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

FORM 10-Q

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

For the quarterly period ended October 2, 2022

OR

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

Commission File Number 0-1088

KELLY SERVICES, INC.

(Exact name of registrant as specified in its charter)

Delaware	38-1510762
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

999 West Big Beaver Road, Troy, Michigan 48084

(Address of principal executive offices) (Zip Code)

(248) 362-4444

(Registrant's telephone number, including area code)

No Change

(Former name, former address and former fiscal year, if changed since last report.)

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 (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for shorter period that the registrant was required to submit and post such files).
Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer (Do not check if a smaller reporting company)	☐	Smaller reporting company	☐
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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes ☐ No ☒

At October 31, 2022, 34,590,876 shares of Class A and 3,357,146 shares of Class B common stock of the Registrant were outstanding.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

KELLY SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
(UNAUDITED)
(In millions of dollars except per share data)

	13 Weeks Ended		39 Weeks Ended	
	October 2, 2022	October 3, 2021	October 2, 2022	October 3, 2021
Revenue from services	$ 1,167.9	$ 1,195.4	$ 3,731.6	$ 3,659.4
Cost of services	927.3	966.5	2,970.0	2,986.2
Gross profit	240.6	228.9	761.6	673.2
Selling, general and administrative expenses	231.1	219.9	707.3	639.9
Goodwill impairment charge	30.7	—	30.7	—
Loss on disposal	0.2	—	18.7	—
Gain on sale of assets	—	—	(5.3)	—
Earnings (loss) from operations	(21.4)	9.0	10.2	33.3
Gain (loss) on investment in Persol Holdings	—	35.5	(67.2)	71.8
Loss on currency translation from liquidation of subsidiary	—	—	(20.4)	—
Other income (expense), net	0.2	(0.3)	1.9	(4.0)
Earnings (loss) before taxes and equity in net earnings (loss) of affiliate	(21.2)	44.2	(75.5)	101.1
Income tax expense (benefit)	(5.0)	11.1	(13.1)	19.0
Net earnings (loss) before equity in net earnings (loss) of affiliate	(16.2)	33.1	(62.4)	82.1
Equity in net earnings (loss) of affiliate	—	1.7	0.8	2.3
Net earnings (loss)	$ (16.2)	$ 34.8	$ (61.6)	$ 84.4
Basic earnings (loss) per share	$ (0.43)	$ 0.87	$ (1.62)	$ 2.12
Diluted earnings (loss) per share	$ (0.43)	$ 0.87	$ (1.62)	$ 2.12
Average shares outstanding (millions):				
Basic	37.9	39.4	38.2	39.4
Diluted	37.9	39.5	38.2	39.5

See accompanying unaudited Notes to Consolidated Financial Statements.

KELLY SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(UNAUDITED)

(In millions of dollars)

	13 Weeks Ended		39 Weeks Ended	
	October 2, 2022	October 3, 2021	October 2, 2022	October 3, 2021
Net earnings (loss)	$ (16.2)	$ 34.8	$ (61.6)	$ 84.4
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments, net of tax benefit of $0.1, tax expense of $0.1, $0.0 and $0.5, respectively	(8.8)	(3.5)	(17.4)	(15.1)
Less: Reclassification adjustments included in net earnings (loss) - liquidation of Japan subsidiary	—	—	20.4	—
Less: Reclassification adjustments included in net earnings (loss) - equity method investment and other	1.9	—	4.6	—
Foreign currency translation adjustments	(6.9)	(3.5)	7.6	(15.1)
Other comprehensive income (loss)	(6.9)	(3.5)	7.6	(15.1)
Comprehensive income (loss)	$ (23.1)	$ 31.3	$ (54.0)	$ 69.3

See accompanying unaudited Notes to Consolidated Financial Statements.

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

	October 2, 2022	January 2, 2022
Assets		
Current Assets		
Cash and equivalents	$ 122.4	$ 112.7
Trade accounts receivable, less allowances of $12.1 and $12.6, respectively	1,519.9	1,423.2
Prepaid expenses and other current assets	83.1	52.8
Assets held for sale	4.7	—
Total current assets	1,730.1	1,588.7
Noncurrent Assets		
Property and equipment:		
Property and equipment	168.7	205.1
Accumulated depreciation	(143.8)	(169.8)
Net property and equipment	24.9	35.3
Operating lease right-of-use assets	67.3	75.8
Deferred taxes	300.7	302.8
Goodwill, net	161.4	114.8
Investment in Persol Holdings	—	264.3
Investment in equity affiliate	—	123.4
Other assets	397.5	389.1
Total noncurrent assets	951.8	1,305.5
Total Assets	$ 2,681.9	$ 2,894.2

See accompanying unaudited Notes to Consolidated Financial Statements.

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

	October 2, 2022	January 2, 2022
Liabilities and Stockholders' Equity		
Current Liabilities		
Short-term borrowings	$ 0.1	$ —
Accounts payable and accrued liabilities	735.2	687.2
Operating lease liabilities	14.4	17.5
Accrued payroll and related taxes	321.4	318.4
Accrued workers' compensation and other claims	24.4	20.8
Income and other taxes	47.5	51.3
Total current liabilities	1,143.0	1,095.2
Noncurrent Liabilities		
Operating lease liabilities	55.6	61.4
Accrued payroll and related taxes	—	57.6
Accrued workers' compensation and other claims	43.4	37.0
Accrued retirement benefits	172.7	220.0
Other long-term liabilities	14.5	86.8
Total noncurrent liabilities	286.2	462.8
Commitments and contingencies (see Contingencies footnote)		
Stockholders' Equity		
Capital stock, $1.00 par value		
Class A common stock, 100.0 shares authorized; 35.1 shares issued at 2022 and 36.7 shares issued at 2021	35.1	36.7
Class B common stock, 10.0 shares authorized; 3.4 shares issued at 2022 and 2021	3.4	3.4
Treasury stock, at cost		
Class A common stock, 0.6 shares at 2022 and 0.7 shares at 2021	(11.8)	(14.5)
Class B common stock	(0.6)	(0.6)
Paid-in capital	26.6	23.9
Earnings invested in the business	1,220.1	1,315.0
Accumulated other comprehensive income (loss)	(20.1)	(27.7)
Total stockholders' equity	1,252.7	1,336.2
Total Liabilities and Stockholders' Equity	$ 2,681.9	$ 2,894.2

See accompanying unaudited Notes to Consolidated Financial Statements.

KELLY SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(UNAUDITED)

(In millions of dollars)

	13 Weeks Ended		39 Weeks Ended	
	October 2, 2022	October 3, 2021	October 2, 2022	October 3, 2021
Capital Stock				
Class A common stock				
Balance at beginning of period	$ 35.1	$ 36.7	$ 36.7	$ 36.7
Conversions from Class B	—	—	—	—
Share retirement	—	—	(1.6)	—
Balance at end of period	35.1	36.7	35.1	36.7
Class B common stock				
Balance at beginning of period	3.4	3.4	3.4	3.4
Conversions to Class A	—	—	—	—
Balance at end of period	3.4	3.4	3.4	3.4
Treasury Stock				
Class A common stock				
Balance at beginning of period	(11.9)	(14.7)	(14.5)	(16.5)
Net issuance of stock awards	0.1	0.1	2.7	1.9
Balance at end of period	(11.8)	(14.6)	(11.8)	(14.6)
Class B common stock				
Balance at beginning of period	(0.6)	(0.6)	(0.6)	(0.6)
Net issuance of stock awards	—	—	—	—
Balance at end of period	(0.6)	(0.6)	(0.6)	(0.6)
Paid-in Capital				
Balance at beginning of period	24.9	22.3	23.9	21.3
Net issuance of stock awards	1.7	0.9	2.7	1.9
Balance at end of period	26.6	23.2	26.6	23.2
Earnings Invested in the Business				
Balance at beginning of period	1,239.2	1,212.5	1,315.0	1,162.9
Net earnings (loss)	(16.2)	34.8	(61.6)	84.4
Dividends	(2.9)	(2.0)	(7.7)	(2.0)
Share retirement	—	—	(25.6)	—
Balance at end of period	1,220.1	1,245.3	1,220.1	1,245.3
Accumulated Other Comprehensive Income (Loss)				
Balance at beginning of period	(13.2)	(15.8)	(27.7)	(4.2)
Other comprehensive income (loss), net of tax	(6.9)	(3.5)	7.6	(15.1)
Balance at end of period	(20.1)	(19.3)	(20.1)	(19.3)
Stockholders' Equity at end of period	$ 1,252.7	$ 1,274.1	$ 1,252.7	$ 1,274.1

See accompanying unaudited Notes to Consolidated Financial Statements.

KELLY SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

(In millions of dollars)

	39 Weeks Ended	
	October 2, 2022	October 3, 2021
Cash flows from operating activities:		
Net earnings (loss)	$ (61.6)	$ 84.4
Adjustments to reconcile net earnings (loss) to net cash from operating activities:		
Goodwill impairment charge	30.7	—
Deferred income taxes on goodwill impairment charge	(5.3)	—
Loss on disposal	18.7	—
Depreciation and amortization	24.7	22.0
Operating lease asset amortization	14.2	16.0
Provision for credit losses and sales allowances	1.7	0.8
Stock-based compensation	5.9	4.0
(Gain) loss on investment in Persol Holdings	67.2	(71.8)
Loss on currency translation from liquidation of subsidiary	20.4	—
Gain on foreign currency remeasurement	(5.5)	—
Gain on sale of assets	(5.3)	—
Equity in net (earnings) loss of PersolKelly Pte. Ltd.	(0.8)	(2.3)
Other, net	3.5	4.6
Changes in operating assets and liabilities, net of acquisitions	(220.2)	(26.7)
Net cash (used in) from operating activities	(111.7)	31.0
Cash flows from investing activities:		
Capital expenditures	(5.6)	(7.5)
Proceeds from sale of assets	4.5	—
Acquisition of companies, net of cash received	(143.1)	(213.0)
Cash disposed from sale of Russia, net of proceeds	(6.0)	—
Proceeds from company-owned life insurance	1.5	10.4
Proceeds from sale of Persol Holdings investment	196.9	—
Proceeds from sale of equity method investment	119.5	—
Proceeds related to loans with equity affiliate	—	5.8
Proceeds from equity securities	—	5.0
Other investing activities	—	0.9
Net cash from (used in) investing activities	167.7	(198.4)
Cash flows from financing activities:		
Net change in short-term borrowings	0.2	(0.2)
Financing lease payments	(1.2)	(1.3)
Dividend payments	(7.7)	(2.0)
Payments of tax withholding for stock awards	(0.9)	(0.6)
Buyback of common shares	(27.2)	—
Contingent consideration payments	(0.7)	(1.6)
Other financing activities	0.1	—
Net cash used in financing activities	(37.4)	(5.7)
Effect of exchange rates on cash, cash equivalents and restricted cash	(7.4)	(3.9)
Net change in cash, cash equivalents and restricted cash	11.2	(177.0)
Cash, cash equivalents and restricted cash at beginning of period	119.5	228.1
Cash, cash equivalents and restricted cash at end of period [(1)]	$ 130.7	$ 51.1

KELLY SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)
(UNAUDITED)
(In millions of dollars)

[(1)] The following table provides a reconciliation of cash, cash equivalents and restricted cash to the amounts reported in our consolidated balance sheets:

	39 Weeks Ended	
	October 2, 2022	October 3, 2021
Reconciliation of cash, cash equivalents and restricted cash:		
Current assets:		
Cash and cash equivalents	$ 122.4	$ 43.5
Restricted cash included in prepaid expenses and other current assets	0.8	1.0
Noncurrent assets:		
Restricted cash included in other assets	7.5	6.6
Cash, cash equivalents and restricted cash at end of period	$ 130.7	$ 51.1

See accompanying unaudited Notes to Consolidated Financial Statements.

1. Basis of Presentation

The accompanying unaudited consolidated financial statements of Kelly Services, Inc. (the “Company,” “Kelly,” “we” or “us”) have been prepared in accordance with Rule 10-01 of Regulation S-X and do not include all the information and notes required by generally accepted accounting principles (“GAAP”) for complete financial statements. In the opinion of management, all adjustments, including normal recurring adjustments, necessary for a fair statement of the results of the interim periods, have been made. The results of operations for such interim periods are not necessarily indicative of results of operations for a full year. The unaudited consolidated financial statements should be read in conjunction with the Company’s consolidated financial statements and notes thereto for the fiscal year ended January 2, 2022, included in the Company’s Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 17, 2022 (the 2021 consolidated financial statements). There were no changes in accounting policies as disclosed in the Form 10-K, with the exception of those described in the New Accounting Pronouncements footnote. The Company’s third fiscal quarter ended on October 2, 2022 (2022) and October 3, 2021 (2021), each of which contained 13 weeks. The corresponding September year-to-date periods for 2022 and 2021 each contained 39 weeks.

Certain reclassifications have been made to the prior year's consolidated financial statements to conform to the current year's presentation.

2. Revenue

Revenue Disaggregated by Service Type

Kelly has five operating segments: Professional & Industrial (“P&I”), Science, Engineering & Technology (“SET”), Education, Outsourcing & Consulting Group ("Outsourcing & Consulting," "OCG") and International. Other than OCG, each segment delivers talent through staffing services, permanent placement or outcome-based services. Our OCG segment delivers talent solutions including managed service provider ("MSP"), payroll process outsourcing ("PPO"), recruitment process outsourcing ("RPO"), and talent advisory services. International also delivers RPO talent solutions within its local markets.

The following table presents our segment revenues disaggregated by service type (in millions of dollars):

	Third Quarter		September Year to Date	
	2022	2021	2022	2021
Professional & Industrial				
Staffing services	$ 297.9	$ 344.7	$ 942.3	$ 1,057.0
Permanent placement	6.1	6.9	24.0	17.1
Outcome-based services	104.6	101.0	302.4	312.6
Total Professional & Industrial	408.6	452.6	1,268.7	1,386.7
Science, Engineering & Technology				
Staffing services	220.6	214.0	664.3	613.1
Permanent placement	7.1	6.5	23.6	17.4
Outcome-based services	93.6	85.7	274.8	228.6
Total Science, Engineering & Technology	321.3	306.2	962.7	859.1
Education				
Staffing services	103.0	65.7	427.4	280.6
Permanent placement	1.3	0.9	5.8	3.5
Total Education	104.3	66.6	433.2	284.1
Outsourcing & Consulting				
Talent solutions	118.5	113.4	352.0	320.0
Total Outsourcing & Consulting	118.5	113.4	352.0	320.0
International				
Staffing services	205.8	247.1	684.7	784.7
Permanent placement	5.3	5.4	17.8	16.3
Talent solutions	4.4	4.3	13.4	9.1
Total International	215.5	256.8	715.9	810.1
Total Intersegment	(0.3)	(0.2)	(0.9)	(0.6)
Total Revenue from Services	$ 1,167.9	$ 1,195.4	$ 3,731.6	$ 3,659.4

Revenue Disaggregated by Geography

Our operations are subject to different economic and regulatory environments depending on geographic location. Our P&I and Education segments operate in the Americas region, our SET segment operates in the Americas and Europe regions, and OCG operates in the Americas, Europe and Asia-Pacific regions. The International segment includes our Mexico operations, which are included in the Americas region, and Europe.

The below table presents our revenues disaggregated by geography (in millions of dollars):

	Third Quarter		September Year to Date	
	2022	2021	2022	2021
Americas				
United States	$ 861.0	$ 851.7	$ 2,746.5	$ 2,604.8
Canada	43.3	43.3	122.7	116.9
Puerto Rico	28.3	25.5	84.8	76.6
Mexico	10.9	14.4	32.4	82.1
Total Americas Region	943.5	934.9	2,986.4	2,880.4
Europe				
Switzerland	55.2	54.5	165.5	161.2
France	45.8	56.3	150.8	168.1
Portugal	41.9	36.6	125.8	120.9
Italy	16.4	18.5	54.3	56.0
United Kingdom	14.2	17.2	45.2	51.9
Russia	5.0	33.0	63.4	99.3
Other	35.6	33.7	107.6	93.3
Total Europe Region	214.1	249.8	712.6	750.7
Total Asia-Pacific Region	10.3	10.7	32.6	28.3
Total Kelly Services, Inc.	$ 1,167.9	$ 1,195.4	$ 3,731.6	$ 3,659.4

The below table presents our SET, OCG and International segment revenues disaggregated by geographic region (in millions of dollars):

	Third Quarter		September Year to Date	
	2022	2021	2022	2021
Science, Engineering & Technology				
Americas	$ 317.2	$ 304.3	$ 951.4	$ 854.1
Europe	4.1	1.9	11.3	5.0
Total Science, Engineering & Technology	$ 321.3	$ 306.2	$ 962.7	$ 859.1
Outsourcing & Consulting				
Americas	$ 103.1	$ 97.5	$ 302.5	$ 274.9
Europe	5.1	5.2	16.9	16.8
Asia-Pacific	10.3	10.7	32.6	28.3
Total Outsourcing & Consulting	$ 118.5	$ 113.4	$ 352.0	$ 320.0
International				
Americas	$ 10.6	$ 14.1	$ 31.5	$ 81.2
Europe	204.9	242.7	684.4	728.9
Total International	$ 215.5	$ 256.8	$ 715.9	$ 810.1

Deferred Costs

Deferred fulfillment costs, which are included in prepaid expenses and other current assets in the consolidated balance sheet, were $2.4 million as of third quarter-end 2022 and $1.3 million as of year-end 2021. Amortization expense for the deferred costs for the third quarter and September year-to-date 2022 was $3.2 million and $7.0 million, respectively. Amortization expense for the deferred costs for the third quarter and September year-to-date 2021 was $4.3 million and $16.4 million, respectively.

