

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 8-K**

**CURRENT REPORT**

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

Date of Report (Date of earliest event reported): **April 6, 2022**

**RESOURCES CONNECTION, INC.**  
(Exact Name of Registrant as Specified in Its Charter)

**Delaware**  
(State or Other Jurisdiction of  
Incorporation)

**0-32113**  
(Commission File Number)

**33-0832424**  
(I.R.S. Employer Identification  
No.)

**17101 Armstrong Avenue Irvine, California, 92614**  
(Address of Principal Executive Offices) (Zip Code)

Registrant's Telephone Number, Including Area Code: **(714) 430-6400**

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

| Title of each class                      | Trading Symbol(s) | Name of each exchange<br>on which registered                 |
|--|-------------------|--|
| Common Stock, par value \$0.01 per share | RGP               | The Nasdaq Stock Market LLC<br>(Nasdaq Global Select Market) |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

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

**Item 2.02 Results of Operations and Financial Condition.**

On April 6, 2022, Resources Connection, Inc. issued a press release announcing its financial results for the quarter ended February 26, 2022. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

The information in Item 2.02 of this current report on Form 8-K, as well as Exhibit 99.1 hereto, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, and shall not be incorporated by reference into any registration statement or other document filed pursuant to the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits

| <u>Exhibit No.</u> | <u>Description</u>   |
|--------------------|--|
| <u>99.1</u>        | <u><a href="#">Press Release issued April 6, 2022.</a></u>                   |
| 104                | Cover Page Interactive Data File (embedded within the Inline XBRL document). |

**SIGNATURES**

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

Date: April 6, 2022

**RESOURCES CONNECTION, INC.**

By:           /s/ KATE W. DUCHENE            
Kate W. Duchene  
President and Chief Executive Officer

## Resources Connection, Inc. Reports Financial Results for Third Quarter Fiscal 2022

*– Record Third Quarter Revenue –*

*– Operational and SG&A Leverage Drives Margin Expansion –*

IRVINE, Calif.--(BUSINESS WIRE)--April 6, 2022--Resources Connection, Inc. (Nasdaq: RGP), a multinational business consulting firm operating as RGP (the “Company”), today announced financial results for its fiscal third quarter ended February 26, 2022.

### Third Quarter Fiscal 2022 Highlights:

- Revenue of \$204.6 million, up 30.6% from the prior year quarter and 2.2% sequentially
- Same day constant currency revenue up 31.5% from the prior year quarter and 4.1% sequentially
- Gross margin of 37.5%, up 110 basis points from the prior year quarter
- SG&A as a percent of revenue improved 580 basis points from prior year quarter to 27.9% of revenue
- Net income grew to \$19.4 million (net income margin of 9.5%), compared to a net income of \$0.7 million (net income margin of 0.4%) in the prior year quarter
- Adjusted EBITDA, a non-GAAP measure, increased to \$22.5 million, more than doubling the prior year quarter reflecting 490 basis point margin improvement to 11.0%
- Diluted earnings per common share grew to \$0.58, compared to \$0.02 in the prior year quarter
- Adjusted diluted earnings per common share, a non-GAAP measure, improved to \$0.65 compared to \$0.14 in the prior year quarter
- Declared cash dividends of \$0.14 per share
- RGP to host Investor Day on Tuesday, April 12, 2022, 9 a.m. to 11:30 a.m. ET

### **Management Commentary**

“We delivered record third quarter revenue demonstrating our ability to execute on opportunities that strongly favor RGP’s agile, skills-based delivery model,” said Kate W. Duchene, Chief Executive Officer. “The world of work has fundamentally changed; clients are evolving workforce strategies to achieve transformation with greater speed, efficiency and agility. Likewise, modern consulting professionals want more flexibility and mobility in their work experiences. RGP operates at the center of these converging shifts and is uniquely positioned to support clients and consultants alike as they learn to work differently. We are excited to share more about the positive state of the business, including our HUGO pilot, at our Investor Day next week, April 12 at NASDAQ MarketSite.”

