

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): August 12, 2021

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 six months ended July 4, 2021. A copy of the press release is attached as exhibit 99.1 herein.

**Item 9.01. Financial Statements and Exhibits**

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
<a href="#">99.1</a>	Press Release dated August 12, 2021.
<a href="#">99.2</a>	Presentation materials for August 12, 2021 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.

August 12, 2021

KELLY SERVICES, INC.

/s/ Olivier G. Thiro  
Olivier G. Thiro

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

August 12, 2021

/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**  
**SECOND-QUARTER 2021 EARNINGS AND ANNOUNCES DIVIDEND**

**Financial Highlights**

- Q2 revenue up 29.0%; 26.2% in constant currency
- Q2 operating earnings of \$13.7 million; up 24.1% from a year ago
- Q2 earnings per share of \$0.60 down from \$1.04 a year ago; adjusted EPS of \$0.49 compared to \$0.51

TROY, Mich. (August 12, 2021) – Kelly (Nasdaq: [KELYA](#)) (Nasdaq: [KELYB](#)), a leading specialty talent solutions provider, today announced results for the second quarter of 2021.

Peter Quigley, president and chief executive officer, announced revenue for the second quarter of 2021 totaled \$1.3 billion, a 29.0% increase compared to the corresponding quarter of 2020. Revenue improved year-over-year in the quarter reflecting increased customer demand compared to the COVID-19-impacted prior year period.

Earnings from operations in the second quarter of 2021 totaled \$13.7 million, compared to earnings of \$11.1 million reported in the second quarter of 2020.

Diluted earnings per share in the second quarter of 2021 were \$0.60 compared to \$1.04 per share in the second quarter of 2020. Included in the earnings per share is a non-cash gain per share, net of tax, on Kelly's investment in Persol Holdings common stock of \$0.11 in the second quarter of 2021 and \$0.52 in the second quarter of 2020. On an adjusted basis, earnings per share were \$0.49 in the second quarter of 2021 compared to \$0.51 in the corresponding quarter of 2020.

“All five of our operating segments—Professional & Industrial (P&I); Science, Engineering & Technology (SET); Education; OCG; and International—delivered organic year-over-year revenue growth in the second quarter as the recovery gained momentum,” said Quigley. “OCG continues to exceed pre-COVID growth rates; Education exited the quarter on track with 2019 revenue; our International and SET segments delivered solid specialty growth; and our Softworld acquisition is already delivering top- and bottom-line results for the enterprise. Demand is strong in our P&I segment, though it will take longer to fully recover. We're encouraged by the healthy sales pipelines and new wins we're seeing across all of our businesses. Our reinstatement of a dividend for the quarter reflects the progress we're making with our specialization and M&A strategies, and our confidence in the economic recovery. Kelly is well-positioned for the future and ready for what's next.”

Kelly also reported that on August 11, its board of directors declared a dividend of \$0.05 per share. The dividend is payable on September 7, 2021 to stockholders of record as of the close of business on August 25, 2021.

In conjunction with its second 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 August 12** to review the results and answer questions. The call may be accessed in one of the following ways:

Via the Internet:

[Kellyservices.com](http://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 August 12, 2021, at (866) 207-1041 (toll-free) and (402) 970-0847 (caller-paid). The access code is 8454029#. The recording will also be available at [kellyservices.com](http://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 recent novel coronavirus (COVID-19) outbreak, competitive market pressures including pricing and technology introductions and disruptions, disruption in the labor market and weakened demand for human capital resulting from technological advances, competition law risks, the impact of changes in laws and regulations (including federal, state and international tax laws), unexpected changes in claim trends on workers' compensation, unemployment, disability and medical benefit plans, or the risk of additional tax liabilities in excess of our estimates, our ability to achieve our business strategy, our ability to successfully develop new service offerings, material changes in demand from or loss of large corporate customers as well as changes in their buying practices, risks particular to doing business with government or government contractors, the risk of damage to our brand, our exposure to risks associated with services outside traditional staffing, including business process outsourcing, services of licensed professionals and services connecting talent to independent work, our increasing dependency on third parties for the execution of critical functions, our ability to effectively implement and manage our information technology strategy, the risks associated with past and future acquisitions, including risk of related impairment of goodwill and intangible assets, exposure to risks associated with investments in equity affiliates including PersolKelly Pte. Ltd., risks associated with conducting business in foreign countries, including foreign currency fluctuations, the exposure to potential market and currency exchange risks relating to our investment in Persol Holdings, risks associated with violations of anti-corruption, trade protection and other laws and regulations, availability of qualified full-time employees, availability of temporary workers with appropriate skills required by customers, liabilities for employment-related claims and losses, including class action lawsuits and collective actions, our ability to sustain critical business applications through our key data centers, risks arising from failure to preserve the privacy of information entrusted to us or to meet our obligations under global privacy laws, the risk of cyberattacks or other breaches of network or information technology security, our ability to realize value from our tax credit and net operating loss carryforwards, our ability to maintain specified financial covenants in our bank facilities to continue to access credit markets, and other risks, uncertainties and factors discussed in this release and in the Company's filings with the Securities and Exchange Commission. Actual results may differ materially from any forward-looking statements contained herein, and we undertake no duty to update any forward-looking statement to conform the statement to actual results or changes in the Company's expectations.

#### **About Kelly®**

Kelly Services, Inc. (Nasdaq: KELYA, KELYB) connects talented people to companies in need of their skills in areas including Science, Engineering, Education, Office, Contact Center, Light Industrial, and more. We're always thinking about what's next in the evolving world of work, and we help people ditch the script on old ways of thinking and embrace the value of all workstyles in the workplace. We directly employ nearly 370,000 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 2020 was \$4.5 billion. Visit [kellyservices.com](http://kellyservices.com) and let us help with what's next for you.

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#### **ANALYST CONTACT:**

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**KELLY SERVICES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF EARNINGS**  
**FOR THE 13 WEEKS ENDED JULY 4, 2021 AND JUNE 28, 2020**  
**(UNAUDITED)**

(In millions of dollars except per share data)

	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>% Change</u>	<u>CC % Change</u>
<b>Revenue from services</b>	\$ 1,258.1	\$ 975.3	\$ 282.8	29.0 %	26.2 %
Cost of services	<u>1,027.1</u>	<u>786.1</u>	<u>241.0</u>	30.7	
<b>Gross profit</b>	231.0	189.2	41.8	22.1	19.6
Selling, general and administrative expenses	<u>217.3</u>	<u>178.1</u>	<u>39.2</u>	21.9	19.8
<b>Earnings (loss) from operations</b>	13.7	11.1	2.6	24.1	
Gain (loss) on investment in Persol Holdings	6.3	29.6	(23.3)	(78.8)	
Other income (expense), net	<u>(0.3)</u>	<u>2.6</u>	<u>(2.9)</u>	(109.0)	
<b>Earnings (loss) before taxes and equity in net earnings (loss) of affiliate</b>	19.7	43.3	(23.6)	(54.4)	
Income tax expense (benefit)	<u>(2.6)</u>	<u>0.9</u>	<u>(3.5)</u>	(406.2)	
<b>Net earnings (loss) before equity in net earnings (loss) of affiliate</b>	22.3	42.4	(20.1)	(47.2)	
Equity in net earnings (loss) of affiliate	<u>1.7</u>	<u>(1.3)</u>	<u>3.0</u>	NM	
<b>Net earnings (loss)</b>	<u>\$ 24.0</u>	<u>\$ 41.1</u>	<u>\$ (17.1)</u>	(41.6)	
<b>Basic earnings (loss) per share</b>	\$ 0.60	\$ 1.04	\$ (0.44)	(42.3)	
<b>Diluted earnings (loss) per share</b>	\$ 0.60	\$ 1.04	\$ (0.44)	(42.3)	

