

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): November 05, 2020

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 and nine months ended September 27, 2020. 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 November 5, 2020.
99.2	Presentation materials for November 5, 2020 conference call.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

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

November 5, 2020

KELLY SERVICES, INC.

/s/ Olivier G. Thiro
Olivier G. Thiro

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

November 5, 2020

/s/ Laura S. Lockhart
Laura S. Lockhart

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

EXHIBIT INDEX

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**KELLY® REPORTS
THIRD QUARTER EARNINGS**

Financial Highlights

- Q3 revenue declined 18.1% as COVID-19 related demand declines persist
- Q3 operating loss of \$2.4 million, or earnings of \$7.0 million as adjusted, compared to earnings of \$17.0 million last year as adjusted
- Q3 earnings per share of \$0.42 or \$0.29 as adjusted, compared to \$0.43 last year as adjusted

TROY, Mich. (November 5, 2020) – Kelly (Nasdaq: [KELYA](#)) (Nasdaq: [KELYB](#)), a leading specialty talent solutions provider, today announced results for the third quarter of 2020.

[Peter Quigley](#), president and chief executive officer, announced revenue for the third quarter of 2020 totaled \$1.0 billion, an 18.1% decline compared to the corresponding quarter of 2019. Revenues declined year-over-year in the quarter as the continuing effects of the COVID-19 crisis impacted customer demand.

Losses from operations for the third quarter of 2020 totaled \$2.4 million, compared to earnings of \$17.1 million reported for the third quarter of 2019. The 2020 third quarter results include a non-cash charge to allowance for doubtful accounts related to a customer dispute and an adjustment to restructuring charges. The third quarter of 2019 results included an adjustment to restructuring charges. On an adjusted basis, earnings from operations were \$7.0 million compared to \$17.0 million in the corresponding quarter of 2019.

Diluted earnings per share in the third quarter of 2020 were \$0.42 compared to a loss per share of \$0.27 in the third quarter of 2019. Included in the earnings per share in the third quarter of 2020 is a non-cash gain, net of tax, on Kelly's investment in Persol Holdings common stock of \$0.29, partially offset by a loss of \$0.17 related to the customer dispute charge, net of tax. Included in the loss per share in the third quarter of 2019 is \$0.70 from a non-cash loss per share on Kelly's investment in Persol Holdings common stock, net of tax. On an adjusted basis, earnings per share were \$0.29 for the third quarter of 2020 compared to \$0.43 for the corresponding quarter of 2019.

“As a gradual recovery from the pandemic continued into the third quarter, revenue trends in all of Kelly’s segments showed some sequential improvement,” stated Quigley. “Our higher-margin specialties, such as outsourcing & consulting, science, and virtual call center, proved to be particularly resilient. Kelly has also made significant progress on reinventing ourselves in a tumultuous year. We executed on our plan to adopt a new operating model, and we reported third quarter financial results by our five specialty business segments: Science, Engineering & Technology; Education; Professional & Industrial; OCG; and International. This is an important step forward in redefining Kelly as a specialty talent provider in skill sets modern organizations need to grow and thrive. While we continue to carefully manage expenses and track the trajectory of the crisis, we expect our disciplined specialty focus to deliver profitable growth in a post-pandemic business environment. I’m proud of our teams for the agility, creativity, and character they’ve shown in response to this crisis, and I’m encouraged by the early traction we’re seeing as a result of their efforts.”

In conjunction with its third quarter earnings release, Kelly has published a financial presentation on the Investor Relations [page](#) of its public website and will host a conference call at 9:00 a.m. (ET) on November 5 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 November 5, 2020 at (866) 207-1041 (toll-free) and (402) 970-0847 (caller-paid). The access code is 8818296#. 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, the recent novel coronavirus (COVID-19) outbreak, competitive market pressures including pricing and technology introductions and disruptions, changing market and economic conditions, our ability to achieve our business strategy, the risk of damage to our brand, the risk our intellectual property assets could be infringed upon or compromised, our ability to successfully develop new service offerings, our exposure to risks associated with services outside traditional staffing, including business process outsourcing and services connecting talent to independent work, our increasing dependency on third parties for the execution of critical functions, the risks associated with past and future acquisitions, exposure to risks associated with investments in equity affiliates including PersolKelly Pte. Ltd., 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, risks associated with conducting business in foreign countries, including foreign currency fluctuations, the exposure to potential market and currency exchange risks relating to our investment in Persol Holdings, risks associated with violations of anti-corruption, trade protection and other laws and regulations, availability of qualified full-time employees, availability of temporary workers with appropriate skills required by customers, liabilities for employment-related claims and losses, including class action lawsuits and collective actions, 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 sustain critical business applications through our key data centers, our ability to effectively implement and manage our information technology projects, our ability to maintain adequate financial and management processes and controls, risk of potential impairment charges triggered by adverse industry developments or operational circumstances, unexpected changes in claim trends on workers' compensation, unemployment, disability and medical benefit plans, the impact of changes in laws and regulations (including federal, state and international tax laws), competition law risks, the risk of additional tax or unclaimed property liabilities in excess of our estimates, 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 have no intention to update these statements.

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 nearly 440,000 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 2019 was \$5.4 billion. Visit kellyservices.com and let us help with what's next for you.

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KELLY SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
FOR THE 13 WEEKS ENDED SEPTEMBER 27, 2020 AND SEPTEMBER 29, 2019
(UNAUDITED)

(In millions of dollars except per share data)

	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>% Change</u>	<u>CC % Change</u>
Revenue from services	\$ 1,038.2	\$ 1,267.7	\$ (229.5)	(18.1) %	(18.2) %
Cost of services	847.2	1,040.0	(192.8)	(18.5)	
Gross profit	191.0	227.7	(36.7)	(16.1)	(16.3)
Selling, general and administrative expenses	193.4	210.6	(17.2)	(8.2)	(8.1)
Earnings (loss) from operations	(2.4)	17.1	(19.5)	NM	
Gain (loss) on investment in Persol Holdings	16.8	(39.3)	56.1	NM	
Other income (expense), net	(0.7)	(0.2)	(0.5)	(286.4)	
Earnings (loss) before taxes and equity in net earnings (loss) of affiliate	13.7	(22.4)	36.1	NM	
Income tax expense (benefit)	(1.2)	(12.8)	11.6	90.9	
Net earnings (loss) before equity in net earnings (loss) of affiliate	14.9	(9.6)	24.5	NM	
Equity in net earnings (loss) of affiliate	1.8	(0.9)	2.7	NM	
Net earnings (loss)	<u>\$ 16.7</u>	<u>\$ (10.5)</u>	<u>\$ 27.2</u>	NM	
Basic earnings (loss) per share	\$ 0.42	\$ (0.27)	\$ 0.69	NM	
Diluted earnings (loss) per share	\$ 0.42	\$ (0.27)	\$ 0.69	NM	

STATISTICS:

Permanent placement revenue (included in revenue from services)	\$ 9.1	\$ 15.1	\$ (6.0)	(40.2) %	(40.6) %
Gross profit rate	18.4	%	18.0	%	0.4 pts.
Conversion rate	(1.3)		7.5		(8.8)
% Return:					
Earnings (loss) from operations	(0.2)		1.3		(1.5)
Net earnings (loss)	1.6		(0.8)		2.4
Effective income tax rate	(8.5)	%	57.3	%	(65.8) pts.
Average number of shares outstanding (millions):					
Basic	39.3		39.1		
Diluted	39.4		39.1		

KELLY SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
FOR THE 39 WEEKS ENDED SEPTEMBER 27, 2020 AND SEPTEMBER 29, 2019
(UNAUDITED)

