UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended November 25, 2023

OR

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

For the transition period from ______ to______

Commission File Number: 0-32113

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

Delaware	**33-0832424**
(State or Other Jurisdiction of Incorporation or Organization)	**(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

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

Title of Each Class	Trading Symbol(s)	Name of Exchange on Which Registered
Common stock, par value $0.01 per share	RGP	The Nasdaq Stock Market LLC (Nasdaq Global Select Market)

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

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

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

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

As of December 28, 2023, 33,508,205 shares of the registrant's common stock, $0.01 par value per share, were outstanding.

RESOURCES CONNECTION, INC.

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PART I—FINANCIAL INFORMATION

ITEM 1. *CONSOLIDATED FINANCIAL STATEMENTS.*

RESOURCES CONNECTION, INC.

CONSOLIDATED BALANCE SHEETS

(In thousands, except par value per share)

	November 25, 2023 (Unaudited)	May 27, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	$ 95,773	$ 116,784
Trade accounts receivable, net of allowance for doubtful accounts of $3,142 and $3,283 as of November 25, 2023 and May 27, 2023, respectively	129,952	137,356
Prepaid expenses and other current assets	8,225	5,187
Income taxes receivable	8,233	4,739
Total current assets	242,183	264,066
Goodwill	217,034	206,722
Intangible assets, net	12,416	11,521
Property and equipment, net	14,001	15,380
Operating lease right-of-use assets	14,644	15,856
Deferred tax assets	11,095	10,701
Other non-current assets	13,491	7,753
Total assets	$ 524,864	$ 531,999
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and other accrued expenses	$ 17,518	$ 14,464
Accrued salaries and related obligations	49,533	64,776
Operating lease liabilities, current	6,274	7,460
Contingent consideration liabilities	1,774	-
Other current liabilities	11,656	10,384
Total current liabilities	86,755	97,084
Long-term debt	-	-
Operating lease liabilities, non-current	10,275	10,274
Deferred tax liabilities	8,905	7,136
Other non-current liabilities	5,325	2,985
Total liabilities	111,260	117,479
Commitments and contingencies (see Note 12)		
Stockholders' equity:		
Preferred stock, $0.01 par value, 5,000 shares authorized; zero shares issued and outstanding	-	-
Common stock, $0.01 par value, 70,000 shares authorized; 35,929 and 35,545 shares issued, and 33,507 and 33,475 shares outstanding as of November 25, 2023 and May 27, 2023, respectively	360	355
Additional paid-in capital	383,662	378,657
Accumulated other comprehensive loss	(16,533)	(17,290)
Retained earnings	85,926	87,648
Treasury stock at cost, 2,422 and 2,070 shares as of November 25, 2023 and May 27, 2023, respectively	(39,811)	(34,850)
Total stockholders' equity	413,604	414,520
Total liabilities and stockholders' equity	$ 524,864	$ 531,999

The accompanying notes are an integral part of these consolidated financial statements.

RESOURCES CONNECTION, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share amounts)

(Unaudited)

	Three Months Ended		Six Months Ended	
	November 25, 2023	**November 26, 2022**	**November 25, 2023**	**November 26, 2022**
Revenue	$ 163,127	$ 200,355	$ 333,296	$ 404,417
Direct cost of services	99,651	118,005	202,819	238,600
Gross profit	63,476	82,350	130,477	165,817
Selling, general and administrative expenses	52,993	56,777	112,925	112,964
Amortization expense	1,321	1,216	2,635	2,468
Depreciation expense	810	880	1,687	1,767
Income from operations	8,352	23,477	13,230	48,618
Interest (income) expense, net	(293)	199	(605)	515
Other (income)	(3)	(31)	(5)	(338)
Income before income tax expense	8,648	23,309	13,840	48,441
Income tax expense	3,753	5,877	5,828	12,869
Net income	$ 4,895	$ 17,432	$ 8,012	$ 35,572
Net income per common share:				
Basic	$ 0.15	$ 0.52	$ 0.24	$ 1.07
Diluted	$ 0.14	$ 0.51	$ 0.24	$ 1.04
Weighted-average number of common and common equivalent shares outstanding:				
Basic	33,409	33,510	33,410	33,394
Diluted	33,901	34,301	33,945	34,292
Cash dividends declared per common share	$ 0.14	$ 0.14	$ 0.28	$ 0.28

The accompanying notes are an integral part of these consolidated financial statements.

RESOURCES CONNECTION, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands)

(Unaudited)

	Three Months Ended		Six Months Ended	
	November 25, 2023	November 26, 2022	November 25, 2023	November 26, 2022
Net income	$ 4,895	$ 17,432	$ 8,012	$ 35,572
Foreign currency translation adjustment gain (loss), net of tax	415	1,714	757	(3,275)
Total comprehensive income	$ 5,310	$ 19,146	$ 8,769	$ 32,297

The accompanying notes are an integral part of these consolidated financial statements.