**STATISTICS:**

Permanent placement revenue (included in revenue from services)	\$ 18.6	\$ 7.6	\$ 11.0	146.1 %	139.8 %
Gross profit rate	18.4	%	19.4	%	(1.0) pts.
Conversion rate	5.9	%	5.8	%	0.1 pts.
Adjusted EBITDA	\$ 22.2	\$ 16.9	\$ 5.3		
Adjusted EBITDA margin	1.8	%	1.7	%	0.1 pts.
Effective income tax rate	(13.5)	%	2.0	%	(15.5) pts.
Average number of shares outstanding (millions):					
Basic	39.4	39.3			
Diluted	39.5	39.4			

**KELLY SERVICES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF EARNINGS**  
**FOR THE 26 WEEKS ENDED JULY 4, 2021 AND JUNE 28, 2020**  
**(UNAUDITED)**

(In millions of dollars except per share data)

	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>% Change</u>	<u>CC % Change</u>
<b>Revenue from services</b>	\$ 2,464.0	\$ 2,236.4	\$ 227.6	10.2 %	8.3 %
Cost of services	2,019.7	1,823.9	195.8	10.7	
<b>Gross profit</b>	444.3	412.5	31.8	7.7	5.9
Selling, general and administrative expenses	420.0	397.6	22.4	5.6	4.0
Goodwill impairment charge	—	147.7	(147.7)	NM	
Gain on sale of assets	—	(32.1)	32.1	NM	
<b>Earnings (loss) from operations</b>	24.3	(100.7)	125.0	NM	
Gain (loss) on investment in Persol Holdings	36.3	(48.2)	84.5	NM	
Other income (expense), net	(3.7)	4.3	(8.0)	(185.8)	
<b>Earnings (loss) before taxes and equity in net earnings (loss) of affiliate</b>	56.9	(144.6)	201.5	NM	
Income tax expense (benefit)	7.9	(35.3)	43.2	122.2	
<b>Net earnings (loss) before equity in net earnings (loss) of affiliate</b>	49.0	(109.3)	158.3	NM	
Equity in net earnings (loss) of affiliate	0.6	(2.8)	3.4	NM	
<b>Net earnings (loss)</b>	\$ 49.6	\$ (112.1)	\$ 161.7	NM	
<b>Basic earnings (loss) per share</b>	\$ 1.25	\$ (2.86)	\$ 4.11	NM	
<b>Diluted earnings (loss) per share</b>	\$ 1.25	\$ (2.86)	\$ 4.11	NM	

**STATISTICS:**

Permanent placement revenue (included in revenue from services)	\$ 34.6	\$ 19.8	\$ 14.8	74.1 %	70.0 %
Gross profit rate	18.0 %	18.4 %	(0.4) pts.		
Conversion rate	5.5 %	(24.4) %	29.9 pts.		
Adjusted EBITDA	\$ 39.1	\$ 35.4	\$ 3.7		
Adjusted EBITDA margin	1.6 %	1.6 %	— pts.		
Effective income tax rate	13.8 %	24.5 %	(10.7) pts.		
Average number of shares outstanding (millions):					
Basic	39.4	39.2			
Diluted	39.5	39.2			



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

Second Quarter

	2021	2020	% Change	CC % Change
<b>Professional &amp; Industrial</b>				
Revenue from services	\$ 466.5	\$ 406.4	14.8 %	14.0 %
Gross profit	75.2	78.9	(4.7)	(5.5)
SG&A expenses excluding restructuring charges	69.0	64.6	6.8	6.2
Restructuring charges	—	—	NM	NM
Total SG&A expenses	69.0	64.6	6.9	6.2
Earnings (loss) from operations	6.2	14.3	(57.0)	
Earnings (loss) from operations excluding restructuring charges	6.2	14.3	(56.9)	
Gross profit rate	16.1 %	19.4 %	(3.3) pts.	
<b>Science, Engineering &amp; Technology</b>				
Revenue from services	\$ 298.2	\$ 247.3	20.6 %	20.1 %
Gross profit	66.5	50.6	31.5	31.1
SG&A expenses excluding restructuring charges	46.9	31.3	49.7	49.3
Restructuring charges	—	—	NM	NM
Total SG&A expenses	46.9	31.3	49.7	49.3
Earnings (loss) from operations	19.6	19.3	1.8	
Earnings (loss) from operations excluding restructuring charges	19.6	19.3	1.8	
Gross profit rate	22.3 %	20.4 %	1.9 pts.	
<b>Education</b>				
Revenue from services	\$ 105.9	\$ 25.1	322.1 %	322.1 %
Gross profit	16.8	4.3	291.1	291.1
SG&A expenses excluding restructuring charges	15.3	9.6	60.0	60.0
Restructuring charges	—	(0.1)	NM	NM
Total SG&A expenses	15.3	9.5	60.5	60.5
Earnings (loss) from operations	1.5	(5.2)	NM	
Earnings (loss) from operations excluding restructuring charges	1.5	(5.3)	NM	
Gross profit rate	15.8 %	17.1 %	(1.3) pts.	
<b>Outsourcing &amp; Consulting</b>				
Revenue from services	\$ 107.3	\$ 83.6	28.2 %	26.1 %
Gross profit	34.8	29.2	19.3	15.7
SG&A expenses excluding restructuring charges	30.1	25.1	19.8	17.0
Restructuring charges	—	—	NM	NM
Total SG&A expenses	30.1	25.1	19.7	17.0
Earnings (loss) from operations	4.7	4.1	16.2	
Earnings (loss) from operations excluding restructuring charges	4.7	4.1	15.9	
Gross profit rate	32.5 %	34.9 %	(2.4) pts.	
<b>International</b>				
Revenue from services	\$ 280.4	\$ 213.0	31.6 %	21.6 %
Gross profit	37.7	26.2	43.8	32.9
SG&A expenses excluding restructuring charges	34.6	28.3	22.3	13.3
Restructuring charges	—	—	NM	NM
Total SG&A expenses	34.6	28.3	22.3	13.3
Earnings (loss) from operations	3.1	(2.1)	NM	
Earnings (loss) from operations excluding restructuring charges	3.1	(2.1)	NM	
Gross profit rate	13.4 %	12.3 %	1.1 pts.	

