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 3, 2021

OR

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

Commission File Number 0-1088

KELLY SERVICES, INC.

(Exact name of registrant as specified in its charter)

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

999 West Big Beaver Road, Troy, Michigan 48084

(Address of principal executive offices) (Zip Code)

(248) 362-4444

(Registrant's telephone number, including area code)

No Change

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbols	Name of each exchange on which registered
Class A Common	KELYA	NASDAQ Global Market
Class B Common	KELYB	NASDAQ Global Market

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

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

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

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

At November 1, 2021, 36,030,919 shares of Class A and 3,358,521 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 3, 2021	September 27, 2020	October 3, 2021	September 27, 2020
Revenue from services	$ 1,195.4	$ 1,038.2	$ 3,659.4	$ 3,274.6
Cost of services	966.5	847.2	2,986.2	2,671.1
Gross profit	228.9	191.0	673.2	603.5
Selling, general and administrative expenses	219.9	193.4	639.9	591.0
Goodwill impairment charge	—	—	—	147.7
Gain on sale of assets	—	—	—	(32.1)
Earnings (loss) from operations	9.0	(2.4)	33.3	(103.1)
Gain (loss) on investment in Persol Holdings	35.5	16.8	71.8	(31.4)
Other income (expense), net	(0.3)	(0.7)	(4.0)	3.6
Earnings (loss) before taxes and equity in net earnings (loss) of affiliate	44.2	13.7	101.1	(130.9)
Income tax expense (benefit)	11.1	(1.2)	19.0	(36.5)
Net earnings (loss) before equity in net earnings (loss) of affiliate	33.1	14.9	82.1	(94.4)
Equity in net earnings (loss) of affiliate	1.7	1.8	2.3	(1.0)
Net earnings (loss)	$ 34.8	$ 16.7	$ 84.4	$ (95.4)
Basic earnings (loss) per share	$ 0.87	$ 0.42	$ 2.12	$ (2.43)
Diluted earnings (loss) per share	$ 0.87	$ 0.42	$ 2.12	$ (2.43)
Average shares outstanding (millions):				
Basic	39.4	39.3	39.4	39.3
Diluted	39.5	39.4	39.5	39.3

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 3, 2021	September 27, 2020	October 3, 2021	September 27, 2020
Net earnings (loss)	$ 34.8	$ 16.7	$ 84.4	$ (95.4)
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments, net of tax expense of $0.1, $0.4, $0.5 and $0.0, respectively	(3.5)	5.1	(15.1)	0.4
Less: Reclassification adjustments included in net earnings (loss)	—	(1.5)	—	(1.5)
Foreign currency translation adjustments	(3.5)	3.6	(15.1)	(1.1)
Other comprehensive income (loss)	(3.5)	3.6	(15.1)	(1.1)
Comprehensive income (loss)	$ 31.3	$ 20.3	$ 69.3	$ (96.5)

See accompanying unaudited Notes to Consolidated Financial Statements.

KELLY SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(UNAUDITED)

(In millions)

	October 3, 2021	January 3, 2021
Assets		
Current Assets		
Cash and equivalents	$ 43.5	$ 223.0
Trade accounts receivable, less allowances of $12.3 and $13.3, respectively	1,423.9	1,265.2
Prepaid expenses and other current assets	71.0	61.4
Total current assets	1,538.4	1,549.6
Noncurrent Assets		
Property and equipment:		
Property and equipment	208.2	222.3
Accumulated depreciation	(172.1)	(181.3)
Net property and equipment	36.1	41.0
Operating lease right-of-use assets	79.3	83.2
Deferred taxes	304.0	282.0
Goodwill, net	114.8	3.5
Investment in Persol Holdings	222.6	164.2
Investment in equity affiliate	122.0	118.5
Other assets	386.3	319.9
Total noncurrent assets	1,265.1	1,012.3
Total Assets	$ 2,803.5	$ 2,561.9

See accompanying unaudited Notes to Consolidated Financial Statements.

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

	October 3, 2021	January 3, 2021
Liabilities and Stockholders' Equity		
Current Liabilities		
Short-term borrowings	$ —	$ 0.3
Accounts payable and accrued liabilities	645.2	536.8
Operating lease liabilities	18.4	19.6
Accrued payroll and related taxes	334.9	293.0
Accrued workers' compensation and other claims	21.1	22.7
Income and other taxes	58.4	53.2
Total current liabilities	1,078.0	925.6
Noncurrent Liabilities		
Operating lease liabilities	64.1	67.5
Accrued payroll and related taxes	58.2	58.5
Accrued workers' compensation and other claims	39.1	42.2
Accrued retirement benefits	213.5	205.8
Other long-term liabilities	76.5	59.3
Total noncurrent liabilities	451.4	433.3
Commitments and contingencies (see Contingencies footnote)		
Stockholders' Equity		
Capital stock, $1.00 par value		
Class A common stock, 100.0 shares authorized; 36.7 shares issued at 2021 and 2020	36.7	36.7
Class B common stock, 10.0 shares authorized; 3.4 shares issued at 2021 and 2020	3.4	3.4
Treasury stock, at cost		
Class A common stock, 0.7 shares at 2021 and 0.8 shares at 2020	(14.6)	(16.5)
Class B common stock	(0.6)	(0.6)
Paid-in capital	23.2	21.3
Earnings invested in the business	1,245.3	1,162.9
Accumulated other comprehensive income (loss)	(19.3)	(4.2)
Total stockholders' equity	1,274.1	1,203.0
Total Liabilities and Stockholders' Equity	$ 2,803.5	$ 2,561.9

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 3, 2021	September 27, 2020	October 3, 2021	September 27, 2020
Capital Stock				
Class A common stock				
Balance at beginning of period	$ 36.7	$ 36.6	$ 36.7	$ 36.6
Conversions from Class B	—	—	—	—
Balance at end of period	36.7	36.6	36.7	36.6
Class B common stock				
Balance at beginning of period	3.4	3.5	3.4	3.5
Conversions to Class A	—	—	—	—
Balance at end of period	3.4	3.5	3.4	3.5
Treasury Stock				
Class A common stock				
Balance at beginning of period	(14.7)	(16.7)	(16.5)	(20.3)
Net issuance of stock awards	0.1	0.1	1.9	3.7
Balance at end of period	(14.6)	(16.6)	(14.6)	(16.6)
Class B common stock				
Balance at beginning of period	(0.6)	(0.6)	(0.6)	(0.6)
Net issuance of stock awards	—	—	—	—
Balance at end of period	(0.6)	(0.6)	(0.6)	(0.6)
Paid-in Capital				
Balance at beginning of period	22.3	20.5	21.3	22.5
Net issuance of stock awards	0.9	0.1	1.9	(1.9)
Balance at end of period	23.2	20.6	23.2	20.6
Earnings Invested in the Business				
Balance at beginning of period	1,212.5	1,122.8	1,162.9	1,238.6
Cumulative-effect adjustment, net of tax, from adoption of ASU 2016-13, Credit Losses	—	—	—	(0.7)
Net earnings (loss)	34.8	16.7	84.4	(95.4)
Dividends	(2.0)	—	(2.0)	(3.0)
Balance at end of period	1,245.3	1,139.5	1,245.3	1,139.5
Accumulated Other Comprehensive Income (Loss)				
Balance at beginning of period	(15.8)	(20.5)	(4.2)	(15.8)
Other comprehensive income (loss), net of tax	(3.5)	3.6	(15.1)	(1.1)
Balance at end of period	(19.3)	(16.9)	(19.3)	(16.9)
Stockholders' Equity at end of period	$ 1,274.1	$ 1,166.1	$ 1,274.1	$ 1,166.1

See accompanying unaudited Notes to Consolidated Financial Statements.

KELLY SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

(In millions of dollars)

	39 Weeks Ended	
	October 3, 2021	September 27, 2020
Cash flows from operating activities:		
Net earnings (loss)	$ 84.4	$ (95.4)
Adjustments to reconcile net earnings (loss) to net cash from operating activities:		
Goodwill impairment charge	—	147.7
Deferred income taxes on goodwill impairment charge	—	(23.0)
Depreciation and amortization	22.0	18.0
Operating lease asset amortization	16.0	15.9
Provision for credit losses and sales allowances	0.8	10.7
Stock-based compensation	4.0	2.9
(Gain) loss on investment in Persol Holdings	(71.8)	31.4
Gain on sale of assets	—	(32.1)
Equity in net (earnings) loss of PersolKelly Pte. Ltd.	(2.3)	1.0
Other, net	4.6	1.8
Changes in operating assets and liabilities, net of acquisitions	(26.7)	137.6
Net cash from operating activities	31.0	216.5
Cash flows from investing activities:		
Capital expenditures	(7.5)	(12.3)
Proceeds from sale of assets	—	55.5
Acquisition of companies, net of cash received	(213.0)	(36.4)
Proceeds from company-owned life insurance	10.4	2.3
Proceeds from sale of Brazil, net of cash disposed	—	1.2
Proceeds from loans with equity affiliate	5.8	—
Proceeds from (investment in) equity securities	5.0	(0.2)
Other investing activities	0.9	0.2
Net cash (used in) from investing activities	(198.4)	10.3
Cash flows from financing activities:		
Net change in short-term borrowings	(0.2)	(1.5)
Financing lease payments	(1.3)	(1.0)
Dividend payments	(2.0)	(3.0)
Payments of tax withholding for stock awards	(0.6)	(1.2)
Contingent consideration payments	(1.6)	—
Other financing activities	—	(0.1)
Net cash used in financing activities	(5.7)	(6.8)
Effect of exchange rates on cash, cash equivalents and restricted cash	(3.9)	3.4
Net change in cash, cash equivalents and restricted cash	(177.0)	223.4
Cash, cash equivalents and restricted cash at beginning of period	228.1	31.0
Cash, cash equivalents and restricted cash at end of period [(1)]	$ 51.1	$ 254.4

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 3, 2021	September 27, 2020
Reconciliation of cash, cash equivalents and restricted cash:		
Current assets:		
Cash and cash equivalents	$ 43.5	$ 248.2
Restricted cash included in prepaid expenses and other current assets	1.0	0.9
Noncurrent assets:		
Restricted cash included in other assets	6.6	5.3
Cash, cash equivalents and restricted cash at end of period	$ 51.1	$ 254.4

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 3, 2021, included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 18, 2021 (the 2020 consolidated financial statements). The Company's third fiscal quarter ended on October 3, 2021 (2021) and September 27, 2020 (2020), each of which contained 13 weeks. The corresponding September year to date periods for 2021 and 2020 each contained 39 weeks.

2. Revenue

Revenue Disaggregated by Service Type

Kelly has five specialty 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	
	2021	2020	2021	2020
Professional & Industrial				
Staffing services	$ 344.7	$ 341.3	$ 1,057.0	$ 1,033.1
Permanent placement	6.9	2.3	17.1	7.0
Outcome-based services	101.0	102.9	312.6	306.6
Total Professional & Industrial	452.6	446.5	1,386.7	1,346.7
Science, Engineering & Technology				
Staffing services	214.0	181.6	613.1	562.3
Permanent placement	6.5	3.1	17.4	9.0
Outcome-based services	85.7	59.3	228.6	190.2
Total Science, Engineering & Technology	306.2	244.0	859.1	761.5
Education				
Staffing services	65.7	27.4	280.6	194.9
Permanent placement	0.9	0.1	3.5	0.2
Total Education	66.6	27.5	284.1	195.1
Outsourcing & Consulting				
Talent solutions	113.4	87.9	320.0	261.0
Total Outsourcing & Consulting	113.4	87.9	320.0	261.0
International				
Staffing services	247.1	228.8	784.7	697.9
Permanent placement	5.4	3.6	16.3	12.7
Talent solutions	4.3	—	9.1	—
Total International	256.8	232.4	810.1	710.6
Total Intersegment	(0.2)	(0.1)	(0.6)	(0.3)
Total Revenue from Services	$ 1,195.4	$ 1,038.2	$ 3,659.4	$ 3,274.6

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. The International segment includes Europe and our Brazil and Mexico operations, which are included in the Americas region. Our Brazil staffing operations were sold in August 2020 (see Acquisitions and Disposition footnote).