3. Credit Losses

The rollforward of our allowance for credit losses related to trade accounts receivable, which is recorded in trade accounts receivable, less allowance in the consolidated balance sheet, is as follows (in millions of dollars):

	September Year to Date	
	2022	2021
Allowance for credit losses:		
Beginning balance	$ 9.4	$ 9.8
Current period provision	1.3	0.8
Currency exchange effects	(0.4)	(0.4)
Write-offs	(1.8)	(0.7)
Ending balance	$ 8.5	$ 9.5

Write-offs are presented net of recoveries, which were not material for September year-to-date 2022 and 2021.

We were engaged in litigation with a customer over a disputed accounts receivable balance for certain services rendered more than five years ago, which had been recorded as a long-term receivable in other assets in the consolidated balance sheet. The related allowance for credit losses on this long-term customer receivable was $10.9 million and represented the likelihood of collection. In September 2021, a final ruling in the case was entered in favor of the customer. As a result, in the third quarter of 2021, we wrote off the entire receivable balance with this customer, including $0.6 million not previously reserved. The unreserved portion was recorded in SG&A expenses in the consolidated statements of earnings. The 2021 September year-to-date rollforward of our allowance for credit losses related to the long-term customer receivable, which was recorded in other assets in the consolidated balance sheet, is as follows (in millions of dollars):

	September Year to Date	
	2021	
Allowance for credit losses:		
Beginning balance	$	10.9
Current period provision		0.6
Write-offs		(11.5)
Ending Balance	$	—

There were no allowances for long-term customer receivables during September year-to-date 2022. No other allowances related to other receivables were material for September year-to-date 2022.

4. Acquisitions and Disposition

Acquisitions

In the second quarter of 2022, Kelly Services USA, LLC ("KSU"), a wholly owned subsidiary of the Company, acquired Pediatric Therapeutic Services ("PTS"), as detailed below. In the first quarter of 2022, the Company acquired Rocket Power Holdings LLC and Rocket Power Ops LLC (collectively, "RocketPower"), as detailed below. In the second quarter of 2021, the Company acquired Softworld, Inc. ("Softworld"), as detailed below.

Pediatric Therapeutic Services

On May 2, 2022, KSU acquired 100% of the membership interests of PTS for a purchase price of $82.1 million. PTS is a specialty firm that provides and manages various state and federally mandated in-school therapy services. This acquisition expands Education's K-12 solution offering in the education staffing market and serves as an entry point into the therapeutic services market. Under terms of the purchase agreement, the purchase price was adjusted for cash held by PTS at the closing date and estimated working capital adjustments resulting in the Company paying cash of $85.7 million. Total consideration includes $1.1 million of additional consideration that is payable to the seller by the end of 2022 related to employee retention credits and is recorded in accounts payable and accrued liabilities in the consolidated balance sheet. In the third quarter of 2022, the Company paid $0.1 million of the employee retention credits. The total consideration is as follows (in millions of dollars):

Cash consideration paid	$	85.7
Additional consideration payable		1.1
Total consideration	$	86.8

Due to the limited amount of time that has passed since acquiring PTS, the purchase price allocation for this acquisition is preliminary and could change. The following table summarizes the estimated fair values of the assets acquired and liabilities assumed as of the date of the acquisition (in millions of dollars):

Cash	$	0.9
Trade accounts receivable		10.0
Prepaid expenses and other current assets		1.6
Net property and equipment		0.4
Goodwill		36.3
Intangibles		40.3
Accounts payable and accrued liabilities, current		(2.6)
Accrued payroll and related taxes, current		(0.1)
Total consideration, including working capital adjustments	$	86.8

The fair value of the acquired receivables represents the contractual value. Included in the assets purchased in the PTS acquisition was $40.3 million of intangibles, made up of $29.8 million in customer relationships, $9.3 million associated with PTS's trade names and $1.2 million for non-compete agreements. Customer relationships will be amortized over 15 years with no residual value, trade names will be amortized over 15 years with no residual value, and the non-compete agreements will be amortized over five years with no residual value. Goodwill generated from the acquisition was primarily attributable to expected synergies from combining operations and expanding market potential and was assigned to the Education operating segment (see Goodwill and Intangible Assets footnote). All of the goodwill is expected to be deductible for tax purposes.

PTS's results of operations are included in the Education segment. Our consolidated revenues for the third quarter and September year-to-date 2022 included $8.0 million and $15.2 million, respectively, from PTS. Our consolidated earnings from operations for the third quarter and September year-to-date 2022 included $0.7 million and $1.6 million, respectively, from PTS. Pro forma results of operations for this acquisition have not been presented as the acquisition does not have a material impact to the consolidated statements of earnings.

RocketPower

On March 7, 2022, the Company acquired 100% of the issued and outstanding membership interests of RocketPower for a purchase price of $59.3 million. RocketPower is a leading provider of RPO and other outsourced talent solutions to U.S. high-tech companies. This acquisition expands OCG's RPO solution and delivery offering and enhances the specialty RPO strategy and expertise within the high-tech industry. Under terms of the purchase agreement, the purchase price was adjusted for cash held by RocketPower at the closing date and estimated working capital adjustments resulting in the Company paying cash of $61.8 million. Total consideration includes $1.1 million of additional consideration that is payable to the seller in 2023 related to employee retention credits and contingent consideration with an initial estimated fair value of $0.6 million related to an earnout payment with a maximum potential cash payment of $31.8 million in the event certain financial metrics are met per the terms of the agreement. The initial fair value of the earnout was established using a Black Scholes model and it was reassessed in the third quarter of 2022 (see Fair Value Measurements footnote). The total consideration is as follows (in millions of dollars):

Cash consideration paid	$	61.8
Additional consideration payable		1.1
Contingent consideration		0.6
Total consideration	$	63.5

Due to the limited amount of time that has passed since acquiring RocketPower, the purchase price allocation for this acquisition is preliminary and could change. The following table summarizes the estimated fair values of the assets acquired and liabilities assumed as of the date of the acquisition (in millions of dollars):

Cash	$	3.5
Trade accounts receivable		6.9
Prepaid expenses and other current assets		1.8
Net property and equipment		0.1
Goodwill		41.0
Intangibles		15.8
Accounts payable and accrued liabilities, current		(2.9)
Accrued payroll and related taxes, current		(1.5)
Other long-term liabilities		(1.2)
Total consideration, including working capital adjustments	$	63.5

The fair value of the acquired receivables represents the contractual value. Included in the assets purchased in the RocketPower acquisition was $15.8 million of intangible assets, made up of $7.5 million in customer relationships, $6.6 million associated with RocketPower's trade names and $1.7 million for non-compete agreements. Customer relationships will be amortized over three years with no residual value, trade names will be amortized over 10 years with no residual value, and the non-compete agreements will be amortized over six years with no residual value. Goodwill generated from the acquisition was primarily attributable to expected synergies from combining operations and expanding market potential and was assigned to the OCG operating segment. The amount of goodwill expected to be deductible for tax purposes is approximately $28.0 million. In the third quarter of 2022, changes in market conditions triggered interim impairment tests for both long-lived assets and goodwill, resulting in the Company recording goodwill impairment expense of $30.7 million (see Goodwill and Intangible Assets footnote).

RocketPower's results of operations are included in the OCG segment in 2022 on a one-month lag, accordingly our first quarter 2022 consolidated revenues and earnings from operations did not include any results from RocketPower. Our consolidated revenues for the third quarter and September year-to-date 2022 included $7.0 million and $18.5 million, respectively, from RocketPower. Our consolidated earnings from operations for the third quarter and September year-to-date 2022 included a loss of $0.6 million and earnings of $0.5 million, respectively, from RocketPower. Pro forma results of operations for this acquisition have not been presented as the acquisition does not have a material impact to the consolidated statements of earnings.

Softworld

On April 5, 2021, the Company acquired 100% of the shares of Softworld for a purchase price of $215.0 million. 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. This acquisition is intended to expand our capabilities, scale and solution set in our technology specialty. Under terms of the purchase agreement, the purchase price was adjusted for cash held by Softworld at the closing date and estimated working capital adjustments resulting in the Company paying cash of $220.4 million. Total consideration includes $2.6 million of additional consideration that is payable to the seller in the fourth quarter of 2022. In the third quarter of 2021, the Company received cash for a post-close working capital adjustment of $6.0 million. The total consideration is as follows (in millions of dollars):

Cash consideration paid	$	220.4
Additional consideration payable		2.6
Net working capital adjustment		(6.0)
Total consideration	$	217.0

As of first quarter-end 2022, the purchase price allocation for this acquisition was final. Goodwill generated from the acquisition was primarily attributable to expanding market potential and the expected revenue synergies and was assigned to the SET operating segment (see Goodwill and Intangible Assets footnote). All of the goodwill is expected to be deductible for tax purposes.

Disposition

On July 20, 2022, the Company completed the sale of its Russia operations ("disposal group"), which was included in the Company's International operating segment. The Company received cash proceeds of $7.4 million, which is less than the cash disposed of in the sale, resulting in investing cash outflows of $6.0 million in the consolidated statements of cash flows. The disposal group was previously reported as held for sale as of our second quarter-end 2022 with an $18.5 million impairment charge associated with the transaction. The total loss on the sale is $18.7 million, resulting from an additional $0.2 million loss on the transaction in the third quarter of 2022, which is recorded in loss on disposal in the consolidated statements of earnings. The loss on disposal includes the liquidation of the cumulative translation adjustment of $1.4 million.

The disposal group does not meet the requirements to be classified as discontinued operations as the sale does not have a material effect on the Company's operations and does not represent a strategic shift in the Company's strategy. Our consolidated revenue for the third quarter of 2022 and 2021 included $5.0 million and $33.0 million, respectively, from the Russia operations and for September year-to-date 2022 and 2021 included $63.4 million and $99.3 million, respectively, from the Russia operations. Our consolidated earnings before taxes for the third quarter of 2022 and 2021 included $0.3 million and $1.1 million, respectively, from the Russia operations and for September year-to-date 2022 and 2021 included $1.4 million and $2.4 million, respectively, from the Russia operations.

The major classes of divested assets and liabilities were as follows (in millions of dollars):

Assets divested	
Cash and equivalents	$ 13.4
Trade accounts receivable, net	22.8
Prepaid expenses and other current assets	0.7
Property and equipment, net	0.7
Deferred taxes	0.4
Other assets	0.3
Assets divested	38.3
Liabilities divested	
Accounts payable and accrued liabilities	(0.6)
Accrued payroll and related taxes	(7.3)
Income and other taxes	(5.7)
Liabilities divested	(13.6)
Disposal group, net	$ 24.7

5. Investment in Persol Holdings

Prior to February 2022, the Company had a yen-denominated investment through the Company's subsidiary, Kelly Services Japan, Inc., in the common stock of Persol Holdings Co., Ltd. ("Persol Holdings"), the 100% owner of Persol Asia Pacific Pte. Ltd., the Company's joint venture partner in PersolKelly Pte. Ltd. (the "JV"). In February 2022, the Company's board approved a series of transactions that ended the cross-shareholding agreement with Persol Holdings.

On February 14, 2022, the Company repurchased 1,576,169 Class A and 1,475 Class B common shares held by Persol Holdings for $27.2 million. The purchase price was based on the average closing price of the last five business days prior to the transaction. The shares were subsequently retired and returned to an authorized, unissued status. In accordance with the Company's policy, the amount paid to repurchase the shares in excess of par value of $25.6 million was recorded to earnings invested in the business in the consolidated balance sheet at the time of the share retirement.

On February 15, 2022, Kelly Services Japan, Inc. sold the investment in the common stock of Persol Holdings in an open-market transaction for proceeds of $196.9 million, net of transaction fees. As our investment was a noncontrolling interest in Persol Holdings, the investment was recorded at fair value based on the quoted market price of Persol Holdings stock on the Tokyo Stock Exchange through the date of the transaction (see Fair Value Measurements footnote). The $67.2 million loss in the first quarter of 2022 recorded in gain (loss) on investment in Persol Holdings in the consolidated statements of earnings included $52.4 million for losses related to changes in fair value up to the date of the transaction and $14.8 million for the discount from the market price on the date of the sale and transaction costs. The gain on the investment of $35.5 million and $71.8 million in the third quarter and September year-to-date 2021, respectively, was recorded in gain (loss) on investment in Persol Holdings in the consolidated statements of earnings.

Subsequent to the transaction discussed above, the Company commenced the dissolution process of its Kelly Services Japan, Inc. subsidiary, which was considered substantially liquidated as of first quarter-end 2022. As a result, the Company recognized a $20.4 million cumulative translation adjustment loss in the first quarter of 2022, which is recorded in loss on currency translation from liquidation of subsidiary in the consolidated statements of earnings. The Company also recognized a $5.5 million foreign exchange gain related to U.S.-denominated cash equivalents held by Kelly Services Japan, Inc. following the sale of the Persol Holdings shares and prior to a dividend payment to the Company in the first quarter of 2022. The foreign exchange gain is recorded in other income (expense), net in the consolidated statements of earnings.

6. Investment in PersolKelly Pte. Ltd.

Prior to February 2022, the Company had a 49% ownership interest in the JV (see Investment in Persol Holdings footnote above), a staffing services business operating in ten geographies in the Asia-Pacific region. On February 14, 2022, the Company entered into an agreement to sell 95% of the Company's shares in the JV to Persol Asia Pacific Pte. Ltd. On March 1, 2022, the Company received cash proceeds of $119.5 million. The carrying value of the shares sold was $117.6 million. In addition, the Company had $1.9 million of accumulated other comprehensive income representing the Company's share of the JV's other comprehensive income over time related to the shares sold that was realized upon the sale, offsetting the $1.9 million gain that resulted from the proceeds in excess of the carrying value.

The operating results of the Company's interest in the JV were accounted for on a one-quarter lag under the equity method and were reported in equity in net earnings (loss) of affiliate in the consolidated statements of earnings through the date of the sale. Such amounts were earnings of $0.8 million in September year-to-date 2022, representing the results through the date of the sale, and earnings of $1.7 million and $2.3 million in the third quarter and September year-to-date 2021, respectively.

After the sale, the Company has a 2.5% ownership interest in the JV and discontinued its use of equity method accounting. The remaining investment is accounted for as an equity investment without a readily determinable fair value (see Fair Value Measurements footnote). The equity investment, included in other assets on the Company's consolidated balance sheet, totaled $6.4 million as of third quarter-end 2022 and the investment in equity affiliate on the Company's consolidated balance sheet totaled $123.4 million as of year-end 2021.

7. Fair Value Measurements

Trade accounts receivable, short-term borrowings, accounts payable, accrued liabilities and accrued payroll and related taxes approximate their fair values due to the short-term maturities of these assets and liabilities.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following tables present assets and liabilities measured at fair value on a recurring basis as of third quarter-end 2022 and year-end 2021 in the consolidated balance sheet by fair value hierarchy level, as described below.

Level 1 measurements consist of unadjusted quoted prices in active markets for identical assets or liabilities. Level 2 measurements include quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 3 measurements include significant unobservable inputs.

	As of Third Quarter-End 2022			
Description	Total	Level 1	Level 2	Level 3
	(In millions of dollars)			
Money market funds	$ 33.8	$ 33.8	$ —	$ —
Investment in Persol Holdings	—	—	—	—
Total assets at fair value	$ 33.8	$ 33.8	$ —	$ —
Brazil indemnification	$ (3.3)	$ —	$ —	$ (3.3)
Greenwood/Asher earnout	(3.2)	—	—	(3.2)
RocketPower earnout	—	—	—	—
Total liabilities at fair value	$ (6.5)	$ —	$ —	$ (6.5)

	As of Year-End 2021			
Description	Total	Level 1	Level 2	Level 3
	(In millions of dollars)			
Money market funds	$ 96.3	$ 96.3	$ —	$ —
Investment in Persol Holdings	264.3	264.3	—	—
Total assets at fair value	$ 360.6	$ 360.6	$ —	$ —
Brazil indemnification	$ (2.4)	$ —	$ —	$ (2.4)
Greenwood/Asher earnout	(4.6)	—	—	(4.6)
Total liabilities at fair value	$ (7.0)	$ —	$ —	$ (7.0)

Money market funds represent investments in money market funds that hold government securities, of which $7.5 million as of third quarter-end 2022 and $6.5 million as of year-end 2021 are restricted as to use and are included in other assets in the consolidated balance sheet. The money market funds that are restricted as to use account for the majority of our restricted cash balance and represents cash balances that are required to be maintained to fund disability claims in California. The remaining money market funds as of third quarter-end 2022 and year-end 2021 are included in cash and equivalents in the consolidated balance sheet. The valuations of money market funds are based on quoted market prices of those accounts as of the respective period end.

On February 15, 2022, Kelly Services Japan, Inc. sold the investment in the common stock of Persol Holdings in an open-market transaction. The valuation of the investment was based on the quoted market price of Persol Holdings stock on the Tokyo Stock Exchange as of year-end 2021, and the related changes in fair value were recorded in the consolidated statements of earnings (see Investment in Persol Holdings footnote). The cost of this yen-denominated investment, which fluctuated based on foreign exchange rates, was $18.0 million at year-end 2021.