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

June Year to Date

	2021	2020	% Change	CC % Change
<b>Professional &amp; Industrial</b>				
Revenue from services	\$ 934.1	\$ 900.2	3.8 %	3.2 %
Gross profit	151.1	164.0	(7.9)	(8.4)
SG&A expenses excluding restructuring charges	138.4	140.7	(1.7)	(2.1)
Restructuring charges	—	4.4	NM	NM
Total SG&A expenses	138.4	145.1	(4.6)	(5.0)
Earnings (loss) from operations	12.7	18.9	(32.9)	
Earnings (loss) from operations excluding restructuring charges	12.7	23.3	(45.4)	
Gross profit rate	16.2 %	18.2 %	(2.0) pts.	
<b>Science, Engineering &amp; Technology</b>				
Revenue from services	\$ 552.9	\$ 517.5	6.8 %	6.5 %
Gross profit	119.7	105.3	13.7	13.4
SG&A expenses excluding restructuring charges	82.6	67.3	22.8	22.5
Restructuring charges	—	0.5	NM	NM
Total SG&A expenses	82.6	67.8	21.8	21.5
Earnings (loss) from operations	37.1	37.5	(1.1)	
Earnings (loss) from operations excluding restructuring charges	37.1	38.0	(2.5)	
Gross profit rate	21.6 %	20.3 %	1.3 pts.	
<b>Education</b>				
Revenue from services	\$ 217.5	\$ 167.6	29.8 %	29.8 %
Gross profit	34.0	24.7	37.6	37.6
SG&A expenses excluding restructuring charges	29.5	25.3	16.8	16.8
Restructuring charges	—	0.8	NM	NM
Total SG&A expenses	29.5	26.1	12.9	12.9
Earnings (loss) from operations	4.5	(1.4)	NM	
Earnings (loss) from operations excluding restructuring charges	4.5	(0.6)	NM	
Gross profit rate	15.6 %	14.7 %	0.9 pts.	
<b>Outsourcing &amp; Consulting</b>				
Revenue from services	\$ 206.6	\$ 173.1	19.3 %	17.5 %
Gross profit	66.1	58.0	14.1	11.0
Total SG&A expenses	58.5	53.7	8.9	6.6
Earnings (loss) from operations	7.6	4.3	78.9	
Gross profit rate	32.0 %	33.5 %	(1.5) pts.	
<b>International</b>				
Revenue from services	\$ 553.3	\$ 478.2	15.7 %	9.0 %
Gross profit	73.4	60.5	21.3	13.9
SG&A expenses excluding restructuring charges	67.7	60.4	12.0	5.1
Restructuring charges	—	1.1	NM	NM
Total SG&A expenses	67.7	61.5	10.1	3.3
Earnings (loss) from operations	5.7	(1.0)	NM	
Earnings (loss) from operations excluding restructuring charges	5.7	0.1	NM	
Gross profit rate	13.3 %	12.7 %	0.6 pts.	

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

	July 4, 2021	January 3, 2021	June 28, 2020
<b>Current Assets</b>			
Cash and equivalents	\$ 64.4	\$ 223.0	\$ 216.2
Trade accounts receivable, less allowances of \$12.5, \$13.3, and \$11.2, respectively	1,362.5	1,265.2	1,085.0
Prepaid expenses and other current assets	82.4	61.4	76.0
<b>Total current assets</b>	<b>1,509.3</b>	<b>1,549.6</b>	<b>1,377.2</b>
<b>Noncurrent Assets</b>			
Property and equipment, net	37.7	41.0	41.6
Operating lease right-of-use assets	83.2	83.2	85.8
Deferred taxes	302.9	282.0	265.9
Goodwill, net	114.8	3.5	—
Investment in Persol Holdings	187.7	164.2	127.2
Investment in equity affiliate	120.0	118.5	113.6
Other assets	391.3	319.9	307.4
<b>Total noncurrent assets</b>	<b>1,237.6</b>	<b>1,012.3</b>	<b>941.5</b>
<b>Total Assets</b>	<b>\$ 2,746.9</b>	<b>\$ 2,561.9</b>	<b>\$ 2,318.7</b>
<b>Current Liabilities</b>			
Short-term borrowings	\$ 0.1	\$ 0.3	\$ 0.3
Accounts payable and accrued liabilities	612.6	536.8	463.6
Operating lease liabilities	19.6	19.6	19.5
Accrued payroll and related taxes	337.0	293.0	210.7
Accrued workers' compensation and other claims	22.0	22.7	25.6
Income and other taxes	62.6	53.2	71.7
<b>Total current liabilities</b>	<b>1,053.9</b>	<b>925.6</b>	<b>791.4</b>
<b>Noncurrent Liabilities</b>			
Operating lease liabilities	67.1	67.5	69.9
Accrued payroll and related taxes	58.5	58.5	38.4
Accrued workers' compensation and other claims	40.8	42.2	45.6
Accrued retirement benefits	214.6	205.8	180.8
Other long-term liabilities	68.2	59.3	47.0
<b>Total noncurrent liabilities</b>	<b>449.2</b>	<b>433.3</b>	<b>381.7</b>
<b>Stockholders' Equity</b>			
Common stock	40.1	40.1	40.1
Treasury stock	(15.3)	(17.1)	(17.3)
Paid-in capital	22.3	21.3	20.5
Earnings invested in the business	1,212.5	1,162.9	1,122.8
Accumulated other comprehensive income (loss)	(15.8)	(4.2)	(20.5)
<b>Total stockholders' equity</b>	<b>1,243.8</b>	<b>1,203.0</b>	<b>1,145.6</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 2,746.9</b>	<b>\$ 2,561.9</b>	<b>\$ 2,318.7</b>
<b>STATISTICS:</b>			
Working Capital	\$ 455.4	\$ 624.0	\$ 585.8
Current Ratio	1.4	1.7	1.7
Debt-to-capital %	0.0 %	0.0 %	0.0 %
Global Days Sales Outstanding	60	64	61
Year-to-Date Free Cash Flow	\$ 42.7	\$ 170.5	\$ 170.4

**KELLY SERVICES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE 26 WEEKS ENDED JULY 4, 2021 AND JUNE 28, 2020**  
**(UNAUDITED)**  
(In millions of dollars)

