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): May 12, 2022

KELLY SERVICES, INC.

(Exact name of Registrant as specified in its charter)

Delaware	0-1088	38-1510762
(State or other jurisdiction of incorporation)	(Commission File Number)	(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 ended April 3, 2022. A copy of the press release is attached as exhibit 99.1 herein.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

Exhibit No.	Description
99.1	Press Release dated May 12, 2022.
99.2	Presentation materials for May 12, 2022 conference call.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

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

KELLY SERVICES, INC.

May 12, 2022

/s/ Olivier G. Thirot
Olivier G. Thirot

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

May 12, 2022

/s/ Laura S. Lockhart
Laura S. Lockhart

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

EXHIBIT INDEX

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Exhibit 99.1

Kelly

KELLY REPORTS
FIRST-QUARTER 2022 EARNINGS

- **Q1 revenue up 7.5%; 9.0% in constant currency**
- **Q1 operating earnings of $23.4 million; up 121% from a year ago**
- **Q1 loss per share of $1.23 down from a year ago on a non-cash loss on Persol Holdings investment**
- **Adjusted EPS of $0.46 in Q1; up from $0.12 a year ago**
- **Created $235M of liquidity by ending the cross-ownership between Kelly and Persol Holdings and reducing our ownership interest in PersolKelly, the companies' joint venture in the APAC region**
- **Completed the first quarter acquisition of RocketPower to strengthen our RPO practice and acquired Pediatric Therapeutic Services in May to extend our leading position in K-12 education**

TROY, Mich. (May 12, 2022) – Kelly (Nasdaq: KELYA, KELYB), a leading specialty talent solutions provider, today announced results for the first quarter of 2022.

Peter Quigley, president and chief executive officer, announced revenue for the first quarter of 2022 totaled $1.3 billion, a 7.5% increase, or 9.0% in constant currency, compared to the corresponding quarter of 2021. Revenue improved year-over-year in the quarter reflecting increased customer demand compared to the COVID-19-impacted prior year period, as well as the impact of the Q2 2021 acquisition of Softworld.

Earnings from operations in the first quarter of 2022 totaled $23.4 million, compared to $10.6 million reported in the first quarter of 2021. Earnings improved as a result of revenue growth combined with structural improvement in gross profit rate and expense leverage.

The loss per share in the first quarter of 2022 was $1.23 compared to diluted earnings per share of $0.64 in the first quarter of 2021. Included in the loss per share in the first quarter of 2022 is a loss, net of tax, on Kelly's investment in Persol Holdings common stock of $1.26 per share compared to a gain, net of tax, of $0.52 per share in the first quarter of 2021. In addition, the loss per share in the first quarter of 2022 includes a $0.43 loss per share on non-cash foreign currency matters, net of tax, related to the dissolution of our Japanese subsidiary following the sale of the Persol Holding common shares. On an adjusted basis, earnings per share were $0.46 in the first quarter of 2022 compared to $0.12 in the corresponding quarter of 2021.

"Kelly's first quarter performance proves that our growth strategy is paying off," said Quigley. "We achieved significant year-over-year improvement in revenue; our GP rate reached its highest level in 25 years; and we more than doubled earnings from operations. At the same time, we're acting quickly to redeploy capital and accelerate inorganic growth. Our acquisitions of RocketPower in March and Pediatric Therapeutic Services in May both expand Kelly's presence in high-growth, high-margin specialties, and offer significant opportunities for top-line synergies moving forward."

Kelly also reported that on May 10, its board of directors declared an increased dividend of $0.075 per share. The dividend is payable June 9, 2022, to shareholders of record as of the close of business on May 26, 2022 and represents a 50% increase. Commenting on the dividend increase, Quigley said, "We are pleased that our improving operating results and strategic progress have given us the ability to return our dividend back to pre-pandemic levels and enhance shareholder value."