(In millions of dollars except per share data)

	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>% Change</u>	<u>CC % Change</u>
Revenue from services	\$ 3,274.6	\$ 4,017.8	\$ (743.2)	(18.5) %	(18.0) %
Cost of services	2,671.1	3,294.5	(623.4)	(18.9)	
Gross profit	603.5	723.3	(119.8)	(16.6)	(16.2)
Selling, general and administrative expenses	591.0	666.9	(75.9)	(11.4)	(11.0)
Goodwill impairment charge	147.7	—	147.7	NM	
Gain on sale of assets	(32.1)	(12.3)	(19.8)	(161.6)	
Earnings (loss) from operations	(103.1)	68.7	(171.8)	NM	
Gain (loss) on investment in Persol Holdings	(31.4)	35.1	(66.5)	NM	
Other income (expense), net	3.6	(1.1)	4.7	421.4	
Earnings (loss) before taxes and equity in net earnings (loss) of affiliate	(130.9)	102.7	(233.6)	NM	
Income tax expense (benefit)	(36.5)	6.3	(42.8)	NM	
Net earnings (loss) before equity in net earnings (loss) of affiliate	(94.4)	96.4	(190.8)	NM	
Equity in net earnings (loss) of affiliate	(1.0)	(1.0)	—	(1.8)	
Net earnings (loss)	\$ <u>(95.4)</u>	\$ <u>95.4</u>	\$ <u>(190.8)</u>	NM	
Basic earnings (loss) per share	\$ (2.43)	\$ 2.42	\$ (4.85)	NM	
Diluted earnings (loss) per share	\$ (2.43)	\$ 2.41	\$ (4.84)	NM	

STATISTICS:

Permanent placement revenue (included in revenue from services)	\$ 28.9	\$ 46.7	\$ (17.8)	38.1 %	(37.6) %
Gross profit rate	18.4 %	18.0 %	0.4 pts.		
Conversion rate	(17.1)	9.5	(26.6)		
% Return:					
Earnings (loss) from operations	(3.1)	1.7	(4.8)		
Net earnings (loss)	(2.9)	2.4	(5.3)		
Effective income tax rate	27.9 %	6.1 %	21.8 pts.		
Average number of shares outstanding (millions):					
Basic	39.3	39.0			
Diluted	39.3	39.2			

KELLY SERVICES, INC. AND SUBSIDIARIES
RESULTS OF OPERATIONS BY SEGMENT
(UNAUDITED)

(In millions of dollars)

	Third Quarter			
	2020	2019	% Change	CC % Change
Professional & Industrial				
Revenue from services	\$ 446.5	\$ 538.0	(17.0) %	(17.0) %
Gross profit	77.1	91.8	(16.1)	(16.0)
SG&A expenses excluding restructuring charges	65.4	77.7	(15.8)	(15.8)
Restructuring charges	(0.1)	(0.1)	(24.7)	(24.7)
Total SG&A expenses	65.3	77.6	(15.8)	(15.8)
Earnings (loss) from operations	11.8	14.2	(17.6)	
Earnings (loss) from operations excluding restructuring charges	11.7	14.1	(17.5)	
Gross profit rate	17.3 %	17.1 %	0.2 pts.	
Science, Engineering & Technology				
Revenue from services	\$ 244.0	\$ 285.2	(14.4) %	(14.4) %
Gross profit	50.7	58.3	(13.1)	(13.1)
Total SG&A expenses	31.3	36.0	(13.0)	(13.1)
Earnings (loss) from operations	19.4	22.3	(13.2)	
Gross profit rate	20.8 %	20.4 %	0.4 pts.	
Education				
Revenue from services	\$ 27.5	\$ 57.1	(51.8) %	(51.8) %
Gross profit	4.1	8.6	(51.1)	(51.1)
Total SG&A expenses	11.6	13.8	(15.5)	(15.5)
Earnings (loss) from operations	(7.5)	(5.2)	(43.2)	
Gross profit rate	15.2 %	15.0 %	0.2 pts.	
Outsourcing & Consulting				
Revenue from services	\$ 87.9	\$ 94.4	(7.0) %	(7.4) %
Gross profit	29.1	29.5	(1.5)	(2.5)
Total SG&A expenses	25.4	29.1	(12.7)	(13.7)
Earnings (loss) from operations	3.7	0.4	NM	
Gross profit rate	33.1 %	31.3 %	1.8 pts.	
International				
Revenue from services	\$ 232.4	\$ 293.4	(20.8) %	(21.1) %
Gross profit	30.0	39.5	(23.9)	(24.5)
Total SG&A expenses	39.9	35.3	13.1	14.3
Earnings (loss) from operations	(9.9)	4.2	NM	
Gross profit rate	12.9 %	13.5 %	(0.6) pts.	

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

	September Year to Date			
	2020	2019	% Change	CC % Change
Professional & Industrial				
Revenue from services	\$ 1,346.7	\$ 1,668.7	(19.3) %	(19.2) %
Gross profit	241.1	291.6	(17.3)	(17.3)
SG&A expenses excluding restructuring charges	206.1	241.7	(14.7)	(14.6)
Restructuring charges	4.3	5.2	(18.8)	(18.8)
Total SG&A expenses	210.4	246.9	(14.8)	(14.7)
Earnings (loss) from operations	30.7	44.7	(31.4)	
Earnings (loss) from operations excluding restructuring charges	35.0	49.9	(30.1)	
Gross profit rate	17.9 %	17.5 %	0.4 pts.	
Science, Engineering & Technology				
Revenue from services	\$ 761.5	\$ 859.7	(11.4) %	(11.4) %
Gross profit	156.0	171.8	(9.3)	(9.2)
SG&A expenses excluding restructuring charges	98.6	111.0	(11.2)	(11.2)
Restructuring charges	0.5	0.4	45.2	45.2
Total SG&A expenses	99.1	111.4	(11.1)	(11.0)
Earnings (loss) from operations	56.9	60.4	(5.9)	
Earnings (loss) from operations excluding restructuring charges	57.4	60.8	(5.6)	
Gross profit rate	20.5 %	20.0 %	0.5 pts.	
Education				
Revenue from services	\$ 195.1	\$ 313.9	(37.8) %	(37.8) %
Gross profit	28.8	49.9	(42.2)	(42.2)
SG&A expenses excluding restructuring charges	36.9	41.5	(11.0)	(11.0)
Restructuring charges	0.8	—	NM	NM
Total SG&A expenses	37.7	41.5	(9.1)	(9.1)
Earnings (loss) from operations	(8.9)	8.4	NM	
Earnings (loss) from operations excluding restructuring charges	(8.1)	8.4	NM	
Gross profit rate	14.8 %	15.9 %	(1.1) pts.	
Outsourcing & Consulting				
Revenue from services	\$ 261.0	\$ 282.3	(7.6) %	(7.3) %
Gross profit	87.1	90.7	(4.0)	(3.7)
Total SG&A expenses	79.1	90.9	(13.0)	(13.0)
Earnings (loss) from operations	8.0	(0.2)	NM	
Gross profit rate	33.4 %	32.2 %	1.2 pts.	
International				
Revenue from services	\$ 710.6	\$ 893.6	(20.5) %	(18.7) %
Gross profit	90.5	119.3	(24.1)	(22.5)
SG&A expenses excluding restructuring charges	100.3	107.2	(6.4)	(4.5)
Restructuring charges	1.1	—	NM	NM
Total SG&A expenses	101.4	107.2	(5.4)	(3.5)
Earnings (loss) from operations	(10.9)	12.1	NM	
Earnings (loss) from operations excluding restructuring charges	(9.8)	12.1	NM	
Gross profit rate	12.7 %	13.3 %	(0.6) pts.	