	2021	2020
<b>Cash flows from operating activities:</b>		
Net earnings (loss)	\$ 49.6	\$ (112.1)
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	14.1	12.0
Operating lease asset amortization	10.7	10.5
Provision for credit losses and sales allowances	—	0.1
Stock-based compensation	2.8	2.4
(Gain) loss on investment in Persol Holdings	(36.3)	48.2
Gain on sale of assets	—	(32.1)
Equity in net (earnings) loss of PersolKelly Pte. Ltd.	(0.6)	2.8
Other, net	2.2	0.8
Changes in operating assets and liabilities, net of acquisitions	5.1	120.8
<b>Net cash from operating activities</b>	<b>47.6</b>	<b>178.1</b>
<b>Cash flows from investing activities:</b>		
Capital expenditures	(4.9)	(7.7)
Proceeds from company-owned life insurance	10.4	2.3
Proceeds from sale of assets	—	55.5
Acquisition of companies, net of cash received	(219.0)	(36.4)
Proceeds (payments) related to loans with equity affiliate	5.8	—
Proceeds from (investment in) equity securities	5.0	—
Other investing activities	1.0	(0.4)
<b>Net cash (used in) from investing activities</b>	<b>(201.7)</b>	<b>13.3</b>
<b>Cash flows from financing activities:</b>		
Net change in short-term borrowings	(0.1)	(1.4)
Financing lease payments	(0.3)	(0.6)
Payments of tax withholding for stock awards	(0.6)	(1.1)
Dividend payments	—	(3.0)
Other financing activities	—	(0.1)
<b>Net cash used in financing activities</b>	<b>(1.0)</b>	<b>(6.2)</b>
<b>Effect of exchange rates on cash, cash equivalents and restricted cash</b>	<b>(2.3)</b>	<b>5.7</b>
<b>Net change in cash, cash equivalents and restricted cash</b>	<b>(157.4)</b>	<b>190.9</b>
<b>Cash, cash equivalents and restricted cash at beginning of period</b>	<b>228.1</b>	<b>31.0</b>
<b>Cash, cash equivalents and restricted cash at end of period</b>	<b>\$ 70.7</b>	<b>\$ 221.9</b>

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

Second Quarter

	2021	2020	% Change	CC % Change
<b>Americas</b>				
United States	\$ 894.6	\$ 700.1	27.8 %	27.8 %
Canada	39.5	25.6	54.4	36.8
Mexico	33.1	22.5	47.2	26.2
Puerto Rico	26.9	20.0	34.3	34.3
Brazil	—	6.1	NM	NM
<b>Total Americas Region</b>	<b>994.1</b>	<b>774.3</b>		
<b>Europe</b>				
France	57.5	39.9	44.2	31.7
Switzerland	54.0	47.4	13.8	7.5
Portugal	40.6	23.8	70.7	55.9
Russia	33.7	29.3	15.2	17.9
Italy	19.4	13.3	46.1	33.6
United Kingdom	17.7	17.8	(0.6)	(11.8)
Germany	8.5	7.1	20.6	10.3
Ireland	6.3	4.1	53.5	40.2
Other	17.0	11.5	47.7	32.9
<b>Total Europe Region</b>	<b>254.7</b>	<b>194.2</b>	<b>31.2</b>	<b>22.3</b>
<b>Total Asia-Pacific Region</b>	<b>9.3</b>	<b>6.8</b>	<b>34.5</b>	<b>20.9</b>
<b>Total Kelly Services, Inc.</b>	<b>\$ 1,258.1</b>	<b>\$ 975.3</b>	<b>29.0 %</b>	<b>26.2 %</b>

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

	June Year to Date			
	2021	2020	% Change	CC % Change
<b>Americas</b>				
United States	\$ 1,753.1	\$ 1,628.6	7.6 %	7.6 %
Canada	73.6	58.4	26.0	15.1
Mexico	67.7	51.2	32.3	25.3
Puerto Rico	51.1	37.7	35.3	35.3
Brazil	—	15.2	NM	NM
<b>Total Americas Region</b>	1,945.5	1,791.1	8.6	8.1
<b>Europe</b>				
France	111.8	92.4	21.0	10.7
Switzerland	106.7	91.6	16.4	9.6
Portugal	84.3	67.4	25.1	14.5
Russia	66.3	61.4	8.1	15.9
Italy	37.5	28.0	33.9	22.6
United Kingdom	34.7	40.1	(13.4)	(21.4)
Germany	15.6	15.1	3.6	(5.2)
Ireland	11.4	9.1	25.6	14.9
Other	32.6	26.7	22.1	11.9
<b>Total Europe Region</b>	500.9	431.8	16.0	9.2
<b>Total Asia-Pacific Region</b>	17.6	13.5	29.8	16.9
<b>Total Kelly Services, Inc.</b>	\$ 2,464.0	\$ 2,236.4	10.2 %	8.3 %

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

	2021		2020	
	As Reported		Adjusted	
<b>SG&amp;A Expenses:</b>				
Professional & Industrial	\$	69.0	\$	64.6
Science, Engineering & Technology		46.9		31.3
Education		15.3		9.6
Outsourcing & Consulting		30.1		25.1
International		34.6		28.3
Corporate		21.4		19.4
<b>Total Company</b>	<b>\$</b>	<b>217.3</b>	<b>\$</b>	<b>178.3</b>
<b>Earnings (loss) from Operations:</b>				
Professional & Industrial	\$	6.2	\$	14.3
Science, Engineering & Technology		19.6		19.3
Education		1.5		(5.3)
Outsourcing & Consulting		4.7		4.1
International		3.1		(2.1)
Corporate		(21.4)		(19.4)
<b>Total Company</b>	<b>\$</b>	<b>13.7</b>	<b>\$</b>	<b>10.9</b>

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

	2020		
	As Reported	Restructuring <sup>(4)</sup>	Adjusted
<b>SG&amp;A Expenses:</b>			
Professional & Industrial	\$ 64.6	\$ —	\$ 64.6
Science, Engineering & Technology	31.3	—	31.3
Education	9.5	0.1	9.6
Outsourcing & Consulting	25.1	—	25.1
International	28.3	—	28.3
Corporate	19.3	0.1	19.4
<b>Total Company</b>	<b>\$ 178.1</b>	<b>\$ 0.2</b>	<b>\$ 178.3</b>
	2020		
	As Reported	Restructuring <sup>(4)</sup>	Adjusted
<b>Earnings (loss) from Operations:</b>			
Professional & Industrial	\$ 14.3	\$ —	\$ 14.3
Science, Engineering & Technology	19.3	—	19.3
Education	(5.2)	(0.1)	(5.3)
Outsourcing & Consulting	4.1	—	4.1
International	(2.1)	—	(2.1)
Corporate	(19.3)	(0.1)	(19.4)
<b>Total Company</b>	<b>\$ 11.1</b>	<b>\$ (0.2)</b>	<b>\$ 10.9</b>



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

	2021		2020	
	As Reported		Adjusted	
<b>SG&amp;A Expenses:</b>				
Professional & Industrial	\$	138.4	\$	140.7
Science, Engineering & Technology		82.6		67.3
Education		29.5		25.3
Outsourcing & Consulting		58.5		53.7
International		67.7		60.4
Corporate		43.3		41.7
<b>Total Company</b>	<b>\$</b>	<b>420.0</b>	<b>\$</b>	<b>389.1</b>
<b>Earnings (loss) from Operations:</b>				
Professional & Industrial	\$	12.7	\$	23.3
Science, Engineering & Technology		37.1		38.0
Education		4.5		(0.6)
Outsourcing & Consulting		7.6		4.3
International		5.7		0.1
Corporate		(43.3)		(41.7)
<b>Total Company</b>	<b>\$</b>	<b>24.3</b>	<b>\$</b>	<b>23.4</b>