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

	Third Quarter		September Year to Date	
	2021	2020	2021	2020
Americas				
United States	$ 851.7	$ 740.6	$ 2,604.8	$ 2,369.2
Canada	43.3	30.3	116.9	88.7
Puerto Rico	25.5	18.4	76.6	56.1
Mexico	14.4	27.4	82.1	78.6
Brazil	—	1.8	—	17.0
Total Americas Region	934.9	818.5	2,880.4	2,609.6
Europe				
France	56.3	48.8	168.1	141.2
Switzerland	54.5	49.6	161.2	141.2
Portugal	36.6	31.7	120.9	99.1
Russia	33.0	27.2	99.3	88.6
Italy	18.5	14.5	56.0	42.5
United Kingdom	17.2	16.4	51.9	56.5
Germany	9.0	7.0	24.6	22.1
Ireland	7.4	4.9	18.8	14.0
Other	17.3	12.0	49.9	38.7
Total Europe Region	249.8	212.1	750.7	643.9
Total Asia-Pacific Region	10.7	7.6	28.3	21.1
Total Kelly Services, Inc.	$ 1,195.4	$ 1,038.2	$ 3,659.4	$ 3,274.6

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	
	2021	2020	2021	2020
Science, Engineering & Technology				
Americas	$ 304.3	$ 242.8	$ 854.1	$ 757.3
Europe	1.9	1.2	5.0	4.2
Total Science, Engineering & Technology	$ 306.2	$ 244.0	$ 859.1	$ 761.5
Outsourcing & Consulting				
Americas	$ 97.5	$ 72.9	$ 274.9	$ 215.9
Europe	5.2	7.4	16.8	24.0
Asia-Pacific	10.7	7.6	28.3	21.1
Total Outsourcing & Consulting	$ 113.4	$ 87.9	$ 320.0	$ 261.0
International				
Americas	$ 14.1	$ 28.9	$ 81.2	$ 94.9
Europe	242.7	203.5	728.9	615.7
Total International	$ 256.8	$ 232.4	$ 810.1	$ 710.6

Deferred Costs

Deferred sales commissions, which are included in other assets in the consolidated balance sheet, were $0.9 million as of third quarter-end 2021 and $1.0 million as of year-end 2020. Amortization expense for the deferred costs for the third quarter and September year to date 2021 was $0.2 million and $0.6 million, respectively. Amortization expense for the deferred costs for the third quarter and September year to date 2020 was $0.2 million and $0.8 million, respectively.

Deferred fulfillment costs, which are included in prepaid expenses and other current assets in the consolidated balance sheet, were $2.6 million as of third quarter-end 2021 and $4.1 million as of year-end 2020. Amortization expense for the deferred costs for the third quarter and September year to date 2021 was $4.3 million and $16.4 million, respectively. Amortization expense for the deferred costs for the third quarter and September year to date 2020 was $5.3 million and $14.9 million, respectively.

3. Credit Losses

On December 30, 2019, we adopted Accounting Standards Codification ("ASC") Topic 326 using the modified retrospective method for all financial assets measured at amortized cost and off-balance-sheet credit exposures, as applicable.

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	
	2021	2020
Allowance for credit losses:		
Beginning balance	$ 9.8	$ 9.7
Impact of adopting ASC 326	—	0.3
Current period provision	0.8	1.2
Currency exchange effects	(0.4)	(0.2)
Write-offs	(0.7)	(1.6)
Ending balance	$ 9.5	$ 9.4

Write-offs are presented net of recoveries, which were not material for September year to date 2021 and 2020.

We have been engaged in litigation with a customer over a disputed accounts receivable balance for certain services rendered more than five years ago, which was recorded as a long-term receivable in other assets in the consolidated balance sheet. In September 2020, a ruling was issued in favor of the customer, which we appealed. Upon receiving the ruling, we increased our allowance for credit losses by $9.2 million in the third quarter of 2020 to reflect the likelihood of collection, which was recorded in other assets in the consolidated balance sheet. In September 2021, a final ruling in the case was entered in favor of the customer. As a result, in the third quarter of 2021, we wrote off the entire receivable balance with this customer, including $0.6 million not previously reserved. The unreserved portion was recorded in selling, general and administrative ("SG&A") expenses in the consolidated statements of earnings.

The rollforward of our allowance for credit losses related to the long-term customer receivable, which was recorded in other assets in the consolidated balance sheet, is as follows (in millions of dollars):

	September Year to Date	
	2021	2020
Allowance for credit losses:		
Beginning balance	$ 10.9	$ 1.0
Impact of adopting ASC 326	—	0.7
Current period provision	0.6	9.5
Currency exchange effects	—	(0.3)
Write-offs	(11.5)	—
Ending Balance	$ —	$ 10.9

We are also exposed to credit losses for other receivables measured at amortized cost. No other allowances related to other receivables were material for third quarter-end 2021.

4. Acquisitions and Disposition

Acquisitions

In the second quarter of 2021, the Company acquired Softworld, Inc. ("Softworld"), as detailed below. In the fourth quarter of 2020, Kelly Services USA, LLC ("KSU"), a wholly owned subsidiary of the Company, acquired Greenwood/Asher & Associates, LLC ("Greenwood/Asher"), as detailed below. In the first quarter of 2020, KSU acquired Insight Workforce Solutions LLC and its affiliate, Insight EDU LLC (collectively, "Insight"), as detailed below.

Softworld

On April 5, 2021, the Company acquired 100% of the shares of Softworld for a purchase price of $215.0 million. Softworld is a leading technology staffing and workforce solutions firm that serves clients across several end-markets, including financial services, life sciences, aerospace, defense, insurance, retail and IT consulting. This acquisition will expand our capabilities, scale and solution set in our technology specialty. Under terms of the purchase agreement, the purchase price was adjusted for cash held by Softworld at the closing date and estimated working capital adjustments resulting in the Company paying cash of $220.4 million. Total consideration includes $2.6 million of additional consideration that is payable to the seller in 2022. In the third quarter of 2021, the Company received cash for a post-close working capital adjustment of $6.0 million. The total consideration is as follows (in millions of dollars):

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

Due to the limited amount of time that has passed since acquiring Softworld, the purchase price allocation for this acquisition is preliminary and could change.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed as of the date of the acquisition (in millions of dollars):

Cash	$	1.4
Trade accounts receivable		21.6
Prepaid expenses and other current assets		3.3
Net property and equipment		1.2
Operating lease right-of-use assets		7.6
Non-current deferred tax		5.9
Goodwill		111.3
Intangibles		79.4
Other assets, noncurrent		1.2
Accounts payable and accrued liabilities, current		(2.5)
Operating lease liabilities, current		(1.3)
Accrued payroll and related taxes, current		(4.6)
Income and other taxes, current		(1.2)
Operating lease liabilities, noncurrent		(6.3)
Total consideration, including working capital adjustments	$	217.0

The fair value of the acquired receivables represents the contractual value. Included in the assets purchased in the Softworld acquisition was $79.4 million of intangible assets, made up of $54.9 million in customer relationships, $23.1 million associated with Softworld's trade names and trademarks, and $1.4 million for non-compete agreements. The customer relationships and trade names and trademarks will be amortized over 10 years with no residual value and the non-compete agreements will be amortized over five years with no residual value. Goodwill generated from the acquisition was primarily attributable to expanding market potential and the expected revenue synergies and was assigned to the SET operating segment (see Goodwill footnote). All of the goodwill is expected to be deductible for tax purposes.

Softworld's results of operations are included in the SET segment in 2021. For the third quarter-end 2021, our consolidated revenues and net earnings included $33.7 million and $1.3 million from Softworld, respectively. For September year to date 2021, our consolidated revenues and net earnings included $64.1 million and $3.0 million, respectively, from Softworld. The date of the acquisition was the first day of our second quarter, therefore, our first quarter results do not include any revenue or earnings from Softworld.

Pro Forma Information

The following unaudited pro forma information presents a summary of the operating results as if the Softworld acquisition had been completed as of December 30, 2019 (in millions of dollars):

	Third Quarter		September Year to Date	
	2021	2020	2021	2020
Pro forma revenues	$ 1,195.4	$ 1,065.6	$ 3,690.6	$ 3,356.2
Pro forma net earnings (loss)	$ 34.8	$ 17.5	$ 86.0	$ (95.3)

Due to the date of the acquisition, the third quarter 2021 pro forma results reflect actual results for the period. The pro forma results for September year to date 2021 and 2020 reflect amortization of the intangible assets of $2.0 million per quarter, a non-recurring adjustment to reclassify $1.3 million of transaction expenses from September year to date 2021 to September year to date 2020 and applicable taxes. The unaudited pro forma information presented has been prepared for comparative purposes only and is not necessarily indicative of the results of operations as they would have been had the acquisitions occurred on the assumed date, nor is it necessarily an indication of future operating results.

Greenwood/Asher

On November 18, 2020, KSU acquired 100% of the membership interests of Greenwood/Asher, a premier specialty education executive search firm in the U.S., for a purchase price of $3.5 million. Under terms of the purchase agreement, the purchase price was adjusted for cash held by Greenwood/Asher at the closing date and estimated working capital adjustments resulting in the Company paying cash of $5.2 million. The purchase price of the acquisition also included contingent consideration with an estimated fair value of $2.1 million related to an earnout payment in the event certain conditions are met per the terms of the agreement. The initial fair value of the earnout was established using a Black Scholes model and the liability is recorded in accounts payable and accrued liabilities and other noncurrent liabilities in the consolidated balance sheet (see Fair Value Measurements footnote). The earnout is revalued quarterly, resulting in a decrease to the liability of $0.4 million in the first quarter of 2021 and an increase to the liability of $2.4 million in the third quarter of 2021. The earnout is expected to be paid in 2022 and 2023 after each earnout year pursuant to the terms of the purchase agreement. As of third quarter-end 2021, the purchase price allocation for this acquisition is final.

Goodwill generated from the acquisition was primarily attributable to the expected synergies from combining operations and expanding market potential, and was assigned to the Education reporting unit (see Goodwill footnote). The amount of goodwill expected to be deductible for tax purposes is approximately $0.9 million.

Insight

On January 14, 2020, KSU acquired 100% of the membership interests of Insight, an educational staffing company in the U.S., for a purchase price of $34.5 million. Under terms of the purchase agreement, the purchase price was adjusted for cash held by Insight at the closing date and estimated working capital adjustments resulting in the Company paying cash of $38.1 million. The purchase price of the acquisition also included contingent consideration with an estimated fair value of $1.6 million related to an earnout payment in the event certain conditions are met per the terms of the agreement. The initial fair value of the earnout was established using a Monte Carlo simulation and the liability is recorded in accounts payable and accrued liabilities in the consolidated balance sheet (see Fair Value Measurements footnote). Subsequently, the earnout was revalued, resulting in a net increase to the liability of $0.1 million in 2020 and a further increase of $0.1 million in the second quarter of 2021. In the third quarter of 2021, the Company paid the final earnout amount of $1.8 million in cash. In our consolidated statements of cash flows, $1.6 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 liability for the earnout as of third quarter-end 2021. In the second quarter of 2020, the Company paid a working capital adjustment of $0.1 million. As of year-end 2020, the purchase price allocation for this acquisition was final.

Goodwill generated from the acquisition was primarily attributable to the expected synergies from combining operations and expanding market potential, and was assigned to the former Americas Staffing reporting unit. The goodwill related to this acquisition was included in the goodwill impairment charge taken in the first quarter of 2020. The goodwill impairment charge resulted from an interim goodwill impairment test triggered by declines in our common stock price as a result of negative market reaction to the COVID-19 crisis (see Goodwill footnote). The amount of goodwill expected to be deductible for tax purposes is approximately $20.4 million.

Disposition

On August 18, 2020, the Company sold its Brazil operations for a purchase price of $1.4 million. The Company received cash proceeds of $1.2 million, net of cash disposed. As a part of the transaction, the Company has 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. Accordingly, the Company recorded an indemnification liability of $2.5 million in other long-term liabilities in the consolidated balance sheet, which represented the fair value of the liability at the time of disposition and completely offset the gain on the sale. The indemnification liability is revalued on a quarterly basis (see Fair Value Measurements footnote).

5. Investment in Persol Holdings

The Company has 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"). As our investment is a noncontrolling interest in Persol Holdings, this investment is recorded at fair value based on the quoted market price of Persol Holdings stock on the Tokyo Stock Exchange as of the period end (see Fair Value Measurements footnote). A gain on the investment of $35.5 million and $71.8 million in the third quarter and September year to date 2021, respectively, a gain on the investment of $16.8 million and a loss on the investment of $31.4 million in the third quarter and September year to date 2020, respectively, was recorded in gain (loss) on investment in Persol Holdings in the consolidated statements of earnings.

6. Investment in PersolKelly Pte. Ltd.

The Company has a 49% ownership interest in the JV (see Investment in Persol Holdings footnote above), a staffing services business operating in ten geographies in the Asia-Pacific region. The operating results of the Company’s interest in the JV are accounted for on a one-quarter lag under the equity method and are reported in equity in net earnings (loss) of affiliate in the consolidated statements of earnings, which amounted to earnings of $1.7 million and $2.3 million in the third quarter and September year to date 2021, respectively, and earnings of $1.8 million and a loss of $1.0 million in the third quarter and September year to date 2020, respectively. This investment is evaluated for indicators of impairment on a quarterly basis or whenever events or circumstances indicate the carrying amount may be other-than-temporarily impaired. If we conclude that there is an other-than-temporary impairment of this equity investment, we will adjust the carrying amount of the investment to the current fair value.

The investment in equity affiliate on the Company’s consolidated balance sheet totaled $122.0 million as of third quarter-end 2021 and $118.5 million as of year-end 2020. The net amount due to the JV, a related party, was not material as of the third quarter-end 2021 and the net amount due from the JV was $5.6 million as of year-end 2020. The Company made loans in prior years, proportionate to its 49% ownership, to the JV to fund working capital requirements as a result of its sustained revenue growth. In April 2021, the Company received $5.8 million from the JV for the outstanding balance of the loan. As of third quarter-end 2021, there is no outstanding loan balance or accrued interest receivable relating to the loan. Accrued interest receivable, which is included in prepaid expenses and other current assets in the consolidated balance sheet, was not material at year-end 2020. The JV is a supplier to certain MSP programs in the region and the amounts for services provided to the Company, which are included in accounts payable and accrued liabilities in the consolidated balance sheet, are not material.