---

### Third Quarter Fiscal 2022 Results

Revenue continued to grow in the third quarter of fiscal 2022 despite the seasonal impact from the holidays. Macro trends such as a focus on workforce agility, workforce gaps caused by the tightening labor market, the demand for digital transformation services, and the increase in client spending on significant and transformational initiatives, continue to favor the Company's business model. The strong revenue performance was also driven by improved sales and operational execution, which led to larger deal sizes, longer project durations and record high pipelines and closed deals. The robust revenue growth was across most segments, including strategic global and regional accounts in majority of its markets, and was led by solution areas in Finance and Accounting and Business Transformation. In addition to higher volume of billable hours, the Company continued to improve bill rates. Average bill rate increased by 2.4% year over year and 1.6% from the sequential quarter, meaningfully contributing to the overall revenue growth.

Gross margin was 37.5%, compared to 36.4% in the prior year quarter, primarily attributable to an improvement of 120 basis points in the overall pay/bill ratio. This favorable impact was partially offset by higher indirect costs: such as non-billable pay and employer 401(k) match contributions.

Selling, general and administrative expenses ("SG&A") was \$57.1 million, or 27.9% as a percentage of revenue, for the third quarter of fiscal 2022 compared to \$52.8 million, or 33.7% as a percentage of revenue, for the third quarter of fiscal 2021. Compared to the third quarter of fiscal 2021, SG&A as a percentage of revenue reduced by 580 basis points partially as a result of the improvement in the Company's operating leverage. In addition, SG&A benefited from the wind down of restructuring activities and completion of the final earnout period related to the acquisition of Veracity in the first quarter of fiscal 2022.

The Company recognized an income tax benefit of \$2.2 million (effective tax benefit rate of 12.7%) for the third quarter of fiscal 2022, compared to an income tax expense of \$1.1 million (effective tax rate of 60.5%) in the prior year quarter. The tax benefit in the third quarter of fiscal 2022 resulted largely from the improvement in operating results in the international entities, enabling the Company to utilize the benefits from historical net operating losses in certain foreign jurisdictions by reversing a \$4.9 million valuation allowance in our European operations in the third quarter. In addition, the Company recognized a \$2.6 million benefit from the dissolution of its France entity. In the third quarter of fiscal 2021, the high effective tax rate was due to restructuring charges incurred in the Company's European entities resulting in a pre-tax loss in Europe where significant valuation allowances were required.

Strong performance in the third quarter, coupled with the income tax benefit, contributed to net income of \$19.4 million (net income margin of 9.5%) for the third quarter of fiscal 2022, compared to net income of \$0.7 million (net income margin of 0.4%) in the prior year quarter. The Company delivered an Adjusted EBITDA margin, a non-GAAP measure, of 11.0% for the third quarter of fiscal 2022, an improvement of 490 basis points over the prior year quarter.

---

**SUMMARY OF CONSOLIDATED FINANCIAL RESULTS**  
(Unaudited. Amounts in thousands, except per share amounts)

|  | Three Months Ended   |                      |                      | Nine Months Ended    |                      |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
|  | February 26,<br>2022 | November 27,<br>2021 | February 27,<br>2021 | February 26,<br>2022 | February 27,<br>2021 |
| Revenue  | \$ 204,609           | \$ 200,238           | \$ 156,631           | \$ 587,987           | \$ 457,199           |
| Direct cost of services                            | 127,815              | 121,497              | 99,584               | 361,020              | 284,078              |
| Gross profit                                       | 76,794               | 78,741               | 57,047               | 226,967              | 173,121              |
| Selling, general and administrative expenses       | 57,090               | 56,881               | 52,838               | 165,365              | 158,544              |
| Amortization of intangible assets                  | 1,321                | 1,184                | 1,202                | 3,608                | 4,125                |
| Depreciation expense                               | 882                  | 893                  | 963                  | 2,694                | 2,954                |
| Income from operations                             | 17,501               | 19,783               | 2,044                | 55,300               | 7,498                |
| Interest expense, net                              | 307                  | 222                  | 361                  | 744                  | 1,316                |
| Other income (1)                                   | (35)                 | (311)                | (64)                 | (653)                | (1,069)              |
| Income before (benefit) provision for income taxes | 17,229               | 19,872               | 1,747                | 55,209               | 7,251                |
| (Benefit) provision for income taxes               | (2,192)              | 5,567                | 1,057                | 8,561                | 5,270                |
| Net income   | \$ 19,421            | \$ 14,305            | \$ 690               | \$ 46,648            | \$ 1,981             |
| Net income per common share:                       |                      |                      |                      |                      |                      |
| Basic  | \$ 0.59              | \$ 0.43              | \$ 0.02              | \$ 1.42              | \$ 0.06              |
| Diluted  | \$ 0.58              | \$ 0.42              | \$ 0.02              | \$ 1.39              | \$ 0.06              |
| Weighted average common shares outstanding:        |                      |                      |                      |                      |                      |
| Basic  | 32,738               | 33,221               | 32,520               | 32,951               | 32,353               |
| Diluted  | 33,375               | 33,950               | 32,659               | 33,556               | 32,422               |
| Cash dividends declared per common share           | \$ 0.14              | \$ 0.14              | \$ 0.14              | \$ 0.42              | \$ 0.42              |