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

SG&A Expenses:	2020		
	As Reported	Restructuring <sup>(4)</sup>	Adjusted
Professional & Industrial	\$ 145.1	\$ (4.4)	\$ 140.7
Science, Engineering & Technology	67.8	(0.5)	67.3
Education	26.1	(0.8)	25.3
Outsourcing & Consulting	53.7	—	53.7
International	61.5	(1.1)	60.4
Corporate	43.4	(1.7)	41.7
<b>Total Company</b>	<b>\$ 397.6</b>	<b>\$ (8.5)</b>	<b>\$ 389.1</b>

Earnings (loss) from Operations:	2020				
	As Reported	Goodwill impairment <sup>(1)</sup>	Gain on sale of assets <sup>(3)</sup>	Restructuring <sup>(4)</sup>	Adjusted
Professional & Industrial	\$ 18.9	\$ —	\$ —	\$ 4.4	\$ 23.3
Science, Engineering & Technology	37.5	—	—	0.5	38.0
Education	(1.4)	—	—	0.8	(0.6)
Outsourcing & Consulting	4.3	—	—	—	4.3
International	(1.0)	—	—	1.1	0.1
Corporate	(159.0)	147.7	(32.1)	1.7	(41.7)
<b>Total Company</b>	<b>\$ (100.7)</b>	<b>\$ 147.7</b>	<b>\$ (32.1)</b>	<b>\$ 8.5</b>	<b>\$ 23.4</b>

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

(In millions of dollars except per share data)

	Second Quarter		June Year to Date	
	2021	2020	2021	2020
Income tax expense (benefit)	\$ (2.6)	\$ 0.9	\$ 7.9	\$ (35.3)
Taxes on goodwill impairment charge <sup>(1)</sup>	—	—	—	23.0
Taxes on investment in Persol Holdings <sup>(2)</sup>	(1.9)	(9.0)	(11.1)	14.8
Taxes on gain on sale of assets <sup>(3)</sup>	—	—	—	(8.1)
Taxes on restructuring charges <sup>(4)</sup>	—	—	—	2.2
Adjusted income tax expense (benefit)	<u>\$ (4.5)</u>	<u>\$ (8.1)</u>	<u>\$ (3.2)</u>	<u>\$ (3.4)</u>

	Second Quarter		June Year to Date	
	2021	2020	2021	2020
Net earnings (loss)	\$ 24.0	\$ 41.1	\$ 49.6	\$ (112.1)
Goodwill impairment charge, net of taxes <sup>(1)</sup>	—	—	—	124.7
(Gain) loss on investment in Persol Holdings, net of taxes <sup>(2)</sup>	(4.4)	(20.6)	(25.2)	33.4
Gain on sale of assets, net of taxes <sup>(3)</sup>	—	—	—	(24.0)
Restructuring charges, net of taxes <sup>(4)</sup>	—	(0.2)	—	6.3
Adjusted net earnings	<u>\$ 19.6</u>	<u>\$ 20.3</u>	<u>\$ 24.4</u>	<u>\$ 28.3</u>

	Second Quarter		June Year to Date	
	2021	2020	2021	2020
	Per Share		Per Share	
Net earnings (loss)	\$ 0.60	\$ 1.04	\$ 1.25	\$ (2.86)
Goodwill impairment charge, net of taxes <sup>(1)</sup>	—	—	—	3.18
(Gain) loss on investment in Persol Holdings, net of taxes <sup>(2)</sup>	(0.11)	(0.52)	(0.63)	0.85
Gain on sale of assets, net of taxes <sup>(3)</sup>	—	—	—	(0.61)
Restructuring charges, net of taxes <sup>(4)</sup>	—	—	—	0.16
Adjusted net earnings	<u>\$ 0.49</u>	<u>\$ 0.51</u>	<u>\$ 0.61</u>	<u>\$ 0.72</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 (continued)**  
**(UNAUDITED)**  
(In millions of dollars)

	Second Quarter		June Year to Date	
	2021	2020	2021	2020
Net earnings (loss)	\$ 24.0	\$ 41.1	\$ 49.6	\$ (112.1)
Other (income) expense, net	0.3	(2.6)	3.7	(4.3)
Income tax expense (benefit)	(2.6)	0.9	7.9	(35.3)
Depreciation and amortization	8.5	6.0	14.8	12.0
EBITDA	30.2	45.4	76.0	(139.7)
Equity in net (earnings) loss of affiliate	(1.7)	1.3	(0.6)	2.8
Goodwill impairment charge <sup>(1)</sup>	—	—	—	147.7
(Gain) loss on investment in Persol Holdings <sup>(2)</sup>	(6.3)	(29.6)	(36.3)	48.2
Gain on sale of assets <sup>(3)</sup>	—	—	—	(32.1)
Restructuring <sup>(4)</sup>	—	(0.2)	—	8.5
<b>Adjusted EBITDA</b>	<b>\$ 22.2</b>	<b>\$ 16.9</b>	<b>\$ 39.1</b>	<b>\$ 35.4</b>
<b>Adjusted EBITDA margin</b>	<b>1.8 %</b>	<b>1.7 %</b>	<b>1.6 %</b>	<b>1.6 %</b>

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

Management believes that the non-GAAP (Generally Accepted Accounting Principles) information excluding the 2020 goodwill impairment charge, the 2021 and 2020 gains and losses on the investment in Persol Holdings, the 2020 gain on sale of assets and the 2020 restructuring charges, are useful to understand the Company's fiscal 2021 financial performance and increases comparability. Specifically, Management believes that removing the impact of these items allows for a meaningful comparison of current period operating performance with the operating results of prior periods. Management also believes that such measures are used by those analyzing performance of companies in the staffing industry to compare current performance to prior periods and to assess future performance.

Management uses Adjusted EBITDA (adjusted earnings before interest, taxes, depreciation and amortization) and Adjusted EBITDA Margin (percent of total GAAP revenue) which Management believes is useful to compare operating performance compared to prior periods and uses it in conjunction with GAAP measures to assess performance. Our calculation of Adjusted EBITDA may not be consistent with similarly titled measures of other companies and should be used in conjunction with GAAP measurements.

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

- (1) The goodwill impairment charge is the result of an interim impairment test the Company performed during the first quarter of 2020, due to a triggering event caused by a decline in the Company's common stock price.
- (2) The gains and losses on the investment in Persol Holdings represent the change in fair value of the investment during the period presented and the related tax expense and benefit.
- (3) Gain on sale of assets in 2020 primarily represents the excess of the proceeds over the cost of the headquarters properties sold during the first quarter of 2020.
- (4) Restructuring charges in 2020 represent severance costs and lease terminations in preparation for the new operating model adopted in the third quarter of 2020.

