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 1, 2023

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 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	☐	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 30, 2023, 31,953,850 shares of Class A and 3,321,601 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 1, 2023	October 2, 2022	October 1, 2023	October 2, 2022
Revenue from services	$ 1,118.0	$ 1,167.9	$ 3,603.5	$ 3,731.6
Cost of services	889.5	927.3	2,880.3	2,970.0
Gross profit	228.5	240.6	723.2	761.6
Selling, general and administrative expenses	228.4	231.1	703.8	707.3
Asset impairment charge	—	—	2.4	—
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	0.1	(21.4)	17.0	10.2
Loss on investment in Persol Holdings	—	—	—	(67.2)
Loss on currency translation from liquidation of subsidiary	—	—	—	(20.4)
Other income (expense), net	1.6	0.2	3.0	1.9
Earnings (loss) before taxes and equity in net earnings of affiliate	1.7	(21.2)	20.0	(75.5)
Income tax expense (benefit)	(4.9)	(5.0)	(5.0)	(13.1)
Net earnings (loss) before equity in net earnings of affiliate	6.6	(16.2)	25.0	(62.4)
Equity in net earnings of affiliate	—	—	—	0.8
Net earnings (loss)	$ 6.6	$ (16.2)	$ 25.0	$ (61.6)
Basic earnings (loss) per share	$ 0.18	$ (0.43)	$ 0.68	$ (1.62)
Diluted earnings (loss) per share	$ 0.18	$ (0.43)	$ 0.67	$ (1.62)
Average shares outstanding (millions):				
Basic	35.4	37.9	36.2	38.2
Diluted	35.8	37.9	36.5	38.2

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 1, 2023	October 2, 2022	October 1, 2023	October 2, 2022
Net earnings (loss)	$ 6.6	$ (16.2)	$ 25.0	$ (61.6)
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments, net of tax benefit of $0.0, $0.1, $0.1, and tax expense of $0.0, respectively	(4.3)	(8.8)	0.8	(17.4)
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	(4.3)	(6.9)	0.8	7.6
Other comprehensive income (loss)	(4.3)	(6.9)	0.8	7.6
Comprehensive income (loss)	$ 2.3	$ (23.1)	$ 25.8	$ (54.0)

See accompanying unaudited Notes to Consolidated Financial Statements.

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

	October 1, 2023	January 1, 2023
Assets		
Current Assets		
Cash and equivalents	$ 117.2	$ 153.7
Trade accounts receivable, less allowances of $11.1 and $11.2 respectively	1,388.2	1,491.6
Prepaid expenses and other current assets	86.1	69.9
Total current assets	1,591.5	1,715.2
Noncurrent Assets		
Property and equipment:		
Property and equipment	167.0	166.8
Accumulated depreciation	(138.2)	(139.0)
Net property and equipment	28.8	27.8
Operating lease right-of-use assets	59.9	66.8
Deferred taxes	315.3	299.7
Goodwill, net	151.1	151.1
Other assets	403.4	403.2
Total noncurrent assets	958.5	948.6
Total Assets	$ 2,550.0	$ 2,663.8

See accompanying unaudited Notes to Consolidated Financial Statements.

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

	October 1, 2023	January 1, 2023
Liabilities and Stockholders' Equity		
Current Liabilities		
Short-term borrowings	$ —	$ 0.7
Accounts payable and accrued liabilities	647.5	723.3
Operating lease liabilities	13.2	14.7
Accrued payroll and related taxes	287.8	315.8
Accrued workers' compensation and other claims	22.8	22.9
Income and other taxes	54.0	51.4
Total current liabilities	1,025.3	1,128.8
Noncurrent Liabilities		
Operating lease liabilities	51.5	55.0
Accrued workers' compensation and other claims	40.5	40.7
Accrued retirement benefits	185.6	174.1
Other long-term liabilities	11.4	11.0
Total noncurrent liabilities	289.0	280.8
Commitments and contingencies (see Contingencies footnote)		
Stockholders' Equity		
Capital stock, $1.00 par value		
Class A common stock, 100.0 shares authorized; 35.2 shares issued at 2023 and 35.1 shares issued at 2022	35.2	35.1
Class B common stock, 10.0 shares authorized; 3.3 shares issued at 2023 and 3.4 shares issued at 2022	3.3	3.4
Treasury stock, at cost		
Class A common stock, 3.2 shares at 2023 and 1.0 shares at 2022	(56.8)	(19.5)
Class B common stock	(0.6)	(0.6)
Paid-in capital	29.3	28.0
Earnings invested in the business	1,233.0	1,216.3
Accumulated other comprehensive income (loss)	(7.7)	(8.5)
Total stockholders' equity	1,235.7	1,254.2
Total Liabilities and Stockholders' Equity	$ 2,550.0	$ 2,663.8

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 1, 2023	October 2, 2022	October 1, 2023	October 2, 2022
Capital Stock				
Class A common stock				
Balance at beginning of period	$ 35.2	$ 35.1	$ 35.1	$ 36.7
Conversions from Class B	—	—	0.1	—
Share retirement	—	—	—	(1.6)
Balance at end of period	35.2	35.1	35.2	35.1
Class B common stock				
Balance at beginning of period	3.3	3.4	3.4	3.4
Conversions to Class A	—	—	(0.1)	—
Balance at end of period	3.3	3.4	3.3	3.4
Treasury Stock				
Class A common stock				
Balance at beginning of period	(50.7)	(11.9)	(19.5)	(14.5)
Net issuance of stock awards and other	1.3	0.1	4.9	2.7
Purchase of treasury stock	(7.4)	—	(42.2)	—
Balance at end of period	(56.8)	(11.8)	(56.8)	(11.8)
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	29.0	24.9	28.0	23.9
Net issuance of stock awards	0.3	1.7	1.3	2.7
Balance at end of period	29.3	26.6	29.3	26.6
Earnings Invested in the Business				
Balance at beginning of period	1,229.1	1,239.2	1,216.3	1,315.0
Net earnings (loss)	6.6	(16.2)	25.0	(61.6)
Dividends	(2.7)	(2.9)	(8.3)	(7.7)
Share retirement	—	—	—	(25.6)
Balance at end of period	1,233.0	1,220.1	1,233.0	1,220.1
Accumulated Other Comprehensive Income (Loss)				
Balance at beginning of period	(3.4)	(13.2)	(8.5)	(27.7)
Other comprehensive income (loss), net of tax	(4.3)	(6.9)	0.8	7.6
Balance at end of period	(7.7)	(20.1)	(7.7)	(20.1)
Stockholders' Equity at end of period	$ 1,235.7	$ 1,252.7	$ 1,235.7	$ 1,252.7

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 1, 2023	October 2, 2022
Cash flows from operating activities:		
Net earnings (loss)	$ 25.0	$ (61.6)
Adjustments to reconcile net earnings (loss) to net cash from operating activities:		
Asset impairment charge	2.4	—
Goodwill impairment charge	—	30.7
Deferred income taxes on goodwill impairment charge	—	(5.3)
Loss on disposal	—	18.7
Depreciation and amortization	25.6	24.7
Operating lease asset amortization	12.4	14.2
Provision for credit losses and sales allowances	1.4	1.7
Stock-based compensation	7.9	5.9
Gain on sale of equity securities	(2.0)	—
Loss on investment in Persol Holdings	—	67.2
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 of PersolKelly Asia Pacific	—	(0.8)
Other, net	0.5	3.5
Changes in operating assets and liabilities, net of acquisition	(39.8)	(220.2)
Net cash from (used in) operating activities	33.4	(111.7)
Cash flows from investing activities:		
Capital expenditures	(12.4)	(5.6)
Proceeds from sale of assets	—	4.5
Acquisition of company, net of cash received	—	(143.1)
Cash disposed from sale of Russia, net of proceeds	—	(6.0)
Proceeds from company-owned life insurance	—	1.5
Proceeds from sale of Persol Holdings investment	—	196.9
Proceeds from sale of equity method investment	—	119.5
Proceeds from equity securities	2.0	—
Other investing activities	(0.4)	—
Net cash (used in) from investing activities	(10.8)	167.7
Cash flows from financing activities:		
Net change in short-term borrowings	(0.7)	0.2
Financing lease payments	(1.0)	(1.2)
Dividend payments	(8.3)	(7.7)
Payments of tax withholding for stock awards	(1.7)	(0.9)
Buyback of common shares	(42.2)	(27.2)
Contingent consideration payments	(2.5)	(0.7)
Other financing activities	(0.2)	0.1
Net cash used in financing activities	(56.6)	(37.4)
Effect of exchange rates on cash, cash equivalents and restricted cash	(1.9)	(7.4)
Net change in cash, cash equivalents and restricted cash	(35.9)	11.2
Cash, cash equivalents and restricted cash at beginning of period	162.4	119.5
Cash, cash equivalents and restricted cash at end of period [1]	$ 126.5	$ 130.7

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 1, 2023	October 2, 2022
Reconciliation of cash, cash equivalents and restricted cash:		
Current assets:		
Cash and cash equivalents	$ 117.2	$ 122.4
Restricted cash included in prepaid expenses and other current assets	0.9	0.8
Noncurrent assets:		
Restricted cash included in other assets	8.4	7.5
Cash, cash equivalents and restricted cash at end of period	$ 126.5	$ 130.7

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 1, 2023, included in the Company’s Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 16, 2023 (the 2022 consolidated financial statements). There were no changes in accounting policies as disclosed in the Form 10-K. The Company’s third fiscal quarter ended on October 1, 2023 and October 2, 2022, each of which contained 13 weeks. The corresponding September year-to-date periods for 2023 and 2022 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	
	2023	2022	2023	2022
Professional & Industrial				
Staffing services	$ 253.8	$ 297.9	$ 785.6	$ 942.3
Permanent placement	3.1	6.1	10.9	24.0
Outcome-based services	107.6	104.6	334.8	302.4
Total Professional & Industrial	364.5	408.6	1,131.3	1,268.7
Science, Engineering & Technology				
Staffing services	197.7	220.6	601.2	664.3
Permanent placement	4.3	7.1	14.1	23.6
Outcome-based services	93.7	93.6	288.2	274.8
Total Science, Engineering & Technology	295.7	321.3	903.5	962.7
Education				
Staffing services	126.6	103.0	578.3	427.4
Permanent placement	1.5	1.3	5.6	5.8
Total Education	128.1	104.3	583.9	433.2
Outsourcing & Consulting				
Talent solutions	114.1	118.5	342.4	352.0
Total Outsourcing & Consulting	114.1	118.5	342.4	352.0
International				
Staffing services	214.5	205.8	639.3	684.7
Permanent placement	5.7	5.3	17.2	17.8
Talent solutions	0.4	4.4	1.0	13.4
Total International	220.6	215.5	657.5	715.9
Total Intersegment	(5.0)	(0.3)	(15.1)	(0.9)
Total Revenue from Services	$ 1,118.0	$ 1,167.9	$ 3,603.5	$ 3,731.6

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. Our International segment includes our staffing operations in Europe as well as Mexico, which is included in the Americas region.