On April 1, 2020, 100% of the shares of Kelly Services Australia Pty Ltd and Kelly Services (New Zealand) Limited, both subsidiaries of the JV, were sold to an affiliate of Persol Holdings. The JV received proceeds of $17.5 million upon the sale and the Company received a direct royalty payment of $0.7 million.

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 2021 and year-end 2020 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 2021			
Description	Total	Level 1	Level 2	Level 3
	(In millions of dollars)			
Money market funds	$ 6.5	$ 6.5	$ —	$ —
Investment in Persol Holdings	222.6	222.6	—	—
Total assets at fair value	$ 229.1	$ 229.1	$ —	$ —
Brazil indemnification	$ (2.5)	$ —	$ —	$ (2.5)
Greenwood/Asher earnout	(4.1)	—	—	(4.1)
Insight earnout	—	—	—	—
Total liabilities at fair value	$ (6.6)	$ —	$ —	$ (6.6)

	As of Year-End 2020			
Description	Total	Level 1	Level 2	Level 3
	(In millions of dollars)			
Money market funds	$ 120.3	$ 120.3	$ —	$ —
Investment in Persol Holdings	164.2	164.2	—	—
Total assets at fair value	$ 284.5	$ 284.5	$ —	$ —
Brazil indemnification	$ (2.6)	$ —	$ —	$ (2.6)
Greenwood/Asher earnout	(2.1)	—	—	(2.1)
Insight earnout	(1.7)	—	—	(1.7)
Total liabilities at fair value	$ (6.4)	$ —	$ —	$ (6.4)

Money market funds represent investments in money market funds that hold government securities, of which $6.5 million as of third quarter-end 2021 and $5.1 million as of year-end 2020, 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 year-end 2020 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.

The valuation of the investment in Persol Holdings is based on the quoted market price of Persol Holdings stock on the Tokyo Stock Exchange as of the period end, and the related changes in fair value are recorded in the consolidated statements of earnings (see Investment in Persol Holdings footnote). The cost of this yen-denominated investment, which fluctuates based on foreign exchange rates, was $18.6 million as of the third quarter-end 2021 and $20.1 million at year-end 2020.

As of third quarter-end 2021 and year-end 2020, the Company had an indemnification liability of $2.5 million and $2.6 million, respectively, in other long-term liabilities on the consolidated balance sheet related to the sale of the Brazil operations (see Acquisitions and Disposition footnote). The valuation of the indemnification liability was established using a discounted cash flow methodology based on probability weighted-average cash flows discounted by weighted-average cost of capital. The valuation, which represents the fair value, is considered a Level 3 liability, and is being measured on a recurring basis. During year to date 2021, the Company recognized a decrease 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 Insight, totaling $1.7 million at year-end 2020 in accounts payable and accrued liabilities in the consolidated balance sheet (see Acquisitions and Disposition footnote). During the third quarter of 2021, the Company paid the earnout totaling $1.8 million. The valuation of the earnout liability was initially established using a Monte Carlo simulation and represented the fair value and was considered a Level 3 liability.

The Company recorded an earnout liability relating to the 2020 acquisition of Greenwood/Asher, totaling $4.1 million at third quarter-end 2021 with $1.9 million in accounts payable and accrued liabilities and $2.2 million in other long-term liabilities in the consolidated balance sheet and $2.1 million at year-end 2020 in other long-term liabilities in the consolidated balance sheet (see Acquisitions and Disposition footnote). The initial valuation of the earnout liability was established using a Black Scholes model and represents the fair value and is considered a Level 3 liability. During year to date 2021, the Company recorded an increase of $2.0 million to the earnout liability in SG&A expenses in the consolidated statements of earnings.

Equity Investment Without Readily Determinable Fair Value

Prior to April 2021, the Company had a minority investment in Business Talent Group, LLC, which was included in other assets in the consolidated balance sheet. This investment was 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. In the second quarter of 2021, BTG entered into a merger agreement which resulted in all of the Company's shares of BTG being automatically canceled upon approval of the merger and resulted in the receipt of $5.0 million in cash, which is equal to the carrying value and purchase price of the BTG investment.

Prior to March 2021, the Company had a minority investment in Kenzie Academy Inc., which was included in other assets in the consolidated balance sheet. The investment was also measured using the measurement alternative for equity investments without a readily determinable fair value as described above. On March 8, 2021, Kenzie entered into a transaction to sell its assets. As of the date of the sale and year-end 2020, the investment had a carrying value of $1.4 million, representing total cost plus observable price changes to date. The asset was written down as a result of the sale and the loss of $1.4 million was recorded in other income (expense), net in the year to date consolidated statements of earnings.

Assets Measured at Fair Value on a Nonrecurring Basis

Due to the negative market reaction to the COVID-19 crisis, including declines in our common stock price, management determined that a triggering event occurred during the first quarter of 2020. We therefore performed an interim step one quantitative impairment test for both of our previous reporting units with goodwill. As a result of this quantitative assessment, we determined that the estimated fair value of the reporting units no longer exceeded the carrying value, and recorded a goodwill impairment charge of $147.7 million in the first quarter of 2020 (see Goodwill footnote).

8. Restructuring

There were no restructuring charges incurred for September year to date 2021. In the first quarter of 2020, the Company took restructuring actions to align costs with expected revenues, position the organization to adopt a new operating model in the third quarter of 2020 and to align the U.S. branch network facilities footprint with a more technology-enabled service delivery methodology.

Restructuring costs incurred in September year to date 2020 totaled $8.4 million and were recorded entirely in SG&A expenses in the consolidated statements of earnings, as detailed below (in millions of dollars):

	Lease Termination Costs	Severance Costs	Total
Professional & Industrial	$ 3.5	$ 0.8	$ 4.3
Science, Engineering & Technology	0.5	—	0.5
Education	0.1	0.7	0.8
International	0.7	0.4	1.1
Corporate	—	1.7	1.7
Total	$ 4.8	$ 3.6	$ 8.4

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 2020	$ 3.5
Reductions for cash payments related to all restructuring activities	(2.0)
Balance as of first quarter-end 2021	1.5
Reductions for cash payments related to all restructuring activities	(0.9)
Balance as of second quarter-end 2021	0.6
Reductions for cash payments related to all restructuring activities	(0.4)
Balance as of third quarter-end 2021	$ 0.2

The remaining balance of $0.2 million as of third quarter-end 2021 primarily represents severance costs, and the majority is expected to be paid by the second quarter-end 2022. No material adjustments are expected to be recorded.

9. Goodwill

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. During the first quarter of 2020, negative market reaction to the COVID-19 crisis, including declines in our common stock price, caused our market capitalization to decline significantly compared to the fourth quarter of 2019, causing a triggering event. Therefore, we performed an interim step one quantitative test for our previous reporting units with goodwill, Americas Staffing and GTS, and determined that the estimated fair values of both reporting units no longer exceeded their carrying values. Based on the result of our interim goodwill impairment test as of the first quarter of 2020, we recorded a goodwill impairment charge of $147.7 million to write off goodwill for both reporting units. A portion of the goodwill balance was deductible for tax purposes.

In performing the step one quantitative test and consistent with our prior practice, we determined the fair value of each reporting unit using the income approach, which is validated through reconciliation to observable market capitalization data. 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 units. Assumptions and estimates about future cash flows and discount rates are complex and often subjective. Our analysis used significant assumptions by segment, including: expected future revenue and expense growth rates, profit margins, cost of capital, discount rate and forecasted capital expenditures and working capital.

The changes in the carrying amount of goodwill as of September year to date 2021 are included in the table below. The goodwill resulting from the acquisition of Softworld during the second quarter of 2021 (see Acquisitions and Disposition footnote) was allocated to the SET reportable segment.

	As of Year-End 2020	Additions to Goodwill	Impairment Adjustments	As of Third Quarter-End 2021
	(In millions of dollars)			
Science, Engineering & Technology	$ —	$ 111.3	$ —	$ 111.3
Education	3.5	—	—	3.5
Total	$ 3.5	$ 111.3	$ —	$ 114.8

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 2021 and 2020 are included in the table below. Amounts in parentheses indicate debits. Reclassification adjustments out of accumulated other comprehensive income (loss), as shown in the table below, were recorded in the other income (expense), net line item in the consolidated statements of earnings.

	Third Quarter		September Year to Date	
	2021	2020	2021	2020
	(In millions of dollars)			
Foreign currency translation adjustments:				
Beginning balance	$ (12.4)	$ (17.9)	$ (0.8)	$ (13.2)
Other comprehensive income (loss) before reclassifications	(3.5)	5.1	(15.1)	0.4
Amounts reclassified from accumulated other comprehensive income (loss)	—	(1.5)	—	(1.5)
Net current-period other comprehensive income (loss)	(3.5)	3.6	(15.1)	(1.1)
Ending balance	(15.9)	(14.3)	(15.9)	(14.3)
Pension liability adjustments:				
Beginning balance	(3.4)	(2.6)	(3.4)	(2.6)
Other comprehensive income (loss) before reclassifications	—	—	—	—
Amounts reclassified from accumulated other comprehensive income (loss)	—	—	—	—
Net current-period other comprehensive income (loss)	—	—	—	—
Ending balance	(3.4)	(2.6)	(3.4)	(2.6)
Total accumulated other comprehensive income (loss)	$ (19.3)	$ (16.9)	$ (19.3)	$ (16.9)

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 2021 and 2020 follows (in millions of dollars except per share data):

	Third Quarter		September Year to Date	
	2021	2020	2021	2020
Net earnings (loss)	$ 34.8	$ 16.7	$ 84.4	$ (95.4)
Less: earnings allocated to participating securities	(0.4)	(0.2)	(0.8)	—
Net earnings (loss) available to common shareholders	$ 34.4	$ 16.5	$ 83.6	$ (95.4)
Average shares outstanding (millions):				
Basic	39.4	39.3	39.4	39.3
Dilutive share awards	0.1	0.1	0.1	—
Diluted	39.5	39.4	39.5	39.3
Basic earnings (loss) per share	$ 0.87	$ 0.42	$ 2.12	$ (2.43)
Diluted earnings (loss) per share	$ 0.87	$ 0.42	$ 2.12	$ (2.43)

Potentially dilutive shares outstanding are primarily related to performance shares (see Stock-Based Compensation footnote for a description of performance shares) for the third quarter and September year to date 2021 and 2020. Dividends paid for Class A and Class B common stock were $0.05 for third quarter 2021 and September year to date 2021. Dividends paid per share for Class A and Class B common stock were $0.00 for third quarter 2020 and $0.075 for September year to date 2020.

12. Stock-Based Compensation

For the third quarter of 2021, the Company recognized stock compensation expense of $1.2 million, and a related tax benefit of $0.2 million. For the third quarter of 2020, the Company recognized stock compensation expense of $0.5 million, and a related tax benefit of $0.2 million. For September year to date 2021, the Company recognized stock compensation expense of $4.0 million, and a related tax benefit of $0.6 million. For September year to date 2020, the Company recognized stock compensation expense of $2.9 million, and a related tax benefit of $0.2 million.

Performance Shares

During 2021, the Company granted performance share awards associated with the Company’s Class A common stock to certain senior officers. The payment of performance share awards, which will be satisfied with the issuance of shares out of treasury stock, is contingent upon the achievement of specific revenue growth and earnings before interest, taxes, depreciation and amortization ("EBITDA") margin performance goals ("financial measure performance share awards") over a stated period of time. The maximum number of performance shares that may be earned is 200% of the target shares originally granted. These awards have three one-year performance periods: 2021, 2022 and 2023, 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.

For the 2021 and 2022 performance periods, half of the shares earned in each respective performance period will vest after achievement of the respective performance goals for the year and approval of the financial results by the Compensation Committee, in early 2022 and 2023, respectively, if not forfeited by the recipient. The remaining half of the shares earned for the 2021 and 2022 performance periods will vest in early 2024, based on continuous employment. For the 2023 performance period, any shares earned will vest after achievement of the 2023 performance goals for the year and approval of the financial results by the Compensation Committee in early 2024, if not forfeited by the recipient. No dividends are paid on these performance shares.

On May 18, 2021, the Compensation Committee approved a modification to the performance goals of our 2021 and 2020 financial measure performance awards to increase the goals to reflect the results of the acquisition of Softworld. We accounted for this change as a Type I modification under ASC 718 as the expectation of the achievement of certain performance conditions related to these awards remained a 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. All service-based vesting conditions were unaffected by the modification.

A summary of the status of all nonvested performance shares at target as of third quarter-end 2021 and year-to-date changes is presented as follows below (in thousands of shares except per share data). The vesting adjustment in the table below represents the 2018 financial measure performance shares and the 2018 Total Shareholder Return ("TSR") performance shares that did not vest because actual achievement was below the threshold level and resulted in no payout.