**Revenue by Geography**

|               |            |            |            |            |            |
|---------------|------------|------------|------------|------------|------------|
| North America | \$ 173,569 | \$ 167,154 | 127,913    | \$ 492,602 | 371,259    |
| Europe        | 17,856     | 19,921     | 17,751     | 56,642     | 53,125     |
| Asia Pacific  | 13,184     | 13,163     | 10,967     | 38,743     | 32,815     |
| Total revenue | \$ 204,609 | \$ 200,238 | \$ 156,631 | \$ 587,987 | \$ 457,199 |

**Cash dividend**

|                           |          |          |          |           |           |
|---------------------------|----------|----------|----------|-----------|-----------|
| Total cash dividends paid | \$ 4,715 | \$ 4,647 | \$ 4,566 | \$ 13,965 | \$ 13,625 |
|---------------------------|----------|----------|----------|-----------|-----------|

*Note: The sum of quarterly amounts, including per share amounts, may not equal amounts reported for year-to-date periods. This is due to the effects of rounding and changes in the number of weighted-average shares outstanding for each period.*

*(1) Other income for the current fiscal year primarily consisted of COVID-19 government relief funds received globally and a gain from lease modification. Other income in fiscal 2021 was primarily related to COVID-19 government relief funds received globally.*

## Conference Call Information

RGP will hold a conference call for analysts and investors at 5:00 p.m., ET, today, April 6, 2022. The dial-in number for the conference call will be: 877-390-5534. No password is required; simply ask for the RGP conference call. This conference call will be available for listening via a webcast on the Company's website: <http://www.rgp.com>. An audio replay of the conference call will be available through April 13, 2022 at 855-859-2056. The conference ID number for the replay is 2718956. The call will also be archived on the RGP website for 30 days.

## About RGP

RGP is a global consulting firm helping businesses tackle transformation, change, and compliance challenges by supplying the right professional talent and solutions. As a next-generation human capital partner for our clients, we specialize in solving today's most pressing business problems across the enterprise in the areas of transactions, regulations, and transformations. Our pioneering approach to workforce strategy and our agile human capital model quickly align the right resources for the work at hand within our clients with speed and efficiency. Our engagements are designed to leverage human connection and collaboration to deliver practical solutions and more impactful results that power our clients', consultants', and partners' success. Our mission as an employer is to connect our team members to meaningful opportunities that further their career ambitions within the context of a supportive talent community of dedicated professionals. With approximately 5,000 professionals, we annually engage with over 2,100 clients around the world from over 40 physical practice offices and multiple virtual offices. We are their partner in delivering on the "now of work." Headquartered in Irvine, California, RGP is proud to have served over 85% of the Fortune 100.

The Company is listed on the Nasdaq Global Select Market, the exchange's highest tier by listing standards. To learn more about RGP, visit: <http://www.rgp.com>. (RGP-F)