In conjunction with its first-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 May 12 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 May 12, 2022, at (866) 207-1041 (toll-free) and (402) 970-0847 (caller-paid). The access code is 6759661#. 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 brand, our exposure to risks associated with services outside traditional staffing, including business process outsourcing, services of licensed professionals and services connecting talent to independent work, our increasing dependency on third parties for the execution of critical functions, our ability to effectively implement and manage our information technology strategy, the risks associated with past and future acquisitions, including risk of related impairment of goodwill and intangible assets, 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 350,000 people around the world, and we connect thousands more with work through our global network of talent suppliers and partners in our outsourcing and consulting practice. Revenue in 2021 was $4.9 billion. Visit kellyservices.com and let us help with what's next for you.

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MEDIA CONTACT:
Jane Stehney
(248) 765-6864
stehnja@kellyservices.com

ANALYST CONTACT:
James Polehna
(248) 244-4586
james.polehna@kellyservices.com

KELLY SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
FOR THE 13 WEEKS ENDED APRIL 3, 2022 AND APRIL 4, 2021
(UNAUDITED)
(In millions of dollars except per share data)

	2022	2021	Change	% Change	CC % Change
Revenue from services	$ 1,296.4	$ 1,205.9	$ 90.5	7.5 %	9.0 %
Cost of services	1,037.8	992.6	45.2	4.6	
Gross profit	258.6	213.3	45.3	21.2	22.6
Selling, general and administrative expenses	235.2	202.7	32.5	16.0	17.2
Earnings (loss) from operations	23.4	10.6	12.8	120.5	
Gain (loss) on investment in Persol Holdings	(67.2)	30.0	(97.2)	NM	
Loss on currency translation from liquidation of subsidiary[(1)]	(20.4)	—	(20.4)	NM	
Other income (expense), net	2.8	(3.4)	6.2	181.7	
Earnings (loss) before taxes and equity in net earnings (loss) of affiliate	(61.4)	37.2	(98.6)	NM	
Income tax expense (benefit)	(13.0)	10.5	(23.5)	(223.9)	
Net earnings (loss) before equity in net earnings (loss) of affiliate	(48.4)	26.7	(75.1)	NM	
Equity in net earnings (loss) of affiliate	0.8	(1.1)	1.9	NM	
Net earnings (loss)	$ (47.6)	$ 25.6	$ (73.2)	NM	
Basic earnings (loss) per share	$ (1.23)	$ 0.65	$ (1.88)	NM	
Diluted earnings (loss) per share	$ (1.23)	$ 0.64	$ (1.87)	NM	
STATISTICS:					
Permanent placement revenue (included in revenue from services)	$ 26.6	$ 16.0	$ 10.6	66.2 %	68.9 %
Gross profit rate	19.9 %	17.7 %	2.2 pts.		
Conversion rate	9.1 %	5.0 %	4.1 pts.		
Adjusted EBITDA	$ 31.6	$ 16.9	$ 14.7		
Adjusted EBITDA margin	2.4 %	1.4 %	1.0 pts.		
Effective income tax rate	21.2 %	28.3 %	(7.1) pts.		
Average number of shares outstanding (millions):					
Basic	38.6	39.3			
Diluted	38.6	39.5			

(1) Subsequent to the sale of the Persol Holdings investment, the Company commenced the dissolution process of the Kelly Services Japan subsidiary, which was considered substantially liquidated as of the first quarter-end 2022, resulting in the recognition of the $20.4 million loss on currency translation from liquidation of this subsidiary in the first quarter of 2022.