	Financial Measure Performance Shares		TSR Performance Shares	
	Shares	Weighted Average Grant Date Fair Value	Shares	Weighted Average Grant Date Fair Value
Nonvested at year-end 2020	366	$ 22.40	47	$ 31.38
Granted	180	20.20	—	—
Vested	(13)	24.90	—	—
Forfeited	(16)	24.73	—	—
Vesting adjustment	(94)	16.99	(47)	31.38
Nonvested at third quarter-end 2021	423	$ 22.50	—	$ —

Restricted Stock

A summary of the status of nonvested restricted stock as of third quarter-end 2021 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 2020	281	$ 22.74
Granted	216	21.33
Vested	(90)	23.36
Forfeited	(21)	23.97
Nonvested at third quarter-end 2021	386	$ 21.74

13. Sale of Assets

In the second quarter of 2020, the Company monetized wage subsidy receivables outside the U.S. for $16.9 million, net of fees and 5% retainer. The sale of these receivables was accounted for as a sale of financial assets with certain recourse provisions in which we derecognized the receivables. Although the sale of receivables is with recourse, the Company did not record a recourse obligation as the Company concluded the receivables were collectible. The net cash proceeds related to the sale were included in operating activities in the consolidated statements of cash flows and the fees related to the sale were included in SG&A expenses in the consolidated statements of earnings.

On March 20, 2020, the Company sold three of our four headquarters properties for a purchase price of $58.5 million as a part of a sale and leaseback transaction. The properties included the parcels of land, together with all rights and easements, in addition to all improvements located on the land, including buildings. The Company received cash proceeds of $55.5 million, which was net of transaction expenses. As of the date of the sale, the properties had a combined net carrying amount of $23.4 million. The resulting gain on the sale of the assets was $32.1 million which was recorded in gain on sale of assets in the consolidated statements of earnings. The Company leased back the headquarters buildings on the same date.

14. Other Income (Expense), Net

Included in other income (expense), net for the third quarter and September year to date 2021 and 2020 are the following:

	Third Quarter		September Year to Date	
	2021	2020	2021	2020
	(In millions of dollars)			
Interest income	$ 0.1	$ 0.1	$ 0.2	$ 0.5
Interest expense	(0.7)	(0.5)	(1.9)	(2.2)
Dividend income	—	—	1.0	1.3
Foreign exchange gains (losses)	0.3	(0.2)	(0.6)	3.5
Other	—	(0.1)	(2.7)	0.5
Other Income (Expense), Net	$ (0.3)	$ (0.7)	$ (4.0)	$ 3.6

Included in Other for September year to date 2021 is a loss from the sale of the assets related to our minority investment in Kenzie Academy (see Fair Value Measurements footnote) and transaction-related expenses from the April 2021 acquisition of Softworld (see Acquisitions and Disposition footnote).

15. Income Taxes

Income tax expense was $11.1 million and benefit was $1.2 million for the third quarter of 2021 and 2020, respectively. Income tax expense was $19.0 million and income tax benefit was $36.5 million for September year to date 2021 and 2020, respectively. These amounts were impacted by changes in the fair value of the Company's investment in Persol Holdings, which resulted in a charge of $10.9 million for the third quarter of 2021 and $22.0 million for September year to date 2021, compared to a charge of $5.2 million for the third quarter of 2020 and a benefit of $9.6 million for September year to date 2020. The second quarter of 2021 benefited $5.2 million from a change in United Kingdom tax rates, while the second quarter of 2020 benefited $7.7 million from Brazil outside basis differences. September year to date 2020 includes a tax benefit of $23.0 million on the impairment of goodwill. The quarterly and year-to-date amounts are also impacted by changes in earnings from operations.

Our tax expense is affected by recurring items, such as the amount of pretax income and its mix by jurisdiction, U.S. work opportunity credits and the change in cash surrender value of tax exempt investments in life insurance policies. It is also affected by discrete items that may occur in any given period but are not consistent from period to period, such as tax law changes, changes in judgment regarding the realizability of deferred tax assets, the tax effects of stock compensation, and changes in the fair value of the Company's investment in Persol Holdings, which are treated as discrete since they cannot be estimated. The United Kingdom rate change benefit in the second quarter of 2021, impairment of goodwill in the first quarter of 2020 and the Brazil outside basis differences in the second quarter of 2020 were treated as discrete.

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. At this time, we have no valuation allowance against our Mexican deferred tax asset of $4.3 million, though it is possible this may change as we continue to assess the impacts of the new labor laws effective as of the third quarter of 2021 on our Mexican business operations throughout the remainder of the year.

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 2021 and year-end 2020, the gross accrual for litigation costs amounted to $1.1 million and $1.4 million, respectively.

The Company maintains insurance coverage which may cover certain losses. When losses exceed the applicable policy deductible and realization of recovery of the loss from existing insurance policies is deemed probable, the Company records receivables from the insurance company for the excess amount, which are included in prepaid expenses and other current assets in the consolidated balance sheet. At third quarter-end 2021 and year-end 2020, there were no related insurance receivables.

During the third quarter of 2021, the Company filed a claim, in excess of policy limits, under a representations and warranties insurance policy purchased by the Company in connection with the acquisition of Softworld. The claim asserts damages arising out of alleged breaches by the sellers of Softworld of certain representations and warranties contained in the purchase agreement relating to periods prior to the closing of the acquisition. The insurance policy's coverage limit is $21.5 million. The Company reached a preliminary agreement with the insurer and continues to negotiate a final resolution of the claim. No insurance receivable has been recorded.

The Company estimates the aggregate range of reasonably possible losses, in excess of amounts accrued, is $0.5 million to $4.3 million as of third quarter-end 2021. 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. Consistent with the information provided to and evaluated by the CODM, the goodwill impairment charge in the first quarter of 2020 was included in Corporate expenses.

The following tables present information about the reported revenue from services and gross profit of the Company by reportable segment, along with a reconciliation to earnings (loss) before taxes and equity in net earnings (loss) of affiliate, for the third quarter and September year to date 2021 and 2020. 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	
	2021	2020	2021	2020
	(In millions of dollars)			
Revenue from Services:				
Professional & Industrial	$ 452.6	$ 446.5	$ 1,386.7	$ 1,346.7
Science, Engineering & Technology	306.2	244.0	859.1	761.5
Education	66.6	27.5	284.1	195.1
Outsourcing & Consulting	113.4	87.9	320.0	261.0
International	256.8	232.4	810.1	710.6
Less: Intersegment revenue	(0.2)	(0.1)	(0.6)	(0.3)
Consolidated Total	$ 1,195.4	$ 1,038.2	$ 3,659.4	$ 3,274.6

	Third Quarter		September Year to Date	
	2021	2020	2021	2020
	(In millions of dollars)			
Earnings (loss) from Operations:				
Professional & Industrial gross profit	$ 76.6	$ 77.1	$ 227.7	$ 241.1
Professional & Industrial SG&A expenses	(69.4)	(65.3)	(207.8)	(210.4)
Professional & Industrial earnings (loss) from operations	7.2	11.8	19.9	30.7
Science, Engineering & Technology gross profit	68.1	50.7	187.8	156.0
Science, Engineering & Technology SG&A expenses	(48.4)	(31.3)	(131.0)	(99.1)
Science, Engineering & Technology earnings (loss) from operations	19.7	19.4	56.8	56.9
Education gross profit	10.0	4.1	44.0	28.8
Education SG&A expenses	(17.0)	(11.6)	(46.5)	(37.7)
Education earnings (loss) from operations	(7.0)	(7.5)	(2.5)	(8.9)
Outsourcing & Consulting gross profit	37.3	29.1	103.4	87.1
Outsourcing & Consulting SG&A expenses	(30.7)	(25.4)	(89.2)	(79.1)
Outsourcing & Consulting earnings (loss) from operations	6.6	3.7	14.2	8.0
International gross profit	36.9	30.0	110.3	90.5
International SG&A expenses	(34.5)	(39.9)	(102.2)	(101.4)
International earnings (loss) from operations	2.4	(9.9)	8.1	(10.9)
Corporate	(19.9)	(19.9)	(63.2)	(178.9)
Consolidated Total	9.0	(2.4)	33.3	(103.1)
Gain (loss) on investment in Persol Holdings	35.5	16.8	71.8	(31.4)
Other income (expense), net	(0.3)	(0.7)	(4.0)	3.6
Earnings (loss) before taxes and equity in net earnings (loss) of affiliate	$ 44.2	$ 13.7	$ 101.1	$ (130.9)

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

	Third Quarter		September Year to Date	
	2021	2020	2021	2020
	(In millions of dollars)			
Depreciation and amortization:				
Professional & Industrial	$ 1.3	$ 1.4	$ 4.1	$ 4.1
Science, Engineering & Technology	3.2	1.0	7.5	3.1
Education	0.9	0.9	2.8	2.7
Outsourcing & Consulting	0.1	0.2	0.5	0.5
International	0.5	0.5	1.5	1.6

18. New Accounting Pronouncements

Recently Adopted

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

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

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

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

Executive Overview

The COVID-19 pandemic, including the delta variant, related containment measures and the subsequent economic recovery have resulted in ongoing shifts in most aspects of the economy and how professional and private lives are conducted. While the pace of change has been unprecedented and the resulting impacts are still being determined, our Noble Purpose, "We connect people to work in ways that enrich their lives," will continue to guide our strategy and actions. As we navigate a world of work now impacted by these changes, we will continue to demonstrate our expected behaviors and actions:

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

Kelly remains committed to being a leading talent solutions provider among the talent with whom we choose to specialize and in the global markets in which we choose to compete. By aligning ourselves with our Noble Purpose and executing against these behaviors, we have navigated the challenges of the pandemic and are emerging as a more agile and focused organization, prepared to achieve new levels of growth and profitability as we further develop our portfolio of specialty businesses.

The Talent Solutions Industry

Prior to the COVID-19 pandemic, labor markets were in the midst of change due to automation, secular shifts in labor supply and demand, and skills gaps, and the current economic situation is accelerating that change. Global demographic trends are reshaping and redefining the way in which companies find and use talent, and the COVID-19 pandemic is changing where and how companies expect work to be performed. In response, the talent solutions industry is adjusting how it sources, recruits, trains and places talent.

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

In addition, today's companies are elevating their commitment to talent, with the growing realization that meeting the changing needs and requirements of talent is essential to remain competitive. The ways in which people view, find and conduct work are undergoing fundamental shifts. And as the demand for skilled talent continues to climb, workers' changing ideas about the integration of work into life are becoming more important. In this increasingly talent-driven market, a diverse set of workers empowered by technology is seeking to take greater control over their career trajectories, and Kelly's Talent Promise confirms our responsibility to workers in search of a better way to work.

Our Business

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

- Professional & Industrial – delivers staffing, outcome-based and direct-hire services focused on office, professional, light industrial and contact center specialties in the U.S. and Canada, including our KellyConnect product
- Science, Engineering & Technology – delivers staffing, outcome-based and direct-hire services focused on science and clinical research, engineering, information technology and telecommunications specialties predominantly in the U.S. and Canada and includes our NextGen and Global Technology Associates subsidiaries, as well as our Softworld, Inc. ("Softworld") subsidiary as of the beginning of the second quarter of 2021

- Education – delivers staffing, direct-hire and executive search services to the K-12, early childhood and higher education markets in the U.S., and includes several acquisitions: Teachers On Call, Insight Workforce Solutions and Greenwood/Asher & Associates

- Outsourcing & Consulting – delivers Master Service Provider ("MSP"), Recruitment Process Outsourcing ("RPO"), Payroll Process Outsourcing ("PPO") and Advisory Services to customers on a global basis

- International – operates in Mexico and 15 European countries where it delivers staffing, RPO and direct-hire services

In addition, we provide staffing services to customers in the Asia-Pacific region through PersolKelly Pte. Ltd., our joint venture with Persol Asia Pacific Pte. Ltd, a wholly owned subsidiary of Persol Holdings, a leading provider of HR solutions in Japan.

We earn revenues from customers that procure the services of our temporary employees on a time and materials basis, that use us to recruit permanent employees, and that rely on our talent advisory and outsourcing services. Our working capital requirements are primarily generated from temporary employee payroll and customer accounts receivable. The nature of our business is such that trade accounts receivable are our most significant asset. Average days sales outstanding varies within and outside the U.S. and was 63 days on a global basis as of the end of the third quarter of 2021 and 64 days as of the end of 2020. Since receipts from customers generally lag temporary employee payroll, working capital requirements increase substantially in periods of growth and decline in periods of economic contraction.

Our Perspective

Looking Back

The impacts of COVID-19 on the global economy, the talent solutions industry, our customers and our talent became clearer as 2020 progressed. Beginning in mid-March 2020, our year-over-year revenues declined swiftly and substantially as governments and businesses reacted to the crisis. In response, in April 2020 we took a series of proactive steps to reduce spending, minimize layoffs, and bolster the strength and flexibility of Kelly's finances. These actions included salary reductions for full-time salaried employees, including reduced CEO and senior leader compensation, temporary furloughing and/or redeployment of some employees. Our actions generated substantial cost savings and allowed us the time necessary to assess the variety of impacts the crisis had on our business. Most actions were in place until early in the fourth quarter of 2020.

In addition, we benefited in 2020 from CARES Act provisions allowing deferral of employer social security tax payments. In connection with expiration of the temporary cost reduction measures noted above, management reduced staffing levels to align with expected revenue levels and recorded restructuring charges of $4.4 million for severance and related benefits for impacted employees in the fourth quarter of 2020.

Given the level of uncertainty surrounding the duration of the COVID-19 crisis, Kelly's board also voted to suspend the quarterly dividend in May 2020 and continued to assess economic and business conditions to determine future actions with respect to our dividend policy.