As of third quarter-end 2022, the Company had an indemnification liability totaling $3.3 million with $0.3 million in accounts payable and accrued liabilities and $3.0 million in other long-term liabilities, and $2.4 million at year-end 2021, in other long-term liabilities in the consolidated balance sheet related to the 2020 sale of the Brazil operations. As part of the sale, the Company agreed to indemnify the buyer for losses and costs incurred in connection with certain events or occurrences initiated within a six-year period after closing. The aggregate losses for which the Company will provide indemnification shall not exceed $8.8 million. The valuation of the indemnification liability was established using a discounted cash flow methodology based on probability weighted-average cash flows discounted by weighted-average cost of capital. The valuation, which represents the fair value, is considered a Level 3 liability, and is being measured on a recurring basis. During year-to-date 2022, the Company reassessed the value of the indemnification liability and determined that it was necessary to record an increase to the liability of $0.8 million. Additionally, during year-to-date 2022, the Company recognized an increase of $0.1 million to the indemnification liability related to exchange rate fluctuations in other income (expense), net in the consolidated statements of earnings.

The Company recorded an earnout liability relating to the 2020 acquisition of Greenwood/Asher, totaling $3.2 million at third quarter-end 2022 in accounts payable and accrued liabilities and $4.6 million at year-end 2021 with $2.3 million in accounts payable and accrued liabilities and $2.3 million in other long-term liabilities in the consolidated balance sheet. The initial valuation of the earnout liability was established using a Black Scholes model and represented the fair value and is considered a Level 3 liability. During the first quarter of 2022, the Company paid the year one portion of the earnout totaling $2.3 million. In the consolidated statements of cash flows, $0.7 million of the payment is reflected as a financing activity representing the initial fair value of the earnout, with the remainder flowing through operating activities. During year-to-date 2022, the Company reassessed the value of the earnout liability and determined it was necessary to record an increase to the liability of $0.9 million.

The Company recorded an initial earnout liability relating to the 2022 acquisition of RocketPower, totaling $0.6 million, with $0.5 million in accounts payable and accrued liabilities and $0.1 million in other long-term liabilities in the consolidated balance sheet (see Acquisitions and Disposition footnote). The initial valuation of the earnout liability was established using a Black Scholes model and represented the fair value and was considered a Level 3 liability. In the third quarter of 2022, we reassessed the value of the earnout liability and determined that the fair value was zero. The maximum total cash payments which may be due related to the earnout liability is $31.8 million.

Equity Investment Without Readily Determinable Fair Value

On March 1, 2022, the Company sold the majority of its investment in the JV (see Investment in PersolKelly Pte. Ltd. footnote), with the remaining 2.5% interest now being measured using the measurement alternative for equity investments without a readily determinable fair value. The measurement alternative represents cost, less impairment, plus or minus observable price changes. The sale of the shares of the JV represented an observable transaction requiring the Company to calculate the current fair value based on the purchase price of the shares, in which the resulting adjustment was not material. The investment totaled $6.4 million as of third quarter-end 2022, representing total cost plus observable price changes to date.

Prior to April 2021, the Company had a minority investment in Business Talent Group, LLC, which was included in other assets in the consolidated balance sheet. The investment was also measured using the measurement alternative for equity investments without a readily determinable fair value as described above. In the second quarter of 2021, BTG entered into a merger agreement which resulted in all of the Company's shares of BTG being automatically canceled upon approval of the merger and resulted in the receipt of $5.0 million in cash, which was equal to the carrying value and purchase price of the BTG investment.

Prior to March 2021, the Company had a minority investment in Kenzie Academy Inc., which was included in other assets in the consolidated balance sheet. The investment was also measured using the measurement alternative for equity investments without a readily determinable fair value as described above. On March 8, 2021, Kenzie entered into a transaction to sell its assets. As of the date of the sale, the investment had a carrying value of $1.4 million, representing total cost plus observable price changes to date. In the first quarter of 2021, the asset was written down as a result of the sale and the loss of $1.4 million was recorded in other income (expense), net in the consolidated statements of earnings.

Assets Measured at Fair Value on a Nonrecurring Basis

During the third quarter of 2022, customers within the high-tech industry vertical in which RocketPower specializes reduced or eliminated their full-time hiring, reducing demand for RocketPower's services, and on-going economic uncertainty has more broadly impacted the growth in demand for RPO in the near-term. These changes in market conditions therefore caused a triggering event requiring an interim impairment test for both long-lived assets and goodwill.

As a result of the long-lived asset recoverability test for RocketPower's intangible assets, we determined that undiscounted future cash flows exceeded the carrying amount of the asset group and were recoverable. As a result of the quantitative assessment for goodwill, we determined that the estimated fair value of the RocketPower reporting unit no longer exceeded the carrying value, and recorded a goodwill impairment charge of $30.7 million in the third quarter of 2022 (see Goodwill and Intangible Assets footnote).

8. Restructuring

In the first quarter of 2022, the Company took restructuring actions designed to increase efficiency. There were no restructuring charges incurred in the second or third quarter of 2022 or September year-to-date 2021.

Restructuring costs incurred in the first quarter of 2022 totaled $1.7 million and were recorded entirely in SG&A expenses in the consolidated statements of earnings, as detailed below (in millions of dollars):

	Severance Costs	Lease Termination Costs	Total
Professional & Industrial	$ 0.1	$ 0.2	$ 0.3
Education	0.4	—	0.4
Outsourcing & Consulting	0.2	—	0.2
Corporate	0.8	—	0.8
Total	$ 1.5	$ 0.2	$ 1.7

A summary of the global restructuring balance sheet accrual, included in accrued payroll and related taxes and accounts payable and accrued liabilities in the consolidated balance sheet, is detailed below (in millions of dollars):

Balance as of year-end 2021	$ 2.9
Additions charged to Professional & Industrial	0.3
Additions charged to Outsourcing & Consulting	0.2
Additions charged to Education	0.4
Additions charged to Corporate	0.8
Reductions for cash payments related to all restructuring activities	(2.0)
Balance as of first quarter-end 2022	2.6
Reductions for cash payments related to all restructuring activities	(1.1)
Accrual adjustments	(0.2)
Balance as of second quarter-end 2022	1.3
Reductions for cash payments related to all restructuring activities	(0.6)
Balance as of third quarter-end 2022	$ 0.7

The remaining balance of $0.7 million as of third quarter-end 2022 primarily represents severance costs, and the majority is expected to be paid by year-end 2022. No material adjustments are expected to be recorded.

9. Goodwill and Intangible Assets

The changes in the carrying amount of goodwill as of September year-to-date 2022 are included in the table below:

	As of Year-End 2021	Additions to Goodwill	Impairment Adjustments	As of Third Quarter-End 2022
	(In millions of dollars)			
Science, Engineering & Technology	$ 111.3	$ —	$ —	$ 111.3
Education	3.5	36.3	—	39.8
Outsourcing & Consulting	—	41.0	(30.7)	10.3
Total	$ 114.8	$ 77.3	$ (30.7)	$ 161.4

The goodwill resulting from the acquisition of RocketPower during the first quarter of 2022 was allocated to the OCG reportable segment. The goodwill resulting from the acquisition of PTS during the second quarter of 2022 was allocated to the Education reportable segment. (See Additions to Goodwill column in the table above and the Acquisitions and Disposition footnote for more details regarding each acquisition.)

The Company performs its annual goodwill impairment testing in the fourth quarter each year and regularly assesses whenever events or circumstances make it more likely than not that an impairment may have occurred. We also perform a qualitative review on a quarterly basis of our long-lived assets, comprised of net property and equipment and definite-lived intangible assets, whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

During the third quarter of 2022, customers within the high-tech industry vertical in which RocketPower specializes reduced or eliminated their full-time hiring, reducing demand for RocketPower's services, and on-going economic uncertainty has more broadly impacted the growth in demand for RPO in the near-term. These changes in market conditions therefore caused a triggering event requiring an interim impairment test for both long-lived assets and goodwill.

RocketPower has definite-lived intangible assets, consisting of trades names, customer relationships and non-compete agreements, which are amortized over their estimated useful lives. We performed a long-lived asset recoverability test for RocketPower and determined that undiscounted future cash flows exceeded the carrying amount of the asset group and were recoverable.

We performed an interim step one quantitative test for RocketPower's goodwill and determined that the estimated fair value of the reporting unit no longer exceeded the carrying value. Based on the result of our interim goodwill impairment test as of third quarter 2022, we recorded a goodwill impairment charge of $30.7 million to write off a portion of RocketPower's goodwill, with $10.3 million goodwill remaining in the OCG reportable segment as of third quarter-end 2022. (See Impairment Adjustments column in the table above.)

In performing the step one quantitative test and consistent with our prior practice, we determined the fair value of the RocketPower reporting unit using the income approach. Under the income approach, estimated fair value is determined based on estimated future cash flows discounted by an estimated market participant weighted-average cost of capital, which reflects the overall level of inherent risk of the reporting unit being measured. Estimated future cash flows are based on our internal projection model and reflects management's outlook for the reporting unit. Assumptions and estimates about future cash flows and discount rates are complex and often subjective. Our analysis used the following significant assumptions: expected future revenue growth rates, profit margins and discount rate.

If current expectations of future revenue and profit margins are not met, or if market factors outside of our control change significantly, including discount rate, and other market factors, then the remaining goodwill of the RocketPower reporting unit may be impaired in the future, resulting in additional goodwill impairment charges.

10. Accumulated Other Comprehensive Income (Loss)

The changes in accumulated other comprehensive income (loss) by component, net of tax, for the third quarter and September year-to-date 2022 and 2021 are included in the table below. Amounts in parentheses indicate debits.

Third quarter 2022 reclassification adjustments out of accumulated other comprehensive income (loss) related to equity method investment and other, included $1.4 million related to the liquidation of the cumulative translation adjustment for the sale of our Russia operations, which was recorded in loss on disposal in the consolidated statements of earnings. (See Acquisitions and Disposition footnote for more details.) The remaining third quarter 2022 reclassification adjustments out of accumulated other comprehensive income (loss) related to equity method investment and other, were recorded in the other income (expense), net line item in the consolidated statement of earnings.

September year-to-date 2022 reclassification adjustments out of accumulated other comprehensive income (loss) related to the liquidation of the Japan subsidiary, were recorded in loss on currency translation from liquidation of subsidiary in the consolidated statements of earnings. September year-to-date 2022 reclassification adjustments out of accumulated other comprehensive income (loss) related to equity method investment and other, included $1.9 million related to the investment in PersolKelly Pte. Ltd., were recorded in other income (expense), net in the consolidated statements of earnings. (See Investment in PersolKelly Pte. Ltd. footnote for more details.)

	Third Quarter		September Year to Date	
	2022	2021	2022	2021
	(In millions of dollars)			
Foreign currency translation adjustments:				
Beginning balance	$ (10.5)	$ (12.4)	$ (25.0)	$ (0.8)
Other comprehensive income (loss) before reclassifications	(8.8)	(3.5)	(17.4)	(15.1)
Amounts reclassified from accumulated other comprehensive income (loss) - liquidation of Japan subsidiary	—	—	20.4	—
Amounts reclassified from accumulated other comprehensive income (loss) - equity method investment and other	1.9	—	4.6	—
Net current-period other comprehensive income (loss)	(6.9)	(3.5)	7.6	(15.1)
Ending balance	(17.4)	(15.9)	(17.4)	(15.9)
Pension liability adjustments:				
Beginning balance	(2.7)	(3.4)	(2.7)	(3.4)
Other comprehensive income (loss) before reclassifications	—	—	—	—
Amounts reclassified from accumulated other comprehensive income (loss)	—	—	—	—
Net current-period other comprehensive income (loss)	—	—	—	—
Ending balance	(2.7)	(3.4)	(2.7)	(3.4)
Total accumulated other comprehensive income (loss)	$ (20.1)	$ (19.3)	$ (20.1)	$ (19.3)

11. Earnings (Loss) Per Share

The reconciliation of basic and diluted earnings (loss) per share on common stock for the third quarter and September year-to-date 2022 and 2021 follows (in millions of dollars except per share data):

	Third Quarter		September Year to Date	
	2022	2021	2022	2021
Net earnings (loss)	$ (16.2)	$ 34.8	$ (61.6)	$ 84.4
Less: earnings allocated to participating securities	—	(0.4)	—	(0.8)
Net earnings (loss) available to common shareholders	$ (16.2)	$ 34.4	$ (61.6)	$ 83.6
Average shares outstanding (millions):				
Basic	37.9	39.4	38.2	39.4
Dilutive share awards	—	0.1	—	0.1
Diluted	37.9	39.5	38.2	39.5
Basic earnings (loss) per share	$ (0.43)	$ 0.87	$ (1.62)	$ 2.12
Diluted earnings (loss) per share	$ (0.43)	$ 0.87	$ (1.62)	$ 2.12

Potentially dilutive shares outstanding are primarily related to deferred common stock related to the non-employee directors deferred compensation plan for the third quarter of 2021 and September year-to-date 2021. Due to our net loss in the third quarter of 2022 and September year-to-date 2022, potentially dilutive shares primarily related to deferred common stock associated with the non-employee directors deferred compensation plan of 0.2 million shares had an anti-dilutive effect on diluted earnings per share and were excluded from the computation for the third quarter of 2022 and September year-to-date 2022. Dividends paid per share for Class A and Class B common stock were $0.075 for the third quarter 2022, $0.20 for September year-to-date 2022 and $0.05 for the third quarter 2021 and September year-to-date 2021.

12. Stock-Based Compensation

For the third quarter of 2022, the Company recognized stock compensation expense of $2.1 million and a related tax benefit of $0.3 million. For the third quarter of 2021, the Company recognized stock compensation expense of $1.2 million and a related tax benefit of $0.2 million. For September year-to-date 2022, the Company recognized stock compensation expense of $5.9 million and a related tax benefit of $0.8 million. For September year-to-date 2021, the Company recognized stock compensation expense of $4.0 million and a related tax benefit of $0.6 million.

Performance Shares

During the first quarter of 2022, the Company granted performance share awards associated with the Company's Class A common stock to certain senior officers. The payment of performance share awards, which will be satisfied with the issuance of shares out of treasury stock, is contingent upon the achievement of specific revenue growth and earnings before interest, taxes, depreciation and amortization ("EBITDA") margin performance goals ("financial measure performance share awards") over a stated period of time. The maximum number of performance shares that may be earned is 200% of the target shares originally granted. These awards have three one-year performance periods: 2022, 2023 and 2024, with the payout for each performance period based on separate financial measure goals that are set in February of each of the three performance periods. Earned shares during each performance period will cliff vest in February 2025 after approval of the financial results by the Compensation Committee, if not forfeited by the recipient. No dividends are paid on these performance shares.

A summary of the status of all nonvested performance shares at target as of third quarter-end 2022 and year-to-date 2022 changes is presented as follows below (in thousands of shares except per share data). The vesting adjustment in the table below represents the 2019 and a portion of the 2021 financial measure performance shares that did not vest because actual achievement was below the threshold level and resulted in no payout.

	Financial Measure Performance Shares	
	Shares	Weighted Average Grant Date Fair Value
Nonvested at year-end 2021	708	$ 20.03
Granted	186	21.19
Vested	(48)	22.55
Forfeited	(12)	16.81
Vesting adjustment	(142)	24.45
Nonvested at third quarter-end 2022	692	$ 19.41

Restricted Stock

A summary of the status of nonvested restricted stock as of third quarter-end 2022 and year-to-date 2022 changes is presented as follows below (in thousands of shares except per share data). The changes in the table below primarily relate to activity from the first and second quarters of 2022.

	Shares	Weighted Average Grant Date Fair Value
Nonvested at year-end 2021	403	$ 21.24
Granted	403	20.34
Vested	(104)	22.44
Forfeited	(91)	21.56
Nonvested at third quarter-end 2022	611	$ 20.39

13. Sale of Assets

In June 2022, the Company sold an under-utilized real property for a purchase price of $4.5 million, subject to final closing adjustments. The Company received cash proceeds of $3.6 million in the second quarter of 2022 and previously received cash proceeds of $0.8 million as a deposit in 2021 when the contract was first executed. As of the date of the sale, the land had insignificant carrying value; as such, the resulting gain on the sale was $4.4 million, which is recorded in gain on sale of assets in the consolidated statements of earnings.

In January 2022, the Company sold a property for a purchase price of $0.9 million, subject to final closing adjustments. The Company received cash proceeds of $0.9 million in the first quarter of 2022. As of the date of the sale, the property had an immaterial carrying value; as such, the resulting gain on the sale of the property was $0.9 million, which is recorded in gain on sale of assets in the consolidated statements of earnings.

14. Held for Sale

Kelly Properties, LLC, a wholly owned subsidiary of the Company, entered into an agreement on May 11, 2022 to sell real property located in Troy, Michigan. Accordingly, during the second quarter of 2022, the transaction met the criteria to classify the property as held for sale. The property held for sale includes the property and all improvements to the property, together with all rights and easements. Assets held for sale are recorded at the lower of their carrying value or fair value less estimated costs to sell, and depreciation is suspended on assets upon classification to held for sale. The carrying amount of the property held for sale as of third quarter-end 2022 is $4.7 million, which is less than the sales price in the purchase agreement, less estimated costs to sell. The Company has presented these assets as current assets held for sale in the consolidated balance sheet as of third quarter-end 2022. On October 31, 2022, the sale of the property was completed and the Company received proceeds of $5.6 million, net of commissions and transaction expenses.