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

	First Quarter			
	2022	**2021**	**% Change**	**CC % Change**
Professional & Industrial				
Revenue from services	$ 444.3	$ 467.6	(5.0) %	(5.0) %
Gross profit	83.1	75.9	9.4	9.4
Total SG&A expenses	71.4	69.4	2.8	2.8
Earnings (loss) from operations	11.7	6.5	79.6	
Gross profit rate	18.7 %	16.2 %	2.5 pts.	
Science, Engineering & Technology				
Revenue from services	$ 317.1	$ 254.7	24.5 %	24.6 %
Gross profit	73.8	53.2	38.8	38.9
Total SG&A expenses	53.2	35.7	49.0	49.1
Earnings (loss) from operations	20.6	17.5	18.0	
Gross profit rate	23.3 %	20.9 %	2.4 pts.	
Education				
Revenue from services	$ 173.4	$ 111.6	55.4 %	55.4 %
Gross profit	26.6	17.2	54.8	54.8
Total SG&A expenses	18.6	14.2	31.2	31.2
Earnings (loss) from operations	8.0	3.0	166.1	
Gross profit rate	15.3 %	15.4 %	(0.1) pts.	
Outsourcing & Consulting				
Revenue from services	$ 109.1	$ 99.3	9.8 %	10.5 %
Gross profit	37.3	31.3	19.0	20.3
Total SG&A expenses	34.3	28.4	20.5	21.4
Earnings (loss) from operations	3.0	2.9	4.3	
Gross profit rate	34.2 %	31.5 %	2.7 pts.	
International				
Revenue from services	$ 252.8	$ 272.9	(7.4) %	(1.0) %
Gross profit	37.8	35.7	6.0	12.9
Total SG&A expenses	33.2	33.1	0.4	6.6
Earnings (loss) from operations	4.6	2.6	75.2	
Gross profit rate	15.0 %	13.1 %	1.9 pts.	

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

	April 3, 2022	January 2, 2022	April 4, 2021
Current Assets			
Cash and equivalents	$ 230.3	$ 112.7	$ 239.4
Trade accounts receivable, less allowances of $12.2, $12.6, and $12.6, respectively	1,523.8	1,423.2	1,279.7
Prepaid expenses and other current assets	72.2	52.8	76.5
Total current assets	1,826.3	1,588.7	1,595.6
Noncurrent Assets			
Property and equipment, net	32.0	35.3	38.9
Operating lease right-of-use assets	71.8	75.8	79.0
Deferred taxes	303.6	302.8	286.4
Goodwill, net	155.8	114.8	3.5
Investment in Persol Holdings	—	264.3	181.7
Investment in equity affiliate	—	123.4	118.7
Other assets	396.1	389.1	306.3
Total noncurrent assets	959.3	1,305.5	1,014.5
Total Assets	$ 2,785.6	$ 2,894.2	$ 2,610.1
Current Liabilities			
Short-term borrowings	$ 0.2	$ —	$ 1.1
Accounts payable and accrued liabilities	711.6	687.2	554.3
Operating lease liabilities	16.1	17.5	18.8
Accrued payroll and related taxes	338.9	318.4	309.9
Accrued workers' compensation and other claims	20.4	20.8	21.9
Income and other taxes	109.1	51.3	56.9
Total current liabilities	1,196.3	1,095.2	962.9
Noncurrent Liabilities			
Operating lease liabilities	58.7	61.4	63.9
Accrued payroll and related taxes	—	57.6	58.5
Accrued workers' compensation and other claims	36.4	37.0	40.7
Accrued retirement benefits	205.1	220.0	204.7
Other long-term liabilities	15.6	86.8	63.7
Total noncurrent liabilities	315.8	462.8	431.5
Stockholders' Equity			
Common stock	38.5	40.1	40.1
Treasury stock	(13.0)	(15.1)	(15.7)
Paid-in capital	22.8	23.9	20.6
Earnings invested in the business	1,239.9	1,315.0	1,188.5
Accumulated other comprehensive income (loss)	(14.7)	(27.7)	(17.8)
Total stockholders' equity	1,273.5	1,336.2	1,215.7
Total Liabilities and Stockholders' Equity	$ 2,785.6	$ 2,894.2	$ 2,610.1
STATISTICS:			
Working Capital	$ 630.0	$ 493.5	$ 632.7
Current Ratio	1.5	1.5	1.7
Debt-to-capital %	0.0 %	0.0 %	0.1 %
Global Days Sales Outstanding	62	60	60
Year-to-Date Free Cash Flow	$ (107.8)	$ 73.8	$ 7.8

KELLY SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE 13 WEEKS ENDED APRIL 3, 2022 AND APRIL 4, 2021
(UNAUDITED)
(In millions of dollars)