The negative market reaction to the COVID-19 crisis in March 2020 also resulted in a decline in our common stock price which caused our market capitalization to decline significantly at the end of the first quarter of 2020. This triggered an interim goodwill impairment test and resulted in a $147.7 million non-cash goodwill impairment charge in the first quarter of 2020.

Short Term

The early months of 2021 brought optimism for a slow but steady, sustained recovery. With that optimism, in August 2021 the Board of Directors reinstated the dividend at $0.05 per share. In the second quarter of 2021, as we passed the one-year anniversary of the crisis, it became apparent that progress would be slower than originally anticipated. Several headwinds continued throughout the third quarter, including the delta variant and its impact on talent availability and business operations, as well as ongoing global supply chain disruptions and uncertainty over vaccination requirements. Despite these challenges, Kelly's year-over-year revenue growth in the second and third quarters points to a continuation of the underlying recovery. We expect that demand for our services will continue to gradually recover from the economic slowdown and the effects of customer and talent concerns related to operating safely during a pandemic. The impact on the revenues of each segment will vary, given the differences in pandemic-related measures enacted in each geography, the customer industries served and the availability of the talent provided to our customers. We are proactively taking steps to address talent shortages and mismatches in our businesses that were most impacted by the pandemic, including implementing new technologies, streamlining processes, adopting efficient recruiting models and collaborating with clients on innovative approaches to attract and retain talent. We currently expect a gradual return to pre-crisis levels of customer demand; however, the pace of such a return may be delayed if a resurgence in infections leads to additional containment measures, disruptions including the ongoing global supply chain disruption, or increased lack of available talent to match our customers' demand. As 2021 progresses and we enter 2022, we expect that our revenue will reflect a continued gradual improvement in demand and result in continued improvements in year-over-year gross profit and earnings from operations.

In November 2021, the Company initiated a series of cost management actions primarily designed to increase operational efficiencies within enterprise functions that provide centralized support to our operating units. The actions are designed to align expenses with current expectations for top-line growth. As a result, a restructuring charge of $3.5 to $4.5 million will be recorded in the 2021 fourth quarter, with expected expense savings of at least $10 million on an annual basis beginning in the first quarter of 2022.

Moving Forward

While the continuing economic and labor market recovery cannot be precisely predicted, we believe that the mid-term impacts on how people view, find and conduct work will continue to align with our strategic path.

As a result, we have continued to move forward with our specialization strategy, reinventing our operating model and reorganizing our business into five distinct reporting segments. These specialties represent areas where we see the most robust demand, the most promising growth opportunities, and where we believe we excel in attracting and placing talent. Our current operating segments also reflect our desire to shift our portfolio toward high-margin, higher-value specialties.

Kelly has done business in these specialties for many years, but our current operating model represents a new approach – one that brings together both staffing and outcome-based pieces of a specialty under a single specialty leader and aggregates assets to accelerate growth and profitability. We believe this specialty structure gives us greater advantages in the market, and we expect our disciplined focus to deliver profitable growth coming out of the crisis. In addition, we intend to invest in strategic, targeted M&A opportunities in our specialties, while optimizing our portfolio, as demonstrated by the recent acquisition of Softworld in the second quarter of 2021, the acquisition of Greenwood/Asher & Associates in the fourth quarter of 2020 and the sale of our operations in Brazil during the third quarter of 2020.

Faced with market conditions that may continue to be uneven in the near term, Kelly continues to focus on accelerating the execution of our strategic plan and making necessary investments to advance that strategy.

- We are making strides in our digital transformation journey, building a technology foundation to sustain growth and to support our teams, clients and talent with powerful new technologies that make it faster and easier than ever to connect.

- We are using our platform, Equity@Work, to break down long-standing, systemic barriers that make it difficult for many people to secure enriching work. This powerful extension of our Noble Purpose uses our unique position in the middle of the supply and demand equation to help more people flow into Kelly's talent pools, while also helping families, communities and economies thrive.

- We are committed to helping each Kelly team define the fastest, most efficient and creative paths to achieving their business goals by removing unnecessary work and refocusing efforts in the right places to achieve our defined performance expectations in the most effective way possible.

While the COVID-19 pandemic has resulted in uncertainty in the economy and the labor markets that will affect our near-term financial performance, we have determined long-term measures to gauge our progress, including:

- Revenue growth (both organic and inorganic)

- Gross profit rate improvement

- Conversion rate and EBITDA margin

Financial Measures

The constant currency ("CC") change amounts refer to the year-over-year percentage changes resulting from translating 2021 financial data into U.S. dollars using the same foreign currency exchange rates used to translate financial data for 2020. 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		
	2021	**2020**	**% Change**	**2021**	**2020**	**% Change**
Revenue from services	$ 1,195.4	$ 1,038.2	15.1 %	$ 3,659.4	$ 3,274.6	11.8 %
Gross profit	228.9	191.0	19.8	673.2	603.5	11.5
SG&A expenses excluding restructuring charges	220.0	193.5	13.7	640.0	582.6	9.8
Restructuring charges	(0.1)	(0.1)	(15.4)	(0.1)	8.4	(101.7)
Total SG&A expenses	219.9	193.4	13.7	639.9	591.0	8.3
Goodwill impairment charge	—	—	NM	—	147.7	NM
Gain on sale of assets	—	—	NM	—	32.1	NM
Earnings (loss) from operations	9.0	(2.4)	NM	33.3	(103.1)	NM
Gain (loss) on investment in Persol Holdings	35.5	16.8	112.0	71.8	(31.4)	NM
Other income (expense), net	(0.3)	(0.7)	50.1	(4.0)	3.6	(211.5)
Earnings (loss) before taxes and equity in net earnings (loss) of affiliate	44.2	13.7	222.8	101.1	(130.9)	NM
Income tax expense (benefit)	11.1	(1.2)	NM	19.0	(36.5)	152.0
Equity in net earnings (loss) of affiliate	1.7	1.8	(3.6)	2.3	(1.0)	NM
Net earnings (loss)	$ 34.8	$ 16.7	108.9 %	$ 84.4	$ (95.4)	NM %
Gross profit rate	19.2 %	18.4 %	0.8 pts.	18.4 %	18.4 %	— pts.
Conversion rate	3.9	(1.3)	5.2	4.9	(17.1)	22.0

Third Quarter Results

Revenue from services in the third quarter increased 15.1% on a reported basis and 14.5% on a constant currency basis, and reflects revenue increases in all operating segments. Our acquisition of Softworld, a technology staffing and solutions firm, added approximately 320 basis points to the revenue growth rate. Compared to the third quarter of 2020, revenue from staffing services increased 11.8% and revenue from outcome-based services increased 15.1%. Permanent placement revenue, which is included in revenue from services, increased 118.0% from the prior year.

Gross profit increased 19.8% on higher revenue volume, combined with an increase in the gross profit rate. The gross profit rate increased primarily due to the impact of higher permanent placement income and the acquisition of Softworld, which generates higher gross profit rates, partially offset by unfavorable product mix and higher employee-related costs. Increases in the gross profit rate for Science, Engineering & Technology and International were partially offset by decreases in Professional & Industrial, Education and Outsourcing & Consulting. Permanent placement revenue, which is included in revenue from services and has very low direct costs of services, has a disproportionate impact on gross profit rates.

Total SG&A expenses increased 13.7% on a reported basis and 13.2% on a constant currency basis. SG&A expenses related to Softworld, including amortization of intangibles and other operating expenses, accounted for approximately 500 basis points of the year-over-year increase. The increase in SG&A expenses also reflects increases in performance-based incentive compensation expenses and the impact of temporary expense mitigation efforts in the prior year. In addition, 2020 expenses included a $9.5 million charge related to a customer dispute in the International segment.

Earnings from operations for the third quarter of 2021 totaled $9.0 million, compared to a loss of $2.4 million in the third quarter of 2020. Included in total earnings from operations in the third quarter of 2021 is approximately $1.7 million related to

Softworld earnings from operations, inclusive of amortization of intangibles. Included in earnings from operations in the third quarter of 2020 was a $9.5 million charge related to a customer dispute.

Gain (loss) on investment in Persol Holdings represents the gain or loss resulting from changes in the market price of our investment in the common stock of Persol Holdings. The gains or losses fluctuate each quarter based on the quoted market price of the Persol Holdings common stock at period end.

Income tax expense was $11.1 million in the third quarter of 2021 and income tax benefit was $1.2 million for the third quarter of 2020. These amounts were impacted by changes in the fair value of the Company's investment in Persol Holdings, which resulted in charges of $10.9 million and $5.2 million for the third quarter of 2021 and 2020, respectively. The amounts were also impacted by improved earnings from operations in the third quarter of 2021.

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 changes in the fair value of the Company’s investment in Persol Holdings, which are treated as discrete since they cannot be estimated.

The net earnings for the period were $34.8 million, compared to net earnings of $16.7 million from the third quarter of 2020. This change was due primarily to higher earnings from operations and higher gains on Persol Holdings common stock.

September Year-to-Date Results

Revenue from services in the first nine months of 2021 increased 11.8% on a reported basis and 10.3% on a constant currency basis, and reflects revenue increases in all operating segments. Our acquisition of Softworld in early April 2021 added approximately 200 basis points to the revenue growth rate. Compared to the first nine months of 2020, revenue from staffing services increased 9.9%, revenue from outcome-based services increased 9.0%, and permanent placement income increased 87.8%.

Gross profit increased 11.5% on higher revenue volume. The gross profit rate was flat in comparison to the prior year primarily due to the impact of higher permanent placement income and the acquisition of Softworld, which generates higher gross profit rates, partially offset by unfavorable product mix and higher employee-related costs. Decreases in the gross profit rate for Professional & Industrial and Outsourcing & Consulting were offset by increases in the gross profit rate for Science, Engineering & Technology, Education and International. The April 2021 acquisition of Softworld accounted for approximately 30 basis points. Government wage subsidies improved our 2020 gross profit rate by approximately 20 basis points.

Total SG&A expenses increased 8.3% compared to last year. Excluding restructuring charges, SG&A expenses in all segments increased in comparison to the prior year. SG&A expenses related to Softworld, including amortization of intangibles and other operating expenses, accounted for approximately 310 basis points to the year-over-year increase. The increase in SG&A expenses also reflects increases in performance-based incentive compensation expenses and the impact of temporary expense mitigation efforts in the prior year.

Included in SG&A expenses in the first nine months of 2020 was a $9.5 million charge related to a customer dispute and $8.4 million of restructuring charges. Actions were taken in the first quarter of 2020 to position the Company to adopt the updated operating model and to align the U.S. branch network facilities footprint with a more technology-enabled service delivery methodology.

During the first nine months of 2020, the negative reaction to the pandemic by the global equity markets also resulted in a decline in the Company's common stock price. This triggered an interim goodwill impairment test, resulting in a $147.7 million goodwill impairment charge in the first quarter of 2020.

Gain on sale of assets of $32.1 million in 2020 represents the excess of the proceeds over the cost of the headquarters properties sold in the first quarter of 2020. The main headquarters building was subsequently leased back by the Company during the first quarter of 2020.

Earnings from operations for the first nine months of 2021 totaled $33.3 million, compared to a loss from operations of $103.1 million in the first nine months of 2020. The increase in earnings from operations from the prior year primarily reflects the impact of the goodwill impairment charge, the customer dispute charge and a restructuring charge in 2020, partially offset by the 2020 gain on sale of assets.

Gain (loss) on investment in Persol Holdings represents the gain or loss resulting from changes in the market price of our investment in the common stock of Persol Holdings. The gains or losses fluctuate each quarter based on the quoted market price of the Persol Holdings common stock at period end.

Other expense for the first nine months of 2021 totaled $4.0 million, compared to other income of $3.6 million for the first nine months of 2020. Included in the 2021 amount are transaction-related expenses from the April 2021 acquisition of Softworld and a one-time, non-cash write-down of an equity investment.

Income tax expense was $19.0 million in the first nine months of 2021 and income tax benefit was $36.5 million for the first nine months of 2020. These amounts were impacted by changes in the fair value of the Company's investment in Persol Holdings, which resulted in a charge of $22.0 million and a benefit of $9.6 million for September year to date 2021 and 2020, respectively. September year to date 2021 also included a benefit of $5.2 million from a change in United Kingdom tax rates. September year to date 2020 includes a tax benefit of $23.0 million on the impairment of goodwill and a tax benefit of $7.7 million from Brazil outside basis differences.

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 changes in the fair value of the Company’s investment in Persol Holdings, which are treated as discrete since they cannot be estimated. The United Kingdom rate change benefit in the second quarter of 2021, the first quarter of 2020 impairment of goodwill and the second quarter of 2020 Brazil outside basis differences were treated as discrete.

The net earnings for the period were $84.4 million, compared to a net loss of $95.4 million for the first nine months of 2020. This change was due primarily to higher earnings from operations and increased gains of Persol Holdings common stock, net of tax.