## Forward-Looking Statements

Certain statements in this press release are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such forward-looking statements may be identified by words such as "anticipates," "believes," "can," "continue," "could," "estimates," "expects," "intends," "may," "plans," "potential," "predicts," "remain," "should" or "will" or the negative of these terms or other comparable terminology. In this press release, such statements include statements regarding our growth and operational plans. Such statements and all phases of the Company's operations are subject to known and unknown risks, uncertainties, and other factors that could cause our actual results, levels of activity, performance or achievements, and those of our industry to differ materially from those expressed or implied by these forward-looking statements. The disclosures we make concerning risks, uncertainties, and other factors that may affect our business or operating results included in Part I, Item 1A of our Fiscal Year 2021 Form 10-K and our other public filings made with the SEC should be reviewed carefully. These risks and uncertainties include, but are not limited to, the following: risks arising from epidemic diseases, such as the COVID-19 pandemic, the possible adverse effects from economic conditions or changes in the use of outsourced professional services consultants, the highly competitive nature of the market for professional services, risks related to the loss of a significant number of our consultants, or an inability to attract and retain new consultants, the possible impact on our business from the loss of the services of one or more key members of our senior management, risks related to potential significant increases in wages or payroll-related costs, our ability to secure new projects from clients, our ability to achieve or maintain a suitable pay/bill ratio, our ability to compete effectively in the competitive bidding process, risks related to unfavorable provisions in our contracts which may permit our clients to, among other things, terminate the contracts partially or completely at any time prior to completion, our ability to realize the level of benefit that we expect from our restructuring initiatives, risks that our recent digital expansion and technology transformation efforts may not be successful, our ability to build an efficient support structure as our business continues to grow and transform, our ability to grow our business, manage our growth or sustain our current business, our ability to serve clients internationally, additional operational challenges from our international activities including an economic downturn caused by social, political, regulatory, legal, and economic risks in the countries and regions in which we operate, possible disruption of our business from our past and future acquisitions, risks that our computer hardware and software and telecommunications systems are damaged, breached or interrupted, risks related to the failure to comply with data privacy laws and regulations and the adverse effect it may have on our reputation, results of operations or financial condition, our ability to comply with governmental, regulatory and legal requirements and company policies, the possible legal liability for damages resulting from the performance of projects by our consultants or for our clients' mistreatment of our personnel, risks arising from changes in applicable tax laws or adverse results in tax audits or interpretations, the possible adverse effect on our business model from the reclassification of our independent contractors by foreign tax and regulatory authorities, the possible difficulty for a third party to acquire us and resulting depression of our stock price, the operating and financial restrictions from our credit facility, risks related to the variable rate of interest in our credit facility, and the possibility that we are unable to or elect not to pay our quarterly dividend payment. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also affect our business or operating results. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. The Company does not intend, and undertakes no obligation, to update the forward-looking statements in this press release to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events, unless required by law to do so.

---

## Use of Non-GAAP Financial Measures

The Company utilizes certain financial measures and key performance indicators that are not defined by, or calculated in accordance with, GAAP to assess our financial and operating performance. A non-GAAP financial measure is defined as a numerical measure of a company's financial performance that (i) excludes amounts, or is subject to adjustments that have the effect of excluding amounts, that are included in the comparable measure calculated and presented in accordance with GAAP in the statement of operations; or (ii) includes amounts, or is subject to adjustments that have the effect of including amounts, that are excluded from the comparable GAAP measure so calculated and presented. The following non-GAAP measures are presented in this press release:

- Same day constant currency revenue is adjusted for the following items:
  - Currency impact. In order to remove the impact of fluctuations in foreign currency exchange rates, the Company calculates constant currency revenue, which represents the outcome that would have resulted had exchange rates in the current period been the same as those in effect in the comparable prior period.
  - Business days impact. In order to remove the fluctuations caused by comparable periods having a different number of business days, the Company calculates same day revenue as current period revenue (adjusted for currency impact) divided by the number of business days in the current period, multiplied by the number of business days in the comparable prior period. The number of business days in each respective period is provided in the "Number of Business Days" section of the "Reconciliation of GAAP to Non-GAAP Financial Measures" table below.
- Adjusted EBITDA is calculated as net income before amortization of intangible assets, depreciation expense, interest, and income taxes plus stock-based compensation expense, restructuring costs, technology transformation costs, and plus or minus contingent consideration adjustments. Adjusted EBITDA at the segment level excludes certain shared corporate administrative costs that are not practical to allocate.
- Adjusted EBITDA margin is calculated by dividing Adjusted EBITDA by revenue.
- Cash tax rate excludes the non-cash tax impact of stock option expirations, non-cash tax impact of valuation allowances on international deferred tax assets, and other non-cash tax items.
- Adjusted provision for income taxes is calculated based on the Company's cash tax rates (as defined above).
- Adjusted diluted earnings per common share is calculated as diluted earnings per common share, plus the per share impact of stock-based compensation expense, restructuring costs, and technology transformation costs, plus or minus the per share impact of contingent consideration adjustments, and adjusted for the related tax effects of these adjustments.