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

	Third Quarter		September Year to Date	
	2023	2022	2023	2022
Americas				
United States	$ 795.5	$ 861.0	$ 2,647.1	$ 2,746.5
Canada	50.9	43.3	142.2	122.7
Puerto Rico	26.5	28.3	81.1	84.8
Mexico	18.4	10.9	55.1	32.4
Total Americas Region	891.3	943.5	2,925.5	2,986.4
Europe				
Switzerland	57.0	55.2	165.9	165.5
Portugal	48.6	41.9	142.3	125.8
France	47.0	45.8	145.0	150.8
Italy	16.1	16.4	49.5	54.3
Russia	—	5.0	—	63.4
Other	47.1	49.8	142.4	152.8
Total Europe Region	215.8	214.1	645.1	712.6
Total Asia-Pacific Region	10.9	10.3	32.9	32.6
Total Kelly Services, Inc.	$ 1,118.0	$ 1,167.9	$ 3,603.5	$ 3,731.6

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	
	2023	2022	2023	2022
Science, Engineering & Technology				
Americas	$ 292.0	$ 317.2	$ 891.4	$ 951.4
Europe	3.7	4.1	12.1	11.3
Total Science, Engineering & Technology	$ 295.7	$ 321.3	$ 903.5	$ 962.7
Outsourcing & Consulting				
Americas	$ 94.1	$ 103.1	$ 281.2	$ 302.5
Europe	9.1	5.1	28.3	16.9
Asia-Pacific	10.9	10.3	32.9	32.6
Total Outsourcing & Consulting	$ 114.1	$ 118.5	$ 342.4	$ 352.0
International				
Americas	$ 17.6	$ 10.6	$ 52.8	$ 31.5
Europe	203.0	204.9	604.7	684.4
Total International	$ 220.6	$ 215.5	$ 657.5	$ 715.9

Deferred Costs

Deferred fulfillment costs, which are included in prepaid expenses and other current assets in the consolidated balance sheet, were $3.3 million as of third quarter-end 2023 and $2.7 million as of year-end 2022. Amortization expense for the deferred costs in the third quarter and September year-to-date 2023 was $1.7 million and $5.5 million, respectively. Amortization expense for the deferred costs in the third quarter and September year-to-date 2022 was $3.2 million and $7.0 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	
	2023	2022
Allowance for credit losses:		
Beginning balance	$ 7.7	$ 9.4
Current period provision	1.4	1.3
Currency exchange effects	0.1	(0.4)
Write-offs	(1.5)	(1.8)
Ending balance	$ 7.7	$ 8.5

Write-offs are presented net of recoveries, which were not material for third quarter-end 2023 or 2022. No other allowances related to other receivables were material as of third quarter-end 2023 or year-end 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.

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 included $1.1 million of additional consideration that was payable to the seller related to employee retention credits and was 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 and the remaining $1.0 million was paid in the second quarter of 2023. There is no remaining liability related to the additional consideration as of third quarter-end 2023. The total consideration at the time of purchase was as follows (in millions of dollars):

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

As of May 2023, the purchase price allocation for this acquisition was final. PTS's results of operations are included in the Education segment. Our consolidated revenues for September year-to-date 2023 included $37.4 million from PTS. Our consolidated earnings from operations for September year-to-date 2023 included $5.2 million from PTS. 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. All of the goodwill is expected to be deductible for tax purposes.

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 provider of RPO and other outsourced talent solutions to customers including U.S. technology companies. This acquisition expands OCG's RPO solution and delivery offering. 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 included $1.1 million of additional consideration that was payable to the seller in 2023 related to employee retention credits and was settled in the second quarter of 2023 and there is no remaining liability. The total consideration also included 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, see the Fair Value Measurements footnote for information regarding subsequent reassessments. The total consideration at the time of purchase was as follows (in millions of dollars):

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

As of first quarter-end 2023, the purchase price allocation for this acquisition was final. RocketPower's results of operations are included in the OCG segment. Our consolidated revenues for September year-to-date 2023 included $5.8 million from

RocketPower and our consolidated earnings from operations for September year-to-date 2023 included a loss of $4.5 million from RocketPower. 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 $27.5 million. In the third and fourth quarters of 2022, changes in market conditions triggered interim impairment tests for both long-lived assets and goodwill, resulting in the Company recording a goodwill impairment charge of $41.0 million.

Disposition

On July 20, 2022, the Company completed the sale of its Russia operations, which was included in the Company's International operating segment. The Company received cash proceeds of $7.4 million, which was 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 was $18.7 million, resulting from an additional $0.2 million loss on the transaction in the third quarter of 2022, which was 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 did not meet the requirements to be classified as discontinued operations as the sale did not have a material effect on the Company's operations and did not represent a strategic shift in the Company's strategy. Our consolidated earnings before taxes for the third quarter and September year-to-date 2022 included $0.3 million and $1.4 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. The $67.2 million loss in the first quarter of 2022 recorded in 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.

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 was 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 was recorded in other income (expense), net in the consolidated statements of earnings. The dissolution of the Kelly Services Japan, Inc. subsidiary was completed in the fourth quarter of 2022.

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 currently 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 of affiliate in the consolidated statements of earnings through the date of the sale. Such amounts were earnings of $0.8 million in the first quarter of 2022, representing the results through the date of the sale.

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 2023 and year-end 2022.

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 2023 and year-end 2022 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 2023			
Description	Total	Level 1	Level 2	Level 3
	(In millions of dollars)			
Money market funds	$ 45.0	$ 45.0	$ —	$ —
Total assets at fair value	$ 45.0	$ 45.0	$ —	$ —
Brazil indemnification	$ (2.9)	$ —	$ —	$ (2.9)
Total liabilities at fair value	$ (2.9)	$ —	$ —	$ (2.9)

	As of Year-End 2022			
Description	Total	Level 1	Level 2	Level 3
	(In millions of dollars)			
Money market funds	$ 108.3	$ 108.3	$ —	$ —
Total assets at fair value	$ 108.3	$ 108.3	$ —	$ —
Brazil indemnification	$ (3.4)	$ —	$ —	$ (3.4)
Greenwood/Asher earnout	(3.3)	—	—	(3.3)
Total liabilities at fair value	$ (6.7)	$ —	$ —	$ (6.7)

Money market funds represent investments in money market funds that hold government securities, of which $8.3 million as of third quarter-end 2023 and $8.6 million as of year-end 2022 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 2023 and year-end 2022 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.

As of third quarter-end 2023, the Company had an indemnification liability totaling $2.9 million with $0.1 million in accounts payable and accrued liabilities and $2.8 million in other long-term liabilities, and $3.4 million at year-end 2022, with $0.3 million in accounts payable and accrued liabilities and $3.1 million 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. The Company made a $0.6 million payment to settle various indemnification claims in the second quarter of 2023. During September year-to-date 2023 and 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, with a remaining liability of $3.3 million at year-end 2022 in accounts payable and accrued 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 was considered a Level 3 liability. During the first quarter of 2023, the Company paid the remaining earnout liability totaling $3.3 million, representing the year two portion of the earnout. In the consolidated statements of cash flows, $1.4 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. There is no remaining earnout liability as of third quarter-end 2023. 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 the second quarter of 2022, the Company reassessed the value of the indemnification liability and determined it was necessary to record an increase to the liability of $0.7 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 as of second quarter-end 2022 (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. There have been no changes to the value as a result of third quarter 2023 assessments and there is no related liability as of third quarter-end 2023. The maximum total cash payments which may be due related to the earnout liability is $12.9 million, which represents the second year earnout period. There is no longer a maximum cash payment or liability associated with the first year earnout as the corresponding period has concluded.

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 2023, representing total cost plus observable price changes to date.

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 and Transformation Activities

2023 Actions

In the first quarter of 2023, the Company undertook restructuring actions to further our cost management efforts in response to the current demand levels and reflect a repositioning of our P&I staffing business to better capitalize on opportunities in local markets. Restructuring costs incurred in the first quarter of 2023 totaled $6.6 million and were recorded entirely in selling, general and administrative ("SG&A") expenses in the consolidated statements of earnings.