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

	September 27, 2020	December 29, 2019	September 29, 2019
Current Assets			
Cash and equivalents	\$ 248.2	\$ 25.8	\$ 22.8
Trade accounts receivable, less allowances of \$11.4, \$12.9, and \$12.2, respectively	1,111.4	1,282.2	1,262.3
Prepaid expenses and other current assets	71.4	76.5	80.7
Properties held for sale	—	21.2	—
Total current assets	1,431.0	1,405.7	1,365.8
Noncurrent Assets			
Property and equipment, net	40.8	43.1	82.7
Operating lease right-of-use assets	84.0	60.4	62.2
Deferred taxes	273.3	229.1	221.0
Goodwill, net	—	127.8	127.8
Investment in Persol Holdings	145.8	173.2	174.9
Investment in equity affiliate	115.6	117.2	120.4
Other assets	301.2	324.1	321.5
Total noncurrent assets	960.7	1,074.9	1,110.5
Total Assets	\$ 2,391.7	\$ 2,480.6	\$ 2,476.3
Current Liabilities			
Short-term borrowings	\$ 0.5	\$ 1.9	\$ 17.5
Accounts payable and accrued liabilities	458.4	503.6	484.6
Operating lease liabilities	19.5	20.1	19.8
Accrued payroll and related taxes	240.7	267.6	285.3
Accrued workers' compensation and other claims	25.0	25.7	25.1
Income and other taxes	52.4	65.2	67.7
Total current liabilities	796.5	884.1	900.0
Noncurrent Liabilities			
Operating lease liabilities	68.1	43.3	45.3
Accrued payroll and related taxes	75.7	—	—
Accrued workers' compensation and other claims	44.4	45.8	48.7
Accrued retirement benefits	188.2	187.4	179.0
Other long-term liabilities	52.7	55.5	55.5
Total noncurrent liabilities	429.1	332.0	328.5
Stockholders' Equity			
Common stock	40.1	40.1	40.1
Treasury stock	(17.2)	(20.9)	(21.3)
Paid-in capital	20.6	22.5	22.3
Earnings invested in the business	1,139.5	1,238.6	1,224.6
Accumulated other comprehensive income (loss)	(16.9)	(15.8)	(17.9)
Total stockholders' equity	1,166.1	1,264.5	1,247.8
Total Liabilities and Stockholders' Equity	\$ 2,391.7	\$ 2,480.6	\$ 2,476.3
STATISTICS:			
Working Capital	\$ 634.5	\$ 521.6	\$ 465.8
Current Ratio	1.8	1.6	1.5
Debt-to-capital %	0.0 %	0.1 %	1.4 %
Global Days Sales Outstanding	61	58	59
Year-to-Date Free Cash Flow	\$ 204.2	\$ 82.2	\$ 60.4

KELLY SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE 39 WEEKS ENDED SEPTEMBER 27, 2020 AND SEPTEMBER 29, 2019
(UNAUDITED)
(In millions of dollars)

	2020	2019
Cash flows from operating activities:		
Net earnings (loss)	\$ (95.4)	\$ 95.4
Adjustments to reconcile net earnings (loss) to net cash from operating activities:		
Goodwill impairment charge	147.7	—
Deferred income taxes on goodwill impairment charge	(23.0)	—
Depreciation and amortization	18.0	23.8
Operating lease asset amortization	15.9	16.9
Provision for credit losses and sales allowances	10.7	3.2
Stock-based compensation	2.9	4.7
(Gain) loss on investment in Persol Holdings	31.4	(35.1)
(Gain) loss on sale of assets	(32.1)	(12.3)
Equity in net (earnings) loss of PersolKelly Pte. Ltd.	1.0	1.0
Other, net	1.8	(1.0)
Changes in operating assets and liabilities, net of acquisitions	137.6	(22.4)
Net cash from operating activities	216.5	74.2
Cash flows from investing activities:		
Capital expenditures	(12.3)	(13.8)
Proceeds from sale of assets	55.5	13.8
Acquisition of companies, net of cash received	(36.4)	(86.4)
Proceeds from company-owned life insurance	2.3	3.0
Proceeds from sale of Brazil, net of cash disposed	1.2	—
Loans to equity affiliate	—	(4.4)
Investment in equity securities	(0.2)	(1.0)
Other investing activities	0.2	—
Net cash from (used in) investing activities	10.3	(88.8)
Cash flows from financing activities:		
Net change in short-term borrowings	(1.5)	15.2
Financing lease payments	(1.0)	(0.4)
Dividend payments	(3.0)	(8.9)
Payments of tax withholding for stock awards	(1.2)	(2.3)
Other financing activities	(0.1)	—
Net cash (used in) from financing activities	(6.8)	3.6
Effect of exchange rates on cash, cash equivalents and restricted cash	3.4	(0.5)
Net change in cash, cash equivalents and restricted cash	223.4	(11.5)
Cash, cash equivalents and restricted cash at beginning of period	31.0	40.1
Cash, cash equivalents and restricted cash at end of period	\$ 254.4	\$ 28.6

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

	Third Quarter			
	2020	2019	% Change	CC % Change
Americas				
United States	\$ 740.6	\$ 903.2	(18.0) %	(18.0) %
Canada	30.3	34.6	(12.5)	(11.7)
Mexico	27.4	32.4	(15.7)	(4.2)
Puerto Rico	18.4	18.8	(2.4)	(2.4)
Brazil	1.8	8.4	(78.3)	(71.0)
Total Americas Region	818.5	997.4	(17.9)	(17.5)
Europe				
Switzerland	49.6	50.6	(2.0)	(8.5)
France	48.8	59.7	(18.2)	(22.0)
Portugal	31.7	44.0	(28.0)	(31.6)
Russia	27.2	29.9	(8.8)	3.7
United Kingdom	16.4	24.9	(34.1)	(37.1)
Italy	14.5	18.5	(21.8)	(25.5)
Germany	7.0	11.5	(39.7)	(42.6)
Ireland	4.9	7.1	(31.6)	(35.0)
Other	12.0	16.6	(27.6)	(28.9)
Total Europe Region	212.1	262.8	(19.3)	(21.5)
Total Asia-Pacific Region	7.6	7.5	1.0	(0.9)
Total Kelly Services, Inc.	\$ 1,038.2	\$ 1,267.7	(18.1) %	(18.2) %

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

	September Year to Date			
	2020	2019	% Change	CC % Change
Americas				
United States	\$ 2,369.2	\$ 2,913.4	(18.7) %	(18.7) %
Canada	88.7	100.8	(12.0)	(10.6)
Mexico	78.6	89.6	(12.3)	(1.8)
Puerto Rico	56.1	57.6	(2.7)	(2.7)
Brazil	17.0	25.1	(31.9)	(17.5)
Total Americas Region	2,609.6	3,186.5	(18.1)	(17.6)
Europe				
France	141.2	188.6	(25.1)	(25.1)
Switzerland	141.2	150.0	(5.9)	(10.1)
Portugal	99.1	135.5	(26.9)	(26.7)
Russia	88.6	84.1	5.3	14.1
United Kingdom	56.5	81.6	(30.7)	(30.4)
Italy	42.5	59.8	(29.0)	(28.9)
Germany	22.1	32.5	(32.1)	(31.9)
Ireland	14.0	28.1	(50.2)	(50.3)
Other	38.7	51.5	(24.9)	(21.9)
Total Europe Region	643.9	811.7	(20.7)	(20.3)
Total Asia-Pacific Region	21.1	19.6	7.6	11.1
Total Kelly Services, Inc.	\$ 3,274.6	\$ 4,017.8	(18.5) %	(18.0) %