RESOURCES CONNECTION, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands, except per share amounts)
(Unaudited)

	For the Three Months Ended November 25, 2023							
	Common Stock		Additional Paid-in Capital	Treasury Stock		Accumulated Other Comprehensive Loss	Retained Earnings	Total Stockholders' Equity
	Shares	Amount		Shares	Amount			
Balances at August 26, 2023	35,765	$ 358	$ 384,381	2,068	$ (34,811)	$ (16,948)	$ 85,861	$ 418,841
Exercise of stock options	4	-	42	-	-	-	-	42
Stock-based compensation expense	-	-	432	-	-	-	-	432
Issuance of restricted stock	75	1	(1)	-	-	-	-	-
Issuance of common stock upon vesting of restricted stock units, net of shares withheld to cover taxes	85	1	(1,330)	-	-	-	-	(1,329)
Cash dividends declared ($0.14 per share)	-	-	-	-	-	-	(4,692)	(4,692)
Dividend equivalents on equity awards	-	-	138	-	-	-	(138)	-
Repurchase of common stock	-	-	-	354	(5,000)	-	-	(5,000)
Currency translation adjustment	-	-	-	-	-	415	-	415
Net income for the three months ended November 25, 2023	-	-	-	-	-	-	4,895	4,895
Balances at November 25, 2023	35,929	$ 360	$ 383,662	2,422	$ (39,811)	$ (16,533)	$ 85,926	$ 413,604

	For the Six Months Ended November 25, 2023							
	Common Stock		Additional Paid-in Capital	Treasury Stock		Accumulated Other Comprehensive Loss	Retained Earnings	Total Stockholders' Equity
	Shares	Amount		Shares	Amount			
Balances at May 27, 2023	35,545	$ 355	$ 378,657	2,070	$ (34,850)	$ (17,290)	$ 87,648	$ 414,520
Exercise of stock options	26	1	383	-	-	-	-	384
Stock-based compensation expense	-	-	2,898	-	-	-	-	2,898
Issuance of common stock purchased under Employee Stock Purchase Plan	198	2	2,772	-	-	-	-	2,774
Issuance of restricted stock	75	1	(1)	(2)	39	-	(39)	-
Issuance of common stock upon vesting of restricted stock units, net of shares withheld to cover taxes	85	1	(1,330)	-	-	-	-	(1,329)
Cash dividends declared ($0.28 per share)	-	-	-	-	-	-	(9,412)	(9,412)
Dividend equivalents on equity awards	-	-	283	-	-	-	(283)	-
Repurchase of common stock	-	-	-	354	(5,000)		-	(5,000)
Currency translation adjustment	-	-	-	-	-	757	-	757
Net income for the six months ended November 25, 2023	-	-	-	-	-	-	8,012	8,012
Balances at November 25, 2023	35,929	$ 360	$ 383,662	2,422	$ (39,811)	$ (16,533)	$ 85,926	$ 413,604

	For the Three Months Ended November 26, 2022							
	Common Stock		Additional Paid-in Capital	Treasury Stock		Accumulated Other Comprehensive Loss	Retained Earnings	Total Stockholders' Equity
	Shares	Amount		Shares	Amount			
Balances at August 27, 2022	34,906	$ 349	$ 366,648	1,155	$ (19,651)	$ (21,473)	$ 66,082	$ 391,955
Exercise of stock options	48	-	672	-	-	-	-	672
Stock-based compensation expense	-	-	2,189	-	-	-	-	2,189
Issuance of restricted stock	75	1	(1)	-	-	-	-	-
Issuance of common stock upon vesting of restricted stock units, net of shares withheld to cover taxes	79	1	(1,762)	-	-	-	(5)	(1,766)
Cash dividends declared ($0.14 per share)	-	-	-	-	-	-	(4,709)	(4,709)
Dividend equivalents on equity awards	-	-	202	-	-	-	(192)	10
Repurchase of common stock	-	-	-	318	(5,351)	-	-	(5,351)
Currency translation adjustment	-	-	-	-	-	1,714	-	1,714
Net income for the three months ended November 26, 2022	-	-	-	-	-	-	17,432	17,432
Balances at November 26, 2022	35,108	$ 351	$ 367,948	1,473	$ (25,002)	$ (19,759)	$ 78,608	$ 402,146

	For the Six Months Ended November 26, 2022							
	Common Stock		Additional Paid-in Capital	Treasury Stock		Accumulated Other Comprehensive Loss	Retained Earnings	Total Stockholders' Equity
	Shares	Amount		Shares	Amount			
Balances at May 28, 2022	34,352	$ 344	$ 355,502	1,155	$ (19,651)	$ (16,484)	$ 52,738	$ 372,449
Exercise of stock options	419	3	6,730	-	-	-	-	6,733
Stock-based compensation expense	-	-	4,360	-	-	-	-	4,360
Issuance of common stock purchased under Employee Stock Purchase Plan	183	2	2,841	-	-	-	-	2,843
Issuance of restricted stock	75	1	(1)	-	-	-	-	-
Issuance of common stock upon vesting of restricted stock units, net of shares withheld to cover taxes	79	1	(1,762)	-	-	-	(5)	(1,766)
Cash dividends declared ($0.28 per share)	-	-	-	-	-	-	(9,429)	(9,429)
Dividend equivalents on equity awards	-	-	278	-	-	-	(268)	10
Repurchase of common stock	-	-	-	318	(5,351)	-	-	(5,351)
Currency translation adjustment	-	-	-	-	-	(3,275)	-	(3,275)
Net income for the six months ended November 26, 2022	-	-	-	-	-	-	35,572	35,572
Balances at November 26, 2022	35,108	$ 351	$ 367,948	1,473	$ (25,002)	$ (19,759)	$ 78,608	$ 402,146

The accompanying notes are an integral part of these consolidated financial statements.