In the second quarter of 2023, the Company announced a comprehensive transformation initiative that includes actions that will further streamline the Company's operating model to enhance organizational efficiency and effectiveness. The total costs incurred related to these transformation activities in the second quarter of 2023 totaled $8.0 million. The transformation activities included $4.5 million of costs to execute the transformation initiatives through the use of an external consultant, a $2.4 million impairment charge for right-of-use assets related to an unoccupied office space lease and additional severance of $1.1 million, net of adjustments. The impairment charge related to the right-of-use assets is recorded in the asset impairment charge in the consolidated statements of earnings. The costs to execute and severance are included in the $5.6 million of restructuring costs incurred in the second quarter of 2023, net of prior period adjustments, and are recorded in SG&A expenses in the consolidated statements of earnings, as detailed further below.

In the third quarter of 2023, the Company incurred $15.4 million of restructuring charges and transformation fees as a continuation of the actions that were announced in the second quarter of 2023 as part of the comprehensive transformation initiative. The third quarter transformation activities include $10.4 million of additional severance, $4.5 million of costs to execute the transformation through the use of an external consultant, and $0.5 million of lease termination costs. The severance, costs to execute, and lease termination costs are recorded in SG&A expenses in the consolidated statements of earnings.

The restructuring and transformation costs included in SG&A are detailed below for the third quarter and September year-to-date 2023 (in millions of dollars):

	Third Quarter			September Year to Date		
	Severance Costs	Lease Termination Costs, Transformation and Other	Total	Severance Costs	Lease Termination Costs, Transformation and Other	Total
Professional & Industrial	$ 3.6	$ 0.4	$ 4.0	$ 6.6	$ 0.7	$ 7.3
Science, Engineering & Technology	0.6	0.1	0.7	1.0	0.2	1.2
Education	0.6	—	0.6	1.0	—	1.0
Outsourcing & Consulting	1.8	—	1.8	2.3	—	2.3
International	—	—	—	0.6	—	0.6
Corporate	3.8	4.5	8.3	4.6	10.6	15.2
Total	$ 10.4	$ 5.0	$ 15.4	$ 16.1	$ 11.5	$ 27.6

2022 Actions

In the first quarter of 2022, the Company took restructuring actions designed to increase efficiency. There were no restructuring charges in the second or third quarters of 2022. 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

Accrual Summary

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 2022	$ 0.3
Accruals	6.6
Reductions for cash payments	(1.0)
Balance as of first quarter-end 2023	5.9
Accruals	5.9
Reductions for cash payments	(3.0)
Accrual adjustments	(0.3)
Balance as of second quarter-end 2023	8.5
Accruals	15.4
Reductions for cash payments	(13.0)
Accrual adjustments and write-offs	(0.3)
Balance as of third quarter-end 2023	$ 10.6

The remaining balance of $10.6 million as of third quarter-end 2023 primarily represents the costs to execute the transformation initiatives and severance costs, and the majority is expected to be paid by first quarter-end 2024. No material adjustments are expected to be recorded.

9. Goodwill and Intangible Assets

As of third quarter-end 2023, there were no changes in the carrying amount of goodwill from year-end 2022.

2022 Goodwill Impairment

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.

The goodwill resulting from the acquisition of RocketPower during the first quarter of 2022 was allocated to the OCG reportable segment. (See Acquisitions and Disposition footnote for more details.)

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, and subsequently wrote-off the remaining goodwill balance of $10.3 million in the fourth quarter of 2022.

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.

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 2023 and 2022 are included in the table below. Amounts in parentheses indicate debits.

	Third Quarter		September Year to Date	
	2023	2022	2023	2022
	(In millions of dollars)			
Foreign currency translation adjustments:				
Beginning balance	$ (2.3)	$ (10.5)	$ (7.4)	$ (25.0)
Other comprehensive income (loss) before reclassifications	(4.3)	(8.8)	0.8	(17.4)
Amounts reclassified from accumulated other comprehensive income (loss) - liquidation of Japan subsidiary	—	—	—	20.4 [(1)]
Amounts reclassified from accumulated other comprehensive income (loss) - equity method investment and other	—	1.9	—	4.6 [(2)]
Net current-period other comprehensive income (loss)	(4.3)	(6.9)	0.8	7.6
Ending balance	(6.6)	(17.4)	(6.6)	(17.4)
Pension liability adjustments:				
Beginning balance	(1.1)	(2.7)	(1.1)	(2.7)
Other comprehensive income (loss) before reclassifications	—	—	—	—
Amounts reclassified from accumulated other comprehensive income (loss)	—	—	—	—
Net current-period other comprehensive income (loss)	—	—	—	—
Ending balance	(1.1)	(2.7)	(1.1)	(2.7)
Total accumulated other comprehensive income (loss)	$ (7.7)	$ (20.1)	$ (7.7)	$ (20.1)

(1) Amount was recorded in the loss on currency translation from liquidation of subsidiary in the consolidated statements of earnings.
(2) Of the amount included in this line item, $1.9 million was recorded in the other income (expense), net in the consolidated statement of earnings related to the investment in PersolKelly Pte. Ltd., (see Investment in PersolKelly Pte. Ltd. footnote for more details).

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 2023 and 2022 follows (in millions of dollars except per share data):

	Third Quarter		September Year to Date	
	2023	2022	2023	2022
Net earnings (loss)	$ 6.6	$ (16.2)	$ 25.0	$ (61.6)
Less: earnings allocated to participating securities	(0.1)	—	(0.5)	—
Net earnings (loss) available to common shareholders	$ 6.5	$ (16.2)	$ 24.5	$ (61.6)
Average shares outstanding (millions):				
Basic	35.4	37.9	36.2	38.2
Dilutive share awards	0.4	—	0.3	—
Diluted	35.8	37.9	36.5	38.2
Basic earnings (loss) per share	$ 0.18	$ (0.43)	$ 0.68	$ (1.62)
Diluted earnings (loss) per share	$ 0.18	$ (0.43)	$ 0.67	$ (1.62)

Dilutive share awards are related to deferred common stock related to the non-employee directors deferred compensation plan and performance shares for the third quarter of 2023 and September year-to-date 2023 (see Stock-Based Compensation footnote for a description of performance shares). 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. Accordingly, the impact of these shares 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 of 2023 and 2022, $0.225 for September year-to-date 2023 and $0.20 for September year-to-date 2022.

In November 2022, the Company's board of directors authorized a $50.0 million Class A share repurchase program, which was completed in August 2023. During the third quarter of 2023 and through September year-to-date 2023, the Company repurchased 414,534 shares for $7.4 million and 2,496,827 shares for $42.2 million, respectively. A total of 2,971,471 shares were repurchased under the share repurchase program at an average price of $16.83 per share.

12. Stock-Based Compensation

For the third quarter of 2023, the Company recognized stock compensation expense of $2.3 million and a related tax benefit of $0.4 million. 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 September year-to-date 2023, the Company recognized stock compensation expense of $7.9 million and a related tax benefit of $1.1 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.

Performance Shares

2023 Grant

During the first quarter of 2023, 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 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: 2023, 2024 and 2025, 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 2026 after approval of the financial results by the Compensation Committee, if not forfeited by the recipient. No dividends are paid on these performance shares.

2021 Grant

In December 2021, the Compensation Committee approved an additional retention-based grant of 308,000 financial measure performance awards to certain senior officers which may be earned upon achievement of three financial goals over a performance period beginning in fiscal 2022 through the third quarter of 2024, with each goal having a unique projected achievement date. Each goal can be earned independent of the other two goals. Any shares earned during the performance period will cliff-vest three years after achievement of the respective performance goals and approval of the financial results by the Compensation Committee.

On February 14, 2023, the Compensation Committee approved the actual performance achievement of one of the financial goals related to the 2021 retention-based grant. At the same meeting, the Compensation Committee approved a modification to accelerate the vesting for the goal earned, where half of these awards vested immediately upon approval of the results and the remaining half vested in August 2023, if not forfeited by the recipient. We accounted for this change as a Type I modification under ASC 718 as the expectation of vesting remained probable-to-probable post modification. The Company did not record any incremental stock compensation expense since the fair value of the modified awards immediately after the modification was not greater than the fair value of the original awards immediately before the modification. The Company recognized the remaining stock compensation expense over the remaining portion of the modified service requisite period.

On August 9, 2023, the Compensation Committee approved the actual performance achievement of one of the financial goals related to the 2021 retention-based grant. At the same meeting, the Compensation Committee approved a modification to accelerate the vesting for the goal earned, where half of these awards vested immediately upon approval of the results and the remaining half will vest in February 2024, if not forfeited by the recipient. We accounted for this change as a Type I modification under ASC 718 as the expectation of vesting remained probable-to-probable post modification. The Company did not record any incremental stock compensation expense since the fair value of the modified awards immediately after the modification was not greater than the fair value of the original awards immediately before the modification. The Company will recognize the remaining stock compensation expense over the remaining portion of the modified service requisite period.

A summary of the status of all nonvested performance shares at target as of third quarter-end 2023 and year-to-date changes is presented as follows below (in thousands of shares except per share data).

	Financial Measure Performance Shares	
	Shares	Weighted Average Grant Date Fair Value
Nonvested at year-end 2022	692	$ 19.41
Granted	246	15.18
Vested	(200)	18.42
Forfeited	(39)	16.88
Nonvested at third quarter-end 2023	699	$ 17.48

Restricted Stock

A summary of the status of nonvested restricted stock as of third quarter-end 2023 and year-to-date changes is presented as follows below (in thousands of shares except per share data).

	Shares	Weighted Average Grant Date Fair Value
Nonvested at year-end 2022	607	$ 20.27
Granted	476	17.29
Vested	(171)	20.98
Forfeited	(104)	19.21
Nonvested at third quarter-end 2023	808	$ 18.50

13. Sale of Assets

In June 2022, the Company sold an under-utilized real property for a purchase price of $4.5 million, which was 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 was 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 was recorded in gain on sale of assets in the consolidated statements of earnings.