	2022	2021
Cash flows from operating activities:		
Net earnings (loss)	$ (47.6)	$ 25.6
Adjustments to reconcile net earnings (loss) to net cash from operating activities:		
Depreciation and amortization	7.5	5.9
Operating lease asset amortization	5.0	5.2
Provision for credit losses and sales allowances	0.8	(0.1)
Stock-based compensation	2.1	1.4
(Gain) loss on investment in Persol Holdings	67.2	(30.0)
Loss on currency translation from liquidation of subsidiary	20.4	—
Gain on foreign currency remeasurement	(5.5)	—
Equity in net (earnings) loss of PersolKelly Pte. Ltd.	(0.8)	1.1
Other, net	0.8	1.3
Changes in operating assets and liabilities, net of acquisitions	(156.0)	0.1
Net cash (used in) from operating activities	(106.1)	10.5
Cash flows from investing activities:		
Capital expenditures	(1.7)	(2.7)
Acquisition of companies, net of cash received	(58.3)	—
Proceeds from company-owned life insurance	—	10.4
Proceeds from sale of Persol Holdings investment	196.9	—
Proceeds from sale of equity method investment	119.5	—
Other investing activities	0.7	0.2
Net cash from investing activities	257.1	7.9
Cash flows from financing activities:		
Net change in short-term borrowings	0.2	0.8
Financing lease payments	(0.3)	(0.2)
Dividend payments	(1.9)	—
Payments of tax withholding for stock awards	(0.8)	(0.5)
Buyback of common shares	(27.2)	—
Contingent consideration payments	(0.7)	—
Net cash (used in) from financing activities	(30.7)	0.1
Effect of exchange rates on cash, cash equivalents and restricted cash	(1.7)	(1.4)
Net change in cash, cash equivalents and restricted cash	118.6	17.1
Cash, cash equivalents and restricted cash at beginning of period	119.5	228.1
Cash, cash equivalents and restricted cash at end of period	$ 238.1	$ 245.2

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

	First Quarter			
	2022	**2021**	**% Change**	**CC % Change**
Americas				
United States	$ 956.6	$ 858.5	11.4 %	11.4 %
Canada	39.1	34.1	14.8	14.9
Puerto Rico	27.6	24.2	14.0	14.0
Mexico	10.3	34.6	(70.1)	(70.0)
Total Americas Region	1,033.6	951.4	8.7	8.7
Europe				
Switzerland	55.0	52.7	4.3	6.3
France	54.6	54.3	0.6	8.0
Portugal	41.9	43.7	(4.2)	2.9
Russia	29.7	32.6	(9.1)	6.3
Italy	19.5	18.1	7.6	15.5
United Kingdom	15.0	17.0	(11.9)	(9.3)
Other	36.3	27.8	30.8	40.3
Total Europe Region	252.0	246.2	2.3	9.5
Total Asia-Pacific Region	10.8	8.3	29.6	35.4
Total Kelly Services, Inc.	$ 1,296.4	$ 1,205.9	7.5 %	9.0 %

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

	First Quarter	
	2022	2021
Income tax expense (benefit)	$ (13.0)	$ 10.5
Taxes on investment in Persol Holdings[(1)]	18.4	(9.2)
Taxes on foreign currency matters[(2)]	(1.5)	—
Adjusted income tax expense (benefit)	$ 3.9	$ 1.3

	First Quarter	
	2022	2021
Net earnings (loss)	$ (47.6)	$ 25.6
(Gain) loss on investment in Persol Holdings, net of taxes[(1)]	48.8	(20.8)
Loss on foreign currency matters, net of taxes[(2)]	16.4	—
Adjusted net earnings	$ 17.6	$ 4.8

	First Quarter	
	2022	2021
	Per Share	
Net earnings (loss)	$ (1.23)	$ 0.64
(Gain) loss on investment in Persol Holdings, net of taxes[(1)]	1.26	(0.52)
Loss on foreign currency matters, net of taxes[(2)]	0.43	—
Adjusted net earnings	$ 0.46	$ 0.12