15. Other Income (Expense), Net

Included in other income (expense), net for the third quarter and September year-to-date 2022 and 2021 are the following:

	Third Quarter		September Year to Date	
	2022	2021	2022	2021
	(In millions of dollars)			
Interest income	$ 0.7	$ 0.1	$ 1.2	$ 0.2
Interest expense	(0.5)	(0.7)	(1.6)	(1.9)
Dividend income	—	—	—	1.0
Foreign exchange gains (losses)	0.1	0.3	5.7	(0.6)
Other	(0.1)	—	(3.4)	(2.7)
Other income (expense), net	$ 0.2	$ (0.3)	$ 1.9	$ (4.0)

Included in Other for September year-to-date 2022 is $0.8 million of expense related to the remeasurement of the Brazil indemnification liability (see Fair Value Measurements footnote). Included in foreign exchange gains (losses) for September year-to-date 2022 is a $5.5 million foreign exchange gain on a U.S. dollar-denominated cash balance held by the Company's Japan entity (see Investment in Persol Holdings footnote). Included in Other for September year-to-date 2021 is a loss from the sale of the assets related to our minority investment in Kenzie Academy (see Fair Value Measurements footnote) and transaction-related expenses from the April 2021 acquisition of Softworld (see Acquisitions and Disposition footnote).

16. Income Taxes

Income tax benefit was $5.0 million for the third quarter of 2022 and income tax expense was $11.1 million for the third quarter of 2021. Income tax benefit was $13.1 million for September year-to-date 2022 and income tax expense was $19.0 million for September year-to-date 2021. The third quarter and September year-to-date 2022 amounts were impacted by changes in earnings from operations and from non-taxable returns on life insurance policies. The second quarter of 2021 also benefited $5.2 million from a change in United Kingdom tax rates.

Our tax expense is affected by recurring items, such as the amount of pretax income and its mix by jurisdiction, U.S. work opportunity credits and the change in cash surrender value of tax exempt investments in life insurance policies. It is also affected by discrete items that may occur in any given period but are not consistent from period to period, such as tax law changes, changes in judgment regarding the realizability of deferred tax assets, the tax effects of stock compensation and, prior to February 2022, changes in the fair value of the Company's investment in Persol Holdings, which were treated as discrete since they cannot be estimated.

The Company provides valuation allowances against deferred tax assets when it is more likely than not that some portion or all of the deferred tax asset will not be realized.

17. Contingencies

The Company is continuously engaged in litigation, threatened litigation, claims, audits or investigations arising in the ordinary course of its business, such as matters alleging employment discrimination, wage and hour violations, claims for indemnification or liability, violations of privacy rights, anti-competition regulations, commercial and contractual disputes, and tax-related matters which could result in a material adverse outcome.

We record accruals for loss contingencies when we believe it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. Such accruals are recorded in accounts payable and accrued liabilities and in accrued workers' compensation and other claims in the consolidated balance sheet. At third quarter-end 2022 and year-end 2021, the gross accrual for litigation costs amounted to $5.6 million and $1.4 million, respectively.

The Company maintains insurance coverage which may cover certain losses. When losses exceed the applicable policy deductible and realization of recovery of the loss from existing insurance policies is deemed probable, the Company records receivables from the insurance company for the excess amount, which are included in prepaid expenses and other current assets and other assets in the consolidated balance sheet. At third quarter-end 2022, the related insurance receivables amounted to $2.7 million. At year-end 2021, there were no related insurance receivables.

The Company estimates the aggregate range of reasonably possible losses, in excess of amounts accrued, is $0.5 million to $4.0 million as of third quarter-end 2022. This range includes matters where a liability has been accrued but it is reasonably possible that the ultimate loss may exceed the amount accrued and for matters where a loss is believed to be reasonably possible, but a liability has not been accrued. The aggregate range only represents matters in which we are currently able to estimate a range of loss and does not represent our maximum loss exposure. The estimated range is subject to significant judgment and a variety of assumptions and only based upon currently available information. For other matters, we are currently not able to estimate the reasonably possible loss or range of loss.

While the ultimate outcome of these matters cannot be predicted with certainty, we believe that the resolution of any such proceedings will not have a material adverse effect on our financial condition, results of operations or cash flows.

18. Segment Disclosures

The Company’s operating segments, which also represent its reporting segments, are based on the organizational structure for which financial results are regularly evaluated by the Company’s chief operating decision-maker ("CODM", the Company’s CEO) to determine resource allocation and assess performance. The Company’s five reportable segments, (1) Professional & Industrial, (2) Science, Engineering & Technology, (3) Education, (4) Outsourcing & Consulting, and (5) International, reflect the specialty services the Company provides to customers and represent how the business is organized internally. Intersegment revenue represents revenue earned between the reportable segments and is eliminated from total segment revenue from services.

The following tables present information about the reported revenue from services and gross profit of the Company by reportable segment, along with a reconciliation to earnings (loss) before taxes and equity in net earnings (loss) of affiliate, for the third quarter and September year-to-date 2022 and 2021. Asset information by reportable segment is not presented, since the Company does not produce such information internally nor does it use such information to manage its business.

	Third Quarter		September Year to Date	
	2022	2021	2022	2021
	(In millions of dollars)			
Revenue from Services:				
Professional & Industrial	$ 408.6	$ 452.6	$ 1,268.7	$ 1,386.7
Science, Engineering & Technology	321.3	306.2	962.7	859.1
Education	104.3	66.6	433.2	284.1
Outsourcing & Consulting	118.5	113.4	352.0	320.0
International	215.5	256.8	715.9	810.1
Less: Intersegment revenue	(0.3)	(0.2)	(0.9)	(0.6)
Consolidated Total	$ 1,167.9	$ 1,195.4	$ 3,731.6	$ 3,659.4

	Third Quarter		September Year to Date	
	2022	2021	2022	2021
	(In millions of dollars)			
Earnings (loss) from Operations:				
Professional & Industrial gross profit	$ 70.3	$ 76.6	$ 231.2	$ 227.7
Professional & Industrial SG&A expenses	(65.3)	(69.4)	(204.1)	(207.8)
Professional & Industrial earnings (loss) from operations	5.0	7.2	27.1	19.9
Science, Engineering & Technology gross profit	76.3	68.1	225.3	187.8
Science, Engineering & Technology SG&A expenses	(53.4)	(48.4)	(161.4)	(131.0)
Science, Engineering & Technology earnings (loss) from operations	22.9	19.7	63.9	56.8
Education gross profit	16.6	10.0	69.2	44.0
Education SG&A expenses	(21.4)	(17.0)	(60.4)	(46.5)
Education earnings (loss) from operations	(4.8)	(7.0)	8.8	(2.5)
Outsourcing & Consulting gross profit	44.1	37.3	127.6	103.4
Outsourcing & Consulting SG&A expenses	(37.7)	(30.7)	(111.8)	(89.2)
Goodwill impairment charge	(30.7)	—	(30.7)	—
Outsourcing & Consulting earnings (loss) from operations	(24.3)	6.6	(14.9)	14.2
International gross profit	33.3	36.9	108.3	110.3
International SG&A expenses	(31.4)	(34.5)	(99.2)	(102.2)
International earnings (loss) from operations	1.9	2.4	9.1	8.1
Corporate	(21.9)	(19.9)	(70.4)	(63.2)
Loss on disposal	(0.2)	—	(18.7)	—
Gain on sale of assets	—	—	5.3	—
Consolidated Total	(21.4)	9.0	10.2	33.3
Gain (loss) on investment in Persol Holdings	—	35.5	(67.2)	71.8
Loss on currency translation from liquidation of subsidiary	—	—	(20.4)	—
Other income (expense), net	0.2	(0.3)	1.9	(4.0)
Earnings (loss) before taxes and equity in net earnings (loss) of affiliate	$ (21.2)	$ 44.2	$ (75.5)	$ 101.1

Depreciation and amortization expense included in SG&A expenses by segment above are as follows:

	Third Quarter		September Year to Date	
	2022	2021	2022	2021
	(In millions of dollars)			
Depreciation and amortization:				
Professional & Industrial	$ 0.8	$ 1.3	$ 2.9	$ 4.1
Science, Engineering & Technology	3.2	3.2	9.5	7.5
Education	1.6	0.9	3.7	2.8
Outsourcing & Consulting	1.0	0.1	2.2	0.5
International	0.3	0.5	1.3	1.5

19. New Accounting Pronouncements

Recently Adopted

In October 2021, the FASB issued Accounting Standards Update ("ASU") 2021-08, Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers, to require that an acquirer recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with Topic 606, Revenue from Contracts with Customers. At the acquisition date, an acquirer should account for the related revenue contracts in accordance with Topic 606 as if it had originated the contracts. The amendments in this update are effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years and should be applied prospectively to business combinations that occur after the effective date. We early adopted this standard in the first quarter of 2022 and the adoption did not have a material impact to our consolidated financial statements.

In March 2020, the FASB issued ASU 2020-04, Reference Rate Reform (Topic 848) - Facilitation of the Effects of Reference Rate Reform on Financial Reporting. ASU 2020-04 provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships and other transactions affected by reference rate reform if certain criteria are met. The amendments in this update apply only to contracts, hedging relationships and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. ASU 2020-04 was effective for the Company in the first quarter of fiscal 2021. The adoption of this standard did not have a material impact to our consolidated financial statements.

In January 2020, the FASB issued ASU 2020-01 which clarifies the interaction of rules for equity securities, the equity method of accounting, and forward contracts and purchase options on certain types of securities. The guidance clarifies how to account for the transition into and out of the equity method of accounting when considering observable transactions under the measurement alternative. The ASU is effective for annual reporting periods beginning after December 15, 2020, including interim reporting periods within those annual periods, with early adoption permitted. The adoption of this standard did not have a material impact to our consolidated financial statements.

In December 2019, the FASB issued ASU 2019-12 simplifying various aspects related to the accounting for income taxes. The guidance removes exceptions to the general principles in Topic 740 related to the approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. The ASU is effective for annual reporting periods beginning after December 15, 2020, including interim reporting periods within those annual periods, with early adoption permitted. The adoption of this standard did not have a material impact to our consolidated financial statements.

Not Yet Adopted

Management has evaluated other recently issued accounting pronouncements and does not believe that any of these pronouncements will have a significant impact on our consolidated financial statements and related disclosures.

20. Subsequent Event

On November 9, 2022, the Company's board of directors approved a plan for the Company to repurchase shares of its Class A common stock with a market value not to exceed $50.0 million through transactions executed in the open market within one year.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Executive Overview

Kelly's strategy and actions are guided by our simple yet powerful Noble Purpose: "We connect people to work in ways that enrich their lives." We are committed to being a leading talent solutions provider among the talent with whom we choose to specialize and in the global markets in which we choose to compete. As we navigate the post-pandemic landscape, we will continue to demonstrate our expected behaviors and actions:

- Employ a talent-first mentality
- Relentlessly deliver for customers
- Grow through discipline and focus
- Deliver efficiency and effectiveness in everything we do

By aligning ourselves with our Noble Purpose and executing against these behaviors, we are becoming a more agile and focused organization, prepared to achieve new levels of growth and profitability as we develop and reshape our portfolio of businesses.

The Talent Solutions Industry

Labor markets have been in the midst of change due to automation, secular shifts in labor supply and demand and skills gaps. Global demographic trends are reshaping and redefining the way in which companies find and use talent, and the COVID-19 pandemic changed where and how companies expect work to be performed—a shift we expect will carry over into the future. In response, the talent solutions industry is adjusting how it sources, recruits, trains and places talent.

Our industry is evolving to meet businesses' growing demand for specialized talent, whether delivered as a single individual or as part of a total workforce solution. Companies in our industry are using novel sourcing approaches—including gig platforms, independent contractors and other talent pools—to create customized workforce solutions that are flexible and responsive to the labor market.

In addition, today's companies are elevating their commitment to talent, with the growing realization that meeting the changing needs and requirements of talent is essential to remain competitive. The ways in which people view, find and conduct work are undergoing fundamental shifts. And as the demand for skilled talent continues to climb, workers' changing ideas about the integration of work into life are becoming more important. 2021 saw record-breaking employee resignations in the U.S. as workers opted out of jobs that did not align with their needs. In this increasingly talent-driven market, a diverse set of workers, empowered by technology, is seeking to take even greater control over their career trajectories. Kelly is proud to be a career partner of choice for workers in search of a better way to work.

Our Business

Kelly is a talent and global workforce solutions company serving customers of all sizes in a variety of industries. We offer innovative outsourcing and consulting services, as well as staffing on a temporary and direct-hire basis. In 2020, we adopted a new operating model and realigned our business into five specialty business units, which are also our reportable segments.

- Professional & Industrial – delivers staffing, outcome-based and direct-hire services focused in office, professional, light industrial and contact center specialties in the U.S. and Canada, including our KellyConnect and our Business and Professional Services products
- Science, Engineering & Technology – delivers staffing, outcome-based and direct-hire services focused on science and clinical research, engineering, technology and telecommunications specialties predominantly in the U.S. and Canada and includes our NextGen and Global Technology Associates subsidiaries, as well as Softworld, a technology staffing and workforce solutions company acquired in 2021

- Education – delivers staffing, direct-hire and executive search services across the full education spectrum from early childhood to higher education in the U.S., and includes Teachers On Call, Greenwood/Asher & Associates and Pediatric Therapeutic Services ("PTS"), a specialty firm providing in-school therapy services, acquired in May 2022

- Outsourcing & Consulting – delivers Master Service Provider ("MSP"), Recruitment Process Outsourcing ("RPO"), which includes our March 2022 acquisition of RocketPower, Payroll Process Outsourcing ("PPO") and Talent Advisory Services to customers on a global basis

- International – delivers staffing, RPO and direct-hire services in 14 countries in Europe, as well as services in Mexico delivered in accordance with recent changes in labor market regulations. Effective July 20, 2022, we completed a transaction to sell our business in Russia to an in-country provider and no longer operate in Russia

In addition, we hold a minority interest in PersolKelly Pte. Ltd. ("PersolKelly"), which provides staffing and direct hire services to customers in the Asia-Pacific region.

We earn revenues from customers that procure the services of our temporary employees on a time and materials basis, that use us to recruit permanent employees, and that rely on our talent advisory and outsourcing services. Our working capital requirements are primarily generated from temporary employee payroll and customer accounts receivable. The nature of our business is such that trade accounts receivable are our most significant asset. Average days sales outstanding varies within and outside the U.S. and was 64 days on a global basis as of the end of the third quarter of 2022 and 63 days as of the end of the third quarter of 2021. Since receipts from customers generally lag temporary employee payroll, working capital requirements increase substantially in periods of growth and decline in periods of economic contraction.

Our Perspective and Outlook on Growth

We entered 2022 having shifted from recovery from the COVID-19 pandemic to growth. Demand for our services remains strong, although continued economic uncertainty, including inflation and rising interest rates, has created more variability in demand across industry verticals and customer size. Our permanent placement fee growth points toward our customers' investments in their future workforce, and demand in our staffing and outcome-based businesses reflects strong market demand for the specialty solutions we provide. Our business is arranged around specialties that target these areas of strong demand, promising growth opportunities, and Kelly's proven ability to win. Our segments also reflect our intent to shift our portfolio toward high-margin, higher-value specialties that deliver a competitive edge and increased shareholder value. We believe that an inorganic growth strategy will accelerate the achievement of these goals.

As we continue our strategic growth journey in the year ahead, we will also invest in key value drivers.

- We are mapping our digital transformation journey, building a technology foundation to optimize our business, personalize the talent journey and improve the client experience. For example, in 2021 we launched Helix UX, an industry-leading talent management tool that is enabling our customers to better manage their global workforce across temporary, full-time and cloud-based talent pools.

- We are consistently striving to better understand and support our talent and their shifting needs. We have reallocated resources to be solely focused on the temporary worker experience, and our Equity@Work initiative is designed to break down long-standing, systemic barriers that make it difficult for many people to participate in the labor market.

- We are investing in the talent experience of our full-time employees, taking action to ensure we have the people coaches and performance management systems that will help our employees thrive in their Kelly careers. We know that our success is powered by our people, and we are aiming for industry-leading results.

As we execute our specialty growth strategy, we are focused on both the speed and scope of change. To that end, in February 2022, we completed transactions that have allowed us to strategically re-deploy resources to accelerate our growth in high-margin, high-growth specialties. Specifically, we unwound our cross-ownership with Persol Holdings and reduced our ownership interest in our APAC joint venture, PersolKelly. Monetizing our investments in Persol Holdings and PersolKelly provided us with additional capital, which we have already begun to use to accelerate our specialty growth strategy. In March 2022, we completed the acquisition of RocketPower, a business that diversifies and strengthens Kelly's RPO business by accessing the high-tech market. And in May 2022, we completed the acquisition of PTS, a specialty firm that expands our K-12 leadership position and provides in-school services for occupational, physical, speech and behavioral health therapies. Both acquisitions expand Kelly's presence in high-growth, high margin specialties. As we move forward, we will continue to look for opportunities to grow both organically and inorganically in 2022 and beyond.

Financial Measures

The constant currency ("CC") change amounts refer to the year-over-year percentage changes resulting from translating 2022 financial data into U.S. dollars using the same foreign currency exchange rates used to translate financial data for 2021. We believe that CC measurements are a useful measure, indicating the actual trends of our operations without distortion due to currency fluctuations. We use CC results when analyzing the performance of our segments and measuring our results against those of our competitors. Additionally, substantially all of our foreign subsidiaries derive revenues and incur cost of services and selling, general and administrative ("SG&A") expenses within a single country and currency which, as a result, provides a natural hedge against currency risks in connection with their normal business operations.

CC measures are non-GAAP (Generally Accepted Accounting Principles) measures and are used to supplement measures in accordance with GAAP. Our non-GAAP measures may be calculated differently from those provided by other companies, limiting their usefulness for comparison purposes. Non-GAAP measures should not be considered a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP.

Reported and CC percentage changes were computed based on actual amounts in thousands of dollars.

Return on sales (earnings from operations divided by revenue from services) and conversion rate (earnings from operations divided by gross profit) are ratios used to measure the Company's operating efficiency.

EBITDA (earnings before interest, taxes, depreciation and amortization) and EBITDA margin (EBITDA divided by revenue from services) are measures used for understanding the Company's ability to generate cash flow and for judging overall operating performance.