14. Other Income (Expense), Net

Included in other income (expense), net for the third quarter and September year-to-date 2023 and 2022 are the following:

	Third Quarter		September Year to Date	
	2023	2022	2023	2022
	(In millions of dollars)			
Interest income	$ 2.1	$ 0.7	$ 4.8	$ 1.2
Interest expense	(1.0)	(0.5)	(2.4)	(1.6)
Foreign exchange gains (losses)	0.5	0.1	(1.5)	5.7
Other	—	(0.1)	2.1	(3.4)
Other income (expense), net	$ 1.6	$ 0.2	$ 3.0	$ 1.9

Included in Other for September year-to-date 2023 is a gain of $2.0 million for the receipt of final proceeds in connection with our investment in Business Talent Group, LLC that was sold in 2021. 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 2022 is $0.8 million of expense related to the remeasurement of the Brazil indemnification liability (see Fair Value Measurements footnote).

15. Income Taxes

Income tax benefit was $4.9 million for the third quarter of 2023 and $5.0 million for the third quarter of 2022. Income tax benefit was $5.0 million for September year-to-date 2023 and $13.1 million for September year-to-date 2022. The quarterly variance primarily relates to changes in pretax income, in the cash surrender value of tax-exempt investments in life insurance policies, and from the release of $5.1 million valuation allowance relating to our German business in the third quarter of 2023. The year-to-date amounts are impacted by the same items, along with non-deductible impairment charges on our Russian operations in the second quarter of 2022 and changes in the fair value of the Company's investment in Persol Holdings in the first quarter of 2022.

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 could not 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.

16. 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 2023 and year-end 2022, the gross accrual for litigation costs amounted to $5.2 million and $2.3 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 2023 and year-end 2022, the related insurance receivables amounted to $0.2 million and $0.6 million, respectively.

The Company estimates the aggregate range of reasonably possible losses, in excess of amounts accrued, is zero to $6.8 million as of third quarter-end 2023. 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.

17. 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 of affiliate, for the third quarter and September year-to-date 2023 and 2022. 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	
	2023	2022	2023	2022
	(In millions of dollars)			
Revenue from Services:				
Professional & Industrial	$ 364.5	$ 408.6	$ 1,131.3	$ 1,268.7
Science, Engineering & Technology	295.7	321.3	903.5	962.7
Education	128.1	104.3	583.9	433.2
Outsourcing & Consulting	114.1	118.5	342.4	352.0
International	220.6	215.5	657.5	715.9
Less: Intersegment revenue	(5.0)	(0.3)	(15.1)	(0.9)
Consolidated Total	$ 1,118.0	$ 1,167.9	$ 3,603.5	$ 3,731.6

	Third Quarter		September Year to Date	
	2023	2022	2023	2022
	(In millions of dollars)			
Earnings (loss) from Operations:				
Professional & Industrial gross profit	$ 65.5	$ 70.3	$ 200.4	$ 231.2
Professional & Industrial SG&A expenses	(57.7)	(65.3)	(183.8)	(204.1)
Professional & Industrial asset impairment charge	—	—	(0.3)	—
Professional & Industrial earnings from operations	7.8	5.0	16.3	27.1
Science, Engineering & Technology gross profit	68.0	76.3	207.4	225.3
Science, Engineering & Technology SG&A expenses	(47.8)	(53.4)	(150.6)	(161.4)
Science, Engineering & Technology asset impairment charge	—	—	(0.1)	—
Science, Engineering & Technology earnings from operations	20.2	22.9	56.7	63.9
Education gross profit	19.8	16.6	91.6	69.2
Education SG&A expenses	(22.4)	(21.4)	(69.3)	(60.4)
Education earnings (loss) from operations	(2.6)	(4.8)	22.3	8.8
Outsourcing & Consulting gross profit	41.5	44.1	124.4	127.6
Outsourcing & Consulting SG&A expenses	(39.0)	(37.7)	(117.2)	(111.8)
Outsourcing & Consulting asset impairment charge	—	—	(2.0)	—
Outsourcing & Consulting goodwill impairment charge	—	(30.7)	—	(30.7)
Outsourcing & Consulting earnings (loss) from operations	2.5	(24.3)	5.2	(14.9)
International gross profit	33.7	33.3	99.4	108.3
International SG&A expenses	(31.2)	(31.4)	(96.2)	(99.2)
International earnings from operations	2.5	1.9	3.2	9.1
Corporate	(30.3)	(21.9)	(86.7)	(70.4)
Loss on disposal	—	(0.2)	—	(18.7)
Gain on sale of assets	—	—	—	5.3
Consolidated Total	0.1	(21.4)	17.0	10.2
Loss on investment in Persol Holdings	—	—	—	(67.2)
Loss on currency translation from liquidation of subsidiary	—	—	—	(20.4)
Other income (expense), net	1.6	0.2	3.0	1.9
Earnings (loss) before taxes and equity in net earnings of affiliate	$ 1.7	$ (21.2)	$ 20.0	$ (75.5)

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

	Third Quarter		September Year to Date	
	2023	2022	2023	2022
	(In millions of dollars)			
Depreciation and amortization:				
Professional & Industrial	$ 0.8	$ 0.8	$ 2.5	$ 2.9
Science, Engineering & Technology	3.1	3.2	9.4	9.5
Education	1.6	1.6	4.7	3.7
Outsourcing & Consulting	1.0	1.0	3.0	2.2
International	0.4	0.3	1.2	1.3

18. Subsequent Events

On November 2, 2023, the Company entered into a definitive agreement for the sale and purchase of all outstanding share capital of Kelly Services Management SARL, which will result in the sale of Kelly's European staffing business to Gi Group Holdings S.P.A. ("Gi"), one of the largest staffing companies in Europe. The transaction is expected to close in the first quarter of 2024, subject to receipt of required regulatory approvals and other customary closing conditions. Kelly will receive cash proceeds at close equal to €100 million plus adjustments for net working capital and to reflect the cash-free, debt-free transaction basis. There is an additional earnout opportunity of up to €30 million payable in the second quarter of 2024 based on a multiple of an adjusted 2023 EBITDA measure.

As of third quarter-end 2023, the disposal group did not meet the criteria to be classified as held for sale and continues to be accounted for as held for use. Deferred taxes and valuation allowance impacts will be recorded when the disposal group meets the criteria to be accounted for as held for sale which we currently expect to occur in the fourth quarter of 2023.

Concurrently, on November 2, 2023, the Company entered into a foreign currency forward contract with a notional amount of €90 million which matures at the end of January 2024 to manage the foreign currency risk associated with the transaction.

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

Executive Overview

The third quarter marked continued macroeconomic headwinds and further deceleration of the staffing market dynamics we've observed for several quarters. Employers in most sectors maintained a guarded approach to hiring and focused on retaining their current workforce amid ongoing economic uncertainty. In more resilient pockets of the economy where employers are in need of talent, the supply of candidates to fill open roles remains constrained. These dynamics continued to put pressure on our business during the quarter, and while we captured growth where it exists, their effects became more noticeable in certain parts of our portfolio.

- Our Education segment continued to report significant year-over-year growth driven by improved fill rates, strong demand from existing customers, and net new customer wins.
- Our higher margin outcome-based solutions in P&I delivered revenue growth as demand for these value-added solutions continues.
- We continued to experience a deceleration in demand for temporary and permanent placement services, which impacted results in our P&I and SET segments.
- We maintained a disciplined approach to managing expenses, including our transformation initiatives, while ensuring Kelly is well positioned to capture demand on the other side of the current economic cycle.

We have remained focused on the future and took aggressive action on our transformation journey to improve Kelly's profitability and accelerate growth over the long term. Since announcing the transformation in May, our business unit and enterprise function teams, together with the Transformation Management Office, have made substantial progress on multiple initiatives to drive organizational efficiency and effectiveness. The actions we have taken to date included restructuring actions in the quarter. In addition, work has continued throughout the third quarter to:

- Further optimize our operating model to reduce complexity and increase agility
- Renegotiate supplier agreements and real estate contracts
- Align our workforce to achieve a streamlined organizational structure
- Further focus efforts to accelerate growth over both the short- and long-term

These changes represent structural shifts in Kelly's operations and are delivering meaningful improvement to the Company's EBITDA margin which we expect to continue through the end of 2023 and beyond.

Financial Measures

The constant currency ("CC") change amounts refer to the year-over-year percentage changes resulting from translating 2023 financial data into U.S. dollars using the same foreign currency exchange rates used to translate financial data for 2022. 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		
	2023	**2022**	**% Change**	**2023**	**2022**	**% Change**
Revenue from services	$ 1,118.0	$ 1,167.9	(4.3) %	$ 3,603.5	$ 3,731.6	(3.4) %
Gross profit	228.5	240.6	(5.1)	723.2	761.6	(5.0)
SG&A expenses excluding restructuring charges	213.0	231.1	(7.8)	676.2	705.8	(4.2)
Restructuring charges	15.4	—	NM	27.6	1.5	NM
Total SG&A expenses	228.4	231.1	(1.2)	703.8	707.3	(0.5)
Asset impairment charge	—	—	NM	2.4	—	NM
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	0.1	(21.4)	NM	17.0	10.2	67.0
Loss on investment in Persol Holdings	—	—	NM	—	(67.2)	NM
Loss on currency translation from liquidation of subsidiary	—	—	NM	—	(20.4)	NM
Other income (expense), net	1.6	0.2	NM	3.0	1.9	55.9
Earnings (loss) before taxes and equity in net earnings of affiliate	1.7	(21.2)	NM	20.0	(75.5)	NM
Income tax expense (benefit)	(4.9)	(5.0)	0.1	(5.0)	(13.1)	61.8
Equity in net earnings of affiliate	—	—	NM	—	0.8	NM
Net earnings (loss)	$ 6.6	$ (16.2)	NM %	$ 25.0	$ (61.6)	NM %
Gross profit rate	20.4 %	20.6 %	(0.2) pts.	20.1 %	20.4 %	(0.3) pts.