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

	2019		
	As Reported	Restructuring ⁽⁵⁾	Adjusted
SG&A Expenses:			
Professional & Industrial	\$ 77.6	\$ 0.1	\$ 77.7
Science, Engineering & Technology	36.0	—	36.0
Education	13.8	—	13.8
Outsourcing & Consulting	29.1	—	29.1
International	35.3	—	35.3
Corporate	18.8	—	18.8
Intersegment	—	—	—
Total Company	<u>\$ 210.6</u>	<u>\$ 0.1</u>	<u>\$ 210.7</u>

	2019		
	As Reported	Restructuring ⁽⁵⁾	Adjusted
Earnings (loss) from Operations:			
Professional & Industrial	\$ 14.2	\$ (0.1)	\$ 14.1
Science, Engineering & Technology	22.3	—	22.3
Education	(5.2)	—	(5.2)
Outsourcing & Consulting	0.4	—	0.4
International	4.2	—	4.2
Corporate	(18.8)	—	(18.8)
Total Company	<u>\$ 17.1</u>	<u>\$ (0.1)</u>	<u>\$ 17.0</u>

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

	2020						2019	
	As Reported	Goodwill impairment ⁽¹⁾	Gain on sale of assets ⁽³⁾	Customer Dispute ⁽⁴⁾	Restructuring ⁽⁵⁾	Adjusted	Adjusted	Adjusted
SG&A Expenses:								
Professional & Industrial	\$ 210.4	\$ —	\$ —	\$ —	\$ —	\$ (4.3)	\$ 206.1	\$ 241.7
Science, Engineering & Technology	99.1	—	—	—	—	(0.5)	98.6	111.0
Education	37.7	—	—	—	—	(0.8)	36.9	41.5
Outsourcing & Consulting	79.1	—	—	—	—	—	79.1	90.9
International	101.4	—	—	(9.5)	—	(1.1)	90.8	107.2
Corporate	63.3	—	—	—	—	(1.7)	61.6	69.0
Total Company	\$ 591.0	\$ —	\$ —	\$ (9.5)	\$ —	\$ (8.4)	\$ 573.1	\$ 661.3

	2020						2019	
	As Reported	Goodwill impairment ⁽¹⁾	Gain on sale of assets ⁽³⁾	Customer Dispute ⁽⁴⁾	Restructuring ⁽⁵⁾	Adjusted	Adjusted	Adjusted
Earnings (loss) from Operations:								
Professional & Industrial	\$ 30.7	\$ —	\$ —	\$ —	\$ —	\$ 4.3	\$ 35.0	\$ 49.9
Science, Engineering & Technology	56.9	—	—	—	—	0.5	57.4	60.8
Education	(8.9)	—	—	—	—	0.8	(8.1)	8.4
Outsourcing & Consulting	8.0	—	—	—	—	—	8.0	(0.2)
International	(10.9)	—	—	9.5	—	1.1	(0.3)	12.1
Corporate	(178.9)	147.7	(32.1)	—	—	1.7	(61.6)	(69.0)
Total Company	\$ (103.1)	\$ 147.7	\$ (32.1)	\$ 9.5	\$ —	\$ 8.4	\$ 30.4	\$ 62.0

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

	2019			
SG&A Expenses:	As Reported	Gain on sale of assets⁽³⁾	Restructuring⁽⁵⁾	Adjusted
Professional & Industrial	\$ 246.9	\$ —	\$ (5.2)	\$ 241.7
Science, Engineering & Technology	111.4	—	(0.4)	111.0
Education	41.5	—	—	41.5
Outsourcing & Consulting	90.9	—	—	90.9
International	107.2	—	—	107.2
Corporate	69.0	—	—	69.0
Intersegment	—	—	—	—
Total Company	\$ 666.9	\$ —	\$ (5.6)	\$ 661.3

	2019			
Earnings (loss) from Operations:	As Reported	Gain on sale of assets⁽³⁾	Restructuring⁽⁵⁾	Adjusted
Professional & Industrial	\$ 44.7	\$ —	\$ 5.2	\$ 49.9
Science, Engineering & Technology	60.4	—	0.4	60.8
Education	8.4	—	—	8.4
Outsourcing & Consulting	(0.2)	—	—	(0.2)
International	12.1	—	—	12.1
Corporate	(56.7)	(12.3)	—	(69.0)
Total Company	\$ 68.7	\$ (12.3)	\$ 5.6	\$ 62.0

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

	Third Quarter		September Year to Date	
	2020	2019	2020	2019
Income tax expense (benefit)	\$ (1.2)	\$ (12.8)	\$ (36.5)	\$ 6.3
Taxes on goodwill impairment charge ⁽¹⁾	—	—	23.0	—
Taxes on investment in Persol Holdings ⁽²⁾	(5.2)	12.1	9.6	(10.7)
Taxes on gain on sale of assets ⁽³⁾	—	—	(8.1)	(3.3)
Taxes on customer dispute ⁽⁴⁾	2.8	—	2.8	—
Taxes on restructuring charges ⁽⁵⁾	—	—	2.2	1.5
Adjusted income tax expense (benefit)	<u>\$ (3.6)</u>	<u>\$ (0.7)</u>	<u>\$ (7.0)</u>	<u>\$ (6.2)</u>

	Third Quarter		September Year to Date	
	2020	2019	2020	2019
Net earnings (loss)	\$ 16.7	\$ (10.5)	\$ (95.4)	\$ 95.4
Goodwill impairment charge, net of taxes ⁽¹⁾	—	—	124.7	—
(Gain) loss on investment in Persol Holdings, net of taxes ⁽²⁾	(11.6)	27.2	21.8	(24.4)
(Gain) loss on sale of assets, net of taxes ⁽³⁾	0.1	—	(23.9)	(9.0)
Customer dispute, net of taxes ⁽⁴⁾	6.7	—	6.7	—
Restructuring charges, net of taxes ⁽⁵⁾	(0.1)	(0.1)	6.2	4.1
Adjusted net earnings	<u>\$ 11.8</u>	<u>\$ 16.6</u>	<u>\$ 40.1</u>	<u>\$ 66.1</u>

	Third Quarter		September Year to Date	
	2020	2019	2020	2019
	Per Share		Per Share	
Net earnings (loss)	\$ 0.42	\$ (0.27)	\$ (2.43)	\$ 2.41
Goodwill impairment charge, net of taxes ⁽¹⁾	—	—	3.18	—
(Gain) loss on investment in Persol Holdings, net of taxes ⁽²⁾	(0.29)	0.70	0.56	(0.62)
Gain on sale of assets, net of taxes ⁽³⁾	—	—	(0.61)	(0.23)
Customer dispute, net of taxes ⁽⁴⁾	0.17	—	0.17	—
Restructuring charges, net of taxes ⁽⁵⁾	—	—	0.16	0.11
Adjusted net earnings	<u>\$ 0.29</u>	<u>\$ 0.43</u>	<u>\$ 1.02</u>	<u>\$ 1.67</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)

Management believes that the non-GAAP (Generally Accepted Accounting Principles) information excluding the 2020 goodwill impairment charge, the 2020 and 2019 gains and losses on the investment in Persol Holdings, the 2020 and 2019 gains on sale of assets, the 2020 customer dispute, and the 2020 and 2019 restructuring charges, are useful to understand the Company's fiscal 2020 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.