Operating Results By Segment
(Dollars in millions)

	Third Quarter			September Year to Date		
	2021	2020	% Change	2021	2020	% Change
Revenue from Services:						
Professional & Industrial	$ 452.6	$ 446.5	1.4 %	$ 1,386.7	$ 1,346.7	3.0 %
Science, Engineering & Technology	306.2	244.0	25.5	859.1	761.5	12.8
Education	66.6	27.5	142.1	284.1	195.1	45.6
Outsourcing & Consulting	113.4	87.9	29.1	320.0	261.0	22.6
International	256.8	232.4	10.5	810.1	710.6	14.0
Less: Intersegment revenue	(0.2)	(0.1)	103.4	(0.6)	(0.3)	91.6
Consolidated Total	$ 1,195.4	$ 1,038.2	15.1 %	$ 3,659.4	$ 3,274.6	11.8 %

Third Quarter Results

Professional & Industrial revenue from services increased 1.4%. The increase was due primarily to higher revenue in the staffing product due to an increase in the bill rate per hour as compared to last year, partially offset by a lower hours volume, reflecting the challenge to meet customers' increasing demand for talent amid a tighter labor supply. The increase in staffing revenue was coupled with higher permanent placement income, partially offset by a decrease in revenue from our outcome-based services as customer demand declined.

Science, Engineering & Technology revenue from services increased 25.5% on a reported basis, which includes revenues from the acquisition of Softworld. On an organic basis, the revenue growth was 11.7%, which was driven by hours volume increases in our staffing business across most specialties as customer demand increased compared to last year, which was impacted by COVID-19, coupled with increases in outcome-based services and permanent placement income.

Education revenue from services increased 142.1%, reflecting the return to in-school instruction by many schools, resulting in increased demand for our services as compared to a year ago, as well as the impact of new customer wins. In the third quarter of 2020, many districts were using virtual or hybrid instruction methods due to the impact of COVID-19, which decreased the demand for our services.

Outsourcing & Consulting revenue from services increased 29.1% due primarily to the increase in hours revenue volume in our PPO specialty, coupled with revenue growth in both RPO and MSP products.

International revenue from services increased 10.5% on a reported basis and increased 8.8% in constant currency. Year-over-year revenue comparisons were unfavorably impacted by the sale of our staffing operations in Brazil in August 2020. Excluding Brazil, revenue increased 11.4% on a reported basis and 9.7% on a constant currency basis. The increase was primarily due to higher hours volume, particularly in France, Russia and Portugal. This was partially offset by lower hours volume in Mexico, due to new labor legislation which became effective September 1, 2021 and prohibits staffing solutions not considered specialized services.

September Year-to-Date Results

Professional & Industrial revenue from services increased 3.0%, due primarily to a higher bill rate per hour on lower hours volume. This increase was combined with an increase in revenue from permanent placement income and our outcome-based services.

Science, Engineering & Technology revenue from services increased 12.8% on a reported basis, which includes revenues from the acquisition of Softworld. On an organic basis, the revenue growth was 4.4%, which was driven by hours increases in our staffing business across most specialties, coupled with an increase in permanent placement income.

Education revenue from services increased 45.6% reflecting the return to in-school instruction by many schools, resulting in increased demand for our services as compared to a year ago. In the first nine months of 2020, many districts were using virtual or hybrid instruction methods due to the impact of COVID-19.

Outsourcing & Consulting revenue from services increased 22.6% due primarily to increased hours revenue volume in our PPO specialty, coupled with revenue growth in both RPO and MSP products.

International revenue from services increased 14.0% on a reported basis and increased 9.0% in constant currency. Year-over-year revenue comparisons were unfavorably impacted by the sale of our staffing operations in Brazil in August 2020. Excluding Brazil, revenue increased 16.8% on a reported basis and 11.6% on a constant currency basis. The increase was primarily due to higher hours volume, particularly in France, Portugal and Switzerland.

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

	Third Quarter			September Year to Date		
	2021	**2020**	**Change**	**2021**	**2020**	**Change**
Gross Profit:						
Professional & Industrial	$ 76.6	$ 77.1	(0.5) %	$ 227.7	$ 241.1	(5.5) %
Science, Engineering & Technology	68.1	50.7	34.5	187.8	156.0	20.4
Education	10.0	4.1	139.7	44.0	28.8	52.5
Outsourcing & Consulting	37.3	29.1	27.9	103.4	87.1	18.7
International	36.9	30.0	22.7	110.3	90.5	21.8
Consolidated Total	$ 228.9	$ 191.0	19.8 %	$ 673.2	$ 603.5	11.5 %
Gross Profit Rate:						
Professional & Industrial	16.9 %	17.3 %	(0.4) pts.	16.4 %	17.9 %	(1.5) pts.
Science, Engineering & Technology	22.3	20.8	1.5	21.9	20.5	1.4
Education	15.1	15.2	(0.1)	15.5	14.8	0.7
Outsourcing & Consulting	32.8	33.1	(0.3)	32.3	33.4	(1.1)
International	14.4	12.9	1.5	13.6	12.7	0.9
Consolidated Total	19.2 %	18.4 %	0.8 pts.	18.4 %	18.4 %	— pts.

Third Quarter Results

Gross profit for the Professional & Industrial segment decreased due to a decline in the gross profit rate, partially offset by higher revenue volume. In comparison to the prior year, the gross profit rate decreased 40 basis points. This decrease reflects increased costs associated with our outcome-based services, and an increase in employee-related costs. These decreases were partially offset by the impact of increased permanent placement income this year.

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

Gross profit for the Education segment increased on higher revenue volume, partially offset by a decrease in the gross profit rate. The gross profit rate decreased 10 basis points due primarily to higher employee-related costs, partially offset by an increase in permanent placement income from Greenwood/Asher, our acquisition in late 2020.

The Outsourcing & Consulting gross profit increased on higher revenue volume, partially offset by a decrease in the gross profit rate. The gross profit rate decreased 30 basis points primarily due to a change in product mix within this segment, as revenues increased in our PPO product, which generates lower profit margins.

International gross profit increased on higher revenue volume and an increase in the gross profit rate. The gross profit rate increased 150 basis points primarily due to customer mix and higher permanent placement income.

September Year-to-Date Results

Gross profit for the Professional & Industrial segment decreased due to a decrease in the gross profit rate, partially offset by higher revenue volume. In comparison to the prior year, the gross profit rate decreased 150 basis points. This decrease reflects the unfavorable year-over-year impact of government wage subsidies, increased costs associated with our outcome-based services, higher employee-related costs in the staffing product and a shift in product mix compared to the prior year as demand for staffing services increased. These decreases were partially offset by the impact of increased permanent placement income this year.

The Science, Engineering & Technology gross profit increased on higher revenue volume and an increase in the gross profit rate. The gross profit rate increased 140 basis points due to increased permanent placement income, coupled with improved specialty mix, including the acquisition of Softworld in April 2021.

Gross profit for the Education segment increased on higher revenue volume and an increase in the gross profit rate. The gross profit rate increased 70 basis points due primarily to higher permanent placement income from Greenwood/Asher, our acquisition in late 2020. This increase was partially offset by the unfavorable year-over-year impact of government wage subsidies and higher employee-related costs.

The Outsourcing & Consulting gross profit increased on higher revenue volume, partially offset by a decrease in the gross profit rate. The gross profit rate decreased 110 basis points primarily due to a change in product mix within this segment, as revenues increased in our PPO product, which generates lower profit margins.

International gross profit increased on higher revenue volume and an increase in the gross profit rate. The gross profit rate increased 90 basis points primarily due to customer mix.

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

	Third Quarter			September Year to Date		
	2021	**2020**	**% Change**	**2021**	**2020**	**% Change**
SG&A Expenses:						
Professional & Industrial	$ 69.4	$ 65.3	6.2 %	$ 207.8	$ 210.4	(1.2) %
Science, Engineering & Technology	48.4	31.3	54.8	131.0	99.1	32.2
Education	17.0	11.6	46.1	46.5	37.7	23.1
Outsourcing & Consulting	30.7	25.4	20.5	89.2	79.1	12.6
International	34.5	39.9	(13.6)	102.2	101.4	0.7
Corporate expenses	19.9	19.9	0.8	63.2	63.3	(0.1)
Consolidated Total	$ 219.9	$ 193.4	13.7 %	$ 639.9	$ 591.0	8.3 %

	Third Quarter			September Year to Date		
	2021	**2020**	**% Change**	**2021**	**2020**	**% Change**
Restructuring Charges Included in SG&A Expenses:						
Professional & Industrial	$ —	$ (0.1)	NM %	$ —	$ 4.3	NM %
Science, Engineering & Technology	—	—	NM	—	0.5	NM
Education	—	—	NM	—	0.8	NM
Outsourcing & Consulting	—	—	NM	—	—	NM
International	—	—	NM	—	1.1	NM
Corporate expenses	(0.1)	—	NM	(0.1)	1.7	(103.7)
Consolidated Total	$ (0.1)	$ (0.1)	(15.4) %	$ (0.1)	$ 8.4	(101.7) %

Third Quarter Results

Total SG&A expenses in Professional & Industrial increased 6.2% from the prior year. Year-over-year comparisons were impacted by temporary expense mitigation actions in place in the third quarter of 2020 as a result of lower revenue volume due to the COVID-19 disruption. This increase was combined with an increase in performance-based incentive compensation as compared to the prior year.

Total SG&A expenses in Science, Engineering & Technology increased 54.8% from the prior year, and includes the impact of the acquisition of Softworld in the second quarter of 2021. On an organic basis, SG&A expenses increased 24.0% from the prior year. Year-over-year increases in salaries and related costs result from higher headcount in sales and recruiting talent, and an increase in performance-based incentive compensation. These increases were combined with the impact of temporary expense mitigation actions in place in the third quarter of 2020 as a result of lower revenue volume due to the COVID-19 disruption.

Total SG&A expenses in Education increased 46.1% from the prior year, primarily due to higher salary and incentives expense related to improving revenues. In addition, year-over-year comparisons of salaries and related costs were impacted by temporary expense mitigation actions in place in the third quarter of 2020 to mitigate the impact of the lower revenue volume as a result of the COVID-19 disruption. Expenses in the third quarter of 2021 include a charge to adjust the contingent consideration due to the former owners of Greenwood/Asher & Associates as a result of better than anticipated performance.

Total SG&A expenses in Outsourcing & Consulting increased 20.5% from the prior year. Year-over-year comparisons of salaries and related costs were impacted by temporary expense mitigation actions taken in the second quarter of 2020 to mitigate the impact of the lower revenue volume as a result of the COVID-19 disruption. These increases were combined with an increase in salaries and performance-based incentive compensation, reflecting improving revenue.

Total SG&A expenses in International decreased 13.6% on a reported basis and decreased 14.8% on a constant currency basis. The prior year included a specific customer provision in Mexico following a negative outcome of litigation over a disputed accounts receivable balance for certain services rendered several years ago. Excluding this one-time charge, SG&A expenses increased 13.6% on a reported basis and 12.0% on a constant currency basis. This increase was due to higher performance-based incentive compensation as compared to the prior year and higher salary-related expenses due to increased headcount, mainly in our branch network.

September Year-to-Date Results

Total SG&A expenses in Professional & Industrial decreased 1.2% and increased 0.8% excluding restructuring charges. Year-over-year comparisons were impacted by temporary expense mitigation actions enacted in 2020 as a result of lower revenue volume due to the COVID-19 disruption. This increase was combined with an increase in salaries and performance-based incentive compensation and was partially offset by reduced facilities expense as we continue to evaluate and reduce our branch footprint.

Total SG&A expenses in Science, Engineering & Technology increased 32.2%, or 32.9% excluding restructuring charges. Excluding restructuring charges and the acquisition of Softworld, SG&A expenses increased 14.7%. Year-over-year comparisons of salaries and related costs were impacted by temporary expense mitigation actions taken in response to the COVID-19 disruption in 2020. These increases were combined with higher headcount in sales and recruiting talent, and an increase in performance-based incentive compensation.

Total SG&A expenses in Education increased 23.1%, or 26.0% excluding restructuring charges, primarily due to higher salary and incentives expense related to improving revenues. In addition, year-over-year comparisons of salaries and related costs were impacted by temporary expense mitigation actions taken in 2020 in response to the COVID-19 disruption. Expenses in 2021 include a charge to adjust the contingent consideration due to the former owners of Greenwood/Asher & Associates as a result of better than anticipated performance.

Total SG&A expenses in Outsourcing & Consulting increased 12.6% in comparison to the prior year. Year-over-year comparisons of salaries and related costs were impacted by temporary expense actions taken in 2020 in response to the impact of the COVID-19 disruption. These increases were combined with an increase in salaries and performance-based incentive compensation reflecting improving revenue.

Total SG&A expenses in International increased 0.7% on a reported basis and decreased 3.9% on a constant currency basis. The prior year included a charge related to a customer dispute in Mexico, SG&A expenses related to our staffing operations in Brazil which were sold in August 2020 and restructuring charges. Excluding these items, SG&A expenses increased 16.1% on a reported basis and 10.8% on a constant currency basis. This increase was primarily due to higher performance-based compensation and higher salary-related expenses due to increased headcount, primarily in our branch network.

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

	Third Quarter			September Year to Date		
	2021	2020	% Change	2021	2020	% Change
Earnings (Loss) from Operations:						
Professional & Industrial	$ 7.2	$ 11.8	(38.1) %	$ 19.9	$ 30.7	(34.9) %
Science, Engineering & Technology	19.7	19.4	1.7	56.8	56.9	(0.2)
Education	(7.0)	(7.5)	6.6	(2.5)	(8.9)	72.1
Outsourcing & Consulting	6.6	3.7	79.1	14.2	8.0	79.0
International	2.4	(9.9)	NM	8.1	(10.9)	NM
Corporate	(19.9)	(19.9)	(0.8)	(63.2)	(178.9)	64.6
Consolidated Total	$ 9.0	$ (2.4)	NM %	$ 33.3	$ (103.1)	NM %

Third Quarter Results

Professional & Industrial reported earnings of $7.2 million for the quarter, a 38.1% decrease from a year ago. The decrease in earnings was primarily due to increased costs of services reducing our gross profit rate in our outcome-based products, as well as increasing expenses. These were partially offset by increased revenues in our staffing product and an increase in our permanent placement income.