Third Quarter Results

Revenue from services in the third quarter decreased 4.3% on a reported basis and 5.8% on a constant currency basis. The revenue decline in constant currency reflects revenue declines in Professional & Industrial, Science, Engineering & Technology, Outsourcing & Consulting, and International segments, partially offset by increases in the Education segment. The sale of our Russian operations in July 2022 resulted in a 40 basis points year-over-year decline in constant currency. Compared to the third quarter of 2022, revenue from staffing services decreased 4.2% and revenue from outcome-based services increased 1.6%. In addition, revenue from talent solutions decreased 6.8% and permanent placement revenue decreased 26.3% from the prior year.

Gross profit decreased 5.1% on a reported basis and 6.3% on a constant currency basis. The gross profit rate decreased 20 basis points due primarily to a decrease in permanent placement revenue and higher employee-related costs, partially offset by favorable business mix. Permanent placement revenue has very low direct costs of services and has a disproportionate impact on gross profit rates. The gross profit rate decreased in Science, Engineering & Technology, International, Outsourcing & Consulting, and Education segments while the Professional & Industrial segment gross profit rate increased.

Total SG&A expenses decreased 1.2% on a reported basis and 2.4% on a constant currency basis. Included in SG&A expenses in the third quarter of 2023 was $15.4 million of transformation and restructuring charges. Actions taken in the third quarter of 2023 were a continuation of the actions that were announced in the second quarter of 2023 as part of the comprehensive transformation initiative. The actions build on the strategic progress to monetize non-core assets, reinvest capital in organic and inorganic growth initiatives, and shift to higher-margin, higher-growth business mix. Excluding transformation and restructuring charges, SG&A expenses decreased 7.8% on a reported basis and 9.1% on a constant currency basis and were primarily due to structural workforce reductions as part of our transformation initiatives, as well as lower performance-based incentive compensation expenses in response to lower revenue volume.

Earnings from operations for the third quarter of 2023 totaled $0.1 million, compared to a loss of $21.4 million in the third quarter of 2022. The increase is primarily related to the impact of the prior year goodwill impairment, partially offset by the impact of our 2023 transformation and restructuring charges and the impact of lower SG&A expenses compared to the prior year.

Income tax benefit was $4.9 million for the third quarter of 2023 and income tax benefit was $5.0 million for the third quarter of 2022. Included in the 2023 benefit is $5.1 million related to the reversal of the valuation allowance on deferred tax assets in Germany.

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 earnings for the period were $6.6 million, compared to a loss of $16.2 million for the third quarter of 2022.

September Year-to-Date Results

Revenue from services in the first nine months of 2023 decreased 3.4% on a reported basis and 3.8% on a constant currency basis, and reflects revenue declines in Professional & Industrial, International, Science, Engineering & Technology, and Outsourcing & Consulting segments, partially offset by increases in the Education segment. The first quarter impact of our 2022 acquisitions of RocketPower, a RPO solutions provider, and PTS, a specialty firm that provides in-school therapy services, added approximately 50 basis points to the year-to-date revenue growth rate. This was offset by a 170 basis points impact from the July 2022 sale of our Russian operations. Compared to the first nine months of 2022, revenue from staffing services decreased 4.2% and revenue from outcome-based services increased 8.0%. In addition, revenue from talent solutions decreased 6.0% and permanent placement revenue, which is included in revenue from services, decreased 32.9% from the prior year.

Gross profit decreased 5.0% on a reported basis and 5.2% on a constant currency basis on lower revenue volume, combined with a decrease in the gross profit rate. The gross profit rate decreased 30 basis points due primarily to lower permanent placement income and higher employee-related costs, partially offset by favorable business mix. 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 decreased 0.5% on a reported basis and 0.8% on a constant currency basis. Included in SG&A expenses in the first nine months of 2023 was $27.6 million of transformation and restructuring charges. In the first quarter of 2023, actions were taken to further our cost management efforts in response to current demand levels and to reposition our P&I staffing business to better capitalize on opportunities in local markets. In the second and third quarters of 2023, additional actions were taken that will further streamline the Company's operating model to enhance organizational efficiency and effectiveness as part of a comprehensive transformation initiative. Excluding transformation and restructuring charges, SG&A expenses decreased 4.2% on a reported basis and 4.5% on a constant currency basis. The decrease in SG&A expenses primarily related to lower performance-based incentive compensation expenses in response to lower revenue volume, lower salary expenses as a result of transformation-related workforce reductions, as well as reduced expenses from the sale of our Russian operations in 2022.

Impairment of assets in 2023 represents the second quarter impairment of right-of-use assets related to an unoccupied office space lease exited in the quarter. The goodwill impairment charge in 2022 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 related to the completion of the sale of our Russia operations in July 2022. Gain on sale of assets in the second quarter of 2022 related to the disposition of under-utilized real property located in the United States.

Earnings from operations for the first nine months of 2023 totaled $17.0 million, compared to $10.2 million in the first nine months of 2022. The increase is primarily related to the impact from the prior year goodwill impairment charge and loss on sale of our Russia operations, partially offset by the impact of our 2023 transformation and restructuring charges, asset impairment charge, and the impact of lower revenue compared to the prior year in addition to the impact of the 2022 gain on sale of assets.

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.

Loss on currency translation from liquidation of subsidiary represented 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.

Income tax benefit was $5.0 million for the first nine months of 2023 and $13.1 million for the first nine months of 2022. Included in the 2023 benefit is $5.1 million related to the reversal of the valuation allowance on deferred tax assets in Germany.

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 earnings for the first nine months of 2023 were $25.0 million, compared to a net loss of $61.6 million from the first nine months of 2022. This change was due to the Persol Holdings investment, including the first quarter 2022 sale and related impacts, the 2022 goodwill impairment charge, and the 2022 loss on disposal related to the sale of our Russian operations, partially offset by the 2023 transformation-related charges and higher operating earnings in the first nine months of 2022.

Operating Results By Segment
(Dollars in millions)

	Third Quarter			September Year to Date		
	2023	2022	% Change	2023	2022	% Change
Revenue from Services:						
Professional & Industrial	$ 364.5	$ 408.6	(10.8) %	$ 1,131.3	$ 1,268.7	(10.8) %
Science, Engineering & Technology	295.7	321.3	(8.0)	903.5	962.7	(6.2)
Education	128.1	104.3	22.9	583.9	433.2	34.8
Outsourcing & Consulting	114.1	118.5	(3.8)	342.4	352.0	(2.7)
International	220.6	215.5	2.4	657.5	715.9	(8.2)
Less: Intersegment revenue	(5.0)	(0.3)	NM	(15.1)	(0.9)	NM
Consolidated Total	$ 1,118.0	$ 1,167.9	(4.3) %	$ 3,603.5	$ 3,731.6	(3.4) %

Third Quarter Results

Professional & Industrial revenue from services decreased 10.8%. The decrease was due primarily to a 14.8% decline in revenue from staffing services resulting from lower hours volume, partially offset by higher bill rates. Revenue from outcome-based services increased by 3.0%. Revenue from permanent placement fees declined 50.0%.

Science, Engineering & Technology revenue from services decreased 8.0%. The revenue decline was driven by declines in hours volume in our staffing specialties, partially offset by higher bill rates. Permanent placement fees declined 38.8% and revenue in our outcome-based services was flat to the prior year.

Education revenue from services increased 22.9%, driven by higher fill rates and increased demand for our services as compared to a year ago, reflecting the impact of strong demand from existing customers and new customer wins.

Outsourcing & Consulting revenue from services decreased 3.8% on a reported basis and 4.0% in constant currency, as revenue declined in RPO and MSP, partially offset by increasing revenue in PPO.

International revenue from services increased 2.4% on a reported basis and decreased 6.2% in constant currency. The increase reflects an 860 basis points impact from foreign exchange during the quarter. Excluding this impact, the decline reflects a 220 basis point decrease from the sale of our Russian operations in July 2022 and the servicing of certain customer programs by OCG in 2023 that were previously in International. This was partially offset by higher hours volume in Mexico and Portugal.

September Year-to-Date Results

Professional & Industrial revenue from services decreased 10.8%. The decrease was due primarily to a 16.6% decline in staffing services resulting from lower hours volume, partially offset by higher bill rates. Revenue from outcome-based services increased 10.7% due to increased demand.

Science, Engineering & Technology revenue from services decreased 6.2% on a reported basis. The decrease was driven by a decline in staffing services resulting from declines in hours volume in our staffing specialties, partially offset by higher bill rates. Permanent placement fees were down 40.1% and revenues from outcome-based services increased 4.9%.

Education revenue from services increased 34.8%, 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 which added 360 basis points to the year-over-year revenue growth. The revenue increase reflects an increased fill rate and an increased demand for our services from existing customers and from net new customer wins.

Outsourcing & Consulting revenue from services decreased 2.7% on a reported basis, which includes the revenue from the acquisition of RocketPower in March 2022. On an organic basis, revenue declined 3.5%, due primarily to lower PPO and RPO revenue.

International revenue from services decreased 8.2% on a reported basis and decreased 11.2% in constant currency. The decrease was primarily the result of the sale of our Russian operations in July 2022 and the servicing of certain customer programs by OCG in 2023 that were previously in International. Revenues were also impacted by higher hours volume in Portugal and Mexico offset by lower volumes in France, Ireland and Switzerland.