These non-GAAP measures may have limitations as analytical tools because they exclude items which can have a material impact on cash flow and earnings per share. As a result, Management considers these measures, along with reported results, when it reviews and evaluates the Company's financial performance. Management believes that these measures provide greater transparency to investors and provide insight into how Management is evaluating the Company's financial performance. Non-GAAP measures should not be considered a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP.

- (1) The goodwill impairment charge is the result of an interim impairment test the Company performed during the first quarter of 2020, due to a triggering event caused by a decline in the Company's common stock price.
- (2) The gains and losses on the investment in Persol Holdings represent the change in fair value of the investment during the period presented and the related tax expense and benefit.
- (3) Gain on sale of assets in 2020 primarily represents the excess of the proceeds over the cost of the headquarters properties sold during the first quarter of 2020. Gain on sale of assets in 2019 primarily represents the excess of the proceeds over the cost of an unused parcel of land located near the Company headquarters sold during the second quarter of 2019.
- (4) Customer dispute represents a non-cash charge in Mexico to increase the reserve against a long-term receivable from a former customer based on an updated probability of loss assessment.
- (5) Restructuring charges in 2020 represent severance costs and lease terminations in preparation for the new operating model adopted in the third quarter of 2020. Restructuring charges in 2019 represent severance costs primarily related to U.S. branch-based staffing operations.

Kelly®



Exhibi

THIRD QUARTER 2020



THIRD QUARTER TAKEWAYS

COVID-19 pandemic impacts global economy and demand for our services

- Q3 revenue down 18.1%, down 18.2% in constant currency⁽¹⁾
 - September exit rate up slightly from quarterly trend, reflecting slow and uneven improvement
- Demand from Education customers and from small and medium-sized businesses is the most impacted

Near-term COVID-19 pandemic response

- Nearly all full-time employees continue to work remotely utilizing technology
- Developed robust return to work protocols to protect the health and safety of all talent
- Continued short-term cost reductions and initiated plan to address full-time staffing levels in areas of the business where demand declines are the most severe and persistent

Continued focus on our future

- As of July 1, 2020, operating as five specialty business units: Professional & Industrial; Science, Engineering & Technology; Education; Outsourcing & Consulting; and International
 - Our new operating model is designed to focus on profitable growth in our chosen specialties
- Launched the Equity@Work platform as an extension of our Noble Purpose to upend systemic barriers to employment and make the labor market more equitable and accessible for more people
- Recognized by EcoVadis for a third consecutive year as a Silver Supplier and ranked in the 91st percentile of the 400-plus firms assessed – confirming Kelly's commitment to doing the right thing for the talent and communities we serve

⁽¹⁾Constant Currency represents year-over-year changes resulting from translating 2020 financial data into USD using 2019 exchange rates.

THIRD QUARTER 2020 FINANCIAL SUMMARY

	Actual Results	Change	Constant Currency Change ⁽¹⁾
Revenue	\$1.0B	(18.1%)	(18.2%)
Gross Profit %	18.4%	40 bps	
Loss from Operations	(\$2.4M)	NM	NM
Earnings Per Share	\$0.42	\$0.69	

- Revenue declined in all segments from decrease in demand related to the COVID-19 pandemic. Temporary staffing declined 22%, which was partially offset by a 4% increase in outcome-based services. Permanent placement revenue also declined 40%
- GP rate improved on lower employee-related costs and structural improvement in product mix, partially offset by lower permanent placement revenue and unfavorable customer mix as the recovery of demand from large accounts with lower margins outpaced the recovery of small and medium-sized customers
- Loss from operations is a result of the effect of weakening revenues and gross profit, partially offset by reduced expenses from efforts to align costs with GP trends. 2020 results also included a \$9.5 million charge related to a customer dispute in Mexico that resulted in additional uncollectible accounts receivable charges
- Q3 2020 EPS reflects lower earnings and includes a \$0.17 non-cash charge related to a customer dispute in Mexico, net of tax and \$0.29 non-cash gain from the investment in Persol Holdings common stock, net of tax. Q3 2019 EPS includes an after-tax loss of \$0.70 from investment in Persol Holdings common stock

⁽¹⁾Constant Currency represents year-over-year changes resulting from translating 2020 financial data into USD using 2019 exchange rates.

THIRD QUARTER 2020 FINANCIAL SUMMARY

(Excluding Gain/loss on investment in Persol Holdings, Customer Dispute Charge, Gain on Sale of Assets and Restructuring)

	Actual Results	Change	Constant Currency Change ⁽³⁾
Revenue	\$1.0B	(18.1%)	(18.2%)
Gross Profit %	18.4%	40 bps	
Earnings from Operations⁽¹⁾	\$7.0M	(58.6%)	(56.7%)
Earnings Per Share^{(1),(2)}	\$0.29	(\$0.14)	

- Revenue declined in all segments from decrease in demand related to the COVID-19 pandemic. Temporary staffing declined 22%, which was partially offset by a 4% increase in outcome-based services. Permanent placement revenue also declined 40%
- GP rate improved on lower employee-related costs and structural improvement in product mix, partially offset by lower permanent placement revenue and unfavorable customer mix as the recovery of demand from large accounts with lower margins outpaced the recovery of small and medium-sized customers
- Earnings from operations declined as the effect of weakening revenues and gross profit was only partially offset by reduced expenses from efforts to align costs with GP trends
- EPS declined on lower earnings

⁽¹⁾Change excludes:

- Customer dispute charge related to Mexico of \$9.5 million, \$6.7 million, net of tax or \$0.17 per share in Q3 2020.
- Restructuring accrual adjustments of \$0.1 million, \$0.1 million, net of tax or \$0.00 per share in Q3 2020.
- Restructuring accrual adjustments of \$0.1 million, \$0.1 million, net of tax or \$0.00 per share in Q3 2019.

⁽²⁾Change excludes:

- Gain on investment in Persol Holdings of \$16.8 million, \$11.6 million, net of tax or \$0.29 per share in Q3 2020 and loss on investment in Persol Holdings of \$39.3 million, \$27.2 million, net of tax or \$0.14 per share in Q3 2019.
- Gain on sale of assets of \$0.1 million, \$0.1 million, net of tax or \$0.00 per share in Q3 2020.

⁽³⁾Constant Currency represents year-over-year changes resulting from translating 2020 financial data into USD using 2019 exchange rates.

THIRD QUARTER 2020 EPS SUMMARY

\$ in millions except per share data

	Third Quarter			
	2020		2019	
	Amount	Per Share	Amount	Per Share
Net earnings (loss)	\$16.7	\$0.42	(\$10.5)	(\$0.27)
(Gain) loss on investment in Persol Holdings, net of taxes⁽¹⁾	(11.6)	(0.29)	27.2	0.70
Gain on sale of assets, net of taxes⁽²⁾	0.1	-	-	-
Customer dispute charge, net of taxes⁽³⁾	6.7	0.17	-	-
Restructuring charges, net of taxes⁽⁴⁾	(0.1)	-	(0.1)	-
Adjusted net earnings	<u>\$11.8</u>	<u>\$0.29</u>	<u>\$16.6</u>	<u>\$0.43</u>

· As adjusted, net earnings and EPS declined by 30% and 33%, respectively, on lower earnings from operations

⁽¹⁾Gain on investment in Persol Holdings of \$16.8 million, \$11.6 million, net of tax or \$0.29 per share in Q3 2020 and loss on investment in Persol Holdings of \$39.3 million, \$27.2 million, net of tax or \$0.70 per share in Q3 2019.