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)

	First Quarter	
	2022	**2021**
Net earnings (loss)	$ (47.6)	$ 25.6
Other (income) expense, net[2]	(2.8)	3.4
Income tax expense (benefit)	(13.0)	10.5
Depreciation and amortization	8.2	6.3
EBITDA	(55.2)	45.8
Equity in net (earnings) loss of affiliate	(0.8)	1.1
(Gain) loss on investment in Persol Holdings[1]	67.2	(30.0)
Loss on foreign currency matters[2]	20.4	—
Adjusted EBITDA	$ 31.6	$ 16.9
Adjusted EBITDA margin	2.4 %	1.4 %

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, and the 2022 losses on foreign currency matters, 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.

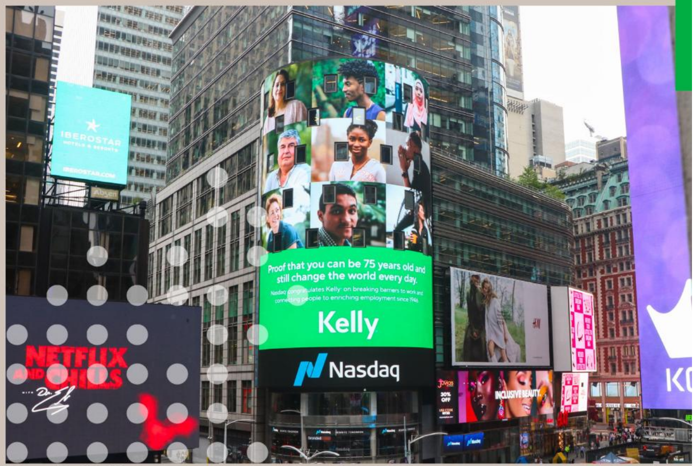
These non-GAAP measures may have limitations as analytical tools because they exclude items which can have a material impact on cash flow and earnings per share. As a result, Management considers these measures, along with reported results, when it reviews and evaluates the Company's financial performance. 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.

(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.

Exhibit 99.2

FIRST QUARTER 2022



Kelly

May 12, 2022

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, and the 2022 losses on foreign currency matters, 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 brand, our exposure to risks associated with services outside traditional staffing, including business process outsourcing, services of licensed professionals and services connecting talent to independent work, our increasing dependency on third parties for the execution of critical functions, our ability to effectively implement and manage our information technology strategy, the risks associated with past and future acquisitions, including risk of related impairment of goodwill and intangible assets, 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.

FIRST QUARTER 2022 TAKEAWAYS

Economic recovery continues to accelerate customer demand amid talent supply challenges

- Q1 revenue up 7.5% on a reported basis, up 9.0% in constant currency[1]
  - Includes favorable 310 bps impact from the acquisition of Softworld, Inc. ("Softworld") on April 5, 2021
  - Includes unfavorable 230 bps[1] impact from changes in Mexican staffing market legislation
- GP rate at 19.9% reaches it highest point in the last 25 years as higher permanent placement fees, the impact of the acquisition of high-margin businesses, and favorable product mix deliver structural improvements

Near-term steps to capitalize on improving demand

- Addressing talent supply to meet customer demand and accelerate revenue growth
- Emerging from the pandemic with actionable strategies in every business unit to deliver improving top- and bottom-line results aligned to our specialty growth strategy

Continued focus on our future

- Created $235 million[2] of additional liquidity to accelerate and expand organic and inorganic investments and deliver greater shareholder value with the Q1 2022 monetization of investments in Persol Holdings common shares and PersolKelly JV
- Began strategic redeployment of available capital with acquisition of RocketPower in March 2022 and Pediatric Therapeutic Services in May 2022

[1]Constant Currency ("CC") represents year-over-year changes resulting from translating 2022 financial data into USD using 2021 exchange rates.

[2]Cash proceeds net of transaction costs and expected taxes payable.