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

	Third Quarter			September Year to Date		
	2023	**2022**	**Change**	**2023**	**2022**	**Change**
Gross Profit:						
Professional & Industrial	$ 65.5	$ 70.3	(6.9) %	$ 200.4	$ 231.2	(13.3) %
Science, Engineering & Technology	68.0	76.3	(10.8)	207.4	225.3	(7.9)
Education	19.8	16.6	19.2	91.6	69.2	32.4
Outsourcing & Consulting	41.5	44.1	(6.0)	124.4	127.6	(2.5)
International	33.7	33.3	1.0	99.4	108.3	(8.2)
Consolidated Total	$ 228.5	$ 240.6	(5.1) %	$ 723.2	$ 761.6	(5.0) %
Gross Profit Rate:						
Professional & Industrial	17.9 %	17.2 %	0.7 pts.	17.7 %	18.2 %	(0.5) pts.
Science, Engineering & Technology	23.0	23.7	(0.7)	23.0	23.4	(0.4)
Education	15.5	15.9	(0.4)	15.7	16.0	(0.3)
Outsourcing & Consulting	36.4	37.2	(0.8)	36.3	36.3	—
International	15.3	15.5	(0.2)	15.1	15.1	—
Consolidated Total	20.4 %	20.6 %	(0.2) pts.	20.1 %	20.4 %	(0.3) pts.

Third Quarter Results

Gross profit for the Professional & Industrial segment decreased on lower revenue volume. In comparison to the prior year, the gross profit rate increased 70 basis points. This increase reflects improved business mix and lower employee-related costs, partially offset by lower permanent placement revenues.

The Science, Engineering & Technology gross profit decreased on lower revenue volume. The gross profit rate also decreased 70 basis points due to lower permanent placement revenues and unfavorable business mix, partially offset by lower employee-related costs.

Gross profit for the Education segment increased on higher revenue volume. The gross profit rate decreased 40 basis points due to unfavorable business mix, partially offset by lower employee-related costs.

The Outsourcing & Consulting gross profit decreased on lower revenue volume, combined with a decrease in the gross profit rate. The gross profit rate decreased 80 basis points primarily due to a change in business mix within this segment. The decrease was primarily driven by declines in revenue in RPO, which generates higher margins and improving PPO revenue which generates lower margins.

International gross profit increased 1.0% on a reported basis and decreased 7.6% in constant currency. The decrease was primarily the result of the sale of our Russian operations in July 2022 and the servicing of certain customer programs by OCG in 2023. Partially offsetting these impacts was improving gross profit primarily driven by higher revenue volume in Mexico and improved fee-based revenue in Germany which generates higher margins.

September Year-to-Date Results

Gross profit for the Professional & Industrial segment decreased due to lower revenue volume combined with a decrease in the gross profit rate. In comparison to the prior year, the gross profit rate decreased 50 basis points. This decrease reflects lower permanent placement income and higher employee-related costs, partially offset by favorable business mix.

Science, Engineering & Technology gross profit decreased on lower revenue volume and a decrease in the gross profit rate. The gross profit rate decreased 40 basis points due to lower permanent placement revenues, partially offset by favorable business mix.

Gross profit for the Education segment increased on higher revenue volume. The gross profit rate decreased 30 basis points due primarily to lower permanent placement fees and unfavorable business mix, partially offset by lower employee-related costs.

Outsourcing & Consulting gross profit decreased on lower revenue volume. The gross profit rate was flat to the prior year. Decreased revenues in our high-margin RPO product were offset by higher fee-based income from outplacement services.

International gross profit decreased 8.2% on a reported basis and 11.1% in constant currency. The decrease was primarily the result of the sale of our Russian operations in July 2022 and the servicing of certain customer programs by OCG in 2023. Partially offsetting these impacts was improving gross profit primarily driven by higher revenue volume in Mexico, Portugal and Germany.

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

	Third Quarter			September Year to Date		
	2023	2022	% Change	2023	2022	% Change
SG&A Expenses:						
Professional & Industrial	$ 57.7	$ 65.3	(11.6) %	$ 183.8	$ 204.1	(9.9) %
Science, Engineering & Technology	47.8	53.4	(10.4)	150.6	161.4	(6.7)
Education	22.4	21.4	5.0	69.3	60.4	14.8
Outsourcing & Consulting	39.0	37.7	3.3	117.2	111.8	4.7
International	31.2	31.4	(0.7)	96.2	99.2	(3.0)
Corporate expenses	30.3	21.9	37.8	86.7	70.4	23.2
Consolidated Total	$ 228.4	$ 231.1	(1.2) %	$ 703.8	$ 707.3	(0.5) %

Third Quarter Results

Total SG&A expenses in Professional & Industrial decreased 11.6% from the prior year, or 17.7% excluding restructuring charges of $4.0 million. The decrease excluding restructuring charges is primarily due to lower salary-related costs as a result of cost management in response to lower revenue volume compared to the prior year, as well as transformation-related actions.

Total SG&A expenses in Science, Engineering & Technology decreased 10.4% from the prior year, primarily due to lower performance-based incentive compensation expenses and lower salary-related costs.

Total SG&A expenses in Education increased 5.0% 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 3.3% from the prior year, or decreased 1.5% excluding restructuring charges of $1.8 million. The decrease excluding restructuring charges is primarily due to lower performance-based incentive compensation expenses.

Total SG&A expenses in International decreased 0.7% on a reported basis and 8.7% on a constant currency basis. The constant currency decrease was mainly due to lower performance-based incentive compensation expenses and the impact of the sale of our Russian operations in July 2022.

Corporate expenses increased 37.8% from the prior year due to transformation-related charges. Excluding restructuring and transformation charges of $8.3 million, expenses were flat compared to the prior year.

September Year-to-Date Results

Total SG&A expenses in Professional & Industrial decreased 9.9% from the prior year, or 13.4% excluding restructuring charges of $7.3 million. The decrease excluding restructuring charges is primarily due to lower salary-related and performance-based incentive compensation expenses in response to lower revenue volume and transformation-related actions.

Total SG&A expenses in Science, Engineering & Technology decreased 6.7% from the prior year, primarily due to lower performance-based incentive compensation expenses.

Total SG&A expenses in Education increased 14.8% from the prior year and includes the first quarter impact of the acquisition of PTS in May 2022. Excluding the impact of the PTS acquisition, SG&A expenses increased 11.3% from the prior year, due primarily to higher salary-related and performance-based incentive compensation expenses as headcount has increased as revenues have grown.

Total SG&A expenses in Outsourcing & Consulting increased 4.7% from the prior year, or 2.8% excluding restructuring charges of $2.3 million, and includes the first quarter impact of the acquisition of RocketPower in March 2022. Excluding restructuring charges and the impact of the RocketPower acquisition, SG&A expenses were flat to prior year.

Total SG&A expenses in International decreased 3.0% on a reported basis and 5.8% on a constant currency basis. This decrease was primarily due to the impact of the sale of our Russian operations in July 2022, partially offset by higher salary-related expenses in most countries and restructuring expenses in the first quarter of 2023.

Corporate expenses increased 23.2% compared to the prior year due primarily to restructuring and transformation charges. Excluding restructuring and transformation charges of $15.2 million, expenses increased 2.6% year-over-year. The increase excluding restructuring charges is primarily due to litigation-related costs.

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

	Third Quarter			September Year to Date		
	2023	2022	% Change	2023	2022	% Change
Earnings (Loss) from Operations:						
Professional & Industrial	$ 7.8	$ 5.0	54.2 %	$ 16.3	$ 27.1	(40.4) %
Science, Engineering & Technology	20.2	22.9	(11.7)	56.7	63.9	(11.2)
Education	(2.6)	(4.8)	44.8	22.3	8.8	152.7
Outsourcing & Consulting	2.5	(24.3)	NM	5.2	(14.9)	NM
International	2.5	1.9	27.5	3.2	9.1	(64.9)
Corporate	(30.3)	(21.9)	(37.8)	(86.7)	(70.4)	(23.2)
Loss on disposal	—	(0.2)	NM	—	(18.7)	NM
Gain on sale of assets	—	—	NM	—	5.3	NM
Consolidated Total	$ 0.1	$ (21.4)	NM %	$ 17.0	$ 10.2	67.0 %

Third Quarter Results

Professional & Industrial reported earnings of $7.8 million for the quarter, a 54.2% increase from a year ago. The increase in earnings was primarily due to lower SG&A expenses, partially offset by lower revenue and gross profit.

Science, Engineering & Technology reported earnings of $20.2 million for the quarter, an 11.7% decrease from a year ago. The decrease in earnings was primarily due to declines in revenue and gross profit in most of our specialties within the SET business unit that were partially offset by lower expenses.

Education reported a loss of $2.6 million for the quarter, compared to a loss of $4.8 million a year ago. The change was primarily due to higher revenue and gross profit partially offset by higher expenses.

Outsourcing & Consulting reported earnings of $2.5 million for the quarter, compared to a loss of $24.3 million a year ago, due primarily to the $30.7 million charge related to the impairment of goodwill of RocketPower in the third quarter of 2022. Excluding the goodwill impairment charge, earnings decreased from a year ago as a result of declines in revenue and gross profit as well as restructuring charges in 2023.

International reported earnings of $2.5 million for the quarter, compared to earnings of $1.9 million a year ago. The increase in earnings was primarily due to higher gross profit and lower SG&A expenses.

Corporate expenses increased $8.4 million year-over-year primarily due to $8.3 million of restructuring charges related to ongoing transformation activities.