⁽²⁾Gain on sale of assets of \$0.1 million, \$0.1 million, net of tax or \$0.00 per share in Q3 2020.

⁽³⁾Customer dispute charge related to Mexico of \$9.5 million, \$6.7 million, net of tax or \$0.17 per share in Q3 2020.

⁽⁴⁾Restructuring accrual adjustments of \$0.1 million, \$0.1 million, net of tax or \$0.00 per share in Q3 2020 and restructuring accrual adjustments of \$0.1 million, \$0.1 million, net of tax or \$0.00 per share in Q3 2019.

STEPPING UP THE PACE

Foundational Elements on Which to Build

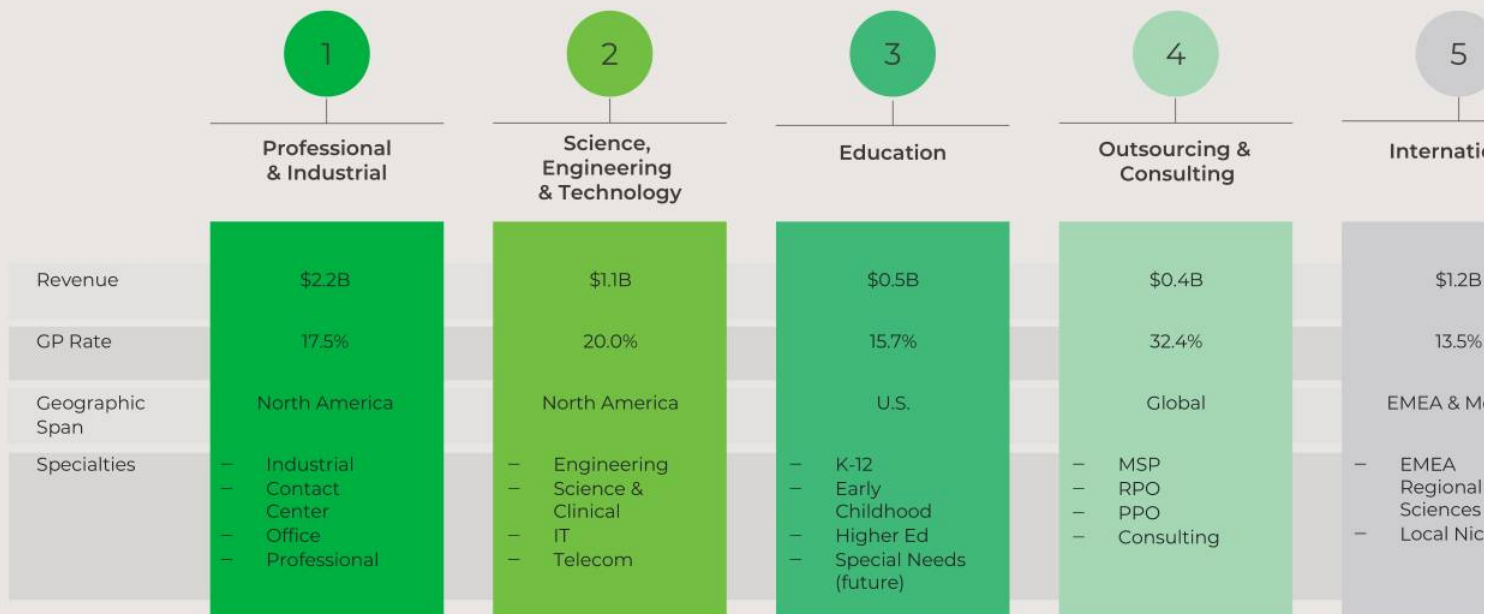
- Recognized thought leader and industry innovator
- Strong brand recognition
- Scale in commercial, education, engineering, science and MSP
- Decisive SG&A management
- No debt and significant unused borrowing capacity

Challenges to Overcome

- Caught between scale and specialty
- Lagging industry peers' top-line growth rate and financial return
- Specialties need broader customer base
- Historic under-investment in technology

A MODEL FOR GROWTH

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



Kelly size and margin profiles are based on 2019 full year actuals, with the exception of Education, which includes the results from our Q1 2020 acquisition of Insight as if it was acquired as of the beginning of 2019.

The right model and mindset for growth

We've set a new stage and pace for growth.

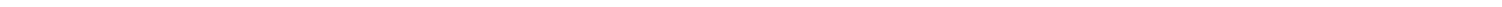
Our new operating model aggregates assets to accelerate specialty growth and profitability.

We have streamlined our resources to support growth.

Our aggressive investment strategy will drive additional inorganic growth.

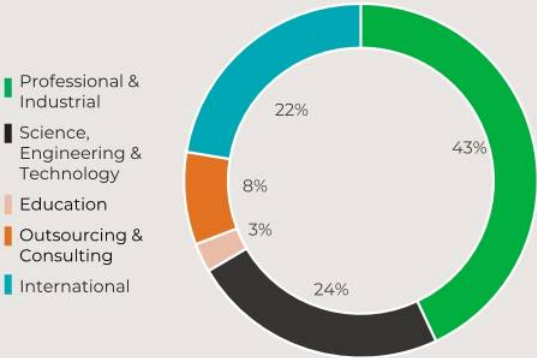
We understand talent and are transforming our go-to-market strategy.

We are accountable for growth and are tracking our progress.

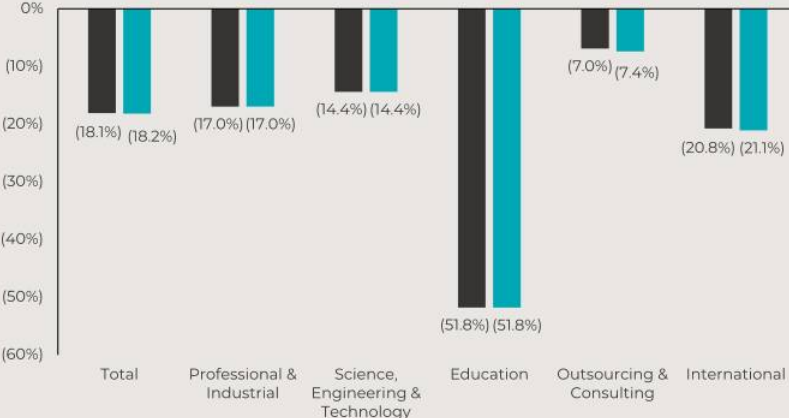


THIRD QUARTER 2020 REVENUE GROWTH

REVENUE MIX BY SEGMENT



REVENUE GROWTH BY SEGMENT



- Total revenue declines reflect the impact of COVID-19 on the global economy and a decrease in demand for our services
- Education revenue declined as schools began the school year in a variety of instructional models in response to the COVID-19 pandemic, including online and hybrid, which reduces the demand for our services
- Outsourcing & Consulting revenue declines reflect the economic impact of COVID-19 on the industries serviced by this segment, as demand from Oil & Gas customers declined, but was more resilient from Life Science customers

Revenue Trends

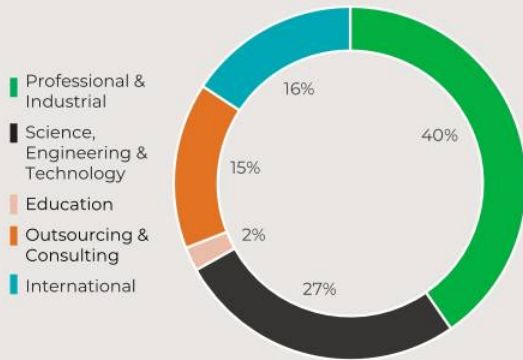
Percent in Constant Currency⁽¹⁾

	Q3 2020	September 2020 (Exit Rates)
Total	(18.2%)	(18.0%)
Professional & Industrial	(17.0%)	(16.3%)
Science, Engineering & Technology	(14.4%)	(13.9%)
Education	(51.8%)	(44.8%)
Outsourcing & Consulting	(7.4%)	(3.4%)
International	(21.1%)	(18.8%)