SECOND QUARTER 2021



AUGUST 12, 2021

Kelly



## SECOND QUARTER 2021 TAKEAWAYS

### Economic recovery from the impact of the COVID-19 pandemic continues and demand increases

- Q2 revenue up 29.0% on a reported basis, up 26.2% in constant currency<sup>(1)</sup>
  - Includes 310 bps impact from the acquisition of Softworld, Inc. ("Softworld") on April 5, 2021
- All operating segments have returned to year-over-year revenue growth as we anniversary the depth of the COVID-19 impact during the quarter; four out of five segments had sequential improvement in their revenue recovery ratio<sup>(2)</sup> for the quarter

### Near-term steps to capitalize on improving demand

- Continuing robust return to workplace protocols and reopening offices as needed to support our customers, employees and talent
- Addressing talent supply in Education and talent supply and fulfillment challenges in Professional & Industrial to meet customer demand and accelerate revenue growth
- Continuing with strong management of our cost base; focusing on maintaining operating leverage as revenue rebounds and continuing with organic investment in our selected specialties

### Continued focus on our future

- Advanced our inorganic growth strategy with the April 2021 acquisition of Softworld, a specialty technology staffing and workforce solutions firm serving customers in a variety of industries in the U.S.
  - Impact on top- and bottom-line growth for the enterprise from a targeted acquisition in a high-value specialty was visible in Q2
- Reinstated quarterly dividend payments to shareholders as economic recovery continues

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

<sup>(2)</sup>Recovery ratio is defined as 2021 organic revenue on a 2019 constant currency basis divided by 2019 revenue.

## SECOND QUARTER 2021 FINANCIAL SUMMARY

	<u>Actual Results</u>	<u>Change</u>	<u>Constant Currency Change<sup>(1)</sup></u>
<b>Revenue</b>	\$1.3B	29.0%	26.2%
<b>Gross Profit %</b>	18.4%	(100) bps	
<b>Earnings from Operations</b>	\$13.7M	24.1%	16.5%
<b>Earnings Per Share</b>	\$0.60	(\$0.44)	

- Revenue improved as demand for our services increased from the prior year, which was impacted by the COVID-19 pandemic. In addition, the acquisition of Softworld added 310 bps to the revenue growth rate. Temporary staffing revenue improved 32%, outcome-based services revenue improved 8% and permanent placement revenue more than doubled
- GP rate declined year-over-year due to unfavorable product mix as staffing services grew more quickly than outcome-based services and the impact of government wage subsidies in the prior year. The decline was partially offset by higher perm fees and the acquisition of Softworld, which generates higher gross profit rates
- Earnings from operations improved in all operating segments, except Professional & Industrial. Earnings from operations includes \$2.3 million of earnings from Softworld
- The year-over-year change in earnings per share is due primarily to a decline in the non-cash gain from the investment in Persol Holdings common stock, net of tax

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



## SECOND QUARTER 2021 FINANCIAL SUMMARY

(Excluding Gain/loss on investment in Persol Holdings and Restructuring)

	Actual Results	Change	Constant Currency Change <sup>(4)</sup>
<b>Revenue</b>	\$1.3B	29.0%	26.2%
<b>Gross Profit %</b>	18.4%	(100) bps	
<b>Earnings from Operations<sup>(1)</sup></b>	\$13.7M	26.0%	18.3%
<b>Earnings Per Share<sup>(1),(2)</sup></b>	\$0.49	(\$0.02)	
<b>Adjusted EBITDA<sup>(1),(2),(3)</sup></b>	\$22.2M	31.6%	
<b>Adjusted EBITDA Margin<sup>(1),(2),(3)</sup></b>	1.8%	10 bps	

- Revenue improved as demand for our services increased from the prior year, which was impacted by the COVID-19 pandemic. In addition, the acquisition of Softworld added 310 bps to the revenue growth rate. Temporary staffing revenue improved 32%, outcome-based services revenue improved 8% and permanent placement revenue more than doubled
- GP rate declined year-over-year due to unfavorable product mix as staffing services grew more quickly than outcome-based services and the impact of government wage subsidies in the prior year. The decline was partially offset by higher perm fees and the acquisition of Softworld, which generates higher gross profit rates
- Earnings from operations improved in all operating segments, except Professional & Industrial. Earnings from operations includes \$2.3 million of earnings from Softworld
- Adjusted EBITDA improved by \$5.3 million, \$4.5 million from the acquisition of Softworld, and also from higher earnings from operations in four out of five operating segments

<sup>(1)</sup>Excludes restructuring accrual adjustments of \$0.2 million, \$0.2 million net of tax or \$0.00 per share in Q2 2020.

<sup>(2)</sup>Excludes gain on investment in Persol Holdings of \$6.3 million, \$4.4 million net of tax or \$0.11 per share in Q2 2021 and gain on investment in Persol Holdings of \$29.6 million, \$20.6 million net of tax or \$0.52 per share in Q2 2020.

<sup>(3)</sup>Excludes gain from equity investment of \$1.7 million in Q2 2021 and loss from equity investment of \$1.3 million in Q2 2020.

<sup>(4)</sup>Constant Currency represents year-over-year changes resulting from translating 2021 financial data into USD using 2020 exchange rates.

## SECOND QUARTER 2021 EPS SUMMARY

\$ in millions except per share data

	Second Quarter			
	2021		2020	
	Amount	Per Share	Amount	Per Share
<b>Net earnings (loss)</b>	\$24.0	\$0.60	\$41.1	\$1.04
<b>(Gain) loss on investment in Persol Holdings, net of taxes<sup>(1)</sup></b>	(4.4)	(0.11)	(20.6)	(0.52)
<b>Restructuring charges, net of taxes<sup>(2)</sup></b>	-	-	(0.2)	-
<b>Adjusted net earnings</b>	<u>\$19.6</u>	<u>\$0.49</u>	<u>\$20.3</u>	<u>\$0.51</u>

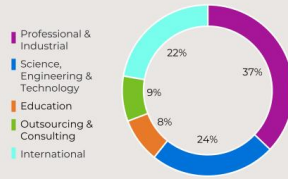
· As adjusted, both net earnings and EPS declined slightly

<sup>(1)</sup>Gain on investment in Persol Holdings of \$6.3 million, \$4.4 million net of tax or \$0.11 per share in Q2 2021 and gain on investment in Persol Holdings of \$29.6 million, \$20.6 million net of tax or \$0.52 per share in Q2 2020.

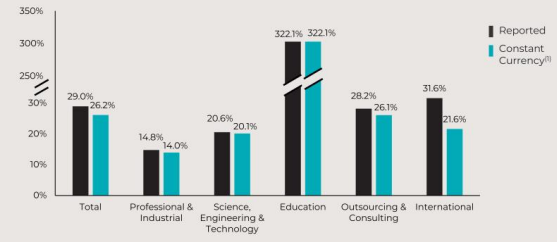
<sup>(2)</sup>Restructuring accrual adjustments of \$0.2 million, \$0.2 million net of tax or \$0.00 per share in Q2 2020.