NM (not meaningful) in the following tables is used in place of percentage changes where: the change is in excess of 500%, the change involves a comparison between earnings and loss amounts, or the comparison amount is zero.

Days sales outstanding ("DSO") represents the number of days that sales remain unpaid for the period being reported. DSO is calculated by dividing average net sales per day (based on a rolling three-month period) into trade accounts receivable, net of allowances at the period end. Although secondary supplier revenues are recorded on a net basis (net of secondary supplier expense), secondary supplier revenue is included in the daily sales calculation in order to properly reflect the gross revenue amounts billed to the customer.

Results of Operations
Total Company
(Dollars in millions)

	Third Quarter			September Year to Date		
	2022	**2021**	**% Change**	**2022**	**2021**	**% Change**
Revenue from services	$ 1,167.9	$ 1,195.4	(2.3) %	$ 3,731.6	$ 3,659.4	2.0 %
Gross profit	240.6	228.9	5.1	761.6	673.2	13.1
SG&A expenses excluding restructuring charges	231.1	220.0	5.0	707.3	640.0	10.3
Restructuring charges	—	(0.1)	NM	—	(0.1)	NM
Total SG&A expenses	231.1	219.9	5.1	707.3	639.9	10.5
Goodwill impairment charge	30.7	—	NM	30.7	—	NM
Loss on disposal	0.2	—	NM	18.7	—	NM
Gain on sale of assets	—	—	NM	(5.3)	—	NM
Earnings (loss) from operations	(21.4)	9.0	NM	10.2	33.3	(69.4)
Gain (loss) on investment in Persol Holdings	—	35.5	NM	(67.2)	71.8	NM
Loss on currency translation from liquidation of subsidiary	—	—	NM	(20.4)	—	NM
Other income (expense), net	0.2	(0.3)	156.6	1.9	(4.0)	148.0
Earnings (loss) before taxes and equity in net earnings (loss) of affiliate	(21.2)	44.2	NM	(75.5)	101.1	NM
Income tax expense (benefit)	(5.0)	11.1	(144.6)	(13.1)	19.0	(169.1)
Equity in net earnings (loss) of affiliate	—	1.7	NM	0.8	2.3	(66.8)
Net earnings (loss)	$ (16.2)	$ 34.8	NM %	$ (61.6)	$ 84.4	NM %
Gross profit rate	20.6 %	19.2 %	1.4 pts.	20.4 %	18.4 %	2.0 pts.

Third Quarter Results

Revenue from services in the third quarter decreased 2.3% on a reported basis and increased 0.3% on a constant currency basis, and reflects revenue increases in Education, Science, Engineering & Technology, and Outsourcing & Consulting operating segments, partially offset by declines in Professional & Industrial and International segments. Our 2022 acquisitions of RocketPower, an RPO solutions provider, and PTS, a specialty firm that provides in-school therapy services, added approximately 130 basis points to the revenue growth rate, while the sale of our Russian operations in July 2022 resulted in a 250 basis points year-over-year decline in constant currency. Compared to the third quarter of 2021, revenue from staffing services decreased 5.0% and revenue from outcome-based services increased 6.1%. Permanent placement revenue, which is included in revenue from services, increased 0.7% from the prior year.

Gross profit increased 5.1% on a reported basis and 7.6% on a constant currency basis due to an increase in the gross profit rate. The gross profit rate increased 140 basis points due primarily to favorable product mix, and lower employee-related costs, coupled with the impact of the acquisitions of RocketPower and PTS which generate higher margins, as well as higher permanent placement income. The gross profit rate increased in all operating segments. Permanent placement revenue, which is included in revenue from services and has very low direct costs of services, has a disproportionate impact on gross profit rates.

Total SG&A expenses increased 5.1% on a reported basis and 7.1% on a constant currency basis. SG&A expenses related to RocketPower and PTS, including intangible asset amortization expense and other operating expenses, accounted for approximately 230 basis points of the year-over-year increase. The increase in SG&A expenses also reflects higher salary and related costs, as well as increases in performance-based incentive compensation expenses.

The goodwill impairment charge relates to our RocketPower business, which delivers recruitment process outsourcing services primarily to customers in the high-tech industry and is included in the OCG segment. Changes in market conditions related to demand in hiring in the high-tech industry and slowing growth in RPO more broadly triggered an interim goodwill impairment test which resulted in an impairment charge of $30.7 million.

Loss on disposal relates to the completion of the sale of our Russia operations in July 2022. We have completed the sale of our business in Russia to a local firm within the country and are no longer operating in Russia.

Loss from operations for the third quarter of 2022 totaled $21.4 million, compared to earnings of $9.0 million in the third quarter of 2021. The decline is primarily related to the goodwill impairment charge.

Income tax benefit was $5.0 million for the third quarter of 2022 and income tax expense was $11.1 million for the third quarter of 2021. These amounts were impacted by changes in earnings from operations.

Our tax expense is affected by recurring items, such as the amount of pretax income and its mix by jurisdiction, U.S. work opportunity credits and the change in cash surrender value of tax exempt investments in life insurance policies. It is also affected by discrete items that may occur in any given period but are not consistent from period to period, such as tax law changes, changes in judgment regarding the realizability of deferred tax assets and the tax effects of stock compensation, which are treated as discrete since they cannot be estimated.

The net loss for the period was $16.2 million, compared to net earnings of $34.8 million for the third quarter of 2021. The 2022 net loss includes the goodwill impairment charge, net of tax, and the 2021 period includes a gain on the sale of Persol Holdings common shares, net of tax.

September Year to Date Results

Revenue from services in the first nine months of 2022 increased 2.0% on a reported basis and 4.0% on a constant currency basis, and reflects revenue increases in Education, Science, Engineering & Technology, and Outsourcing & Consulting operating segments, partially offset by declines in Professional & Industrial and International segments. Our acquisition of Softworld, a technology staffing and solutions firm in the second quarter of 2021 and our 2022 acquisitions of RocketPower, an RPO solutions provider, and PTS, a specialty firm, that provides in-school therapy services, added approximately 200 basis points to the revenue growth rate. Compared to the first nine months of 2021, revenue from staffing services decreased 0.6% and revenue from outcome-based services increased 6.6%. Permanent placement revenue, which is included in revenue from services, increased 31.2% from the prior year.

Gross profit increased 13.1% on a reported basis and 15.1% on a constant currency basis on higher revenue volume, combined with an increase in the gross profit rate. The gross profit rate increased 200 basis points due primarily to favorable product mix, lower employee-related costs, higher permanent placement income and the impact of the acquisitions of Softworld, RocketPower and PTS which generate higher gross profit rates. The gross profit rate increased in all operating segments. Included in gross profit for the first nine months of 2022 is a one-time permanent placement fee from a large customer, as well as an adjustment to prior periods workers' compensation expenses, resulting in 20 basis points of favorable impact. Permanent placement revenue, which is included in revenue from services and has very low direct costs of services, has a disproportionate impact on gross profit rates.

Total SG&A expenses increased 10.5% on a reported basis and 12.2% on a constant currency basis. Approximately 320 basis points of the year-over-year increase is attributable to the first quarter SG&A expenses for Softworld and the second and third quarter SG&A expenses for RocketPower and PTS, including amortization of intangibles and other operating expenses. The increase in SG&A expenses also reflects increases in salary and related costs and increases in performance-based incentive compensation expenses.

The goodwill impairment charge relates to our RocketPower business which delivers recruitment process outsourcing services primarily to customers in the high-tech industry and is included in the OCG segment. Changes in market conditions related to demand in hiring in the high-tech industry and slowing growth in RPO more broadly triggered an interim goodwill impairment test which resulted in an impairment charge of $30.7 million.

Loss on disposal relates to our decision to sell our business in Russia in May 2022. As a result, our Russian operations were classified as a held for sale disposal group and an impairment loss of $18.5 million representing the excess carrying value over the fair value of the net assets, less costs to sell, was recognized in the second quarter of 2022 with an additional loss of $0.2

million recognized in the third quarter upon completion of the transaction. Gain on sale of assets relates to the disposition of under-utilized real property located in the United States.

Earnings from operations for the first nine months of 2022 totaled $10.2 million, compared to earnings of $33.3 million in the first nine months of 2021. The decline is due primarily to the goodwill impairment charge and the loss on disposal, partially offset by higher gross profit, net of increased SG&A expenses and gain on sale of assets. Included in total earnings from operations in the first nine months of 2022 is approximately $12.5 million related to Softworld, RocketPower and PTS earnings from operations, inclusive of amortization of intangibles, and $4.1 million in the first nine months of 2021 related to Softworld, inclusive of amortization of intangibles.

The loss on investment in Persol Holdings in the first nine months of 2022 represented the $52.4 million loss resulting from changes in the market price of our investment in the common stock of Persol Holdings up until the date of the transaction and the $14.8 million loss on sale, including transaction costs from the sale of the investment in an open-market transaction. The gain on the investment in Persol Holdings in the first nine months of 2021 resulted from changes in the quoted market price of the Persol Holdings common stock.

Loss on currency translation from liquidation of subsidiary represents the impact of the substantial liquidation of our Kelly Japan subsidiary following the sale of the company's investment in Persol Holdings and the return of capital through a dividend payment to its U.S. parent.

The change in Other income (expense), net is primarily the result of $5.5 million of foreign exchange gains related to U.S.-denominated cash equivalents held by our Kelly Japan subsidiary following the sale of the Persol Holdings shares and prior to its dividend payment to the U.S. parent in the first quarter of 2022.

Income tax benefit was $13.1 million for the first nine months of 2022 and income tax expense was $19.0 million for the first nine months of 2021. These amounts were impacted by changes in earnings from operations and from non-taxable returns on life insurance policies. The second quarter of 2021 also benefited $5.2 million from a change in United Kingdom tax rates.

Our tax expense is affected by recurring items, such as the amount of pretax income and its mix by jurisdiction, U.S. work opportunity credits and the change in cash surrender value of tax exempt investments in life insurance policies. It is also affected by discrete items that may occur in any given period but are not consistent from period to period, such as tax law changes, changes in judgment regarding the realizability of deferred tax assets, the tax effects of stock compensation and, prior to February 2022, changes in the fair value of the Company's investment in Persol Holdings, which were treated as discrete since they cannot be estimated.

The net loss for the period was $61.6 million, compared to net earnings of $84.4 million for the first nine months of 2021. This change was due to the Persol Holdings investment, including the first quarter 2022 sale and related impacts, the goodwill impairment charge, the loss on disposal related to the sale of our Russian operations, partially offset by improved gross profit in the first nine months of 2022 and the gain on sale of under-utilized real property in the United States.

Operating Results By Segment
(Dollars in millions)

	Third Quarter			September Year to Date		
	2022	2021	% Change	2022	2021	% Change
Revenue from Services:						
Professional & Industrial	$ 408.6	$ 452.6	(9.7) %	$ 1,268.7	$ 1,386.7	(8.5) %
Science, Engineering & Technology	321.3	306.2	5.0	962.7	859.1	12.1
Education	104.3	66.6	56.6	433.2	284.1	52.5
Outsourcing & Consulting	118.5	113.4	4.5	352.0	320.0	10.0
International	215.5	256.8	(16.1)	715.9	810.1	(11.6)
Less: Intersegment revenue	(0.3)	(0.2)	21.5	(0.9)	(0.6)	58.1
Consolidated Total	$ 1,167.9	$ 1,195.4	(2.3) %	$ 3,731.6	$ 3,659.4	2.0 %

Third Quarter Results

Professional & Industrial revenue from services decreased 9.7%. The decrease was due primarily to a 13.6% decline in revenue from staffing services resulting from lower hours volume, partially offset by higher bill rates. Included in the decline in hours was the impact of a shift of a large staffing customer to a direct hire model which resulted in lower staffing volume. Revenue from outcome-based services increased by 3.4%, as the decline in demand for our call center specialty was more than offset by an increase in demand for other outcome-based specialties.

Science, Engineering & Technology revenue from services increased 5.0%. The revenue growth was driven by increases in our outcome-based product, bill rates and permanent placement income, partially offset by lower hours volume in our staffing specialties.

Education revenue from services increased 56.6%, reflecting an increased demand for our services as compared to a year ago, as well as the impact of the acquisition of PTS in May 2022. On an organic basis, revenue increased 44.5% reflecting new customer wins, increased demand from existing customers and the impact of higher fill rates.

Outsourcing & Consulting revenue from services increased 4.5% on a reported basis, which includes the revenue from the acquisition of RocketPower in March 2022. On an organic basis, revenue declined 1.7% in nominal currency and 0.3% in constant currency, as declines in PPO revenue partially offset revenue growth in higher margin MSP and RPO products.

International revenue from services decreased 16.1% on a reported basis and decreased 5.4% in constant currency. The decrease was primarily the result of the sale of our Russian operations in July 2022, partially offset by the favorable impact of higher hours volume in Portugal, Switzerland and Germany.

September Year to Date Results

Professional & Industrial revenue from services decreased 8.5%. The decrease was due primarily to a 10.8% decline in staffing services resulting from lower hours volume, partially offset by higher bill rates. Included in the decline in hours was the impact of a shift of a large staffing customer to a direct hire model which resulted in lower staffing volume. Revenue from outcome-based services declined 3.3% due to lower demand for our call center specialty, partially offset by growth in other specialties.

Science, Engineering & Technology revenue from services increased 12.1% on a reported basis, which includes revenue from the acquisition of Softworld in the second quarter of 2021. Excluding the impact of the addition of Softworld revenue in the first quarter of 2022, the revenue growth was 7.7%, which was driven by increases in our outcome-based services as well as increases in bill rates and permanent placement income in our staffing business.

Education revenue from services increased 52.5%, reflecting an increased demand for our services as compared to a year ago, as well as the impact of the acquisition of PTS in May 2022. On an organic basis, revenue increased 47.1% reflecting new customer wins, increased demand from existing customers and the impact of higher fill rates.

Outsourcing & Consulting revenue from services increased 10.0% on a reported basis, which includes the revenue from the acquisition of RocketPower in March 2022. On an organic basis, revenue growth was 4.2% due primarily to strong demand for RPO services, coupled with revenue growth in MSP, partially offset by declines in PPO revenue.

International revenue from services decreased 11.6% on a reported basis and decreased 3.5% in constant currency. The decrease was primarily the result of revenue declines in Mexico due to the impact of legislation enacted in the third quarter of 2021, which placed restrictions on the staffing industry, combined with the impact of the sale of our Russian operations in July 2022. Revenue in Europe decreased 6.1% on a reported basis and increased 2.9% in constant currency with growth in most geographies.

Operating Results By Segment (continued)
(Dollars in millions)

	Third Quarter			September Year to Date		
	2022	2021	Change	2022	2021	Change
Gross Profit:						
Professional & Industrial	$ 70.3	$ 76.6	(8.3) %	$ 231.2	$ 227.7	1.5 %
Science, Engineering & Technology	76.3	68.1	11.9	225.3	187.8	19.9
Education	16.6	10.0	65.4	69.2	44.0	57.3
Outsourcing & Consulting	44.1	37.3	18.6	127.6	103.4	23.5
International	33.3	36.9	(9.6)	108.3	110.3	(1.8)
Consolidated Total	$ 240.6	$ 228.9	5.1 %	$ 761.6	$ 673.2	13.1 %
Gross Profit Rate:						
Professional & Industrial	17.2 %	16.9 %	0.3 pts.	18.2 %	16.4 %	1.8 pts.
Science, Engineering & Technology	23.7	22.3	1.4	23.4	21.9	1.5
Education	15.9	15.1	0.8	16.0	15.5	0.5
Outsourcing & Consulting	37.2	32.8	4.4	36.3	32.3	4.0
International	15.5	14.4	1.1	15.1	13.6	1.5
Consolidated Total	20.6 %	19.2 %	1.4 pts.	20.4 %	18.4 %	2.0 pts.

Third Quarter Results

Gross profit for the Professional & Industrial segment decreased on lower revenue volume, partially offset by an increase in the gross profit rate. In comparison to the prior year, the gross profit rate increased 30 basis points. This increase reflects lower employee-related costs.

The Science, Engineering & Technology gross profit increased on higher revenue volume, combined with an increase in the gross profit rate. The gross profit rate increased 140 basis points due to improved specialty mix, partially offset by higher employee-related costs.

Gross profit for the Education segment increased on higher revenue volume, combined with an increase in the gross profit rate. The gross profit rate increased 80 basis points due primarily to the acquisition of PTS which generates higher margins, lower employee-related costs and higher permanent placement income at Greenwood/Asher.

The Outsourcing & Consulting gross profit increased on higher revenue volume, combined with an increase in the gross profit rate. The gross profit rate increased 440 basis points primarily due to a change in product mix within this segment. Growth in RPO, including the acquisition of RocketPower, and MSP with higher margins, was coupled with decreased revenues in our PPO product, which generates lower profit margins.

International gross profit decreased 9.6% on a reported basis and increased 2.0% in constant currency. The decrease on a reported basis resulted from lower revenue volume, partially offset by an improved gross profit rate. On a constant currency basis, the improved gross profit rate more than offset the lower revenue volume. The gross profit rate increased 110 basis points primarily due to improved customer mix and higher permanent placement income.

September Year to Date Results

Gross profit for the Professional & Industrial segment increased due to an increase in the gross profit rate, partially offset by lower revenue volume. In comparison to the prior year, the gross profit rate increased 180 basis points. This increase reflects higher permanent placement income, including conversion fees related to a large customer, lower employee-related costs and improved business mix.