September Year-to-Date Results

Professional & Industrial reported earnings of $16.3 million for the first nine months of 2023, a 40.4% decrease from a year ago. The decrease in earnings was primarily due to lower revenue and gross profit, partially offset by lower SG&A expenses.

Science, Engineering & Technology reported earnings of $56.7 million for the first nine months of 2023, an 11.2% decrease from a year ago. The decrease in earnings was primarily due to lower revenue and gross profit, partially offset by lower SG&A expenses.

Education reported earnings of $22.3 million for the first nine months of 2023, compared to earnings of $8.8 million a year ago. The change was primarily due to the increase in revenue, coupled with good cost management. 2023 results also include the impact of first quarter earnings of $2.7 million from PTS acquired in May 2022.

Outsourcing & Consulting reported earnings of $5.2 million for the first nine months of 2023, compared to a loss of $14.9 million a year ago. The increase in earnings was primarily due to the impact of the prior year $30.7 million charge related to the impairment of goodwill of RocketPower, partially offset by the first quarter 2023 loss of $2.6 million from RocketPower, acquired in March 2022, the impact of a $2.4 million right-of-use asset impairment charge in the second quarter of 2023, the impact of the third quarter of 2023 restructuring charge and the impact of lower revenue and gross profit.

International reported earnings of $3.2 million for the first nine months of 2023, compared to earnings of $9.1 million a year ago. The decrease in earnings was primarily due to lower gross profit, partially offset by lower SG&A expenses.

Loss on disposal related to the completion of the sale of our Russia operations in July 2022. Gain on sale of assets in 2022 related to the disposition of under-utilized real property located in the United States.

Corporate expenses increased $16.3 million year-over-year primarily due to $15.2 million of restructuring charges related to ongoing transformation activities.

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.

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 $126.5 million at the end of the third quarter of 2023 and $162.4 million at year-end 2022. As further described below, we generated $33.4 million of cash from operating activities, used $10.8 million of cash for investing activities and used $56.6 million of cash for financing activities.

Operating Activities

In the first nine months of 2023, we generated $33.4 million of net cash from operating activities, as compared to using $111.7 million in the first nine months of 2022, primarily due to decreased working capital requirements. Accounts receivable have decreased in the first nine months of 2023 as a result of lower revenue. In addition, we paid $50.1 million of income taxes related to the sale of Persol Holdings common stock in the first nine months of 2022 and $29.5 million related to deferred U.S. payroll taxes in the first quarter of 2022.

Trade accounts receivable totaled $1.4 billion at the end of the third quarter of 2023. Global DSO was 63 days at the end of the third quarter of 2023, 61 days at year-end 2022 and 64 days at the end of the third quarter of 2022.

Our working capital position (total current assets less total current liabilities) was $566.2 million at the end of the third quarter of 2023, a decrease of $20.2 million from year-end 2022. Excluding the decrease in cash, working capital increased $16.3 million from year-end 2022. The current ratio (total current assets divided by total current liabilities) was 1.6 at the end of the third quarter of 2023 and 1.5 at year-end 2022.

Investing Activities

In the first nine months of 2023, we used $10.8 million of cash for investing activities, as compared to generating $167.7 million in the first nine months of 2022. Included in cash used for investing activities in the first nine months of 2023 is $12.4 million of cash used for capital expenditures primarily related to technology programs and IT infrastructure, partially offset by $2.0 million for the receipt of the final payment in connection with an investment that was sold in 2021. Included in cash generated from investing activities in the first nine months of 2022 was $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 shares in our equity investment in PersolKelly Pte. Ltd. This was partially offset by $58.3 million of cash used for the acquisition of RocketPower in March 2022, net of cash received, and $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.

Financing Activities

We used $56.6 million of cash for financing activities in the first nine months of 2023, as compared to using $37.4 million in the first nine months of 2022. The change in cash used for financing activities was primarily related to the year-over-year change in the buyback of the Company's common shares and the year-over-year change in dividend payments. In the first nine months of 2023, the buyback of $42.2 million represents repurchases of the Company's Class A common stock as part of the share repurchase program. In the first nine months of 2022, the $27.2 million represents the buyback of the Company's common shares held by Persol Holdings. Dividends paid per common share were $0.075 in each of the first three quarters of 2023, $0.075 in both the second and third quarter of 2022, and $0.050 in the first quarter of 2022.

Changes in net cash used for financing activities are also impacted by short-term borrowing activities. There was no debt at the end of the third quarter of 2023 and debt totaled $0.7 million at year-end 2022, which represented local borrowings. The changes in short-term borrowings in the first nine months of 2023 were primarily due to payments on local lines of credit. The change in short term borrowings in the first nine months of 2022 was primarily due to borrowings on local lines of credit.

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 2023 and 0.1% at year-end 2022.

New Accounting Pronouncements

Management has evaluated 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.

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 2022 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 2022 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 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.

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 2023, 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 2023, we had $200.0 million of available capacity on our $200.0 million revolving credit facility and $100.6 million of available capacity on our $150.0 million securitization facility. The securitization facility carried no short-term borrowings and $49.4 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 2023, 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 if demand for our services increases. We repurchased $42.2 million of the Company's Class A common stock in fiscal 2023 pursuant to the $50.0 million share repurchase program, which was approved by the Company's board of directors in November 2022 and completed in August 2023.

We monitor the credit ratings of our 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, (i) changing market and economic conditions, (ii) disruption in the labor market and weakened demand for human capital resulting from technological advances, loss of large corporate customers and government contractor requirements, (iii) the impact of laws and regulations (including federal, state and international tax laws), (iv) unexpected changes in claim trends on workers’ compensation, unemployment, disability and medical benefit plans, (v) litigation and other legal liabilities (including tax liabilities) in excess of our estimates, (vi) our ability to achieve our business's anticipated growth strategies, (vii) our future business development, results of operations and financial condition, (viii) damage to our brands, (ix) dependency on third parties for the execution of critical functions, (x) conducting business in foreign countries, including foreign currency fluctuations, (xi) availability of temporary workers with appropriate skills required by customers, (xii) cyberattacks or other breaches of network or information technology security, and (xiii) 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 2023 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.

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 and other 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 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. The Competition Authority apportioned secondary liability against us as a member company to be approximately $300,000. Certain member companies exercised their right to challenge the decision in Court. On or about October 3, 2023, the Court issued its decision which repealed the Competition Authority's decision and ordered a repeated procedure to determine the amount of the imposed fine as well as the allocation between the parties. 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 1, 2023.

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 2023, 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 3, 2023 through August 6, 2023	255,511	$ 17.75	255,447	$ 2.9
August 7, 2023 through September 3, 2023	182,099	17.85	159,087	$ —
September 4, 2023 through October 1, 2023	351	18.25	—	$ —
Total	437,961	$ 17.79	414,534	

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. The share repurchase program was completed in August 2023. We may also reacquire shares outside the program in connection with shares sold to cover employee tax withholdings due upon the vesting of restricted stock held by employees. Accordingly, 23,427 shares were reacquired in transactions outside the repurchase program during the Company’s third quarter of 2023.

Item 3. Defaults Upon Senior Securities.

Not applicable.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

Securities Trading Plans of Directors and Executive Officers

During the third quarter ended October 1, 2023, none of the Company's directors or executive officers adopted, modified or terminated any contract, instruction or written plan for the purchase or sale of Company securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement."

Item 6. Exhibits.

See Index to Exhibits required by Item 601, Regulation S-K, set forth on page 50 of this filing.

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

Exhibit No.	Description
10.6	Second Amendment to Third Amended and Restated Credit Agreement, dated as of November 2, 2023.
14	Code of Business Conduct and Ethics, revised August 2023.
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 9, 2023

/s/ Olivier G. Thirot
Olivier G. Thirot

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

Date: November 9, 2023

/s/ Laura S. Lockhart
Laura S. Lockhart

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

SECOND AMENDMENT TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT

THIS SECOND AMENDMENT TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT (this "Amendment"), made and entered into as of November 2, 2023, among **KELLY SERVICES, INC.**, a Delaware corporation (the "Company" or the "Borrower"), the **SUBSIDIARY GUARANTORS** set forth on the signature pages hereof, the Lenders party hereto, and **JPMORGAN CHASE BANK, N.A**., in its capacity as administrative agent for the Lenders (in such capacity, the "Administrative Agent").

RECITALS:

A. The Loan Parties, the Lenders and the Administrative Agent are parties to that certain Third Amended and Restated Credit Agreement dated as of December 5, 2019, as amended by a First Amendment to Third Amended and Restated Credit Agreement dated as of November 4, 2022 (as now and hereafter amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"). Capitalized terms used herein and not otherwise defined herein have the meanings assigned to them in the Credit Agreement, unless the context otherwise requires.

B. The Company has requested that the Administrative Agent and the Lenders amend and modify certain terms and provisions of the Credit Agreement, and the Administrative Agent and the Lenders have agreed to so amend and modify the Credit Agreement, in each case upon the terms and subject to the conditions set forth in this Amendment.

NOW, THEREFORE, for good and valuable consideration, the parties hereto agree as follows:

ARTICLE I - RECITALS INCORPORATED

The parties hereto agree that the Recitals set forth herein are true and correct in all material respects and are incorporated herein by reference, and agree to undertake the actions hereinafter set forth.

ARTICLE II - AMENDMENTS

Upon the satisfaction of the conditions set forth in Article III hereof, the Credit Agreement shall be amended as follows:

2.1 The following definition shall be added to Section 1.1 of the Credit Agreement in appropriate alphabetical order:

"Q4 Divestiture" means the sale, transfer, conveyance, or disposition of Company's staffing operations in Europe, which encompasses the sale of the shares of Kelly Services Management SARL.