FIRST QUARTER 2022 FINANCIAL SUMMARY

		Change Increase/(Decrease)	
	Actual Results	As Reported	As Adjusted[1]
Revenue	$1.3B	7.5% 9.0% CC[2]	7.5% 9.0% CC[2]
Gross Profit Rate	19.9%	220 bps	220 bps
Earnings from Operations	$23.4M	120.5% 126.3% CC[2]	120.5% 126.3% CC[2]
Adjusted EBITDA	$31.6M		87.1%
Adjusted EBITDA Margin	2.4%		100 bps

[1] See reconciliation of Non-GAAP Measures included in Form 8-K dated May 12, 2022.
[2] Constant Currency ("CC") represents year-over-year changes resulting from translating 2022 financial data into USD using 2021 exchange rates.

FIRST QUARTER 2022 REVENUE TRENDS

	Reported[1]	Constant Currency[1],[2]	Organic[2],[3]
Total	7.5%	9.0%	5.9%
Professional & Industrial	(5.0%)	(5.0%)	(5.0%)
Science, Engineering & Technology	24.5%	24.6%	9.7%
Education	55.4%	55.4%	55.4%
Outsourcing & Consulting	9.8%	10.5%	10.5%
International	(7.4%)	(1.0%)	(1.0%)

[1]Reported and Constant Currency revenue includes the 2022 results of Softworld, which was acquired as of April 5, 2021, and was included in the reported results of operations in Science, Engineering & Technology, from the date of acquisition.
[2]Constant Currency represents year-over-year changes resulting from translating 2022 financial data into USD using 2021 exchange rates.
[3]Organic revenue excludes the 2022 results of Softworld, which was acquired as of April 5, 2021, and was included in the reported results of operations in Science, Engineering & Technology, from the date of acquisition.

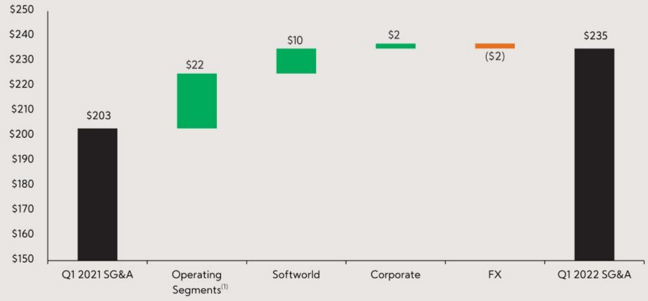
FIRST QUARTER 2022 GROSS PROFIT RATE GROWTH

- Overall GP rate improved as a result of higher permanent placement fees and the acquisition of Softworld, which generates higher gross profit rates, lower employee-related costs, and favorable business mix
- Softworld added 40 bps to the total company GP rate as it delivers higher margins from specialty services
- Permanent placement fees increased as customers accelerated permanent hiring activity and a one-time fee related to the conversion of temporary talent to full-time hires of a large customer
- Operating Segment GP rates improved organically in Professional & Industrial, International, and Outsourcing & Consulting

[1]Excludes 2022 results of Softworld, which was acquired as of April 5, 2021, and was included in the reported results of operations in Science, Engineering & Technology, from the date of acquisition.