Science, Engineering & Technology gross profit increased on higher revenue volume, combined with an increase in the gross profit rate. The gross profit rate increased 150 basis points due to improved specialty mix, including the acquisition of Softworld which generates higher gross profit margins, and increased permanent placement income, partially offset by higher employee-related costs.

Gross profit for the Education segment increased on higher revenue volume and an increase in the gross profit rate. The gross profit rate increased 50 basis points due primarily to the acquisition of PTS which generates higher margins, and higher permanent placement income at Greenwood/Asher.

Outsourcing & Consulting gross profit increased on higher revenue volume, combined with an increase in the gross profit rate. The gross profit rate increased 400 basis points primarily due to a change in product mix within this segment. Growth in RPO, including the acquisition of RocketPower, and MSP with higher margins, was coupled with decreased revenues in our PPO product, which generates lower profit margins.

International gross profit decreased 1.8% on a reported basis and improved 7.4% on a constant currency basis. On a reported basis, lower revenue volume was partially offset by an improved gross profit rate. On a constant currency basis, the improved gross profit rate more than offset the impact of lower revenue volume. In comparison to the prior year, the gross profit rate increased 150 basis points primarily due to improved customer mix and higher permanent placement income.

Operating Results By Segment (continued)
(Dollars in millions)

	Third Quarter			September Year to Date		
	2022	2021	% Change	2022	2021	% Change
SG&A Expenses:						
Professional & Industrial	$ 65.3	$ 69.4	(6.0) %	$ 204.1	$ 207.8	(1.8) %
Science, Engineering & Technology	53.4	48.4	10.2	161.4	131.0	23.2
Education	21.4	17.0	25.6	60.4	46.5	29.9
Outsourcing & Consulting	37.7	30.7	23.4	111.8	89.2	25.6
International	31.4	34.5	(9.1)	99.2	102.2	(3.0)
Corporate expenses	21.9	19.9	9.9	70.4	63.2	11.3
Consolidated Total	$ 231.1	$ 219.9	5.1 %	$ 707.3	$ 639.9	10.5 %

Third Quarter Results

Total SG&A expenses in Professional & Industrial decreased 6.0% from the prior year, primarily due to cost management in response to lower revenue volume compared to the prior year.

Total SG&A expenses in Science, Engineering & Technology increased 10.2% from the prior year, primarily due to higher performance-based incentive compensation expense and higher salary-related costs from higher headcount and salary increases.

Total SG&A expenses in Education increased 25.6% from the prior year, and includes the impact of the acquisition of PTS in May 2022. Excluding the impact of the PTS acquisition, SG&A expenses increased 15.5% from the prior year, due primarily to higher salary-related expenses as headcount has increased as revenues have grown, partially offset by the prior year impact of a charge to adjust the earnout liability due to the former owners of Greenwood/Asher & Associates.

Total SG&A expenses in Outsourcing & Consulting increased 23.4% from the prior year, and includes the impact of the acquisition of RocketPower in March 2022. Excluding the impact of the RocketPower acquisition, SG&A expenses increased 12.6% from the prior year, primarily due to higher salary-related expenses as a result of headcount related to higher MSP and RPO revenue and salary increases.

Total SG&A expenses in International decreased 9.1% on a reported basis and increased 1.5% on a constant currency basis. The constant currency increase was due to higher salary-related expenses driven by an increase in headcount, reflecting improving revenue in Europe, partially offset by the impact of the sale of our Russian operations in July 2022.

Corporate expenses increased 9.9% primarily due to higher performance-based incentive compensation expense.

September Year to Date Results

Total SG&A expenses in Professional & Industrial decreased 1.8% from the prior year, primarily due to lower expenses to support lower volumes in our staffing and outcome-based call center specialties, partially offset by higher performance-based incentive compensation expense.

Total SG&A expenses in Science, Engineering & Technology increased 23.2% from the prior year, and includes the impact of the acquisition of Softworld in the second quarter of 2021. Excluding the impact of the addition of Softworld expenses in the first quarter of 2022, SG&A expenses increased 15.4% from the prior year. The increase in organic SG&A expenses are due primarily to higher performance-based incentive compensation expense and higher salary-related costs from increasing headcount.

Total SG&A expenses in Education increased 29.9% from the prior year, and includes the impact of the acquisition of PTS in May 2022. Excluding the impact of the PTS acquisition, SG&A expenses increased 23.4% from the prior year, due primarily to higher salary-related expenses as headcount has increased as revenues have grown.

Total SG&A expenses in Outsourcing & Consulting increased 25.6% from the prior year, and includes the impact of the acquisition of RocketPower in March 2022. Excluding the impact of the RocketPower acquisition, SG&A expenses increased 17.4% from the prior year, due primarily to higher salary-related expenses as headcount has increased as revenues have grown.

Total SG&A expenses in International decreased 3.0% on a reported basis and increased 5.4% on a constant currency basis. The increase in constant currency was primarily due to higher salary-related expenses driven by an increase in headcount, reflecting improving revenue in Europe, partially offset by the impact of the sale of our Russian operations in July 2022.

Corporate expenses increased 11.3% primarily due to higher performance-based incentive compensation expense.

Operating Results By Segment (continued)
(Dollars in millions)

	Third Quarter			September Year to Date		
	2022	2021	% Change	2022	2021	% Change
Earnings (Loss) from Operations:						
Professional & Industrial	$ 5.0	$ 7.2	(30.7) %	$ 27.1	$ 19.9	36.1 %
Science, Engineering & Technology	22.9	19.7	16.2	63.9	56.8	12.5
Education	(4.8)	(7.0)	31.8	8.8	(2.5)	NM
Outsourcing & Consulting	(24.3)	6.6	NM	(14.9)	14.2	NM
International	1.9	2.4	(16.9)	9.1	8.1	13.4
Corporate	(21.9)	(19.9)	(9.9)	(70.4)	(63.2)	(11.3)
Loss on disposal	(0.2)	—	NM	(18.7)	—	NM
Gain on sale of assets	—	—	NM	5.3	—	NM
Consolidated Total	$ (21.4)	$ 9.0	NM %	$ 10.2	$ 33.3	(69.4) %

Third Quarter Results

Professional & Industrial reported earnings of $5.0 million for the quarter, a 30.7% decrease from a year ago. The decrease in earnings was primarily due to lower gross profit, partially offset by lower SG&A expense.

Science, Engineering & Technology reported earnings of $22.9 million for the quarter, a 16.2% increase from a year ago. The increase in earnings was primarily due to increases in revenues in most of our specialties within the SET business unit that were partially offset by increases in certain expenses, including those related to additional headcount and increased performance-based incentive compensation.

Education reported a loss of $4.8 million for the quarter, compared to a loss of $7.0 million a year ago. The change was primarily due to the increase in revenue resulting from improved demand for our services as compared to a year ago, coupled with good operating leverage. 2022 results also include earnings of $0.7 million from PTS acquired in May 2022.

Outsourcing & Consulting reported a loss of $24.3 million for the quarter, compared to earnings of $6.6 million a year ago, due primarily to a $30.7 million charge related to the impairment of goodwill of RocketPower. Excluding the goodwill impairment charge, earnings decreased from a year ago as a result of increasing costs, partially offset by higher revenue and gross profit.

International reported earnings of $1.9 million for the quarter, compared to earnings of $2.4 million a year ago. The decrease in earnings was primarily due to the sale of our Russian operations in July 2022.

September Year to Date Results

Professional & Industrial reported earnings of $27.1 million for the first nine months of 2022, a 36.1% increase from a year ago. The increase was due to improved gross profit, including conversion fees related to a large customer and good cost management.

Science, Engineering & Technology reported earnings of $63.9 million for the first nine months of 2022, a 12.5% increase from a year ago. The increase in earnings was primarily due to the impact of the Softworld acquisition. Increases in revenues in most of our specialties within the SET business unit were partially offset by increases in certain expenses, including those related to additional headcount and increased performance-based incentive compensation.

Education reported earnings of $8.8 million for the first nine months of 2022, compared to a loss of $2.5 million a year ago. The change was primarily due to the increase in revenue resulting from improved demand for our services as compared to a year ago, coupled with good operating leverage. 2022 results also include earnings of $1.6 million from PTS acquired in May 2022.

Outsourcing & Consulting reported a loss of $14.9 million for the first nine months of 2022, compared to earnings of $14.2 million from a year ago, due primarily to a $30.7 million charge related to the impairment of goodwill of RocketPower.

International reported earnings of $9.1 million for the first nine months of 2022, compared to earnings of $8.1 million a year ago. The increase in earnings was primarily due to gross profit growth in most geographies, partially offset by the impact of the sale of our Russian operations in July 2022.

Financial Condition

Historically, we have financed our operations through cash generated by operating activities and access to credit markets. Our working capital requirements are primarily generated from temporary employee payroll, which is generally paid weekly or monthly, and customer accounts receivable, which is generally outstanding for longer periods. Since receipts from customers lag payroll to temporary employees, working capital requirements increase substantially in periods of growth. Conversely, when economic activity slows, working capital requirements may substantially decrease. This may result in an increase in our operating cash flows; however, any such increase would not be sustainable in the event that an economic downturn continued for an extended period. The impact of the COVID-19 crisis on our business began in March 2020. While we have yet to return to pre-crisis revenue levels, we have experienced improving demand for our services and expect a sustained recovery throughout 2022.

As highlighted in the consolidated statements of cash flows, our liquidity and available capital resources are impacted by four key components: cash, cash equivalents and restricted cash, operating activities, investing activities and financing activities.

Cash, Cash Equivalents and Restricted Cash

Cash, cash equivalents and restricted cash, totaled $130.7 million at the end of the third quarter of 2022 and $119.5 million at year-end 2021. As further described below, we used $111.7 million of cash for operating activities, generated $167.7 million of cash from investing activities and used $37.4 million of cash for financing activities.

Operating Activities

In the first nine months of 2022, we used $111.7 million of net cash for operating activities, as compared to generating $31.0 million in the first nine months of 2021, primarily due to increased working capital requirements. As revenue levels continue to recover or surpass pre-COVID levels in certain segments, days sales outstanding increased. As of the end of the third quarter of 2022, global DSO has increased primarily as a result of an increase in the mix of MSP and other customers with extended terms and, to a lesser extent, the timing of customer payments. Accounts payable and accrued liabilities was $735.2 million and increased from year-end 2021 as a result of increased MSP supplier payables. This increase partially mitigated the impact of higher global DSO on net cash from operating activities. In addition, we paid $50.1 million of income taxes related to the sale of Persol Holdings common stock and $29.5 million related to deferred U.S. payroll taxes in 2022.

Trade accounts receivable totaled $1.5 billion at the end of the third quarter of 2022. Global DSO was 64 days at the end of the third quarter of 2022, 60 days at year-end 2021 and 63 days at the end of the third quarter of 2021.

Our working capital position (total current assets less total current liabilities) was $587.1 million at the end of the third quarter of 2022, an increase of $93.6 million from year-end 2021. Excluding the increase in cash, working capital increased $83.9 million from year-end 2021. The current ratio (total current assets divided by total current liabilities) was 1.5 at the end of the third quarter of 2022 and at year-end 2021.

Investing Activities

In the first nine months of 2022, we generated $167.7 million of cash from investing activities, as compared to using $198.4 million in the first nine months of 2021. Included in cash generated from investing activities in the first nine months of 2022 is $196.9 million of proceeds from the sale of the investment in Persol Holdings and $119.5 million of proceeds from the sale of almost all of the Company's equity investment in PersolKelly. This was partially offset by $58.3 million of cash used for the acquisition of RocketPower in March 2022, net of cash received, $84.8 million of cash used for the acquisition of PTS in May 2022, net of cash received, and $6.0 million of cash disposed from the sale of Russia in July 2022, net of proceeds. Included in cash used for investing activities in the first nine months of 2021 is $213.0 million of cash used for the acquisition of Softworld in April 2021, net of cash received and including working capital adjustments.

Financing Activities

We used $37.4 million of cash for financing activities in the first nine months of 2022, as compared to using $5.7 million in the first nine months of 2021. The change in cash used for financing activities was primarily related to the buyback of the Company's common shares held by Persol Holdings for $27.2 million in the first nine months of 2022 and the year-over-year change in dividend payments. Dividends paid per common share were $0.20 in the first nine months of 2022 and $0.05 in first nine months of 2021.

Changes in net cash used for financing activities are also impacted by short-term borrowing activities. The change in short-term borrowings in the first nine months of 2022 was primarily due to borrowings on local lines of credit. The change in short-term borrowings in the first nine months of 2021 was primarily due to payments on local lines of credit. Debt totaled $0.1 million at the end of the third quarter of 2022, which represented local borrowings, compared to no debt at year-end 2021. Debt-to-total capital (total debt reported in the consolidated balance sheet divided by total debt plus stockholders' equity) is a common ratio to measure the relative capital structure and leverage of the Company. Our ratio of debt-to-total capital was 0.0% at the end of the third quarter of 2022 and at year-end 2021.

New Accounting Pronouncements

See New Accounting Pronouncements footnote in the Notes to Consolidated Financial Statements of this Quarterly Report on Form 10-Q for a description of new accounting pronouncements.

Critical Accounting Estimates

For a discussion of our critical accounting estimates, see "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our 2021 Form 10-K.

Contractual Obligations and Commercial Commitments

There were no significant changes to our contractual obligations and commercial commitments from those disclosed in the section "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our 2021 Form 10-K. We have no material unrecorded commitments, losses, contingencies or guarantees associated with any related parties or unconsolidated entities.

Liquidity

We expect to meet our ongoing short-term and long-term cash requirements principally through cash generated from operations, available cash and equivalents, securitization of customer receivables and committed unused credit facilities. Additional funding sources could include asset-based lending, additional bank facilities or sale of non-core assets. To meet significant cash requirements related to our nonqualified retirement plan, we may utilize proceeds from Company-owned life insurance policies. During 2020, cash generated from operations was supplemented by the deferral of payments of the Company's U.S. social security taxes as allowed by the Coronavirus Aid, Relief, and Economic Security Act. We have repaid $59.4 million, including $29.5 million in the first quarter of 2022 and the remaining deferrals of $57.6 million are required to be repaid by January 3, 2023.

We utilize intercompany loans, dividends, capital contributions and redemptions to effectively manage our cash on a global basis. We periodically review our foreign subsidiaries' cash balances and projected cash needs. As part of those reviews, we may identify cash that we feel should be repatriated to optimize the Company's overall capital structure. As of the end of the third quarter of 2022, these reviews have not resulted in specific plans to repatriate a majority of our international cash balances. We expect much of our international cash will be needed to fund working capital growth in our local operations as working capital needs, primarily trade accounts receivable, increase during periods of growth. A cash pooling arrangement (the "Cash Pool") is available to fund general corporate needs internationally. The Cash Pool is a set of cash accounts maintained with a single bank that must, as a whole, maintain at least a zero balance; individual accounts may be positive or negative. This allows countries with excess cash to invest and countries with cash needs to utilize the excess cash.

As of the third quarter of 2022, we had $200.0 million of available capacity on our $200.0 million revolving credit facility and $97.0 million of available capacity on our $150.0 million securitization facility. The securitization facility carried no short-term borrowings and $53.0 million of standby letters of credit related to workers' compensation. Together, the revolving credit and securitization facilities provide the Company with committed funding capacity that may be used for general corporate purposes subject to financial covenants and restrictions. While we believe these facilities will cover our working capital needs over the short term, if economic conditions or operating results change significantly from our current expectations, we may need to seek additional sources of funds. As of the end of the third quarter of 2022, we met the debt covenants related to our revolving credit facility and securitization facility.

We have historically managed our cash and debt closely to optimize our capital structure. As our cash balances build, we tend to pay down debt as appropriate. Conversely, when working capital needs grow, we tend to use corporate cash and cash available in the Cash Pool first, and then access our borrowing facilities. We expect our working capital requirements to increase over the next several quarters if demand for our services increases, to pay the remaining deferred payroll tax balances noted above by January 3, 2023, and to fund future share repurchases.

In February 2022, we completed transactions to monetize a substantial portion of our assets in the Asia-Pacific region which will allow us to strategically redeploy resources to accelerate our growth. Specifically, we concluded our cross-shareholding arrangement with Persol Holdings and reduced our ownership interest in PersolKelly, our APAC joint venture. We sold our investment in Persol Holdings common stock in an open-market transaction. We repurchased the 1.6 million Kelly Class A and 1,475 Kelly Class B common shares owned by Persol Holdings at a price based on the last five trading days prior to the transaction. We sold almost all of our ownership interest in PersolKelly to our joint venture partner. In the second quarter of 2022, the Company paid $50.1 million in taxes resulting from the sale of the Persol Holdings shares.

We monitor the credit ratings of our major banking partners on a regular basis and have regular discussions with them. Based on our reviews and communications, we believe the risk of one or more of our banks not being able to honor commitments is insignificant. We also review the ratings and holdings of our money market funds and other investment vehicles regularly to ensure high credit quality and access to our invested cash.

Forward-Looking Statements

Certain statements contained in this report and in our investor conference call related to these results are "forward-looking" statements within the meaning of the applicable securities laws and regulations. Forward-looking statements include statements which are predictive in nature, which depend upon or refer to future events or conditions, or which include words such as "expects," "anticipates," "intends," "plans," "believes," "estimates," or variations or negatives thereof or by similar or comparable words or phrases. In addition, any statements concerning future financial performance (including future revenues, earnings or growth rates), ongoing business strategies or prospects, and possible future actions by us that may be provided by management, including oral statements or other written materials released to the public, are also forward-looking statements. Forward-looking statements are based on current expectations and projections about future events and are subject to risks, uncertainties and assumptions about our Company and economic and market factors in the countries in which we do business, among other things. These statements are not guarantees of future performance, and we have no specific intention to update these statements.