We believe the above-mentioned non-GAAP measures, which are used by management to assess the core performance of our Company, provide useful information and additional clarity of our operating results to our investors in their own evaluation of the core performance of our Company and facilitate a comparison of such performance from period to period. These are not measurements of financial performance or liquidity under GAAP and should not be considered in isolation or construed as substitutes for net income or other cash flow data prepared in accordance with GAAP for purposes of analyzing our profitability or liquidity. These measures should be considered in addition to, and not as a substitute for, revenue, net income, earnings per share, cash flows, or other measures of financial performance prepared in accordance with GAAP. In addition, these non-GAAP financial measures may not provide information that is directly comparable to that provided by other companies, as other companies may calculate such financial results differently.

---

**RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES**

| <u>Revenue by Geography.</u>          | <u>Three Months Ended</u>                                     |                     | <u>Three Months Ended</u> |                     | <u>Nine Months Ended</u> |                     |
|---------------------------------------|---|---------------------|---------------------------|---------------------|--------------------------|---------------------|
|                                       | <u>February 26,</u>   | <u>November 27,</u> | <u>February 26,</u>       | <u>February 27,</u> | <u>February 26,</u>      | <u>February 27,</u> |
|                                       | <u>2022</u>   | <u>2021</u>         | <u>2022</u>               | <u>2021</u>         | <u>2022</u>              | <u>2021</u>         |
|                                       | (Unaudited)   |                     | (Unaudited)               |                     | (Unaudited)              |                     |
|                                       | <b>(Amounts in thousands, except number of business days)</b> |                     |                           |                     |                          |                     |
| <b><u>North America</u></b>           |   |                     |                           |                     |                          |                     |
| As reported (GAAP)                    | \$ 173,569  | \$ 167,154          | \$ 173,569                | \$ 127,913          | \$ 492,602               | \$ 371,259          |
| Currency impact                       | 47  |                     | 68                        |                     | (314)                    |                     |
| Business days impact                  | 2,846   |                     | -                         |                     | 2,647                    |                     |
| Same day constant currency revenue    | <u>\$ 176,462</u>   |                     | <u>\$ 173,637</u>         |                     | <u>\$ 494,935</u>        |                     |
| <b><u>Europe</u></b>                  |   |                     |                           |                     |                          |                     |
| As reported (GAAP)                    | \$ 17,856   | \$ 19,921           | \$ 17,856                 | \$ 17,751           | \$ 56,642                | \$ 53,125           |
| Currency impact                       | 351   |                     | 890                       |                     | (219)                    |                     |
| Business days impact                  | 583   |                     | -                         |                     | -                        |                     |
| Same day constant currency revenue    | <u>\$ 18,790</u>  |                     | <u>\$ 18,746</u>          |                     | <u>\$ 56,423</u>         |                     |
| <b><u>Asia Pacific</u></b>            |   |                     |                           |                     |                          |                     |
| As reported (GAAP)                    | \$ 13,184   | \$ 13,163           | \$ 13,184                 | \$ 10,967           | \$ 38,743                | \$ 32,815           |
| Currency impact                       | 110   |                     | 573                       |                     | 620                      |                     |
| Business days impact                  | (108)   |                     | (112)                     |                     | (106)                    |                     |
| Same day constant currency revenue    | <u>\$ 13,186</u>  |                     | <u>\$ 13,645</u>          |                     | <u>\$ 39,257</u>         |                     |
| <b><u>Total Consolidated</u></b>      |   |                     |                           |                     |                          |                     |
| As reported (GAAP)                    | \$ 204,609  | \$ 200,238          | \$ 204,609                | \$ 156,631          | \$ 587,987               | \$ 457,199          |
| Currency impact                       | 508   |                     | 1,531                     |                     | 87                       |                     |
| Business days impact                  | 3,321   |                     | (112)                     |                     | 2,541                    |                     |
| Same day constant currency revenue    | <u>\$ 208,438</u>   |                     | <u>\$ 206,028</u>         |                     | <u>\$ 590,615</u>        |                     |
| <b><u>Number of Business Days</u></b> |   |                     |                           |                     |                          |                     |
| North America (1)                     | 61  | 62                  | 61                        | 61                  | 186                      | 187                 |
| Europe (2)                            | 63  | 65                  | 63                        | 63                  | 192                      | 192                 |
| Asia Pacific (2)                      | 62  | 61                  | 62                        | 61                  | 186                      | 185                 |

(1) This represents the number of business days in the United States.