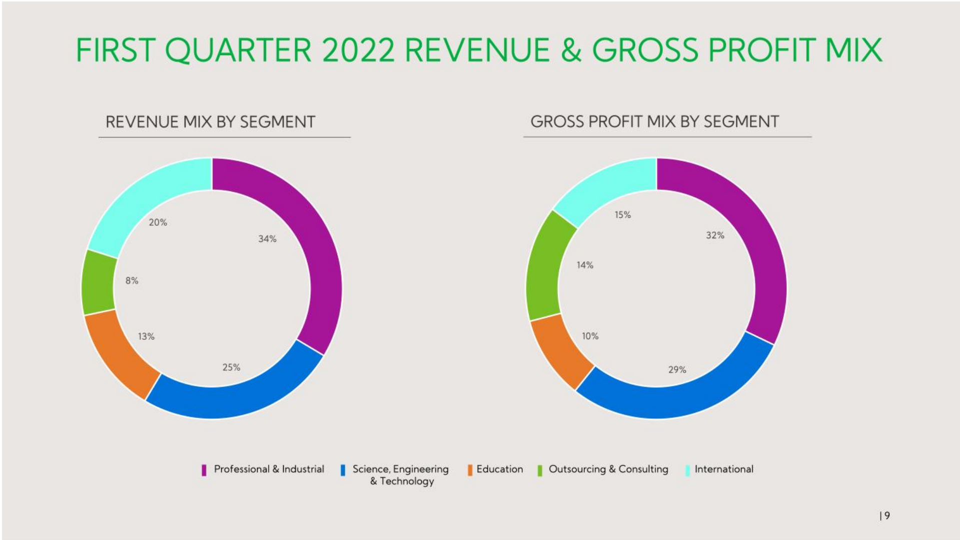
FIRST QUARTER 2022 SG&A

$ in millions



- Expenses in the Operating Segments, excluding Softworld, increased primarily as a result of the higher compensation related expenses for our full-time talent. We have added headcount in line with revenue growth and provided meaningful increases in performance-based incentive compensation expenses for client-facing teams, as well as smaller adjustments to base pay
- Softworld expenses include amortization expense related to acquired intangible assets
- Corporate expenses increased due primarily to higher performance-based incentive compensation expenses

[1] Excludes 2022 results of Softworld, which was acquired as of April 5, 2021, and was included in the reported results of operations in Science, Engineering & Technology, from the date of acquisition.


FIRST QUARTER 2022 REVENUE & GROSS PROFIT MIX
REVENUE MIX BY SEGMENT
34%
25%
13%
8%
20%
GROSS PROFIT MIX BY SEGMENT
32%
29%
10%
14%
15%
Professional & Industrial
Science, Engineering & Technology
Education
Outsourcing & Consulting
International
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FIRST QUARTER 2022 EPS SUMMARY

$ in millions except per share data

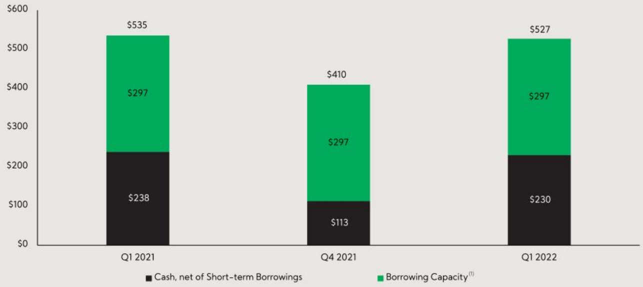
	First Quarter			
	2022		2021	
	Amount	Per Share	Amount	Per Share
Net earnings (loss)	($47.6)	($1.23)	$25.6	$0.64
(Gain) loss on investment in Persol Holdings, net of taxes[(1)]	48.8	1.26	(20.8)	(0.52)
Loss on foreign currency matters, net of taxes[(2)]	16.4	0.43	–	–
Adjusted net earnings	$17.6	$0.46	$4.8	$0.12

[(1)] Loss on investment in Persol Holdings of $67.2 million, $48.8 million net of tax or $1.26 per share in Q1 2022 and gain on investment in Persol Holdings of $30.0 million, $20.8 million net of tax or $0.52 per share in Q1 2021.

[(2)] Loss on foreign currency matters includes $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 Q1 2022.

FIRST QUARTER 2022 LIQUIDITY

$ in millions



- Q1 2021 balances do not reflect the April 5, 2021 acquisition of Softworld for $213 million
- Q1 2022 balances reflect the liquidity created as a result of ending the Persol Holdings cross-shareholding arrangement and selling most of our interest in the PersolKelly joint venture, as well as the strategic reallocation of capital with the Q1 2022 acquisition of RocketPower for $58 million cash paid, net of cash received
  - Payment of income taxes due as a result of the sale of the Persol Holdings shares ($50 million) and payment for the acquisition of Pediatric Therapeutic Services ($82 million), both expected in Q2 2022, will be made from available cash