RESOURCES CONNECTION, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

(Unaudited)

	Six Months Ended	
	November 25, 2023	**November 26, 2022**
Cash flows from operating activities:		
Net income	$ 8,012	$ 35,572
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization expense	4,322	4,235
Stock-based compensation expense	3,068	4,766
(Gain) on dispositions of subsidiaries	-	(238)
Adjustment to allowance for doubtful accounts	245	1,066
Deferred income taxes	528	(3,243)
Other, net	479	(341)
Changes in operating assets and liabilities, net of acquisitions and dispositions:		
Trade accounts receivable	8,271	(3,261)
Prepaid expenses and other current assets	(2,316)	(462)
Income taxes	(3,475)	6,150
Other assets	(5,822)	767
Accounts payable and other accrued expenses	2,614	3,864
Accrued salaries and related obligations	(17,188)	(20,460)
Other liabilities	(494)	(4,761)
Net cash (used in) provided by operating activities	(1,756)	23,654
Cash flows from investing activities:		
Proceeds from sale of *taskforce*	-	2,984
Proceeds from sale of assets	-	4
Acquisition of CloudGo, net of cash acquired	(7,215)	-
Investments in property and equipment and internal-use software	(885)	(1,164)
Net cash (used in) provided by investing activities	(8,100)	1,824
Cash flows from financing activities:		
Proceeds from exercise of stock options	395	7,431
Proceeds from issuance of common stock under Employee Stock Purchase Plan	2,774	2,843
Proceeds from Revolving Credit Facility	-	15,000
Repayments on Revolving Credit Facility	-	(49,000)
Repurchase of common stock	(5,000)	(5,351)
Payment of cash dividends	(9,401)	(9,368)
Net cash used in financing activities	(11,232)	(38,445)
Effect of exchange rate changes on cash and cash equivalents	77	(1,808)
Net decrease in cash and cash equivalents	(21,011)	(14,775)
Cash and cash equivalents at beginning of period	116,784	104,224
Cash and cash equivalents at end of period	$ 95,773	$ 89,449
Supplemental cash flow disclosures		
Income taxes paid, net	$ 8,452	$ 9,814
Interest paid	176	604
Non-cash investing and financing activities		
Increase in long-term receivable in connection with the sale of *taskforce*	$ -	$ 2,984
Acquisition of CloudGo: Liability for contingent consideration	4,500	-
Dividends declared, not paid	4,672	4,709

The accompanying notes are an integral part of these consolidated financial statements.

1. Description of the Company and its Business

Resources Connection, Inc. (the "Company"), a Delaware corporation, was incorporated on November 16, 1998. The Company's operating entities provide services primarily under the name Resources Global Professionals ("RGP"). RGP is a global consulting firm focused on project execution services that power clients' operational needs and change initiatives utilizing on-demand, expert and diverse talent. As a next-generation human capital partner for its clients, the Company specializes in co-delivery of enterprise initiatives typically precipitated by business transformation, strategic transactions or regulatory change. The Company's principal markets of operations are North America, Europe and Asia Pacific.

The Company's fiscal year consists of 52 or 53 weeks, ending on the Saturday in May closest to May 31. The second quarters of fiscal 2024 and 2023 each consisted of 13 weeks. The Company's fiscal year 2024 will consist of 52 weeks.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited financial statements of the Company as of and for the three and six months ended November 25, 2023 and November 26, 2022 have been prepared in conformity with accounting principles generally accepted in the United States ("GAAP") for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X. These financial statements include all adjustments (consisting only of normal recurring adjustments) the Company's management considers necessary for a fair presentation of its financial position at such dates and the operating results and cash flows for those periods. The financial statements include the accounts of the Company and its subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although management believes these estimates and assumptions are adequate, actual results could differ from the estimates and assumptions used.

The fiscal 2023 year-end balance sheet data was derived from audited consolidated financial statements, and certain information and note disclosures normally included in annual financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to Securities and Exchange Commission ("SEC") rules or regulations; however, the Company believes the disclosures made are adequate to make the information presented not misleading.

The unaudited consolidated results of operations for the interim periods presented are not necessarily indicative of the results of operations to be expected for the full fiscal year. These interim financial statements should be read in conjunction with the audited consolidated financial statements for the year ended May 27, 2023, which are included in the Company's Annual Report on Form 10-K ("Fiscal Year 2023 Form 10-K") filed with the SEC on July 25, 2023 (File No. 0-32113).

A complete listing of the Company's significant accounting policies is discussed in Note 2 – *Summary of Significant Accounting Policies* in the Notes to Consolidated Financial Statements included in the Fiscal Year 2023 Form 10-K.

Reporting Segments

Effective May 31, 2022, the Company's operating segments consist of the following:

RGP – a global consulting firm focused on project execution services that power clients' operational needs and change initiatives utilizing on-demand, experienced and diverse talent; and
Sitrick – a crisis communications and public relations firm which operates under the Sitrick brand, providing corporate, financial, transactional and crisis communication and management services.

Each of these segments reports through a separate management team to the Company's Chief Executive Officer, who is designated as the Chief Operating Decision Maker ("CODM") for segment reporting purposes. RGP is the Company's only reportable segment. Sitrick does not individually meet the quantitative threshold to qualify as a reportable segment. Therefore, Sitrick is disclosed in Other Segments. Each of these segments represents a reporting unit for the purposes of assessing goodwill for impairment.