Science, Engineering & Technology reported earnings of $19.7 million for the quarter, a 1.7% increase from a year ago. The increase in earnings was primarily due to the impact of the Softworld acquisition, coupled with increases in organic staffing and permanent placement revenues in most of our specialties within the SET business unit. These increases were offset by increases in certain expenses, including those related to additional full-time employees and increased performance-based incentive compensation.

Education reported a loss of $7.0 million for the quarter, compared to a loss of $7.5 million a year ago. The change was primarily due to the increase in revenue, reflecting the return to in-school instruction by many schools, resulting in increased demand for our services as compared to a year ago. In 2020, many districts were using virtual or hybrid instruction methods due to the impact of COVID-19. Partially offsetting this improvement is a charge to adjust the contingent consideration due to the former owners of Greenwood/Asher & Associates.

Outsourcing & Consulting reported earnings of $6.6 million for the quarter, a 79.1% increase from a year ago. The increase in earnings was primarily due to the impact of increased revenue volumes within the segment.

International reported earnings of $2.4 million for the quarter, compared to a loss of $9.9 million a year ago. The increase in earnings was primarily due to the favorable comparison related to the charge for a customer dispute in Mexico in the prior year.

September Year-to-Date Results

Professional & Industrial reported earnings of $19.9 million, a 34.9% decrease from a year ago. The decrease in earnings was primarily due to increased costs of services reducing our gross profit rate in our outcome-based product lines and the year-over-year impact of the government wage subsidies we received in 2020. These were partially offset by increased revenues in our staffing product and an increase in our permanent placement income.

Science, Engineering & Technology reported earnings of $56.8 million, a 0.2% decrease from a year ago. The decrease in earnings was primarily due to higher expenses related to performance-based incentive compensation and higher salaries due to investment in additional sales and recruiting resources, which exceeded revenue and gross margin growth. This was partially offset by earnings from Softworld, which was acquired in April 2021.

Education reported a loss of $2.5 million, compared to a loss of $8.9 million a year ago. The change was primarily due to an increase in revenue, reflecting the return to in-school instruction by many schools, resulting in increased demand for our services as compared to a year ago. In 2020, many districts were using virtual or hybrid instruction methods due to the impact of COVID-19. Partially offsetting this improvement is a charge to adjust the contingent consideration due to the former owners of Greenwood/Asher & Associates.

Outsourcing & Consulting reported earnings of $14.2 million, a 79.0% increase compared to a year ago. The increase in earnings was primarily due to the impact of increased revenue volumes within the segment.

International reported earnings of $8.1 million, compared to a loss of $10.9 million a year ago. The increase in earnings was primarily due to the favorable comparison related to the charge for a customer dispute in Mexico and restructuring charges in the prior year, combined with improving revenue in Europe.

Financial Condition

Historically, we have financed our operations through cash generated by operating activities and access to credit markets. Our working capital requirements are primarily generated from temporary employee payroll, which is generally paid weekly or monthly, and customer accounts receivable, which is generally outstanding for longer periods. Since receipts from customers lag payroll to temporary employees, working capital requirements increase substantially in periods of growth. Conversely, when economic activity slows, working capital requirements may substantially decrease. This may result in an increase in our operating cash flows; however, any such increase would not be sustainable in the event that an economic downturn continued for an extended period. The impact of the current economic slow-down resulting from the COVID-19 crisis began in March 2020. While we have yet to return to pre-crisis revenue levels, we are seeing continued economic momentum and sustainable recovery in the third quarter of 2021.

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 $51.1 million at the end of the third quarter of 2021 and $228.1 million at year-end 2020. As further described below, we generated $31.0 million of cash from operating activities, used $198.4 million of cash for investing activities and used $5.7 million of cash for financing activities.

Operating Activities

In the first nine months of 2021, we generated $31.0 million of net cash from operating activities, as compared to generating $216.5 million in the first nine months of 2020, primarily due to increased working capital requirements as revenue levels continue to recover or surpass pre-COVID levels in certain segments.

Trade accounts receivable totaled $1.4 billion at the end of the third quarter of 2021. Global DSO was 63 days at the end of the third quarter of 2021, 64 days at year-end 2020 and 61 days at the end of the third quarter of 2020.

Our working capital position (total current assets less total current liabilities) was $460.4 million at the end of the third quarter of 2021, a decrease of $163.6 million from year-end 2020. Excluding the decrease in cash, working capital increased $15.9 million from year-end 2020. The current ratio (total current assets divided by total current liabilities) was 1.4 at the end of the third quarter of 2021 and 1.7 at year-end 2020.

Investing Activities

In the first nine months of 2021, we used $198.4 million of cash for investing activities, as compared to generating $10.3 million in the first nine months of 2020. Included in cash used for investing activities in the first nine months of 2021 is $213.0 million of cash used for the acquisition of Softworld in April 2021, net of cash received and including working capital adjustments. Included in cash from investing activities in the first nine months of 2020 is $55.5 million of proceeds representing the cash received, net of transaction expenses, for the sale of three headquarters properties as a part of a sale and leaseback transaction. This was partially offset by $36.4 million of cash used for the acquisition of Insight in January 2020, net of the cash received and including working capital adjustments.

Financing Activities

In the first nine months of 2021, we used $5.7 million of cash for financing activities, as compared to using $6.8 million in the first nine months of 2020. The change in cash from financing activities was primarily related to the year-over-year decrease of $1.3 million in short-term borrowings and lower dividend payments during the first nine months of 2021 as compared to the same period in the prior year. These decreases were partially offset by $1.6 million, representing a portion of the contingent consideration payment made in the first nine months of 2021 related to our 2020 acquisition of Insight.

The change in short-term borrowings in the first nine months of 2021 and the first nine months of 2020 was primarily due to payments on local lines of credit. Dividends paid per common share were $0.05 in the first nine months of 2021 and $0.075 in first nine months of 2020.

There was no debt at the end of the third quarter of 2021, compared to $0.3 million at year-end 2020, which represented local borrowings. 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 2021 and at year-end 2020.

New Accounting Pronouncements

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

Critical Accounting Estimates

For a discussion of our critical accounting estimates, see "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our 2020 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 2020 Form 10-K. We have no material unrecorded commitments, losses, contingencies or guarantees associated with any related parties or unconsolidated entities.

Liquidity

We expect to meet our ongoing short-term and long-term cash requirements principally through cash generated from operations, available cash and equivalents, securitization of customer receivables and committed unused credit facilities. Additional funding sources could include asset-based lending, additional bank facilities or sale of non-core assets. To meet significant cash requirements related to our nonqualified retirement plan, we may utilize proceeds from Company-owned life insurance policies. During 2020, cash generated from operations was supplemented by the deferral of payments of the Company's U.S. social security taxes as allowed by the Coronavirus Aid, Relief, and Economic Security Act. Such deferrals are required to be repaid by the end of 2021 and 2022.

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 2021, these reviews have resulted in plans to repatriate targeted amounts of foreign subsidiary cash. 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 2021, we had $200.0 million of available capacity on our $200.0 million revolving credit facility and $97.0 million of available capacity on our $150.0 million securitization facility. The securitization facility carried no short-term borrowings and $53.0 million of standby letters of credit related to workers' compensation. Together, the revolving credit and securitization facilities provide the Company with committed funding capacity that may be used for general corporate purposes subject to financial covenants and restrictions. While we believe these facilities will cover our working capital needs over the short term, if economic conditions or operating results change significantly from our current expectations, we may need to seek additional sources of funds. As of the end of the third quarter of 2021, we met the debt covenants related to our revolving credit facility and securitization facility.

We have historically managed our cash and debt closely to optimize our capital structure. As our cash balances build, we tend to pay down debt as appropriate. Conversely, when working capital needs grow, we tend to use corporate cash and cash available in the Cash Pool first, and then access our borrowing facilities. We expect our working capital requirements to increase over the next several quarters if demand for our services continues to increase and to pay the deferred payroll tax balances, 50% of which are due in the fourth quarter of both 2021 and 2022.

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

Forward-Looking Statements

Certain statements contained in this report are “forward-looking” statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include statements which are predictive in nature, which depend upon or refer to future events or conditions, or which include words such as “expects,” “anticipates,” “intends,” “plans,” “believes,” “estimates,” or variations or negatives thereof or by similar or comparable words or phrases. In addition, any statements concerning future financial performance (including future revenues, earnings or growth rates), ongoing business strategies or prospects, and possible future actions by us that may be provided by management, including oral statements or other written materials released to the public, are also forward-looking statements. Forward-looking statements are based on current expectations and projections about future events and are subject to risks, uncertainties and assumptions about our Company and economic and market factors in the countries in which we do business, among other things. These statements are not guarantees of future performance, and we have no specific intention to update these statements.

Actual events and results may differ materially from those expressed or forecasted in forward-looking statements due to a number of factors. The principal important risk factors that could cause our actual performance and future events and actions to differ materially from such forward-looking statements include, but are not limited to, changing market and economic conditions, the recent novel coronavirus (COVID-19) outbreak, competitive market pressures including pricing and technology introductions and disruptions, disruption in the labor market and weakened demand for human capital resulting from technological advances, competition law risks, the impact of changes in laws and regulations (including federal, state and international tax laws), unexpected changes in claim trends on workers’ compensation, unemployment, disability and medical benefit plans, or the risk of additional tax liabilities in excess of our estimates, our ability to achieve our business strategy, our ability to successfully develop new service offerings, material changes in demand from or loss of large corporate customers as well as changes in their buying practices, risks particular to doing business with government or government contractors, the risk of damage to our brand, our exposure to risks associated with services outside traditional staffing, including business process outsourcing, services of licensed professionals and services connecting talent to independent work, our increasing dependency on third parties for the execution of critical functions, our ability to effectively implement and manage our information technology strategy, the risks associated with past and future acquisitions, including risk of related impairment of goodwill and intangible assets, exposure to risks associated with investments in equity affiliates including PersolKelly Pte. Ltd., risks associated with conducting business in foreign countries, including foreign currency fluctuations, the exposure to potential market and currency exchange risks relating to our investment in Persol Holdings, risks associated with violations of anticorruption, trade protection and other laws and regulations, availability of qualified full-time employees, availability of temporary workers with appropriate skills required by customers, liabilities for employment-related claims and losses, including class action lawsuits and collective actions, our ability to sustain critical business applications through our key data centers, risks arising from failure to preserve the privacy of information entrusted to us or to meet our obligations under global privacy laws, the risk of cyberattacks or other breaches of network or information technology security, our ability to realize value from our tax credit and net operating loss carryforwards, our ability to maintain specified financial covenants in our bank facilities to continue to access credit markets, and other risks, uncertainties and factors discussed in this report and in our other filings with the Securities and Exchange Commission. Actual results may differ materially from any forward-looking statements contained herein, and we undertake no duty to update any forward-looking statement to conform the statement to actual results or changes in the Company’s expectations. 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 2021 third quarter earnings.

We are exposed to market and currency risks on our investment in Persol Holdings, which may be material. The investment is stated at fair value and is marked to market through net earnings. Foreign currency fluctuations on this yen-denominated investment are reflected as a component of other comprehensive income (loss). See Fair Value Measurements footnote in the Notes to Consolidated Financial Statements of this Quarterly Report on Form 10-Q for further discussion.

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

Item 4. Controls and Procedures.

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

On April 5, 2021, we completed the acquisition of Softworld (see Acquisitions and Disposition footnote) and have implemented new processes and internal controls to assist us in the preparation and disclosure of financial information. Given the significance of the Softworld acquisition and the complexity of systems and business processes, we intend to exclude the acquired Softworld business from our assessment and report on internal control over financial reporting for the year ending January 2, 2022.

With the exception of the integration activities in connection with the Company's acquisition of Softworld, there were no changes in the Company’s internal control over financial reporting that occurred during the Company’s most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

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

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

In January 2018, the Hungarian Competition Authority initiated proceedings against the Company, along with a local industry trade association and its members due to alleged infringement of national competition regulations. The Authority announced its decision on December 18, 2020, levying a fine against the trade association with joint and several secondary liabilities placed on the 20 member companies. Our apportioned secondary liability is approximately $300,000. Certain other member companies exercised their right to challenge the decision, which could impact the apportionment. 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.

The following risk factor has been updated from the Company's risk factors previously disclosed in Part I, Item 1A of the Company's Annual Report filed on the Form 10-K for year ended January 3, 2021.

Our business has been adversely impacted by the recent novel coronavirus (COVID-19) outbreak and we expect adverse business and economic conditions will continue in the future.

The outbreak of the novel coronavirus across the globe negatively impacted the economies and general welfare in the countries in which we operate, as well as in the countries where our customers provide goods and services. In addition, health concerns related to the outbreak and in some cases the lack of access to childcare have negatively impacted talent supply. Throughout the pandemic, we maintained our focus on the health and safety of our employees, contractors, customers and suppliers around the world. Our emergency management team tracks the impact of COVID-19, including the deployment of vaccines, implementation of health and safety measures across our various business segments, and development of plans for safely continuing operations.