Actual events and results may differ materially from those expressed or forecasted in forward-looking statements due to a number of factors. The principal important risk factors that could cause our actual performance and future events and actions to differ materially from such forward-looking statements include, but are not limited to, changing market and economic conditions, the impact of the novel coronavirus (COVID-19) outbreak, competitive market pressures including pricing and technology introductions and disruptions, disruption in the labor market and weakened demand for human capital resulting from technological advances, competition law risks, the impact of changes in laws and regulations (including federal, state and international tax laws), unexpected changes in claim trends on workers' compensation, unemployment, disability and medical benefit plans, or the risk of additional tax liabilities in excess of our estimates, our ability to achieve our business strategy, our ability to successfully develop new service offerings, material changes in demand from or loss of large corporate customers as well as changes in their buying practices, risks particular to doing business with government or government contractors, the risk of damage to our brand, our exposure to risks associated with services outside traditional staffing, including business process outsourcing, services of licensed professionals and services connecting talent to independent work, our increasing dependency on third parties for the execution of critical functions, our ability to effectively implement and manage our information technology strategy, the risks associated with past and future acquisitions, including risk of related impairment of goodwill and intangible assets, risks associated with conducting business in foreign countries, including foreign currency fluctuations, risks associated with violations of anticorruption, trade protection and other laws and regulations, availability of qualified full-time employees, availability of temporary workers with appropriate skills required by customers, liabilities for employment-related claims and losses, including class action lawsuits and collective actions, our ability to sustain critical business applications through our key data centers, risks arising from failure to preserve the privacy of information entrusted to us or to meet our obligations under global privacy laws, the risk of cyberattacks or other breaches of network or information technology security, our ability to realize value from our tax credit and net operating loss carryforwards, our ability to maintain specified financial covenants in our bank facilities to continue to access credit markets, and other risks, uncertainties and factors discussed in this report and in our other filings with the Securities and Exchange Commission. Actual results may differ materially from any forward-looking statements contained herein, and we undertake no duty to update any forward-looking statement to conform the statement to actual results or changes in the Company's expectations. Certain risk factors are discussed more fully under "Risk Factors" in Part I, Item 1A of the Company's Annual Report on Form 10-K.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We are exposed to foreign currency risk primarily related to our foreign subsidiaries. Exchange rates impact the U.S. dollar value of our reported earnings, our investments in and held by subsidiaries, local currency denominated borrowings and intercompany transactions with and between subsidiaries. Our foreign subsidiaries primarily derive revenues and incur expenses within a single country and currency which, as a result, provide a natural hedge against currency risks in connection with normal business operations. Accordingly, changes in foreign currency rates vs. the U.S. dollar, euro or Swiss franc generally do not impact local cash flows. Intercompany transactions which create foreign currency risk include services, royalties, loans, contributions and distributions.

In addition, we are exposed to interest rate risks through our use of the multi-currency line of credit and other borrowings. A hypothetical fluctuation of 10% of market interest rates would not have had a material impact on 2022 third quarter earnings.

We are exposed to market risk as a result of our obligation to pay benefits under our nonqualified deferred compensation plan and our related investments in company-owned variable universal life insurance policies. The obligation to employees increases and decreases based on movements in the equity and debt markets. The investments in mutual funds, as part of the Company-owned variable universal life insurance policies, are designed to mitigate, but not eliminate, this risk with offsetting gains and losses.

Item 4. Controls and Procedures.

Based on their evaluation as of the end of the period covered by this Form 10-Q, the Company’s Chief Executive Officer and Chief Financial Officer have concluded that the Company’s disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) are effective at a reasonable assurance level.

On March 7, 2022, the Company completed the acquisition of RocketPower and on May 2, 2022 our KSU subsidiary completed the acquisition of PTS (see Acquisitions and Disposition footnote). Under guidelines established by the SEC, companies are permitted to exclude acquisitions from their assessment of internal control over financial reporting during the first year of an acquisition while integrating the acquired company. Accordingly, we intend to exclude the acquired RocketPower and PTS businesses from our assessment and report on internal control over financial reporting for the year ending January 1, 2023. We are in the process of integrating RocketPower and PTS into our system of internal control over financial reporting.

Except as noted above, there was no change in the Company’s internal control over financial reporting that occurred during the Company’s most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

The Company is continuously engaged in litigation, threatened ligation, claims, audits or investigations arising in the ordinary course of its business, such as matters alleging employment discrimination, wage and hour violations, claims for indemnification or liability, violations of privacy rights, anti-competition regulations, commercial and contractual disputes, and tax-related matters which could result in a material adverse outcome. We record accruals for loss contingencies when we believe it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. Such accruals are recorded in accounts payable and accrued liabilities and in accrued workers' compensation and other claims in the consolidated balance sheet. The Company maintains insurance coverage which may cover certain claims. When claims exceed the applicable policy deductible and realization of recovery of the claim from existing insurance policies is deemed probable, the Company records receivables from the insurance company for the excess amount, which are included in prepaid expenses and other current assets in the consolidated balance sheet.

While the outcome of these matters currently pending cannot be predicted with certainty, we believe that the resolution of any such proceedings will not have a material adverse effect on our financial condition, results of operations or cash flows.

In January 2018, the Hungarian Competition Authority initiated proceedings against the Company, along with a local industry trade association and its members, due to alleged infringement of national competition regulations. The Authority announced its decision on December 18, 2020, levying a fine against the trade association with joint and several secondary liability placed on the 20 member companies. Certain member companies exercised their right to challenge the decision. Publication of the judgement by the court will impact the apportionment of secondary liability initially announced by the Competition Authority. However, the Company does not believe that resolution of this matter will have a material adverse effect upon the Company's competitive position, results of operations, cash flows or financial position.

Item 1A. Risk Factors.

There have been no material changes in the Company's risk factors previously disclosed in Part I, Item 1A of the Company's Annual Report filed on Form 10-K for the year ended January 2, 2022.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

(a) Sales of Equity Securities Not Registered Under the Securities Exchange Act of 1933

None.

(c) Issuer Repurchases of Equity Securities

During the third quarter of 2022, we reacquired shares of our common stock as follows:

Period	Total Number of Shares (or Units) Purchased	Average Price Paid per Share (or Unit)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares (or Units) That May Yet Be Purchased Under the Plans or Programs (in millions of dollars)
July 4, 2022 through August 7, 2022	489	$ 19.82	—	$ —
August 8, 2022 through September 4, 2022	67	19.01		$ —
September 5, 2022 through October 2, 2022	61	14.60	—	$ —
Total	617	$ 19.22		

We may reacquire shares sold to cover employee tax withholdings due upon the vesting of restricted stock and performance shares held by employees. Accordingly, 617 shares were reacquired in transactions during the quarter.

Item 3. Defaults Upon Senior Securities.

Not applicable.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

Not applicable.

Item 6. Exhibits.

See Index to Exhibits required by Item 601, Regulation S-K, set forth on page 54 of this filing.

INDEX TO EXHIBITS
REQUIRED BY ITEM 601,
REGULATION S-K

Exhibit No.	Description
10.16	First Amended and Restated Receivables Purchase Agreement Amendment No. 3, dated September 21, 2022.
14	Code of Business Conduct and Ethics, revised August 2022.
31.1	Certification Pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act, as amended.
31.2	Certification Pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act, as amended.
32.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data file because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
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, thereunto duly authorized.

KELLY SERVICES, INC.

Date: November 10, 2022

/s/ Olivier G. Thirot
Olivier G. Thirot

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

Date: November 10, 2022

/s/ Laura S. Lockhart
Laura S. Lockhart

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

FIRST AMENDED AND RESTATED
RECEIVABLES PURCHASE AGREEMENT AMENDMENT NO. 3

This FIRST AMENDED AND RESTATED RECEIVABLES PURCHASE AGREEMENT AMENDMENT NO. 3 (this "Amendment"), dated as of September 21, 2022, among Kelly Receivables Funding, LLC, as Seller, Kelly Services, Inc., as Servicer, PNC Bank, National Association ("PNC"), as a Related Committed Purchaser, as Purchaser Agent for the PNC Purchaser Group, as LC Bank and as an LC Participant, and PNC Bank, National Association, as Administrator for each Purchaser Group (in such capacity, the "Administrator"), to FIRST AMENDED AND RESTATED RECEIVABLES PURCHASE AGREEMENT (the "Receivables Purchase Agreement"), dated as of December 5, 2016, among Seller, Servicer, the various Purchasers and Purchaser Agents from time to time party thereto, LC Bank, LC Participant, and Administrator.

W I T N E S S E T H:

WHEREAS, the Seller desires to amend the Receivables Purchase Agreement to modify the terms thereof;

WHEREAS, the Purchaser Agents, Related Committed Purchasers, Conduit Purchaser, LC Bank, LC Participant, and Administrator agree to amend the Receivables Purchase Agreement pursuant to the terms and conditions set forth herein;

WHEREAS, the Seller has requested that the Administrator, Purchasers and Purchaser Agents consent to an extension of the Facility Termination Date and other amendments thereto; and

NOW, THEREFORE, in consideration of the mutual agreements herein contained and other good and valuable consideration, receipt and sufficiency of which are hereby acknowledged by the parties, the Seller, Servicer, New Purchasers, LC Bank, LC Participant, and Administrator hereto agree as follows:

Section 1. Definitions. Capitalized terms not otherwise defined herein shall have the meanings given to them in the Receivables Purchase Agreement.

Section 2. Amendments to the Receivables Purchase Agreement. Upon satisfaction of the conditions precedent contained in Section 4 below, the reference to *"65 days"* appearing in clause (g)(iii) of Exhibit V of the Receivables Purchase Agreement is hereby deleted and replaced with a reference to *"70 days"*.

Section 3. Representations of the Seller and Servicer. Each of Seller and Servicer hereby represent and warrant to the parties hereto that as of the date hereof each of the representations and warranties contained in Exhibit III of the Receivables Purchase Agreement and any other Transaction Documents to which it is a party are true and correct as of the date hereof and after giving effect to this Amendment (except to the extent that such representations and warranties expressly refer to an earlier date, in which case they are true and correct as of such earlier date).

Section 4. Conditions Precedent. This Amendment shall become effective and be deemed effective as of the date first written above (the "Effective Date") upon the satisfaction of the following conditions precedent:

(a) Administrator shall have received a fully-executed counterpart of this Amendment;

(b) each representation and warranty of Seller and Servicer contained herein or in any other Transaction Document (after giving effect to this Amendment) shall be true and correct; and

(c) no Termination Event, as set forth in Exhibit V of the Receivables Purchase Agreement, shall have occurred and be continuing.

Section 5. Amendment. The Seller, Servicer, the Purchaser Agents, the Related Committed Purchasers, the Conduit Purchasers (if any), the LC Bank, the LC Participants, and the Administrator hereby agree that the provisions and effectiveness of this Amendment shall apply to the Receivables Purchase Agreement as of the date hereof. Except as amended by this Amendment, the Receivables Purchase Agreement remains unchanged and in full force and effect. This Amendment is a Transaction Document.

Section 6. Counterparts. This Amendment may be executed by the parties in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

Section 7. Captions. The headings of the Sections of this Amendment are for convenience of reference only and shall not modify, define, expand or limit any of the terms or provisions of this Amendment.

Section 8. Successors and Assigns. The terms of this Amendment shall be binding upon, and shall inure to the benefit of, Seller, Servicer, Purchaser Agents, Related Committed Purchasers, Conduit Purchaser, LC Bank, LC Participant, and Administrator and their respective successors and permitted assigns.

Section 9. Severability. Any provision of this Amendment which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 10. Governing Law and Jurisdiction. The provisions of the Receivables Purchase Agreement with respect to governing law, jurisdiction, and agent for service of process are incorporated in this Amendment by reference as if such provisions were set forth herein.

[Signatures appear on following page.]

IN WITNESS WHEREOF, the parties hereto have each caused this Amendment to be duly executed by their respective duly authorized officers as of the day and year first above written.

KELLY RECEIVABLES FUNDING, LLC,
as Seller

By: /s/ Michael F. Orsini
Name: Michael F. Orsini
Title: Vice President, Tax & Treasurer

KELLY SERVICES, INC.,
as Servicer

By: /s/ Michael F. Orsini
Name: Michael F. Orsini
Title: Vice President, Tax & Treasurer

PNC BANK, NATIONAL ASSOCIATION,
as Administrator

By: /s/ Deric Bradford
Name: Deric Bradford
Title: Senior Vice President

PNC BANK, NATIONAL ASSOCIATION,
as Purchaser Agent for the PNC Bank Purchaser Group, as a Related Committed Purchaser, as the LC Bank and as an LC Participant

By: /s/ Deric Bradford
Name: Deric Bradford
Title: Senior Vice President

Kelly

Exhibit 14

Code of Business Conduct and Ethics

Revised August 2022

Our Noble Purpose

We connect people to work in ways that enrich their lives.

Our Vision

To be the most creative, insightful, and agile talent company, committed to uniting vital talent with great organizations where, together, we thrive.

Our Strategic Intent

To lead our peers in profitable growth among the talent with whom we choose to specialize and the markets in which we choose to play.

Our Values

We are judged, collectively and individually, by the return we provide to our shareholders. We provide that return with the following values:

- We are personally responsible for our actions, outcomes and reputation.
- We build strong relationships and create Kelly advocates for life.
- We own and resolve customer and candidate issues with urgency.
- We treat every customer, employee and supplier with respect and integrity.
- We continuously seek opportunities to innovate and improve the Kelly experience.

Kelly Services, Inc., and/or any company directly or indirectly controlled by Kelly Services, Inc. (the entire group together “the Company"), is committed to doing the right thing, conducting ourselves in a legal, ethical, and trustworthy manner, and upholding our regulatory obligations. We comply with the letter and spirit of our business policies and applicable local laws in the countries where we operate. We take pride in doing business with integrity and respect the value of ethical business conduct. The Board of Directors (the "Board") of the Company adopted the following Code of Business Conduct and Ethics (the “Code”) that applies to the Board, and every employee of the Company, regardless of position, country, business unit, or subsidiary.

Compliance with Laws, Rules, and Regulations

We strive to ensure that our suppliers, agents, and representatives are aware of their obligation to comply with all laws, rules, and regulations applicable to the Company including laws related to anti-corruption and anti-bribery, trade compliance, labor and employment, antitrust, insider trading, health and safety, the environment, data privacy and protection, and all policies established by the Company. Certain violations may result in fines and/or criminal prosecution.

Obeying the law, both in letter and in spirit, is the foundation on which our ethical standards are built. You must respect and obey the laws of the cities, states, and countries in which the Company operates. Although you are not expected to know the details of all applicable laws, it is important to know enough to determine when to seek advice from your supervisor, Human Resource representative, legal adviser, or other appropriate department.

Failure to comply with laws, rules, or regulations governing the Company's business, this Code, or any Company policy constitute grounds for corrective action, up to and including termination of employment or engagement.

Why Do We Have a Code?

The Code is intended to help us recognize and deal with ethical issues, deter wrongdoing, provide mechanisms to report any concerns, promote honest and ethical conduct, provide full, fair, and timely disclosure in the Company's reports and communications, comply with applicable governmental laws, rules, and regulations, and foster a culture of honesty and accountability.

No code or policy can anticipate every situation that may arise. This Code is intended to serve as a guide in making ethical decisions that aren't always easy. In complex situations, we should take the time to consider our options carefully.

Who Does It Apply To?

All employees, officers, directors, or agents of the Company and any other third party acting on behalf of the Company (collectively referred to as "employees" in this Code), must conduct themselves in a legal, ethical way and comply with both the letter and the spirit of this Code.

If you are a manager, you have a special trust and responsibility to the Company. Managers have a great deal of influence over Kelly's values and culture and must inspire others to act with integrity. Managers are expected to:

- embody Kelly's values;
- lead by example;
- demonstrate a strong commitment to leadership;
- create an open-door environment so employees feel comfortable asking questions and making reports; and
- act promptly if you suspect violations of our Code, other policies, or the law.

Seeking Advice and Reporting Concerns

When you are in doubt about the best course of action in a specific situation, you should talk to your manager, or leadership team, human resources, the legal and compliance staff, or other appropriate personnel. Kelly values the reporting of concerns by employees. If possible, you should begin by speaking to your immediate supervisor or local leadership, but if not, you may contact any or all of the following, in any order:

- your next level of leadership;
- your Human Resources (People Partner) contact;
- Employee Relations;
- legal staff contact;
- fraud or Global Security;
- Chief People Officer;
- General Counsel;
- Internal Audit executive; or
- Chair of the Audit Committee.

We are expected to promptly report known or suspected violations of laws, rules, and regulations applicable to the Company, of this Code, or any Company policy to the Kelly personnel described above or to the Kelly Services' Business Conduct & Ethics Reporting Program, which is available 24 hours a day, seven days a week:

Hotline: 877.978.0049 (country-specific codes and dialing instructions can be found at the end of this Code). You may also report your concerns online at: Kellyservices.ethicspoint.com.

Subject to applicable laws, anonymous reporting will be permitted through Kelly's Business Conduct & Ethics Reporting Program.

Reports of a suspected violation of policy or law will be investigated and documented in accordance with Kelly's investigation procedures. You are expected to fully cooperate with investigations. However, you should not conduct your own investigation into a matter.

If you seek advice, raise a concern, or report misconduct, you are doing the right thing. Kelly is committed to providing an opportunity for employees to express their concerns about compliance and ethics issues and report misconduct without fear of retaliation. The Company will not tolerate retaliation, harassment, or reprisals of any kind against any employee who in good faith raises a concern, reports a violation, or participates in an investigation.