On November 15, 2023, the Company acquired CloudGo Pte Ltd. and its subsidiaries (collectively, "CloudGo"). CloudGo is reported as part of the RGP operating segment. See Note 4 – *Acquisitions and Dispositions* in the Notes to Consolidated Financial Statements for further information.

On May 31, 2022, the Company divested *taskforce* – Management on Demand GmbH, and its wholly owned subsidiary skillforce – Executive Search GmbH, a German professional services firm operating under the *taskforce* brand ("*taskforce")*; see Note 4 – *Acquisitions and Dispositions* for further information. Prior to the divestiture, the business operated by *taskforce*, along with its parent company, Resources Global Professionals (Germany) GmbH ("RGP Germany"), an affiliate of the Company, represented an operating segment of the Company and was reported as a part of Other Segments.

Prior-period comparative segment information was not restated as a result of the divestiture of *taskforce* as the Company did not have a change in internal organization or the financial information that the CODM uses to assess performance and allocate resources. See Note 13 – *Segment Information and Enterprise Reporting* for further information.

Per Share Information

The Company presents both basic and diluted earnings per share ("EPS"). Basic EPS is calculated by dividing net income by the weighted-average number of common shares outstanding during the period. Performance stock units are excluded from the basic EPS calculation, since the number of shares subject to the award that will vest will not be determined until after the end of the applicable performance period. Diluted EPS is based upon the weighted-average number of common shares and common equivalent shares outstanding during the period, calculated using the treasury stock method. Common equivalent shares are excluded from the computation in periods in which they have an anti-dilutive effect. Stock options for which the exercise price exceeds the average market price over the period are anti-dilutive and are excluded from the calculation.

The following table summarizes the calculation of net income per common share for the three and six months ended November 25, 2023 and November 26, 2022 (in thousands, except per share amounts):

	Three Months Ended		Six Months Ended	
	November 25, 2023	**November 26, 2022**	**November 25, 2023**	**November 26, 2022**
Net income	$ 4,895	$ 17,432	$ 8,012	$ 35,572
Weighted-average shares outstanding:				
Basic weighted-average shares	33,409	33,510	33,410	33,394
Effect of dilutive shares:				
Potentially dilutive stock options	52	377	89	490
Potentially dilutive employee stock purchase plan	-	-	-	8
Potentially dilutive restricted stock awards	62	66	58	64
Potentially dilutive restricted stock units	188	245	200	243
Potentially dilutive performance stock units	190	103	188	93
Diluted weighted-average shares outstanding	33,901	34,301	33,945	34,292
Net income per common share:				
Basic	$ 0.15	$ 0.52	$ 0.24	$ 1.07
Diluted	$ 0.14	$ 0.51	$ 0.24	$ 1.04
Anti-dilutive shares not included above	2,254	703	2,005	6

Financial Instruments

The fair value of the Company's financial instruments reflects the amounts that the Company estimates it will receive in connection with the sale of an asset in an orderly transaction between market participants at the measurement date (exit price). The fair value hierarchy prioritizes the use of inputs used in valuation techniques into the following three levels:

Level 1 – Quoted prices in active markets for identical assets and liabilities.

Level 2 – Observable inputs other than quoted prices in active markets for identical assets and liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets.

Level 3 – Unobservable inputs.

Contingent consideration liability is for estimated future contingent consideration payments related to the Company's acquisitions. Total contingent consideration liabilities related to the acquisition of CloudGo was preliminarily valued at $4.5 million as of November 25, 2023. The fair value measurement of the liability was based on significant inputs not observed in the market and thus represents a Level 3 measurement. The significant unobservable inputs used in the fair value measurement of the contingent consideration liability were the Company's measures of the estimated payouts based on internally generated financial projections and discount rates. The fair value of contingent consideration liability will be remeasured on a quarterly basis until settlement by the Company using additional information as it becomes available, and any change in the fair value estimates will be recorded in selling, general and administrative expenses in the Company's Consolidated Statements of Operations. Future revisions to these assumptions could materially change the estimate of the fair value of contingent consideration and therefore could materially affect the Company's future operating results.

The Company's remaining financial instruments, including cash and cash equivalents, trade accounts receivable, accounts payable and other accrued expenses and long-term debt are carried at cost, which approximates their fair value because of the short-term maturity of these instruments or because their stated interest rates are indicative of market interest rates.

Capitalized Hosting Arrangements

The capitalized hosting arrangements costs are primarily related to the implementation of a cloud-based enterprise resource planning system and talent acquisition and management systems. Such costs include third party implementation costs and costs associated with internal resources directly involved in the implementation. Capitalized hosting arrangements are stated at historical cost and amortized on a straight-line basis over the estimated useful life of the expected term of the hosting arrangement, taking into consideration several other factors such as, but not limited to, options to extend the hosting arrangement or options to terminate the hosting arrangement. The amortization of capitalized implementation costs for hosting arrangements will commence when the systems are ready for their intended use and will be presented as operating expenses in the Consolidated Statements of Operations consistent with the presentation for expensing the fees for the associated hosting arrangement.