## SECOND QUARTER 2021 REVENUE GROWTH

REVENUE MIX BY SEGMENT



REVENUE GROWTH BY SEGMENT



- Total revenue improved as demand for our services increased from the COVID-19 pandemic-impacted prior year
- Education revenue increased substantially as a greater proportion of the schools we service utilized in-person and hybrid instructional delivery, which increases the demand for our services. Revenues in the prior year reflect most schools utilizing remote instructional delivery, which negatively impacts the demand for our services
- Science, Engineering & Technology includes the results of Softworld, which added 1,230 bps to the SET revenue growth rate

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

## REVENUE TRENDS

Percent in Constant Currency<sup>(1)</sup>

	<b>Q2 2021<sup>(2)</sup></b>	<b>Q2 2021 (Recovery Rate<sup>(3)</sup>)</b>	<b>Q1 2021 (Recovery Rate<sup>(3)</sup>)</b>
<b>Total</b>	26.2%	89%	87%
<b>Professional &amp; Industrial</b>	14.0%	83%	81%
<b>Science, Engineering &amp; Technology</b>	20.1%	91%	90%
<b>Education</b>	322.1%	90%	80%
<b>Outsourcing &amp; Consulting</b>	26.1%	111%	107%
<b>International</b>	21.6%	89%	90%

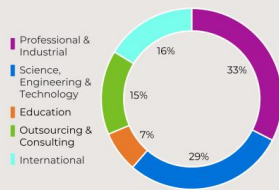
<sup>(1)</sup>Constant Currency represents year-over-year changes resulting from translating 2021 financial data into USD using 2020 exchange rates.

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

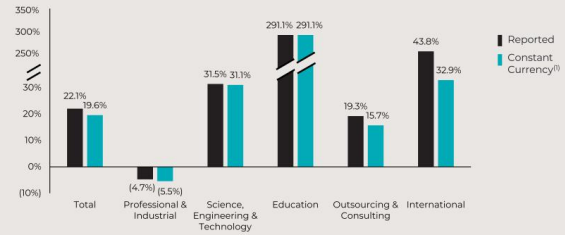
<sup>(3)</sup>Recovery rate is defined as 2021 organic revenue on a 2019 constant currency basis divided by 2019 revenue.

## SECOND QUARTER 2021 GROSS PROFIT GROWTH

GROSS PROFIT MIX BY SEGMENT



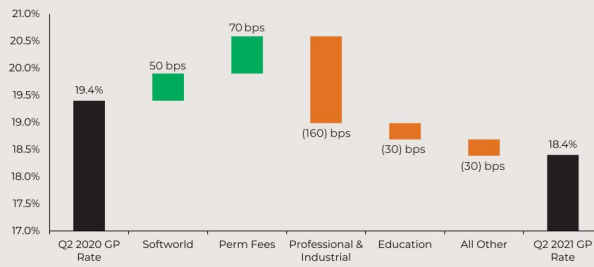
GROSS PROFIT GROWTH BY SEGMENT



- Total gross profit improved on higher revenue, partially offset by a decline in the GP rate compared with prior year
- Professional & Industrial's 4.7% decline in gross profit reflects a 14.8% improvement in revenue and a 330 bps decline in GP rate. The GP rate decline was impacted by prior year government wage subsidies and the impact of unfavorable product mix as staffing revenue growth, which has lower margins, exceeded revenue growth from outcome-based services partially offset by the impact of higher perm fees
- Included in Science, Engineering & Technology's increase is a 21% increase in gross profit as a result of the Softworld acquisition. In addition, organic gross profit increased as organic revenue increased 8.3% and the organic gross profit rate improved 40 bps due to growth in fee business and specialty mix
- Education's substantial improvement in gross profit reflects the increases in revenue, partially offset by a 130 bps decrease in GP rate driven primarily by the prior year government wage subsidies
- Outsourcing & Consulting's 19.3% improvement reflects a 28.2% increase in revenue, partially offset by a 240 bps decline in GP rate due to product mix

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

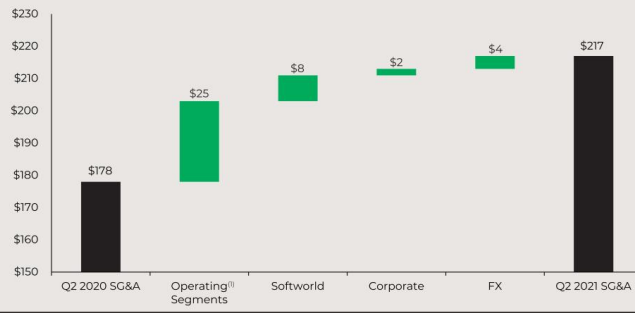
## SECOND QUARTER 2021 GROSS PROFIT RATE GROWTH



- Overall GP rate declined due to unfavorable product mix as staffing services grew more quickly than outcome-based services and the impact of government wage subsidies in the prior year. The decline was partially offset by higher perm fees and the acquisition of Softworld, which generates higher gross profit rates
- Softworld added 50 bps to the total company GP rate as it delivers higher margins from specialty services
- Permanent placement fees increased as customers accelerated permanent hiring activity and due to the Q4 2020 acquisition of Greenwood/Asher & Associates
- Professional & Industrial was impacted by unfavorable product mix as staffing services grew more quickly than outcome-based services, higher costs in outcome-based services and the government wage subsidies in the prior year
- Education GP rate declined due to government wage subsidies in the prior year

## SECOND QUARTER 2021 SG&A

\$ in millions



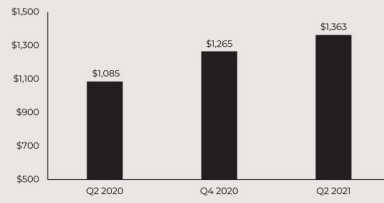
- Expenses in the Operating Segments, excluding Software, increased primarily as a result of the cessation of temporary expense mitigation actions that were enacted at the onset of COVID-19 in 2020 and from higher performance-based incentive compensation expenses
- Software expenses include amortization expense related to acquired intangible assets
- Corporate expenses increased primarily due to performance-based incentive compensation expenses

<sup>(1)</sup>Excludes 2021 results of Software, 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.