(2) This represents the number of business days in the countries in which the revenues are most concentrated within the geography.



|                                      | Three Months Ended   |                 |                      |                 |                      |                 |
|--------------------------------------|--|-----------------|----------------------|-----------------|----------------------|-----------------|
|                                      | February 26,<br>2022   | % of<br>Revenue | November 27,<br>2021 | % of<br>Revenue | February 27,<br>2021 | % of<br>Revenue |
| <b>Adjusted EBITDA</b>               | <b>(Unaudited, amounts in thousands, except percentages)</b> |                 |                      |                 |                      |                 |
| Net income                           | \$ 19,421  | 9.5%            | \$ 14,305            | 7.1%            | \$ 690               | 0.4%            |
| Adjustments:                         |  |                 |                      |                 |                      |                 |
| Amortization of intangible assets    | 1,321  | 0.6             | 1,184                | 0.6             | 1,202                | 0.8             |
| Depreciation expense                 | 882  | 0.4             | 893                  | 0.5             | 963                  | 0.6             |
| Interest expense, net                | 307  | 0.2             | 222                  | 0.1             | 361                  | 0.2             |
| (Benefit) provision for income taxes | (2,192)  | (1.1)           | 5,567                | 2.8             | 1,057                | 0.7             |
| EBITDA                               | 19,739   | 9.6             | 22,171               | 11.1            | 4,273                | 2.7             |
| Stock-based compensation expense     | 2,202  | 1.1             | 2,019                | 1.0             | 1,834                | 1.2             |
| Restructuring costs                  | 67   | 0.1             | 583                  | 0.3             | 652                  | 0.4             |
| Technology transformation costs (1)  | 461  | 0.2             | 229                  | 0.1             | -                    | -               |
| Contingent consideration adjustment  | -  | -               | (54)                 | -               | 2,710                | 1.7             |
| Adjusted EBITDA                      | \$ 22,469  | 11.0%           | \$ 24,948            | 12.5%           | \$ 9,469             | 6.0%            |

(1) Commencing with the three months ended November 27, 2021, Adjusted EBITDA also excludes the impact of technology transformation costs. Technology transformation costs represent costs included in net income related to the Company's initiative to upgrade its technology platform globally, including a cloud-based enterprise resource planning system and talent acquisition and management system. Such costs primarily include third-party consulting fees and costs associated with dedicated internal resources that are not capitalized through the duration of the system implementations.

| <b>Adjusted Diluted Earnings per Common Share</b> |         |         |         |
|---|---------|---------|---------|
| Diluted earnings per common share, as reported    | \$ 0.58 | \$ 0.42 | \$ 0.02 |
| Stock-based compensation expense                  | 0.07    | 0.06    | 0.06    |
| Restructuring costs                               | -       | 0.02    | 0.02    |
| Contingent consideration adjustment               | -       | -       | 0.08    |
| Technology transformation costs                   | 0.01    | 0.01    | -       |
| Income tax impact of adjustments                  | (0.01)  | (0.04)  | (0.04)  |
| Adjusted diluted earnings per common share        | \$ 0.65 | \$ 0.47 | \$ 0.14 |