As of November 25, 2023, the capitalized costs related to hosting arrangements incurred during the application development stage were $11.9 million. These capitalized hosting arrangements are included in other non-current assets on the consolidated balance sheet and less than $0.1 million were amortized during the three and six months ended November 25, 2023. There were $6.0 million of capitalized costs recorded as of May 27, 2023 and no costs were amortized during the three and six months ended November 26, 2022.

Share Repurchases

The Company's stock repurchase program authorizes the Company to repurchase shares at the discretion of the Company's senior executives based on numerous factors, including, without limitation, share price and other market conditions, the Company's ongoing capital allocation planning, the levels of cash and debt balances, and other demands for cash. The Company records the shares repurchased as treasury stock based on the amount paid to repurchase its shares. Direct costs incurred to acquire treasury stock are treated like stock issue costs and added to the cost of the treasury stock.

See Note 9 — *Stockholders' Equity* for further information on the repurchased shares.

Recent Accounting Pronouncements

On October 9, 2023, Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-06, Disclosure Improvements, which closes out a long-running project to incorporate certain SEC disclosure requirements into authoritative accounting guidance (GAAP). The effective date for the ASU is immediately after the new Accounting Standards Codification ("ASC") ASC 260, Earnings Per Share is updated.

ASC 260 currently requires the following disclosures in interim periods: (1) A reconciliation of the numerators and the denominators of the basic and diluted per-share computations for income from continuing operations. (2) The effect that has been given to preferred dividends in arriving at income available to common stockholders in computing basic EPS. (3) Securities (including those issuable pursuant to contingent stock agreements) that could potentially dilute basic EPS in the future that were not included in the computation of diluted EPS because to do so would have been antidilutive for the period(s) presented. (4) The methods used in the diluted EPS computation for each dilutive security, e.g., treasury stock method, if-converted method, two-class method, or reverse treasury stock method. The Company adopted the guidance effective with the quarter ending November 25, 2023 and prior periods to the date of adoption are presented in accordance with ASC 260 – Earnings Per Share.

Other recent accounting pronouncements or changes in accounting pronouncements issued by the FASB, the America Institute of Certified Public Accountants and the SEC did not, or are not expected to, have a material significance, or have potential material significance, to the Company's financial statements since those discussed in the Company's Fiscal Year 2023 Form 10-K.

3. Revenue Recognition

The timing of revenue recognition, billings and cash collections affects the recognition of trade accounts receivable, contract assets and contract liabilities.

Contract assets represent the Company's rights to consideration for completed performance under the contract (i.e., unbilled receivables), in which the Company has transferred control of the product or services before there is an unconditional right to payment. Contract assets were $29.2 million and $35.4 million as of November 25, 2023 and May 27, 2023, respectively, which were included in trade accounts receivable in the Consolidated Balance Sheets.

Contract liabilities represent deferred revenue when cash is received in advance of performance of services and are presented in other current liabilities in the Consolidated Balance Sheets. Contract liabilities were $3.1 million as of both November 25, 2023 and May 27, 2023. Revenue recognized during the three and six months ended November 25, 2023 that was included in deferred revenue as of May 27, 2023 were $0.5 million and $2.1 million, respectively.

4. Acquisitions and Dispositions

Acquisition of CloudGo

On November 15, 2023, the Company acquired 100% of the equity interests in CloudGo pursuant to the terms of a Share Purchase Agreement entered into by and between the Company, CloudGo, and the shareholders of CloudGo (the "CloudGo SPA"). Headquartered in Singapore, CloudGo is a digital transformation firm primarily focused on technology implementation through the ServiceNow platform. The Company paid an initial cash consideration of $7.2 million (net of $0.5 million cash acquired). The initial consideration is subject to final post-closing adjustments for the final working capital, cash, indebtedness and transaction expenses as described in the CloudGo SPA.

In addition, the CloudGo SPA provides for contingent consideration of up to $12 million to be paid based on CloudGo's revenue and operating profit margin performance during two one-year performance periods that begin after the acquisition date. The Company determined the fair value of the contingent consideration as of the acquisition date using the Monte Carlo simulation model and the application of an appropriate discount rate (Level 3 fair value). The current preliminary fair value of the contractual obligation to pay the contingent consideration amounted to $4.5 million and was recorded in contingent consideration liabilities and long-term liabilities in the Consolidated Balance Sheet. Each reporting period, the Company will estimate changes in the fair value of contingent consideration and any change in fair value will be recognized in the Company's Consolidated Statements of Operations. The estimate of fair value of contingent consideration liability requires assumptions to be made of various levels of potential revenue and operating profit performance as well as discount rates. Future revisions to these assumptions could materially change the estimate of the fair value of contingent consideration and therefore could materially affect the Company's future operating results.

Results of operations of CloudGo are included in the Consolidated Statements of Operations from the date of acquisition. CloudGo contributed $0.2 million of revenue and $0.1 million of operating loss to the consolidated results of operations in the second quarter of fiscal 2024. During the three months ended November 25, 2023, the Company incurred $1.1 million in acquisition costs that were recorded in selling, general and administrative expenses in the Consolidated Statement of Operations.

In accordance with ASC 805, the Company made an initial provisional allocation of the purchase price for CloudGo based on the fair value of the assets acquired and liabilities assumed, with the residual amount recorded as goodwill. The Company's provisional purchase price allocation considered a number of factors, including the valuation of identifiable intangible assets. In connection with this acquisition, the Company provisionally recorded total intangible assets consisting of $3.1 million for customer relationships (to be amortized over 9 to 12 years) and $0.1 million for tradenames (to be amortized over 1 year). The Company also provisionally recorded $9.9 million of goodwill. The goodwill is attributable primarily to expected synergies and the assembled workforce of CloudGo.