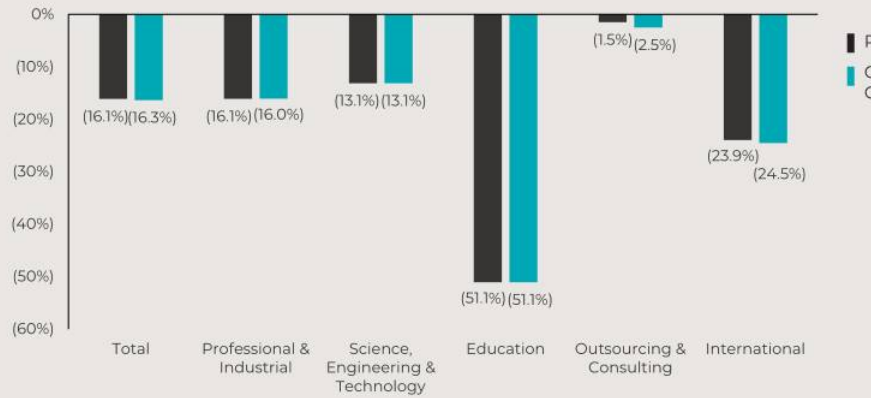
⁽¹⁾Constant Currency represents year-over-year changes resulting from translating 2020 financial data into USD using 2019 exchange rates.

THIRD QUARTER 2020 GROSS PROFIT GROWTH

GROSS PROFIT MIX BY SEGMENT

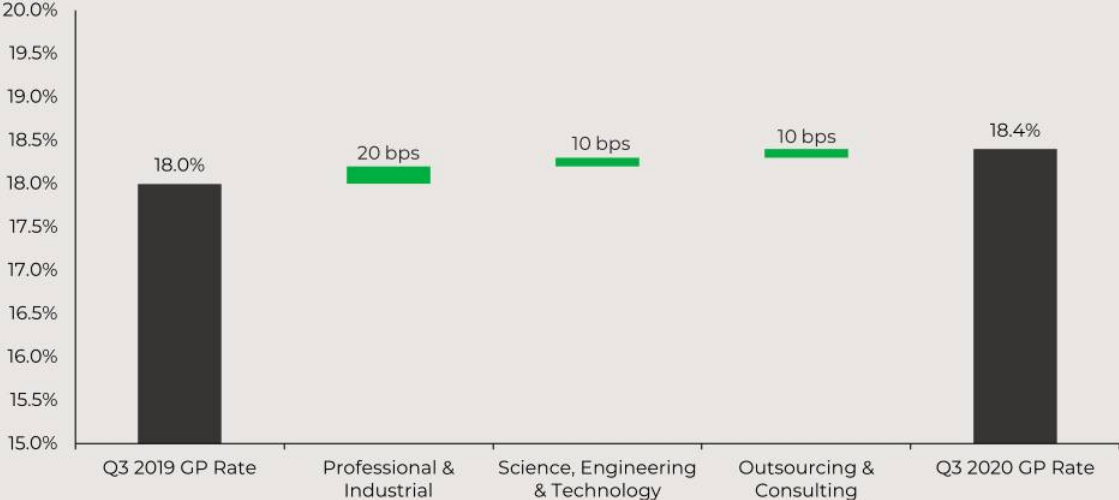


GROSS PROFIT GROWTH BY SEGMENT



- Total gross profit declined as lower revenues were partially offset by an improved GP rate
 - GP rate improved on lower employee-related costs and structural improvement in product mix, partially offset by lower permanent placement revenue and unfavorable customer mix as the recovery of demand from large accounts with lower margins outpaced the recovery of small and medium-sized customers
- Education's 51.1% decline in gross profit reflects the 51.8% decrease in revenue, partially offset by a 20 bps increase in GP rate
- Outsourcing & Consulting's 1.5% decline reflects a 7.0% decrease in revenue, partially offset by a 180 bps improvement in GP rate as improving product mix was coupled with lower employee-related costs in the PPO product
- International's 23.9% decline in gross profit reflects a 20.8% decrease in revenue and a 60 bps decline in GP rate due primarily to lower permanent placement revenue

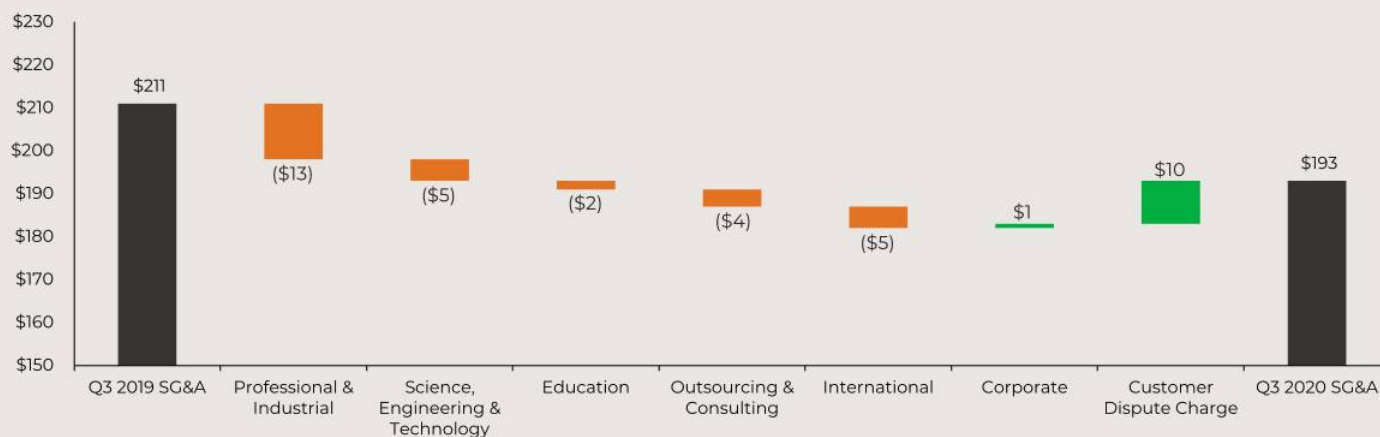
THIRD QUARTER 2020 GROSS PROFIT RATE GROWTH



- Overall GP rate improved due to lower employee-related costs and structural improvement in product mix, partially offset by lower permanent placement revenue and unfavorable customer mix as the recovery of demand from large accounts with lower margins outpaced the recovery of small and medium-sized customers
- GP rate improved in all segments, excluding International. Professional & Industrial's impact on the overall GP rate reflects the share of revenue delivered by the segment

