense related to acquired intangible assets
- Corporate expenses increased primarily due to higher performance-based incentive compensation expenses
- Restructuring related to a Q4 2021 charge

Footnote details on slide 20

Fourth Quarter 2022 Revenue & Gross Profit Mix.



Fourth Quarter 2022 EPS Summary.

\$ in millions except per share data

	2022		2021	
	Amount	Per Share	Amount	Per Share
Net earnings (loss)	(\$0.9)	(\$0.02)	\$71.7	\$1.80
(Gain) loss on investment in Persol Holdings, net of taxes ⁽⁶⁾	-	-	(34.7)	(0.87)
Gain on sale of assets, net of taxes ⁽⁷⁾	(0.6)	(0.02)	-	-
Goodwill impairment charge, net of taxes ⁽⁸⁾	8.5	0.23	-	-
Restructuring charges, net of taxes ⁽⁹⁾	-	-	3.1	0.08
Gain on insurance settlement, net of taxes ⁽¹⁰⁾	-	-	(14.2)	(0.36)
Adjusted net earnings	\$7.0	\$0.18	\$25.9	\$0.65

Footnote details on slide 20

Full Year 2022 EPS Summary.

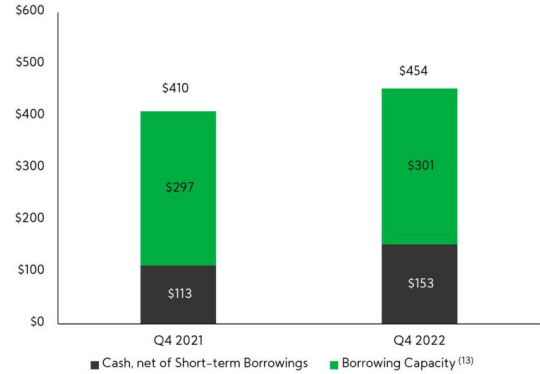
\$ in millions except per share data

	2022		2021	
	Amount	Per Share	Amount	Per Share
Net earnings (loss)	(\$62.5)	(\$1.64)	\$156.1	\$3.91
(Gain) loss on investment in Persol Holdings, net of taxes ⁽⁶⁾	48.8	1.28	(84.5)	(2.12)
Loss on foreign currency matters, net of taxes ⁽¹¹⁾	16.4	0.43	-	-
Gain on sale of assets, net of taxes ⁽⁷⁾	(4.6)	(0.12)	-	-
Loss on disposal, net of taxes ⁽¹²⁾	18.7	0.49	-	-
Goodwill impairment charge, net of taxes ⁽⁸⁾	33.9	0.89	-	-
Restructuring charges, net of taxes ⁽⁹⁾	-	-	3.0	0.07
Gain on insurance settlement, net of taxes ⁽¹⁰⁾	-	-	(14.2)	(0.36)
Adjusted net earnings	\$50.7	\$1.33	\$60.4	\$1.51

Footnote details on slide 20

Fourth Quarter 2022 Liquidity.

\$ in millions



- During 2022, we concluded the Persol Holdings cross-shareholding arrangement and sold most of our interest in the PersolKelly joint venture, generating additional capital that we strategically reallocated with the Q1 2022 acquisition of RocketPower and the Q2 2022 acquisition of PTS
- We have fully repaid all 2020 CARES Act payroll tax deferrals, including \$87 million repaid in 2022
- As of the end of Q4 2022, we continue to have more than \$450 million available liquidity

Footnote details on slide 20

2023 Outlook.

We have remixed our portfolio towards higher margin specialties since 2020 and have demonstrated an ability to act with urgency to proactively manage costs when necessary



Current view of the first half of 2023:

- *Revenue* - will be constrained by economic uncertainty
- *GP rate* - structural GP rate improvement will continue, but at a slower pace than Q4 2022
- *Adjusted SG&A* - at similar levels as Q4 2022, while continuing to invest in our technology initiatives and our people

Recent Acquisitions.

RocketPower

- RocketPower is a provider of Recruitment Process Outsourcing (RPO) and other outsourced talent solutions to customers including U.S. tech companies. RocketPower will continue to operate under its own brand and with its own operating team as part of KellyOCG, the outsourcing and consulting business of Kelly
 - Expands KellyOCG's RPO delivery offering
 - Creates growth opportunities in the high-tech industry



Pediatric Therapeutic Services

- PTS is a specialty firm that provides state and federally mandated in-school therapy services including occupational therapy, physical therapy, speech-language pathology, and mental and behavioral health services. Headquartered in suburban Philadelphia, PTS currently supports schools throughout Pennsylvania and Delaware and will continue to operate under its own brand as part of Kelly Education
 - Expands Kelly Education's industry-leading K-12 solutions offering
 - Creates growth opportunities in the \$20-billion therapeutic services segment