The following table summarizes the consideration for the acquisition of CloudGo and the provisional amounts of the identified assets acquired and liabilities assumed at the acquisition date:

Fair value of consideration transferred (in thousands):

Cash	$	7,694
Estimated initial contingent consideration		4,500
Total	$	12,194

Recognized provisional amounts of identifiable assets acquired and liabilities assumed (in thousands):

Cash and cash equivalents	$	479
Trade accounts receivable *(1)*		780
Prepaid expenses and other current assets		84
Income taxes receivable		7
Intangible assets		3,200
Property and equipment		34
Total identifiable assets		4,584
Accounts payable and other accrued expenses		386
Accrued salaries and related obligations		511
Deferred tax liabilities		847
Other liabilities		584
Total liabilities assumed		2,328
Net identifiable assets acquired		2,256
Goodwill		9,938
Net assets acquired	$	12,194

(1) As of the acquisition date, the gross contractual amount of accounts receivable of $0.8 million was expected to be fully collected.

The purchase price allocation described above is preliminary with respect to the valuation of intangible assets acquired, goodwill, tax related matters, and the amount of contingent consideration. A final determination of fair value of assets acquired and liabilities assumed relating to the acquisition could differ from the preliminary purchase price allocation. The Company expects to finalize the valuation and complete the purchase price allocation as soon as practicable, but no later than one year from the acquisition date.

The weighted-average useful lives of the tradename and customer relationships are approximately 1 year and 10.94 years, respectively. The weighted-average useful life of all CloudGo's intangible assets is 10.63 years.

Sale of taskforce

On April 21, 2022, RGP Germany entered into a Sale and Purchase Agreement (the "*taskforce* SPA") to sell its business in *taskforce* to MoveVision – Management-, Beteiligungs- und Servicegesellschaft mbH and Blue Elephant – Management-, Beteiligungs- und Servicegesellschaft mbH (collectively, the "Purchasers"), owned by the original founder and a member of the senior leadership team of *taskforce*, respectively. The *taskforce* SPA provided for the sale of all of the shares of *taskforce* from RGP Germany to the Purchasers for a purchase price of approximately EUR 5.5 million, subject to final working capital adjustments, with 50% of the consideration to be paid in cash in connection with the closing and the remaining 50% payable on July 1, 2024 and bearing interest based on the Company's average borrowing interest rate plus 285 basis points, compounded annually.

On May 31, 2022, the Company completed the sale of *taskforce*. Upon conclusion of the Final Completion Accounts and Calculation (as defined in the *taskforce* SPA), the final purchase price was determined to be EUR 5.5 million (approximately $6.0 million), of which EUR 2.8 million (approximately $3.0 million) was received in cash and EUR 2.7 million (approximately $3.0 million) shall become due in July 2024 in accordance with the *taskforce* SPA. During fiscal year 2023, the Company received full payment from the purchasers of *taskforce* on the note receivable in the amount of EUR 2.7 million (approximately $3.0 million), which included an interest payment. The Company recognized a $0.2 million gain on the sale in the three months ended August 27, 2022, which was recorded in other income in the Company's Consolidated Statements of Operations. The disposition of *taskforce* did not qualify as a discontinued operation because it did not represent a strategic shift that has or will have a major effect on the Company's operations or financial results.

5. Goodwill and Intangible Assets

The following table summarizes the activity in the Company's goodwill balance (in thousands):

	RGP		Other Segments		Total	
Balance as of May 27, 2023	$	206,722	$	-	$	206,722
Acquisition (see Note 4)		9,938		-		9,938
Impact of foreign currency exchange rate changes		374		-		374
Balance as of November 25, 2023	$	217,034	$	-	$	217,034

The following table presents details of the Company's intangible assets, estimated lives and related accumulated amortization (in thousands):

	Estimated Useful Life	As of November 25, 2023			As of May 27, 2023		
		Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer contracts and relationships	3 - 12 years	$ 25,100	$ (15,258)	$ 9,842	$ 22,000	$ (13,802)	$ 8,198
Computer software	2 - 3.5 years	7,870	(5,396)	2,474	7,541	(4,218)	3,323
Tradenames	1 year	100	-	100	-	-	-
Total		$ 33,070	$ (20,654)	$ 12,416	$ 29,541	$ (18,020)	$ 11,521

The Company recorded amortization expense of $1.3 million and $1.2 million for the three months ended November 25, 2023 and November 26, 2022, respectively, and $2.6 million and $2.5 million for the six months ended November 25, 2023 and November 26, 2022, respectively.

The following table presents future estimated amortization expense based on existing intangible assets (in thousands):

Fiscal Years:	
2024 (remaining six months)	$ 2,794
2025	4,147
2026	2,793
2027	593
2028 and thereafter	2,089
Total	$ 12,416

Actual future estimated amortization expense could differ from these estimated amounts as a result of future acquisitions, dispositions, impairments, and other factors or changes.

6. Leases

The Company currently leases office space, vehicles and certain equipment under operating leases through fiscal 2030. In addition, the Company owns its headquarters office building located in Irvine, California and leases approximately 13,000 square feet of the approximately 57,000 square feet of the building to independent third parties pursuant to operating lease agreements with terms through fiscal 2025.