[1]U.S. credit facilities, net of standby letters of credit related to workers' compensation

OUTLOOK – FULL YEAR 2022

Revenue

- Up 6.0% to 7.0% YOY, up 4.5% to 5.5% organically
  - In nominal currency
  - Reflects our decision to transition our Russian operations (-200 bps), as well as improving organic revenue trends (+200 bps)
  - 2022 acquisitions add 150 bps of revenue growth

GP Rate

- 20.0% - up approximately 100 bps organically; 2022 acquisitions add 20 bps
  - Expect continued structural improvement from higher fee-based business, a continued shift to higher margin specialties and a more gradual pace of growth of lower margin specialties

SG&A

- Up 8% to 9%, up 6% to 7% organically
  - Includes costs savings from 2021 restructuring actions and ongoing expense calibration
  - Reflects increasing compensation expenses to attract and retain the workforce necessary to deliver future growth and impact of 2022 acquisitions

EBITDA Margin

- Up 70 to 90 bps
  - Reflects expected structural GP rate and SG&A productivity improvements and 2022 acquisitions

Tax Rate

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

Kelly

RECENT ACQUISITIONS

rocketpower

- RocketPower is a provider of Recruitment Process Outsourcing (RPO) and other outsourced talent solutions to customers including high growth U.S. tech companies. Headquartered in Silicon Valley, CA, RocketPower will continue to operate under its own brand with its current leadership team and staff 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

PTS PEDIATRIC THERAPEUTIC SERVICES

- 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	$1.8B	$1.2B[1]	$0.4B	$0.4B	$1.1B
GP Rate	16.9%	21.9%[1]	15.6%	32.7%	13.9%
Geographic Span	North America	North America	U.S.	Global	EMEA & Mexico
Specialties	– Industrial – Contact Center – Office – Professional	– Engineering – Science & Clinical – Technology – Telecom	– Early Childhood – K-12 – Special Ed/Needs – Tutoring – Higher Education – Executive Search	– MSP[2] – RPO[2] – PPO[2] – Consulting	– EMEA Regional Life Sciences – Local Niches

Kelly size and margin profiles are based on 2021 full year results.
[1]Kelly SET revenue and GP rate was $1.2B and 22.3%, respectively, including the results of Softworld on a pro forma basis.
[2]Managed Service Provider ("MSP"); Recruitment Process Outsourcing ("RPO"); Professional Payroll Outsourcing ("PPO").


OUR M&A ACTIVITIES ARE SHIFTING OUR PORTFOLIO.
Kelly sells Kelly Healthcare Resources to InGenesis
2018
Kelly sells Kelly Legal Managed Services to Trustpoint.One
Kelly acquires Global Technology Associates
2019
Kelly acquires NextGen Global Resources
Kelly announces sale/leaseback of HQ real estate
Kelly acquires Insight
Kelly acquires Greenwood/ Asher & Associates
2020
Kelly sells Brazil staffing operations
2021
Kelly acquires Softworld
Kelly acquires RocketPower
Kelly acquires Pediatric Therapeutic Services
2022
Kelly reduces ownership in APAC JV, ends cross-shareholding with Persol
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WE CREATED $235M[1] OF ADDITIONAL LIQUIDITY.

By monetizing our APAC investments, Kelly has $235 million[1] of additional liquidity to accelerate and expand our organic and inorganic growth strategies and deliver greater shareholder value

- We ended our cross-shareholding arrangement with Persol Holdings
  - We sold our investment in Persol Holdings common shares, generating $145 million[1]
  - We repurchased the Class A and Class B common shares held by Persol Holdings for $27 million
- We reduced our stake in the PersolKelly joint venture
  - We sold 95% of our interest in the JV to our JV partner, generating $114 million[1]
  - We retain a 2.5% ownership interest in PersolKelly
- KellyOCG will continue to operate in APAC, delivering MSP, RPO, and other leading talent solutions to customers in the region

[1] Cash proceeds net of estimated transaction costs and taxes payable.