Any employee engaging in retaliatory action will be subject to disciplinary action, up to and including termination. If you suspect that you or someone else has been retaliated against for raising any legal or business conduct issue, immediately use the reporting channels referenced in this section.

Conflict of Interest

We have a duty to act solely in the best interests of Kelly and to provide the Company with our individual loyalty. We avoid conflicts of interest and never use our position or company assets for personal gain. A "conflict of interest" occurs when our individual personal interests interfere, or appear to interfere, in any way with the interests of the Company. Each of us must act with integrity and avoid any relationship or activity that might impair our ability to make objective and fair decisions while fulfilling our job responsibilities. The way we conduct ourselves in the work environment impacts our reputation and the trust we maintain with customers, employees, candidates, applicants, vendors, and suppliers. Care should also be taken to avoid the appearance of a conflict since such appearance might impair confidence in, or the reputation of, the Company even if there is no actual conflict or wrongdoing. This Code does not attempt to describe all possible conflicts of interest, but some common examples of conflicts are provided in this section.

- Personal Relationships – Except as authorized by the Chief People Officer, you may not have a direct or indirect reporting relationship with, supervise or make employment decisions about a family member (partner, spouse, parents, children, siblings (whether by blood, marriage, or adoption), or anyone residing in your home) or otherwise provide an improper personal benefit to a family member as a result of your position with the Company.

- Outside Business Activities – We are expected to devote full attention to our work during regular hours and for whatever additional time may be required consistent with applicable law. Outside employment and other business activities can create conflicts of interest or reduce productivity and, as a result, require prior notification to your manager. Simultaneous employment (including consulting) with a company that is a competitor, business partner, customer, vendor, or supplier to the Company is prohibited.
- Personal Benefit – Offering, giving, or receiving gifts or loans to or from anyone who deals with the Company with the intent to influence the relationship with, or actions regarding the Company.

Conflicts of interest are not always obvious. Situations that involve, or may reasonably be expected to involve, a conflict of interest should be disclosed immediately to your manager, your human resources partner, Internal Audit, or the Legal Department for review. Having a conflict of interest isn't necessarily a violation of the Code.

Directors and executive officers must seek determination and prior authorization or approval of potential conflicts of interest from the Audit Committee.

Anti-Bribery and Anti-Corruption

We take pride in conducting our business with integrity and are committed to abiding by all applicable anti-bribery and anti-corruption laws in the countries where we operate.

You may not give, promise, offer, authorize or accept gifts, credits, payment, services, entertainment, or anything else of value to any supplier, vendor, customer, government employee, or other person for the purpose of improperly influencing a decision, securing an advantage, avoiding a disadvantage, or obtaining or retaining business. Examples of items of value may include but are not limited to:

- charitable donations;
- cash;
- travel expenses;
- gifts; and/or
- offers of entertainment.

Employees should refer to additional guidance and training they receive for more information, including the company's policies regarding anti-bribery and anti-corruption.

Violation of anti-bribery or anti-corruption laws can have serious consequences for both the Company and the individuals involved. Such violations may result in substantial fines and penalties, civil damages, and criminal penalties. In many jurisdictions, violation of anti-bribery and anti-corruption laws can also include significant jail time. Each of us is required to take anti-bribery and anti-corruption training provided by the Company and to certify compliance with the principles outlined in the training, policies, and this Code yearly. If any third-party is found to be engaging in corrupt activities while working on behalf of the Company, we will take swift and appropriate action pursuant to the Anti-Bribery and Anti-Corruption Policy.

Any suspected violation should be reported immediately to our Hotline: 877-978-0049 (country-specific codes and dialing instructions can be found at the end of this Code), online at

Kellyservices.ethicspoint.com. Additional concerns can be mailed to Kelly Services, Inc., Attn: General Counsel, 999 W. Big Beaver Road, Troy, MI 48084 U.S.A.

Trade Compliance

We have a responsibility to obey trade compliance laws and regulations from around the world, which requires that when conducting international business, we verify those transactions do not involve restricted or sanctioned individuals, entities, regions, or countries. As a global company, applicable export controls, sanctions, and other foreign policy regulate where and with whom we can do business. Failure to comply with these restrictions can seriously impact our business, resulting in reputational damage, and significant fines and penalties. If you become aware of possible violations of applicable trade compliance laws and regulations or have a concern regarding transactions in a particular country or with an individual or organization, you should seek advice from the Legal Department.

Insider Trading

Individuals who have access to material non-public information about the Company, a customer, competitor, supplier, or other third party ("inside information") are not permitted to use or share the information for securities trading purposes ("insider trading") or for any other purpose except to conduct the Company's business until after such inside information is made available to the public. Insider trading includes disclosing such information to others to buy or sell securities of a company on the basis of such information ("tipping").

Examples of inside information include, but are not limited to: potential mergers, acquisitions or divestitures, financial results and forecasts, new products or services, board of director changes, senior officer changes, significant contract wins or losses, and internal financial information.

Kelly's Insider Trading Policy includes procedures applicable to all employees.

Fair Dealing

We all have a responsibility to deal fairly with each other and our customers, applicants, candidates, vendors, and suppliers. At Kelly, we execute with conviction and win through our people. You should never take an unfair advantage of anyone else through manipulation, concealment, abuse of confidential information, misrepresentation of material facts, or any other unfair dealing practices.

We are expected to comply with applicable anti-trust and anti-competition laws. Any coordination between our Company and our competitors can violate competition laws, even if it is based on an informal agreement. When interacting with competitors, we should not engage in any of the following activities:

- agreeing to divide territories or customers;
- discussing pricing, discounts, or terms and conditions of sale that we offer; or
- agreeing to boycott certain customers or suppliers.

Contract Management

When we make commitments on the Company's behalf, we may create a legal obligation for the Company. We must ensure that we obtain the appropriate review and approvals for such commitments by following the Company's Signing Authority policy. If you have any questions about obtaining the appropriate review and approval, please contact the Company's Legal Department.

Corporate Opportunities

Each of us has a responsibility to the Company to advance its legitimate interests. We should not:

- take for ourselves or divert to others, opportunities discovered using Company property, information, or our respective position; or
- use Company employees, property, information, or our respective positions for personal gain, including for the benefit of family or friends.

Political Contributions

Employees are free to make personal political contributions or engage in political activities, if such contributions or activities are lawful, do not interfere with work responsibilities, or give the appearance of a conflict of interest. We may not directly or indirectly make political contributions in the name of the Company, or by using Company funds, property, assets or equipment. Furthermore, you cannot require, nor should you request, a supplier or vendor of the Company to make a political contribution of any kind as a condition of doing business with the Company. The Anti-Bribery and Anti-Corruption Policy provides additional instruction on lobbying and rules governing political contributions.

Corporate Sustainability

Sustainability is a guiding principle for our global operations, which drives the Company's relationship with our global workforce, suppliers, and customers.

Kelly embodies the true spirit of corporate sustainability and is committed to the highest standards of corporate citizenship. Our culture and values are rooted in service, integrity, and taking personal responsibility for our actions, outcomes, and reputation. We are individually and collectively accountable for upholding our corporate sustainability commitments.

We encourage participation across our organization, and we will work with external stakeholders to continually advocate on behalf of the global workforce, improve our workplaces, contribute to the communities we serve, and ensure our actions are socially, ethically, and environmentally responsible.

Confidentiality, Privacy, and Proprietary Information

Our obligation to safeguard the integrity, availability, and confidentiality of Kelly's information and information systems, extends to information entrusted to Kelly by our customers, employees, candidates, applicants, vendors, and suppliers. We are expected to safeguard data and systems from unauthorized use, disclosure, modification, destruction, or loss, by complying with Kelly's Privacy Statement, which can be found at https://www.kellyservices.com/global/privacy-statement/, and the Information Security Policy.

Confidential and private information includes personal data, as well as proprietary Company information that has not been made public. Confidential personal data includes: salary and earnings data, identification numbers, banking and financial information, and information on health or family issues. In some jurisdictions, additional data categories may be considered confidential personal data under applicable laws or regulations, Confidential proprietary Company information includes: business plans, pricing or cost information, contracts and customer lists, materials disclosing operational goals or projects, copyrighted materials, research or strategies, inside financial information, know-how and other non-public Company information and intellectual property. If there is any doubt as to whether confidential information should be disclosed, employees should seek advice from their manager or a Legal Department representative.

Protection and Proper Use of Company Assets

Employees have a responsibility to protect the Company's assets and ensure we use them in the most efficient and sustainable fashion. We should not use Company assets, including Kelly's facilities, equipment, property, technology, information, intellectual property, and brand for personal benefit, and all employees have a duty to safeguard these assets against theft, loss, waste, or damage. Storage, processing and use of proprietary, personal, and other confidential information must be completed using Company approved services and devices for legitimate business purposes. Equipment such as computers and other electronic media must not be used for unlawful purposes or for accessing or distributing pornographic or illegal materials or other materials that might create a hostile work environment for others. Company owned devices or other devices remotely connected to the Company networks must comply with the Company's information security measures and are subject to monitoring permitted by applicable laws and regulations.

Media Inquiries and External Communications

The Company makes full, fair, and accurate disclosures in its public communications. Employees should not answer questions on behalf of the Company from the media, analysts, investors, or any other members of the public unless specifically authorized to do so. If you receive such an inquiry, you are expected to record the name of the person and immediately refer the inquiry to Investor Relations.

We are personally responsible for comments we post to a social media network (e.g., Facebook, LinkedIn, Twitter, YouTube, blogs, or forums). Identifying ourselves on these networks as a Kelly employee, associates us with the Company, our colleagues, and customers. Therefore, be mindful that our posts will be available to the general public, reflect on the Company's reputation and business interests, and should reflect good judgment and comply with the law. If you communicate about Kelly externally using online social media, you are expected to observe the guidelines of Kelly's Social Media Policy.

Financial Reporting and Recordkeeping

The Company's financial statements, books, and records must accurately reflect all corporate transactions and conform to all legal and accounting requirements and our system of internal controls. All such records must be timely maintained and fairly and accurately reflect in reasonable detail the Company's assets, liabilities, revenues, and expenses. All employees, not just the Company's accounting and finance staff, have a responsibility to ensure that the Company's accounting records do not contain any false or misleading statements. We must comply with the Company's system of internal accounting controls; record data in a timely and accurate manner (including data used to determine compensation, including hours worked and overtime, and data used for expense reimbursement); and maintain documents in accordance with the Company's records retention policy. We are each responsible for reporting any inaccurate, incomplete, or fraudulent entries known to us. You must comply with requests from our internal and external auditors and provide them with the most accurate and timely information.

Behavior in the Workplace

Kelly is committed to maintaining a work environment that promotes individual dignity and mutual respect. A respectful workplace requires the cooperation and support of each employee. We must comply with all applicable labor and human rights laws and regulations. We are expected to avoid behavior that would reasonably offend, intimidate, harass, or humiliate others. Inappropriate behavior in the workplace, which extends to business travel and after-hour Company sponsored events, will result in disciplinary action, up to and including termination.

Global Diversity and Inclusion

We seek to foster a diverse and inclusive work environment. We believe that diversity in opinions and ideas make us a stronger organization to stimulate the innovative and creative solutions we provide to our customers. Our policies reflect Kelly's commitment to protect the employment rights of qualified applicants and employees regardless of an individual's race, color, age, marital status, veteran status, religion, national origin, genetic information, sexual orientation, gender, gender identity/expression, disability, pregnancy, and/or other protected categories under applicable laws. Kelly provides equal opportunities based on skills and abilities, striving to create a workforce that reflects the diversity of the communities in which we operate. The Company will not tolerate discrimination or harassment of any kind.

Health & Safety and Workplace Violence

We strive to ensure a safe, secure workplace and working conditions that promote health and well-being for all our employees. We have a zero-tolerance policy regarding violence in the workplace. Employees have an obligation to immediately report incidents of violence, threats, bullying, or intimidation. If you have concerns about your immediate safety or the safety of others, please contact local authorities before reporting the situation internally.

Our commitment to maintaining a safe workplace requires that everyone maintain the highest safety standards. We are responsible for paying close attention to our surroundings, following all safety rules and procedures, and reporting any unsafe conditions or work-related injury or illness.

Anti-Human Trafficking and Slavery

The Company has a zero-tolerance policy against all forms of human trafficking and related activities. Kelly's policy statement regarding Human Trafficking and Slavery is available on the Company's website at https://www.kellyservices.com/global/sectionless-pages/human-trafficking-policy/.

Departures from Kelly

We have many obligations upon leaving the Company. Obligations may arise under an employment agreement, incentive plans in which you participated, or other agreements. You should review these agreements and plans carefully before your departure to ensure that you understand and honor confidentiality, non-solicitation, return of assets, and other obligations we have to the Company.

In addition, the Code requires the following of every departing employee:

- provide advance notice of your departure if appropriate for your position and responsibilities;
- return all of Kelly's assets in your possession or control;
- maintain all confidentiality obligations referenced in your employment agreement, if applicable, and the Code;
- support the transition of your responsibilities to other employees; and
- satisfy all financial obligations to Kelly, such as submitting any outstanding expense reports.

Global Policies, Statements, and Training

Kelly maintains specific policies that cover various areas of conduct and governance. The following are global policies, statements, and training that all employees are expected to understand and honor. Links to those policies that can be found on our public website are included below:

- Anti-Bribery and Anti-Corruption Policy

- Antitrust and Competition Policy
- Code of Business Conduct and Ethics
- Compensation Philosophy Statement
- Corporate Disclosure and Communications Policy
- Corporate Sustainability Policy Statement
- GDPR Training
- Global Diversity Training
- Health and Safety Policy
- Human Rights Policy
- Policy Statement Regarding Human Trafficking and Slavery
- Incident Notification Form
- Information Security Policy
- Insider Trading Policy
- Privacy Statement
- Risk Appetite and Tolerance Statement
- Social Media Policy
- Travel, Expense, and Entertainment Policy
- Workplace Violence Policy

Reviewed and adopted by Board of Directors August 10, 2022.

Dialing Instructions

While there is a web-based reporting tool as mentioned above, if you would like to use the dial in number you can follow the process below.

1. Place your call from a “land line” that allows international calls (not a mobile phone).
2. Using the chart below, locate the Direct Access Code for the country you are calling from.
3. Dial the Direct Access Code provided.
4. When prompted, dial the Hotline Number (877-978-0049).
5. Once connected to the Hotline, follow the prompts to speak with a Hotline representative.

Kelly

Kelly Services, Inc.

COUNTRY	DIRECT ACCESS CODE	HOTLINE NUMBER
Australia (Optus)	1-800-551-155	877-978-0049
Australia (Telstra)	1-800-881-011	877-978-0049
Austria / Österreich	0800-200-288	877-978-0049
Belgium / België	0-800-100-10	877-978-0049
Brazil / Brasil	0800 890 0288 or 0800-8888-288	877-978-0049
China / 中国	108-888 (Beijing) or 108-11 (rest of China)	877-978-0049
Canada	N/A	877-978-0049
Denmark / Danmark	8001-0010	877-978-0049
France	0800-99-0011 or 0805-701-288	877-978-0049
Germany / Deutschland	0-800-2255-288	877-978-0049
Hong Kong / 香港	800-96-1111 (HK Telephone) or 800-93-2266 (New World Telephone)	877-978-0049
Hungary / Magyarország	06 800-01111	877-978-0049
India /	000-117	877-978-0049
Indonesia / Republik Indonesia	001-801-10	877-978-0049
Italy / Italia	800-172-444	877-978-0049
Japan / 日本/ Nihon	00 539-111 (KDDI); 0034-811-001 (NTT); 00-663-5111 (Softbank)	877-978-0049
Luxembourg	800 2 0111	877-978-0049
Malaysia / مليسيا	1-800-80-0011	877-978-0049
Mexico / México	01-800-288-2872	877-978-0049
Netherlands (Holland) / Nederland	0800-022-9111	877-978-0049
New Zealand	000-911	877-978-0049
Norway / Norge	800-190-11	877-978-0049
Poland / Polska	0-0-800-111-1111	877-978-0049
Portugal	800-800-128	877-978-0049
Puerto Rico	N/A	877-978-0049
Russia / Россия	363-2400 (Moscow); 8^495-363-2400 (outside Moscow); 363-2400 (St. Petersburg); 8^812-363-2400 (outside St. Petersburg)	877-978-0049
Singapore / 新加坡 / Singapuraf	800-0111-111 (Sing Tel) or 80-0001-0001 (StarHub)	877-978-0049
Spain / España	900-99-00-11	877-978-0049
Sweden / Sverige	020-799-111	877-978-0049
Switzerland / Suisse	0-800-890011	877-978-0049
Thailand /	1-800-0001-33 or 001-999-111-11	877-978-0049
United States	N/A	877-978-0049

Exhibit 31.1

CERTIFICATIONS

I, Peter W. Quigley, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Kelly Services, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 10, 2022

/s/ Peter W. Quigley
Peter W. Quigley
President and
Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, Olivier G. Thirot, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Kelly Services, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 10, 2022

/s/ Olivier G. Thirot
Olivier G. Thirot
Executive Vice President and
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Kelly Services, Inc. (the "Company") on Form 10-Q for the period ended October 2, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Peter W. Quigley, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 10, 2022

/s/ Peter W. Quigley
Peter W. Quigley
President and
Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to Kelly Services, Inc. and will be retained by Kelly Services, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Kelly Services, Inc. (the “Company”) on Form 10-Q for the period ended October 2, 2022 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Olivier G. Thirot, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 10, 2022

/s/ Olivier G. Thirot
Olivier G. Thirot
Executive Vice President and
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to Kelly Services, Inc. and will be retained by Kelly Services, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.