Lease cost components included within selling, general and administrative expenses in the Consolidated Statements of Operations were as follows (in thousands):

	Three Months Ended		Six Months Ended	
	November 25, 2023	November 26, 2022	November 25, 2023	November 26, 2022
Operating lease cost *(1)*	$ 1,852	$ 1,944	$ 3,716	$ 3,473
Short-term lease cost	45	7	102	32
Variable lease cost	435	343	808	589
Sublease income *(2)*	(202)	(141)	(331)	(289)
Total lease cost	$ 2,130	$ 2,153	$ 4,295	$ 3,805

(1) Operating lease cost for the six months ended November 26, 2022 includes a $0.4 million reduction resulting from a one-time settlement of a lease liability involving an office space.

(2) Sublease income does not include rental income received from owned property, which is not material.

The weighted-average lease term and weighted-average discount rate for operating leases as of November 25, 2023 and May 27, 2023 are presented in the following table:

	As of November 25, 2023	As of May 27, 2023
Weighted-average remaining lease term	3.6 years	3.4 years
Weighted-average discount rate	4.35%	3.97%

Cash flow and other noncash information related to operating leases is included in the following table (in thousands):

	Three Months Ended		Six Months Ended	
	November 25, 2023	November 26, 2022	November 25, 2023	November 26, 2022
Cash paid for amounts included in the measurement of operating lease liabilities	$ 2,120	$ 2,303	$ 4,329	$ 4,776
Right-of-use assets obtained in exchange for new operating lease obligations	$ 1,937	$ 388	$ 2,920	$ 3,989

Future maturities of operating lease liabilities as of November 25, 2023 are presented in the following table (in thousands):

Fiscal Years:	Operating Lease Maturity
2024 (remaining six months)	$ 3,980
2025	5,030
2026	3,470
2027	2,204
2028	1,871
Thereafter	1,369
Total future lease payments	17,924
Less: interest	(1,375)
Present value of operating lease liabilities	$ 16,549

7. Long-Term Debt

On November 12, 2021, the Company and Resources Connection LLC, as borrowers, and all of the Company's domestic subsidiaries, as guarantors, entered into a credit agreement with the lenders that are party thereto and Bank of America, N.A. as administrative agent for the lenders (the "Credit Agreement"). The Credit Agreement provides for a $175.0 million senior secured revolving loan (the "Credit Facility"), which includes a $10.0 million sublimit for the issuance of standby letters of credit and a swingline sublimit of $20.0 million. The Credit Facility also includes an option to increase the amount of the revolving loan up to an additional $75.0 million, subject to the terms of the Credit Agreement. The Credit Facility matures on November 12, 2026. The obligations under the Credit Facility are secured by substantially all assets of the Company, Resources Connection LLC and all of the Company's domestic subsidiaries.

Future borrowings under the Credit Facility bear interest at a rate per annum of either, at the Company's election, (i) Term SOFR (as defined in the Credit Agreement) plus a margin ranging from 1.25% to 2.00% or (ii) the Base Rate (as defined in the Credit Agreement), plus a margin of 0.25% to 1.00% with the applicable margin depending on the Company's consolidated leverage ratio. In addition, the Company pays an unused commitment fee on the average daily unused portion of the Credit Facility, which ranges from 0.20% to 0.30% depending on the Company's consolidated leverage ratio.

The Credit Agreement contains both affirmative and negative covenants. Covenants include, but are not limited to, limitations on the Company's and its subsidiaries' ability to incur liens, incur additional indebtedness, make certain restricted payments, merge or consolidate and make dispositions of assets. In addition, the Credit Agreement requires the Company to comply with financial covenants including limitations on the Company's total funded debt, minimum interest coverage ratio and maximum leverage ratio. The Company was compliant with all financial covenants under the Credit Agreement as of November 25, 2023.

As of November 25, 2023 and May 27, 2023, the Company had no debt outstanding under the Credit Facility. In addition, the Company had $1.4 million and $0.8 million of outstanding letters of credit issued under the Credit Facility as of November 25, 2023 and May 27, 2023, respectively. As of November 25, 2023, there was $173.6 million remaining capacity under the Credit Facility.

On November 2, 2022, Resources Global Enterprise Consulting (Beijing) Co., Ltd. (a wholly-owned subsidiary of the Company), as borrower, and the Company, as guarantor, entered into a RMB 13.4 million ($1.8 million based on the prevailing exchange rate on November 2, 2022) revolving credit facility with Bank of America, N.A. (Beijing) as the lender (the “Beijing Revolver”). The Beijing Revolver bears interest at loan prime rate plus 0.80%. Interest incurred on borrowings will be payable monthly in arrears. As of November 25, 2023, the Company had no debt outstanding under the Beijing Revolver and RMB 13.4 million ($1.9 million based on the prevailing exchange rate on November 25, 2023) in available credit. The availability of proceeds under the Beijing Revolver is at the lender's absolute discretion and may be terminated at any time by the lender, with or without prior notice to the borrower.