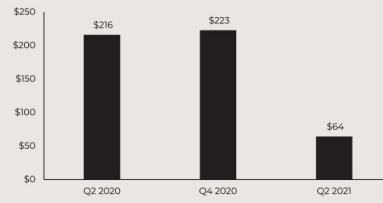
## SECOND QUARTER 2021 BALANCE SHEET DATA

\$ in millions

### ACCOUNTS RECEIVABLE



### CASH, NET OF SHORT-TERM BORROWINGS



- Accounts Receivable reflects DSO of 60 days, down 1 day from a year ago and down 4 days from Q4 2020. The decrease from Q4 2020 reflects collections of receivables from several large customers who were carrying higher receivable balances due to customer-driven administrative issues at the end of the year
- Cash of \$64 million net of short-term borrowing decreased from Q4 2020 as a result of cash paid upon the acquisition of Softworld during the second quarter of 2021
  - U.S. credit facilities include a \$200 million revolving credit facility and a \$150 million securitization facility



## RECENT ACQUISITIONS

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SOFTWORLD

- Softworld is a leading technology staffing and workforce solutions firm that serves clients across several end-markets, including financial services, life sciences, aerospace, defense, insurance, retail, and IT consulting
  - Softworld has been included on Staffing Industry Analysts' list of the fastest growing staffing firms in the United States for each of the past five years
- In 2021, the market for temporary information technology staffing in the U.S. is projected to reach \$33.5 billion, making it the largest professional staffing segment<sup>(1)</sup>

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<sup>(1)</sup>Staffing Industry Analysts U.S. Staffing Industry Forecast | April 13, 2021

## OUTLOOK – FULL YEAR 2021

### Revenue

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- Up 11% to 12% YOY
  - Includes 210 to 230 from Softworld acquisition
  - Includes 140 bps favorable impact of FX

### GP Rate

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- 18.5% rate expected to be favorable to pre-COVID margins
  - Includes 30 bps impact from Softworld acquisition
  - Favorable impact of higher fee-based business and slower recovery of lower margin specialties
  - 2020 results include favorable impact of 20 bps from COVID related wage subsidies

### SG&A

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- Up 9% to 10%
  - Includes costs savings from 2020 restructuring actions
  - Reflects organic investment in SET and Education specialty growth

### Tax Rate

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



## 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	\$1.9B	\$1.0B <sup>(1)</sup>	\$0.3B <sup>(2)</sup>	\$0.4B	\$1.0B
GP Rate	17.8%	20.5% <sup>(3)</sup>	14.7%	33.0%	12.7%
Geographic Span	North America	North America	U.S.	Global	EMEA & Mexico
Specialties	<ul style="list-style-type: none"> <li>- Industrial</li> <li>- Contact Center</li> <li>- Office</li> <li>- Professional</li> </ul>	<ul style="list-style-type: none"> <li>- Engineering</li> <li>- Science &amp; Clinical</li> <li>- IT</li> <li>- Telecom</li> </ul>	<ul style="list-style-type: none"> <li>- K-12</li> <li>- Early Childhood</li> <li>- Higher Ed</li> <li>- Special Needs</li> </ul>	<ul style="list-style-type: none"> <li>- MSP<sup>(4)</sup></li> <li>- RPO<sup>(4)</sup></li> <li>- PPO<sup>(4)</sup></li> <li>- Consulting</li> </ul>	<ul style="list-style-type: none"> <li>- EMEA</li> <li>- Regional Life Sciences</li> <li>- Local Niches</li> </ul>

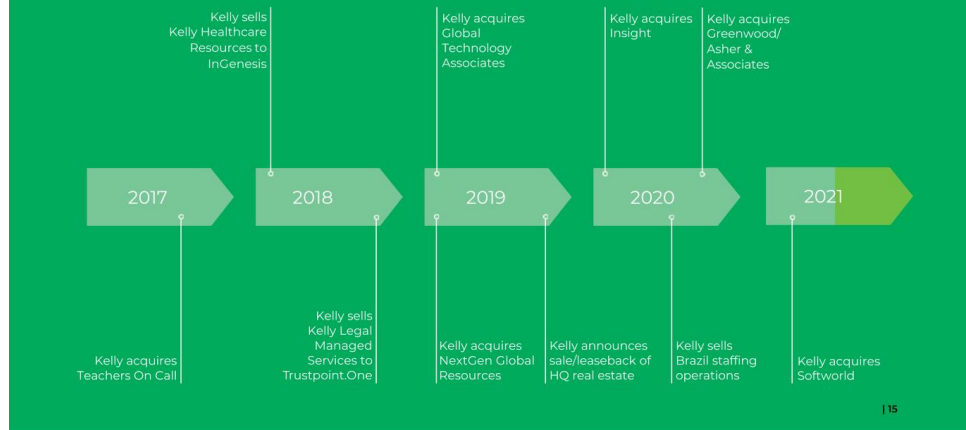
Kelly size and margin profiles are based on 2020 full year results.

<sup>(1)</sup>Kelly SET revenue and GP rate was \$1.1B and 22.0%, respectively, including the results of Softworld on a pro forma basis.

<sup>(2)</sup>Kelly Education revenue was \$0.5B prior to COVID-19 pandemic disruption in 2019, including the results of Insight on a pro forma basis.

<sup>(4)</sup>Managed Service Provider ("MSP"), Recruitment Process Outsourcing ("RPO"), Professional Payroll Outsourcing ("PPO")

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





## NON-GAAP MEASURES

Management believes that the non-GAAP (Generally Accepted Accounting Principles) information excluding the 2021 and 2020 gains and losses on the investment in Persol Holdings and the 2020 restructuring charges, are useful to understand the Company's fiscal 2021 financial performance and increases comparability. Specifically, Management believes that removing the impact of these items allows for a meaningful comparison of current period operating performance with the operating results of prior periods. Management also believes that such measures are used by those analyzing performance of companies in the staffing industry to compare current performance to prior periods and to assess future performance.

Management uses Adjusted EBITDA (adjusted earnings before interest, taxes, depreciation and amortization) and Adjusted EBITDA Margin (percent of total GAAP revenue) which Management believes is useful to compare operating performance compared to prior periods and uses it in conjunction with GAAP measures to assess performance. Our calculation of Adjusted EBITDA may not be consistent with similarly titled measures of other companies and should be used in conjunction with GAAP measurements.

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



## SAFE HARBOR STATEMENT

This release contains statements that are forward looking in nature and, accordingly, are subject to risks and uncertainties. The principal important risk factors that could cause our actual performance and future events and actions to differ materially from such forward-looking statements include, but are not limited to, changing market and economic conditions, the recent novel coronavirus (COVID-19) outbreak, competitive market pressures including pricing and technology introductions and disruptions, disruption in the labor market and weakened demand for human capital resulting from technological advances, competition law risks, the impact of changes in laws and regulations (including federal, state and international tax laws), unexpected changes in claim trends on workers' compensation, unemployment, disability and medical benefit plans, or the risk of additional tax liabilities in excess of our estimates, our ability to achieve our business strategy, our ability to successfully develop new service offerings, material changes in demand from or loss of large corporate customers as well as changes in their buying practices, risks particular to doing business with government or government contractors, the risk of damage to our brand, our exposure to risks associated with services outside traditional staffing, including business process outsourcing, services of licensed professionals and services connecting talent to independent work, our increasing dependency on third parties for the execution of critical functions, our ability to effectively implement and manage our information technology strategy, the risks associated with past and future acquisitions, including risk of related impairment of goodwill and intangible assets, exposure to risks associated with investments in equity affiliates including PersolKelly Pte. Ltd., risks associated with conducting business in foreign countries, including foreign currency fluctuations, the exposure to potential market and currency exchange risks relating to our investment in Persol Holdings, risks associated with violations of 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.