THIRD QUARTER 2020 SG&A

\$ in millions

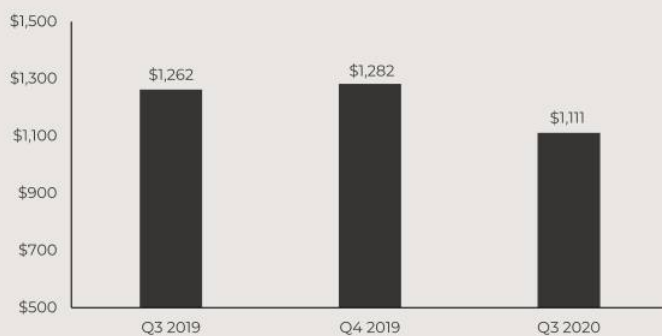


- The decrease in SG&A for the quarter reflects lower salaries and benefits cost from temporary expense mitigation actions taken in response to COVID-19, lower incentive compensation expenses in certain business units and the benefit of COVID-19 government subsidies related to full-time employees that were recognized in the quarter
- Corporate expenses increased due to the year-over-year impact of adjustments which lowered corporate performance-based compensation expense in the third quarter of 2019, along with increased rent expense for the headquarters building as a result of the 2020 first quarter sale-leaseback transaction. These increases were partially offset by lower employee salaries and benefits related to COVID-19 cost savings actions taken
- The customer dispute charge is a non-cash charge related to a customer dispute in Mexico that resulted in additional uncollectible accounts receivable charges

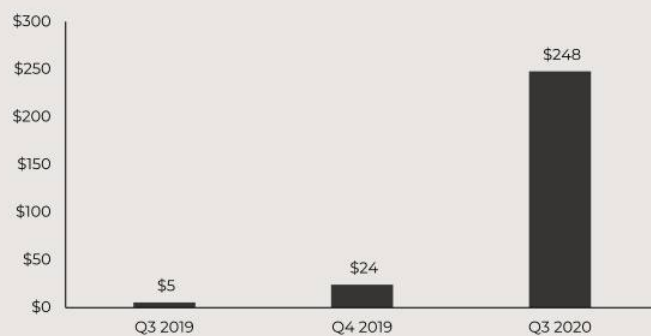
THIRD QUARTER 2020 BALANCE SHEET DATA

\$ in millions

ACCOUNTS RECEIVABLE



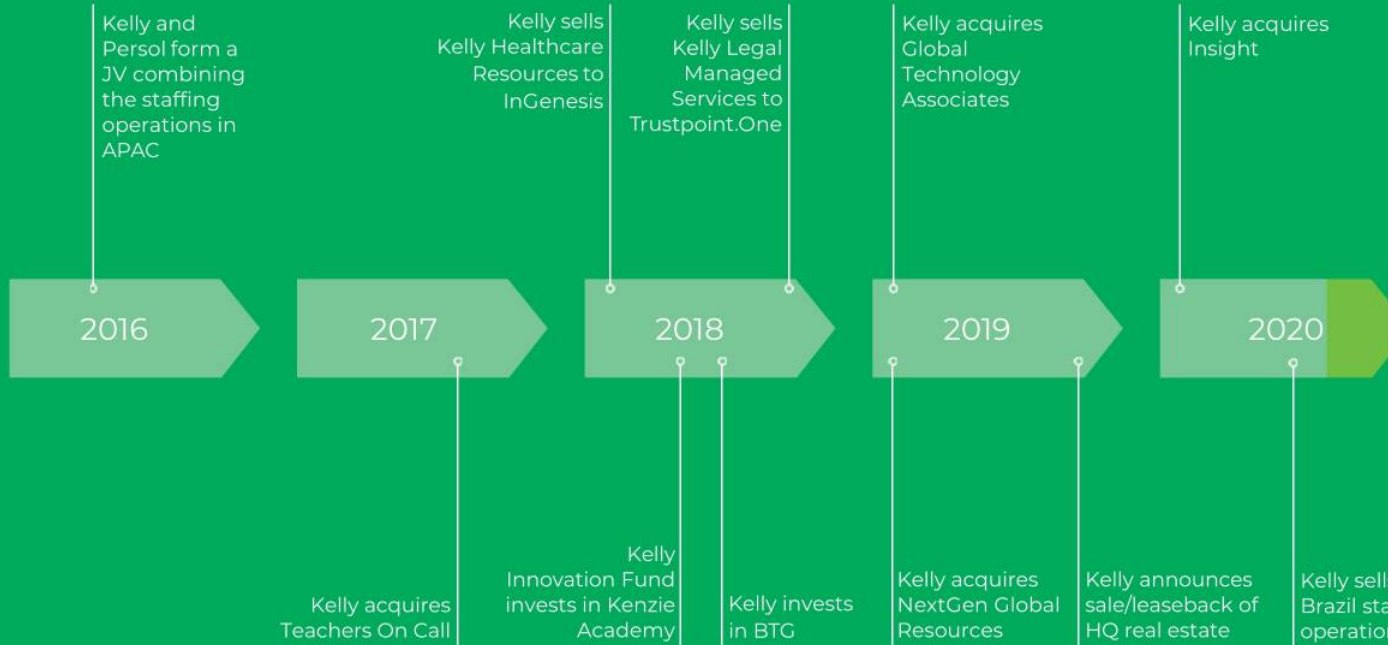
CASH, NET OF SHORT-TERM BORROWINGS



- Accounts Receivable reflects DSO of 61 days, up 2 days from a year ago. The increase reflects the impact of customer cash management efforts and changes in customer mix resulting in a greater proportion of large customers with extended payment terms
- Cash, net of short-term borrowings of \$248 million reflects the reduction in working capital, primarily Accounts Receivable, as revenue declined since the mid-March decline in demand as a result of COVID-19, the benefit of deferring certain payroll tax payments under the CARES Act, partially offset by the unfavorable impact on Accounts Receivable from higher DSO
 - U.S. credit facilities include a \$150 million securitization facility and a \$200 million revolving credit facility

PORTFOLIO PROGRESS

We are using M&A activity to increase our focus on specialization





RECENT ACQUISITION: INSIGHT



- Education service staffing company with experience in partnering with school districts in Illinois, Massachusetts, New Jersey and Pennsylvania
-



NON-GAAP MEASURES

Management believes that the non-GAAP (Generally Accepted Accounting Principles) information excluding the 2020 and 2019 gains and losses on the investment in Persol Holdings, the 2020 gain on sale of assets, the 2020 customer dispute and the 2020 and 2019 restructuring accrual adjustments, are useful to understand the Company's fiscal 2020 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. Additionally, the Company does not acquire businesses on a predictable cycle and the terms of each acquisition are unique and may vary significantly. 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. 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. These factors include, but are not limited to, the recent novel coronavirus (COVID-19) outbreak, competitive market pressures including pricing and technology introductions and disruptions, changing market and economic conditions, our ability to achieve our business strategy, the risk of damage to our brand, the risk our intellectual property assets could be infringed upon or compromised, our ability to successfully develop new service offerings, our exposure to risks associated with services outside traditional staffing, including business process outsourcing and services connecting talent to independent work, our increasing dependency on third parties for the execution of critical functions, the risks associated with past and future acquisitions, exposure to risks associated with investments in equity affiliates including PersolKelly Pte. Ltd., 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, risks associated with conducting business in foreign countries, including foreign currency fluctuations, the exposure to potential market and currency exchange risks relating to our investment in Persol Holdings, risks associated with violations of anti-corruption, trade protection and other laws and regulations, availability of qualified full-time employees, availability of temporary workers with appropriate skills required by customers, liabilities for employment-related claims and losses, including class action lawsuits and collective actions, 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 sustain critical business applications through our key data centers, our ability to effectively implement and manage our information technology projects, our ability to maintain adequate financial and management processes and controls, risk of potential impairment charges triggered by adverse industry developments or operational circumstances, unexpected changes in claim trends on workers' compensation, unemployment, disability and medical benefit plans, the impact of changes in laws and regulations (including federal, state and international tax laws), competition law risks, the risk of additional tax or unclaimed property liabilities in excess of our estimates, 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 have no intention to update these statements.