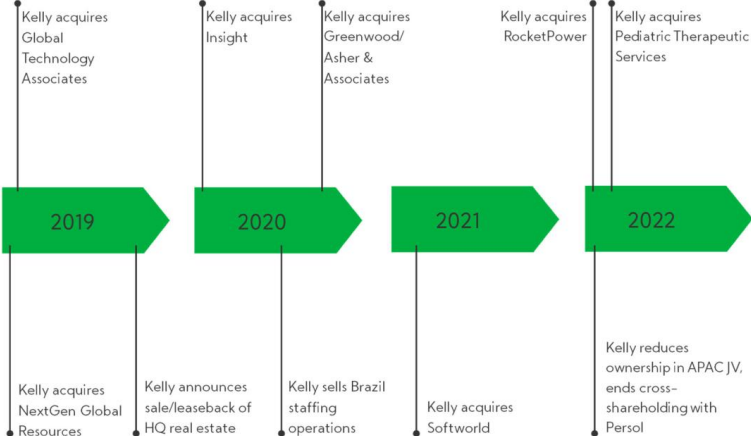
Our operating model aligns to these specialties.

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 ⁽¹⁴⁾	\$1.7B	\$1.3B	\$0.6B ⁽¹⁵⁾	\$0.5B ⁽¹⁶⁾	\$0.9B
GP Rate ⁽¹⁴⁾	18.2%	23.5%	15.8% ⁽¹⁵⁾	36.3% ⁽¹⁶⁾	15.3%
Geography	North America	North America	U.S.	Global	EMEA & Mexico
Specialties	<ul style="list-style-type: none"> · Industrial · Contact Center · Office Clerical 	<ul style="list-style-type: none"> · Engineering · Science & Clinical · Technology · Telecom 	<ul style="list-style-type: none"> · Early Childhood · K-12 · Special Ed/Needs · Tutoring · Therapy Services · Higher Education · Executive Search 	<ul style="list-style-type: none"> · MSP⁽¹⁷⁾ · RPO⁽¹⁷⁾ · PPO⁽¹⁷⁾ · Consulting 	<ul style="list-style-type: none"> · Life Sciences · IT · Finance · Other Local Professional Niches

Footnote details on slide 20

Our M&A activities are **shifting our portfolio.**



Fourth Quarter and Full Year 2022 Footnotes.

⁽¹⁾Constant Currency ("CC") represents year-over-year changes resulting from translating 2022 financial data into USD using 2021 exchange rates;
⁽²⁾See reconciliation of Non-GAAP Measures included in Form 8-K dated February 16, 2023; ⁽³⁾Includes the 2022 results of RocketPower and Pediatric Therapeutic Services ("PTS"), which were acquired as of March 7, 2022 and May 2, 2022, respectively. RocketPower was included in the reported results of operations in Outsourcing & Consulting and PTS was included in the reported results of operations in Education, from the date of acquisition; ⁽⁴⁾Excludes 2022 results of RocketPower and PTS; ⁽⁵⁾Excludes the results of our Russian operations following the completion of the sales transaction in Q3 2022; ⁽⁶⁾Gain on investment in Persol Holdings of \$50.0 million, \$34.7 million net of tax, or \$0.87 per share in Q4 2021. Loss on investment in Persol Holdings of \$67.2 million, \$48.8 million net of tax, or \$1.28 per share in 2022 and gain on investment in Persol Holdings of \$121.8 million, \$84.5 million net of tax, or \$2.12 per share in 2021; ⁽⁷⁾Gain on sale of assets includes gains from the sale of real property of \$0.9 million, \$0.6 million net of tax, or \$0.02 per share in Q4 2022 and gains from the sale of real property of \$6.2 million, \$4.6 million net of tax, or \$0.12 per share in 2022; ⁽⁸⁾Goodwill impairment charge of \$10.3 million, \$8.5 million net of tax, or \$0.23 per share in Q4 2022 and \$41.0 million, \$33.9 million net of tax, or \$0.89 per share in 2022; ⁽⁹⁾Restructuring charges of \$4.1 million, \$3.1 million net of tax, or \$0.08 per share in Q4 2021 and \$4.0 million, \$3.0 million net of tax, or \$0.07 per share in 2021; ⁽¹⁰⁾Gain on insurance settlement of \$19.0 million, \$14.2 million net of tax, or \$0.36 per share in Q4 2021; ⁽¹¹⁾Loss on foreign currency matters includes of \$20.4 million currency translation from liquidation of subsidiary, partially offset by \$5.5 million foreign exchange gain, \$16.4 million net of tax, or \$0.43 per share in 2022; ⁽¹²⁾Loss on disposal related to the sale of our Russian operations of \$18.7 million, \$18.7 million net of tax, or \$0.49 per share in 2022; ⁽¹³⁾U.S. credit facilities, net of standby letters of credit related to workers' compensation; ⁽¹⁴⁾Kelly size and margin profiles are based on 2022 full year results; ⁽¹⁵⁾Kelly Education revenue and GP rate was \$0.7B and 16.6%, respectively, including the results of PTS on a proforma basis; ⁽¹⁶⁾Kelly OCG revenue and GP rate was \$0.5B and 36.7%, respectively, including the results of RocketPower on a proforma basis; ⁽¹⁷⁾Managed Service Provider ("MSP"); Recruitment Process Outsourcing ("RPO"); Payroll Process Outsourcing ("PPO").

Kelly

Thank you for reading

Fourth Quarter and Full Year 2022 Earnings

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