**Adjusted Provision for Income Taxes and Cash Tax Rate**

|  |            |          |          |
|--|------------|----------|----------|
| (Benefit) provision for income taxes                     | \$ (2,192) | \$ 5,567 | \$ 1,057 |
| Effect of non-cash tax items:                            |            |          |          |
| Stock option expirations                                 | 84         | (139)    | (49)     |
| Valuation allowance on international deferred tax assets | 6,698      | 254      | (459)    |
| Net uncertain tax position adjustments                   | (15)       | (6)      | (7)      |
| Other adjustments  | 669        | (16)     | 284      |
| Adjusted provision for income taxes                      | \$ 5,244   | \$ 5,660 | \$ 826   |
| Effective tax rate                                       | (12.7)%    | 28.0%    | 60.5%    |
| Total effect of non-cash tax items on effective tax rate | 43.2%      | 0.5%     | (13.2)%  |
| Cash tax rate  | 30.5%      | 28.5%    | 47.3%    |

| <b>Adjusted EBITDA</b>              | <b>Nine Months Ended</b>                                     |                         |                              |                         |
|-------------------------------------|--|-------------------------|------------------------------|-------------------------|
|                                     | <b>February 26,<br/>2022</b>                                 | <b>% of<br/>Revenue</b> | <b>February 27,<br/>2021</b> | <b>% of<br/>Revenue</b> |
|                                     | <b>(Unaudited, amounts in thousands, except percentages)</b> |                         |                              |                         |
| Net income                          | \$ 46,648  | 7.9%                    | \$ 1,981                     | 0.4%                    |
| Adjustments:                        |  |                         |                              |                         |
| Amortization of intangible assets   | 3,608  | 0.6                     | 4,125                        | 0.9                     |
| Depreciation expense                | 2,694  | 0.5                     | 2,954                        | 0.6                     |
| Interest expense, net               | 744  | 0.1                     | 1,316                        | 0.3                     |
| Provision for income taxes          | 8,561  | 1.5                     | 5,270                        | 1.2                     |
| EBITDA                              | 62,255   | 10.6                    | 15,646                       | 3.4                     |
| Stock-based compensation expense    | 5,851  | 1.0                     | 4,939                        | 1.1                     |
| Restructuring costs                 | 807  | 0.2                     | 8,445                        | 1.8                     |
| Technology transformation costs (1) | 690  | 0.1                     | -                            | -                       |
| Contingent consideration adjustment | 166  | 0.0                     | 3,052                        | 0.7                     |
| Adjusted EBITDA                     | \$ 69,769  | 11.9%                   | \$ 32,082                    | 7.0%                    |

(1) Commencing with the three months ended November 27, 2021, Adjusted EBITDA also excludes the impact of technology transformation costs. Technology transformation costs represent costs included in net income related to the Company's initiative to upgrade its technology platform globally, including a cloud-based enterprise resource planning system and talent acquisition and management system. Such costs primarily include third-party consulting fees and costs associated with dedicated internal resources that are not capitalized through the duration of the system implementations.

#### **Adjusted Diluted Earnings per Common Share**

|  |         |         |
|--|---------|---------|
| Diluted earnings per common share, as reported | \$ 1.39 | \$ 0.06 |
| Stock-based compensation expense               | 0.17    | 0.15    |
| Restructuring costs                            | 0.02    | 0.26    |
| Contingent consideration adjustment            | -       | 0.09    |
| Technology transformation costs                | 0.02    | -       |
| Income tax impact of adjustments               | (0.05)  | (0.07)  |
| Adjusted diluted earnings per common share     | \$ 1.55 | \$ 0.49 |

#### **Adjusted Provision for Income Taxes and Cash Tax Rate**

|  |           |          |
|--|-----------|----------|
| Provision for income taxes                               | \$ 8,561  | \$ 5,270 |
| Effect of non-cash tax items:                            |           |          |
| Stock option expirations                                 | (162)     | (321)    |
| Valuation allowance on international deferred tax assets | 7,262     | (1,943)  |
| Net uncertain tax position adjustments                   | (30)      | (16)     |
| Other adjustments  | 654       | 205      |
| Adjusted provision for income taxes                      | \$ 16,285 | \$ 3,195 |
| Effective tax rate                                       | 15.5%     | 72.7%    |
| Total effect of non-cash tax items on effective tax rate | 14.0%     | (28.6)%  |
| Cash tax rate  | 29.5%     | 44.1%    |

## Segment Results

Effective in the second quarter of fiscal 2021, the Company revised its segment reporting to align with changes made in its internal management structure and its reporting structure of financial information used to assess performance and allocate resources.