The demand for staffing services is significantly affected by general economic conditions. The economic downturn and uncertainties related to the duration of the COVID-19 pandemic adversely impacted, and continues to impact, the staffing industry and the Company's ability to forecast its financial performance.

The COVID-19 outbreak and related containment and mitigation efforts resulted in a substantial decline in our revenues. We expect that our revenues will continue to be impacted until demand for our services and the labor supply recover. The impact on our business, financial condition and results of operations could be material. Likewise, the financial viability of third parties on which we rely to provide staffing services or manage critical business functions could also be impacted by COVID-19. Due to the ongoing nature of the pandemic, we are not able to predict with certainty the timing or the extent of the recovery. Business decisions by customers made in response to the COVID-19 pandemic, including automation, social distancing and remote work, if sustained in a post-pandemic business environment, could negatively impact customer demand for our services.

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 2021, we reacquired shares of our Class A 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 5, 2021 through August 8, 2021	454	$ 22.52	—	$ —
August 9, 2021 through September 5, 2021	215	22.33	—	$ —
September 6, 2021 through October 3, 2021	172	20.37	—	$ —
Total	841	$ 22.03	—	

We may reacquire shares sold to cover employee tax withholdings due upon the vesting of restricted stock and performance shares held by employees. Accordingly, 841 shares were reacquired in transactions during the quarter.

Item 3. Defaults Upon Senior Securities.

Not applicable.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

Not applicable.

Item 6. Exhibits.

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

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

Exhibit No.	Description
10.8	Letter Agreement Regarding 2021 LIBOR Cessation, dated October 25, 2021.
14	Code of Business Conduct and Ethics, revised August 2021.
31.1	Certification Pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act, as amended.
31.2	Certification Pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act, as amended.
32.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data file because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

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

KELLY SERVICES, INC.

Date: November 10, 2021

/s/ Olivier G. Thirot
Olivier G. Thirot

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

Date: November 10, 2021

/s/ Laura S. Lockhart
Laura S. Lockhart

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

Exhibit 10.8

SUSPENSION OF RIGHTS AGREEMENT

To: JPMorgan Chase Bank, N.A., as Administrative Agent

From: Kelly Services, Inc.

Date: October 25, 2021

Ladies & Gentlemen,

Third Amended and Restated Credit Agreement, dated as of December 5, 2019 (as amended from time to time, the Credit Agreement"), by and among Kelly Services, Inc., the Foreign Subsidiary Borrowers from time to time party thereto, the Subsidiary Guarantors from time to time party thereto, the lenders from time to time party thereto, and JPMorgan Chase Bank, N.A., as agent for such lenders.

1 We are writing to you in your capacity as Administrative Agent under the Credit Agreement. Unless otherwise defined in this letter, terms defined in the Credit Agreement have the same meaning when used in this letter. The term "Non-USD Currency" in this letter shall mean collectively or individually:

☒ GBP

☒ EUR

☒ CHF

☒ JPY

2 The Company acknowledges that from December 31, 2021, panel submissions for all Non-USD Currency LIBOR tenors and 1-week and 2-month USD LIBOR tenors shall cease, following which representative LIBOR rates for such currencies and tenors shall cease to be available (the "**2021 LIBOR Cessation**").

3 For good and valuable consideration, including delaying the incurrence of costs required to update the terms of the Credit Agreement in connection with the 2021 LIBOR Cessation, and in lieu of amending or waiving any term of the Credit Agreement, the Company agrees with effect from October 25, 2021 to suspend its following rights under the Credit Agreement:

(a) The Company agrees that, notwithstanding anything to the contrary in the Loan Documents, the Non-USD Currency shall not be available as a Foreign Syndicated Currency or Alternate Currency under the Commitments and no Lender shall be obligated to participate in any Advance under the Commitments in Non-USD Currency;

(b) The Company agrees that, notwithstanding anything to the contrary in the Loan Documents, it shall no longer be permitted to select an Interest Period of two Months for any Advance in USD, in each case, without consent of the Required Lenders (clause (a) and (b) together, the "**Suspension of Rights**"); and

(c) The Company agrees that, if a notice or instruction is given under the Credit Agreement after the date hereof that selects (a) Non-USD Currency as the currency of a Loan, such notice or instruction shall be deemed to be amended to select USD as the currency of that Loan or, (b) an Interest Period under the Credit Agreement that uses 2-month USD LIBOR to calculate interest such notice or instruction shall be deemed to be amended to select an Interest Period of 1 month and, in each case, agrees that only such amended notice or instruction will have effect under the Credit Agreement.

4 The Suspension of Rights shall cease to have effect (and all rights of the Company under the Credit Agreement in respect of the terms set out in paragraph 3 above in effect immediately prior to the Suspension of Rights shall be in full force and effect) following notice from the Company to the Administrative Agent, provided that, such notice shall only be effective if, prior to the date of such notice, amendments to the Credit Agreement to take account of the 2021 LIBOR Cessation and to replace LIBOR with an alternative benchmark with respect to Non-USD Currency Loans have become effective pursuant to and in accordance with the terms of the Credit Agreement.

5 The Company agrees to indemnify and hold harmless the Administrative Agent and each other Indemnified Person for any damage, loss, cost, liability, claim or reasonable expense whatsoever incurred (A) in connection with a breach or reasonably in anticipation of a potential breach, of any Borrower's agreements in paragraphs 3(a) and 3(b) above or (B) giving effect to the instruction of any Borrower in paragraph 3(c) above, unless (x) caused by such Indemnified Person's gross negligence or willful misconduct, (y) resulting from a claim brought by the Company against an Indemnified Person for breach in bad faith of such Indemnified Person's obligations hereunder or under any other Loan Document, if the Company has obtained a final and nonappealable judgment in its favor on such claim as determined by a court of competent jurisdiction or (z) resulting from a claim not involving an act or omission of the Company and that is brought by an Indemnified Person against another Indemnified Person (other than against the Agent or the Arranger in its capacity as such).

6 This letter is hereby designated as a Loan Document and we acknowledge that this letter will be posted to the Syndtrak site established for Lenders for the Credit Agreement. We acknowledge and agree that each Lender under the Credit Agreement may rely on and shall be a third party beneficiary of this letter.

7 Please sign and return to us the enclosed copy of this notice by way of your acknowledgement to the contents set out in this letter.

8 This letter may be executed in any number of counterparts and all of such counterparts taken together shall be deemed to constitute one and the same instrument.

9 This letter has been duly executed and delivered by each of the Borrowers and constitutes a legal, valid and binding obligation of each of the Borrowers, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

10 The provisions of Section 16.1 (Choice of Law), Section 16.2 (Waiver of Jury Trial) and Section 16.3 (Submission to Jurisdiction; Waivers) shall apply, mutatis mutandis, to this letter.

Very truly yours,

Borrower:

KELLY SERVICES, INC.

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

Agreed and accepted by:

JPMorgan Chase Bank, N.A., as Administrative Agent

By: /s/ Thomas A. Gamm

Name: Tom Gamm

Title: Managing Director

4815-1448-8566 v3 [7-3168]

Exhibit 14

Code of Business Conduct and Ethics

Revised August 2021

Vision, Character, and Values

Our Vision:

To provide the world's best workforce solutions

Our Character:

We are authentic, the industry founder. We believe in relationships, not transactions. We value teamwork, realizing that we are stronger together than as individuals. We take seriously the promises we make. We are passionate, dedicated and driven to excel. With us it has never been about being the biggest. It has always been about being the best and doing the right thing.

At our core, we are a community. Each day we welcome into our community the varied talents of all people who embrace our culture of service, teamwork and integrity. We offer the opportunity to work with the best companies in the world, and to make a difference in the communities in which we live and work.

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, regulations applicable to the Company including laws related to anti-corruption and anti-bribery, trade compliance, labor and employment, antitrust, insider trading, health and safety, the environment, data privacy and protection, and all policies established by the Company. Certain violations may result in fines and/or criminal prosecution.

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 and
- create an open-door environment so employees feel comfortable asking questions and making reports
- 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
- 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:

(outside of Europe): https://www.integrity-helpline.com/kellyservices.jsp

(within Europe): https://www.financial-integrity.com/kellyserviceseu.jsp.

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. We 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 authorization 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 you 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-corruptions 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
- offers of entertainment

For additional guidance and examples regarding these standards refer to the Company's Anti-Bribery and Anti-Corruption Policy.

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

Any suspected violation should be reported immediately to our Hotline: 877-978-0049 (country-specific codes and dialing instructions can be found at the end of this Code), online (outside of Europe): https://www.integrity-helpline.com/kellyservices.jsp, or online (within Europe): https://www.financial-integrity.com/kellyserviceseu.jsp. 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 verify that transactions do not involve restricted or sanctioned individuals, entities, regions, or countries. If you become aware of possible violations of applicable trade compliance laws 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 disclosing such information to others to buy or sell securities of a company on the basis of such information ("tipping") is illegal.

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 and can be found on Kelly's website.

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
- 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. 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;
- 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. The Anti-Bribery and Anti-Corruption Policy provides additional instruction on lobbying and rules governing political contributions.

Corporate Sustainability

Kelly's sustainability commitment includes corporate citizenship rooted in service, integrity, and accountability that extends to our employees, clients, suppliers, and partners. We encourage participation and advocacy on behalf of the global workforce, contributions to the communities where we live and work, and 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 its Information Security Policy.

Confidential and private information includes personal data, as well as proprietary Company information that has not been made public. Confidential personal data includes: salary and earnings data, identification numbers, banking and financial information, and information on health or family issues. 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

Kelly

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. Company owned devices or other devices remotely connected to the Company networks must comply with the Company's information security measures and are subject to monitoring permitted by applicable laws and regulations.

Media Inquiries and External Communications

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

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

Financial Reporting and Recordkeeping

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

Behavior in the Workplace

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

Global Diversity and Inclusion

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

Health & Safety and Workplace Violence

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

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

Anti-Human Trafficking and Slavery

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

Departures from Kelly

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

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

- Provide advance notice of your departure if appropriate for your position and responsibilities
- Return all of Kelly's assets in your possession or control
- Maintain all confidentiality obligations referenced in the Code
- Support the transition of your responsibilities to other employees
- 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
- Code of Business Conduct and Ethics
- Corporate Disclosure and Communications Policy
- Corporate Sustainability Policy
- Global Diversity and Inclusion Training
- Health and Safety
- Human Rights Policy

- Human Trafficking and Slavery
- Information Security
- Insider Trading
- Privacy Statement
- Risk Appetite and Tolerance Statement
- Social Media
- Travel, Expense, and Entertainment
- Workplace Violence

Reviewed and adopted by Board of Directors August 11, 2021.

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 / 中国	108-888 (Beijing) or 108-11 (rest of China)	877-978-0049
Canada	N/A	877-978-0049
Denmark / Danmark	8001-0010	877-978-0049
France	0800-99-0011 or 0805-701-288	877-978-0049
Germany / Deutschland	0-800-2255-288	877-978-0049
Hong Kong / 香港	800-96-1111 (HK Telephone) or 800-93-2266 (New World Telephone)	877-978-0049
Hungary / Magyarország	06 800-01111	877-978-0049
India / □□□□	000-117	877-978-0049
Indonesia / Republik Indonesia	001-801-10	877-978-0049
Italy / Italia	800-172-444	877-978-0049
Japan / 日本/ Nihon	00 539-111 (KDDI); 0034-811-001 (NTT); 00-663-5111 (Softbank)	877-978-0049
Luxembourg	800 2 0111	877-978-0049
Malaysia / مليسيا	1-800-80-0011	877-978-0049
Mexico / México	01-800-288-2872	877-978-0049
Netherlands (Holland) / Nederland	0800-022-9111	877-978-0049
New Zealand	000-911	877-978-0049
Norway / Norge	800-190-11	877-978-0049

COUNTRY	DIRECT ACCESS CODE	HOTLINE NUMBER
Poland / Polska	0-0-800-111-1111	877-978-0049
Portugal	800-800-128	877-978-0049
Puerto Rico	N/A	877-978-0049
Russia / Россия	363-2400 (Moscow); 8^495-363-2400 (outside Moscow); 363-2400 (St. Petersburg); 8^812-363-2400 (outside St. Petersburg)	877-978-0049
Singapore / 新加坡 / Singapuraf	800-0111-111 (Sing Tel) or 80-0001-0001 (StarHub)	877-978-0049
Spain / España	900-99-00-11	877-978-0049
Sweden / Sverige	020-799-111	877-978-0049
Switzerland / Suisse	0-800-890011	877-978-0049
Thailand / □□□□□□□□□	1-800-0001-33 or 001-999-111-11	877-978-0049
United States	N/A	877-978-0049

Exhibit 31.1

CERTIFICATIONS

I, Peter W. Quigley, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Kelly Services, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

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

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

   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

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

Date: November 10, 2021

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

Exhibit 31.2

CERTIFICATIONS

I, Olivier G. Thirot, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: November 10, 2021

/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 3, 2021 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Peter W. Quigley, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date: November 10, 2021

/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 3, 2021 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Olivier G. Thirot, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date: November 10, 2021

/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.