2.2 Section 6.11(f) of the Credit Agreement is amended and restated in its entirety to read as follows:

(f) leases, sales (including sale leasebacks) or other dispositions of its Property in addition to those described in clauses (a) through (e) above and (g) and (h) below so long as the aggregate value of assets leased, sold or disposed does not exceed (i) for all such leases, sales and dispositions during the period from the Effective Date through and including the date on which the Q4 Divestiture closes, 15% of the Total Assets of the Company and its Subsidiaries at the time of such transaction and (ii) for all such leases, sales and dispositions during the period from and after the date on which the Q4 Divestiture closes, $100,000,000 in aggregate amount.

ARTICLE III - MISCELLANEOUS

3.1 Effectiveness of Amendment. At or prior to the execution of this Amendment, and as a condition precedent to the effectiveness of this Amendment, the Loan Parties shall have satisfied the following conditions and delivered or caused to be delivered to the Administrative Agent the following documents and items each dated such date (as applicable) and in form and substance satisfactory to the Administrative Agent and duly executed by all appropriate parties (as applicable) and this Amendment shall become effective as of the date specified in the first paragraph hereof when each of the following conditions is satisfied or waived (the "Second Amendment Effective Date"):

(a) This Amendment.

(b) Payment of all fees and expenses due and payable as of the Second Amendment Effective Date pursuant to any Loan Document (including any fee letter executed and delivered by the Borrower in favor of the Administrative Agent).

The documents described in clauses (a) and (b) are collectively referred to herein as the "Amendment Documents").

3.2 Representations; No Default. Each Loan Party hereby represents, on and as of the date hereof, and after giving effect to this Amendment, all of the representations and warranties contained in Article V of the Credit Agreement are true, correct, and complete in all material respects as of the date hereof as though made on and as of such date, except to the extent that such representations and warranties relate solely to an earlier date. Each Loan Party further represents and warrants that it has the power and legal right and authority to enter into this Amendment and all of the other Amendment Documents, and that it has duly authorized as appropriate the execution and delivery of this Amendment and all of the other Amendment Documents by proper corporate action, and none of the Amendment Documents nor the agreements contained therein contravene or constitute a Default under the Credit Agreement or a default under any other agreement, instrument, or indenture to which such Loan Party is a party or a signatory or a provision of such Loan Party's Articles of Incorporation, Bylaws or any other similar or related organizational document, or, to the best of the such Loan Party's knowledge, any other agreement or requirement of law, or result in the imposition of any lien on any of its property under any agreement binding on or applicable to such Loan Party or any of its property except, if any, in favor of the Administrative Agent or as otherwise permitted by Section 6.13 of the Credit Agreement. Each Loan Party represents and warrants that (a) no consent, approval, or authorization of or registration or declaration with any Person, including but not limited to any Governmental Authority, is required in connection with the execution and delivery by such Loan Party of the Amendment Documents or the performance of obligations of such Loan Party therein described; (b) [reserved]; and (d) no Default has occurred and is continuing under the Credit Agreement.

3.3 Affirmation; Further References. The Lenders and each Loan Party acknowledge and affirm that the Credit Agreement, including the Guaranty therein, as hereby amended, is hereby ratified and confirmed in all respects and all terms, conditions, and provisions of the Credit Agreement, except as amended by this Amendment, remain unmodified and in full force and effect. All references to the Credit Agreement in any other document or instrument to the Credit Agreement are hereby amended and refer to the Credit Agreement as amended by this Amendment. Each Loan Party hereby reaffirms all of its obligations under the Credit Agreement and other Loan Documents, as supplemented, modified and amended hereby.

3.4 Severability. Whenever possible, each provision of this Amendment and the other Amendment Documents and any other statement, instrument, or transaction contemplated hereby or thereby or relating hereto or thereto will be interpreted in such manner as to be effective, valid, and enforceable under the applicable law of any jurisdiction, but, if any provision of this Amendment, the other Amendment Documents, or any other statement, instrument, or transaction contemplated hereby or thereby or relating hereto or thereto will be held to be prohibited, invalid, or unenforceable under the applicable law, such provision will be ineffective in such jurisdiction only to the extent of such prohibition, invalidity, or unenforceability, without invalidating or rendering unenforceable the remainder of such provision or the remaining provisions of this Amendment, such other Amendment Documents or such other statement, instrument, or transaction in such jurisdiction, or affecting the effectiveness, validity, or enforceability of such provision in any other jurisdiction.

3.5 Successors. This Amendment and the other Amendment Documents are binding upon the Loan Parties, and their respective successors and assigns, and inure to the benefit of the Loan Parties, the Lenders, and to the successors and assigns of the Lenders.

3.6 Legal Expenses. Without limiting any provision of the Credit Agreement or any other Loan Documents, the Borrower agrees to pay and to save the Administrative Agent harmless for the payment of all costs and expenses arising in connection with this Amendment and the other Amendment Documents, including the reasonable and out-of-pocket fees of counsel to the Administrative Agent in connection with preparing this Amendment and the related documents.

3.7 Headings. The headings of various sections of this Amendment have been inserted for reference only and will not be deemed to be a part of this Amendment.

3.8 Counterparts; Digital Copies. This Amendment and the other Amendment Documents may be executed (as applicable) in several counterparts as deemed necessary or convenient, each of which, when so executed, will be deemed an original, provided that all such counterparts will be regarded as one and the same document, and any party to this Amendment and the other Amendment Documents may execute any such agreement by executing a counterpart of such agreement. Any signature delivered by a party by facsimile or electronic transmission will be deemed to be an original signature hereto.

3.9 Governing Law. This Amendment and the other Amendment Documents (other than those containing a contrary express choice of law provision) shall be governed by and construed in accordance with the internal laws (and not the law of conflicts) of the State of New York, but giving effect to federal laws applicable to national banks.

3.10 No Waiver. Nothing contained in this Amendment, the other Amendment Documents, or in any other agreement or understanding between the parties constitutes a waiver of, or otherwise diminishes or impairs, the Lenders' rights or remedies under the Credit Agreement or any of the other Loan Documents, or under applicable law.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed as of the date first above written.

KELLY SERVICES, INC.

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

KELLY PROPERTIES, LLC

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

KELLY SERVICES, (IRELAND), LTD.

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

KELLY SERVICES, DENMARK, INC.

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

KELLY OUTSOURCING AND CONSULTING GROUP AUSTRALIA, LTD., formerly known as Kelly Services (Australia), Ltd.

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

KELLY SERVICES GLOBAL, LLC

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

KELLY SERVICES USA, LLC

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

KELLY GLOBAL BUSINESS SERVICES, LLC

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

KELLY INNOVATION FUND, LLC

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

NEXTGEN GLOBAL RESOURCES LLC

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

TEACHERS ON CALL, INC.

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

GLOBAL TECHNOLOGY ASSOCIATES LLC

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

SOFTWORLD, INC.

By:	/s/ Michael Orsini
Name:	Michael Orsini
Title:	Treasurer

GREENWOOD/ASHER & ASSOCIATES, LLC

By:	/s/ Michael Orsini
Name:	Michael Orsini
Title:	Treasurer

PEDIATRIC THERAPEUTIC SERVICES LLC

By:	/s/ Peter Quigley
Name:	Peter Quigley
Title:	President

ROCKET POWER OPS LLC

By:	/s/ Peter Quigley
Name:	Peter Quigley
Title:	President

JPMORGAN CHASE BANK, N.A., as Administrative Agent, as Swing Line Lender, as the LC Issuer and as a Lender.

By:	/s/ Will Price
Name:	Will Price
Title:	Vice President

PNC BANK, NATIONAL ASSOCIATION

By: /s/ Scott Neiderheide
Name: Scott Neiderheide
Title: Senior Vice President

U.S. BANK NATIONAL ASSOCIATION

By:	/s/ Jason Hall
Name:	Jason Hall
Title:	Assistant Vice President

MUFG Bank, Ltd.

By:	/s/ Jorge Georgalos
Name:	Jorge Georgalos
Title:	Authorized Signatory

ROYAL BANK OF CANADA

By:	/s/ Alisa Buttar
Name:	Alisa Buttar
Title:	Vice President, Corporate Client Group

BANK OF AMERICA, N.A.

By:	/s/ Kathryn DuFour
Name:	Kathryn DuFour
Title:	Associate

UNICREDIT BANK AG, NEW YORK BRANCH

By:	/s/ Daniela Ferrari
Name:	Daniela Ferrari
Title:	Managing Director

By:	/s/ Mengyun Sun
Name:	Mengyun Sun
Title:	Associate Director

ING BANK N.V., DUBLIN BRANCH

By:	/s/ Cormac Langford
Name:	Cormac Langford
Title:	Director

ING BANK N.V., DUBLIN BRANCH

By:	/s/ Louise Gough
Name:	Louise Gough
Title:	Vice President

Exhibit 14

Code of Business Conduct and Ethics

Revised August 2023

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 choose to 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, information technology, 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 our 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 our 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: legal 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, TikTok, 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 or military status, religion, national origin, genetic information, sexual orientation, gender, gender identity/expression, disability, pregnancy (including but not limited to childbirth, breastfeeding, or medical conditions relating to breastfeeding, pregnancy, or childbirth), 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 9, 2023.

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 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 /	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 /	800-96-1111 (HK Telephone) or 800-93-2266 (New World Telephone)	877-978-0049
Hungary / Magyarország	06 800-01111	877-978-0049
India / भारत	000-117	877-978-0049
Indonesia / Republik Indonesia	001-801-10	877-978-0049
Italy / Italia	800-172-444	877-978-0049
Japan / / 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 / / 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 / ประเทศไทย	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 9, 2023

/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 9, 2023

/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 1, 2023 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 9, 2023

/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 1, 2023 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 9, 2023

/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.