Operating results by reportable segment are included in the following table. Please refer to the “Reconciliation of GAAP to Non-GAAP Financial Measures” table above for the reconciliation of consolidated net income to Adjusted EBITDA for each of the periods presented. Amounts are unaudited and are in thousands.

|                           | Three Months Ended   |                      | Nine Months Ended    |                      |
|---------------------------|----------------------|----------------------|----------------------|----------------------|
|                           | February 26,<br>2022 | February 27,<br>2021 | February 26,<br>2022 | February 27,<br>2021 |
| <b>Revenues:</b>          |                      |                      |                      |                      |
| RGP                       | \$ 195,251           | \$ 146,487           | \$ 557,584           | \$ 425,598           |
| Other Segments            | 9,358                | 10,144               | 30,403               | 31,601               |
| Total revenues            | <u>\$ 204,609</u>    | <u>\$ 156,631</u>    | <u>\$ 587,987</u>    | <u>\$ 457,199</u>    |
| <b>Adjusted EBITDA:</b>   |                      |                      |                      |                      |
| RGP                       | \$ 30,656            | \$ 15,886            | \$ 91,833            | \$ 50,671            |
| Other Segments            | 579                  | 449                  | 2,817                | 2,866                |
| Reconciling items (1)     | (8,766)              | (6,866)              | (24,881)             | (21,455)             |
| Total Adjusted EBITDA (2) | <u>\$ 22,469</u>     | <u>\$ 9,469</u>      | <u>\$ 69,769</u>     | <u>\$ 32,082</u>     |

(1) Reconciling items are generally comprised of unallocated corporate administrative costs, including management and board compensation, corporate support function costs and other general corporate costs that are not allocated to segments.

(2) A reconciliation of the Company's net income to Adjusted EBITDA on a consolidated basis is presented above under "Use of Non-GAAP Financial Measures--Reconciliation of GAAP to Non-GAAP Financial Measures".

**SELECTED BALANCE SHEET, CASH FLOW AND OTHER INFORMATION**

(Amounts in thousands, except consultant headcount and average rates)

| SELECTED BALANCE SHEET INFORMATION:                         | February 26,<br>2022 | May 29,<br>2021   |
|---|----------------------|-------------------|
|   | (Unaudited)          | (Unaudited)       |
| Cash and cash equivalents                                   | \$ 82,189            | \$ 74,391         |
| Accounts receivable, net of allowance for doubtful accounts | \$ 150,524           | \$ 116,455        |
| <b>Total assets</b>   | <b>\$ 559,738</b>    | <b>\$ 520,644</b> |
| Current liabilities   | \$ 115,638           | \$ 100,906        |
| Long-term debt  | \$ 54,000            | \$ 43,000         |
| <b>Total liabilities</b>                                    | <b>\$ 202,710</b>    | <b>\$ 191,098</b> |
| <b>Total stockholders' equity</b>                           | <b>\$ 357,028</b>    | <b>\$ 329,546</b> |

| SELECTED CASH FLOW INFORMATION:   | Nine Months Ended    |                      |
|-----------------------------------|----------------------|----------------------|
|                                   | February 26,<br>2022 | February 27,<br>2021 |
|                                   | (Unaudited)          | (Unaudited)          |
| Cash flow -- operating activities | \$ 22,676            | \$ 35,371            |
| Cash flow -- investing activities | \$ (2,363)           | \$ (2,846)           |
| Cash flow -- financing activities | \$ (10,444)          | \$ (46,006)          |

| SELECTED OTHER INFORMATION:              | Three Months Ended   |                 |
|--|----------------------|-----------------|
|  | February 26,<br>2022 | May 29,<br>2021 |
|  | (Unaudited)          | (Unaudited)     |
| Consultant headcount, end of period      | 3,445                | 2,902           |
| Average bill rate                        | \$ 128               | \$ 126          |
| Average pay rate                         | \$ 64                | \$ 64           |
| Common shares outstanding, end of period | 33,105               | 32,885          |

## Contacts

**Analyst Contact:**

Jennifer Ryu, Chief Financial Officer  
 (US+) 1-714-430-6500  
 jennifer.ryu@rgp.com

**Media Contact:**

Michael Sitrick  
 (US+) 1-310-788-2850  
 mike\_sitrick@sitrick.com