8. Income Taxes

For the three months ended November 25, 2023 and November 26, 2022, the Company’s income tax expense was $3.8 million, an effective tax rate of 43.4%, and $5.9 million, an effective tax rate of 25.2%, respectively. For the six months ended November 25, 2023 and November 26, 2022, the Company’s income tax expense was $5.8 million, an effective tax rate of 42.1%, and $12.9 million, an effective tax rate of 26.6%, respectively. The higher effective tax rate in the second quarter of fiscal 2024 was attributed primarily to a nonrecurring increase in forfeiture of stock options, coupled with a capitalization of acquisition related costs for tax purposes. Additionally, the lower effective tax rate in three months ended November 26, 2022 resulted from a number of one-time tax benefits recognized and a larger pretax income base lowering the tax expense ratio.

The Company operates in an international environment. Accordingly, the consolidated effective tax rate is a composite rate reflecting the earnings (losses) in various locations and the applicable tax rates in those jurisdictions, and fluctuations in the consolidated effective tax rate year over year, are due to the changes in the mix of operating income and losses amongst the various jurisdictions in which the Company operates.

For the three months ended November 25, 2023 and November 26, 2022, the Company recognized a tax benefit of approximately $1.0 million and $1.1 million, respectively, associated with the exercise of nonqualified stock options, vesting of restricted stock awards, restricted stock units, and disqualifying dispositions by employees of shares acquired under the Employee Stock Purchase Plan (“ESPP”). For the six months ended November 25, 2023 and November 26, 2022, the Company recognized a tax benefit of approximately $1.2 million and $1.7 million, respectively, associated with the exercise of nonqualified stock options, vesting of restricted stock awards, restricted stock units, and disqualifying dispositions by employees of shares acquired under the ESPP.

The Company’s total liability for unrecognized gross tax benefits, including accrued interest and penalties, was $1.0 million as of both November 25, 2023 and May 27, 2023, which, if ultimately recognized, would impact the effective tax rate in future periods. The unrecognized tax benefits are included in other long-term liabilities in the Consolidated Balance Sheets. None of the unrecognized tax benefits are short-term liabilities as the Company does not anticipate any cash payments within 12 months to settle the liability.

9. Stockholders’ Equity

Stock Repurchase Program

The Company’s board of directors has previously approved a stock repurchase program authorizing the repurchase, at the discretion of the Company’s senior executives, of the Company’s common stock for a designated aggregate dollar limit. The current program was authorized in July 2015 (the “July 2015 Program”) and set an aggregate dollar limit not to exceed $150 million. Subject to the aggregate dollar limit, the currently authorized stock repurchase program does not have an expiration date. Repurchases under the program may take place in the open market or in privately negotiated transactions and may be made pursuant to a Rule 10b5-1 plan. During the three and six months ended November 25, 2023, the Company purchased 353,858 shares of its common stock on the open market at an average price of $14.13 per share, for an aggregate total purchase price of approximately $5.0 million. As of November 25, 2023, approximately $45.2 million remained available for future repurchases of the Company’s common stock under the July 2015 Program. During the three and six months ended November 26, 2022, the Company purchased 318,438 shares of its common stock on the open market at an average price of $16.80 per share, for an aggregate total purchase price of approximately $5.4 million.

Quarterly Dividend

Subject to approval each quarter by its board of directors, the Company pays a regular dividend. On October 19, 2023, the board of directors declared a regular quarterly dividend of $0.14 per share of the Company’s common stock. The dividend was paid on December 14, 2023 to stockholders of record at the close of business on November 16, 2023. As of both November 25, 2023 and May 27, 2023, $4.7 million was accrued and recorded in other current liabilities in the Company’s Consolidated Balance Sheets for dividends declared but not yet paid. Continuation of the quarterly dividend is at the discretion of the board of directors and depends upon the Company’s financial condition, results of operations, capital requirements, general business condition, contractual restrictions contained in the Credit Facility and other agreements, and other factors deemed relevant by the board of directors.

10. Restructuring Activities

During the second quarter of fiscal 2024, the Company initiated a cost reduction plan, including a reduction in force, (the "United States (U.S.) Restructuring Plan") intended to reduce costs and streamline operations. The U.S. Restructuring Plan resulted in a reduction of force of approximately 8% of the Company's U.S. management and administrative workforce. The Company incurred employee termination costs associated with the U.S. Restructuring Plan within its RGP segment, and were recorded in selling, general and administrative expenses in its Consolidated Statements of Operations. The U.S. Restructuring Plan was substantially completed during the second quarter of fiscal 2024. Restructuring costs were $2.3 million for the three and six months ended November 25, 2023.

The Company previously initiated global restructuring and business transformation plans in North America, Asia Pacific and Europe (the "Global Restructuring Plans") during calendar year 2020 that were substantially completed in fiscal 2021. Restructuring adjustments, including real estate exit costs and adjustments to employee termination costs, associated with the restructuring activities was zero and ($0.4) million for the three and six months ended November 26, 2022. The restructuring liability was $0.3 million and zero as of November 25, 2023 and May 27, 2023, respectively.

11. Stock-Based Compensation Plans

General

The Company's stockholders approved the Resources Connection, Inc. 2020 Performance Incentive Plan (the "2020 Plan") on October 22, 2020, which replaced and succeeded in its entirety the Resources Connection, Inc. 2014 Performance Incentive Plan (the "2014 Plan"). Executive officers and certain employees, as well as non-employee directors of the Company and certain consultants and advisors are eligible to participate in the 2020 Plan. The maximum number of shares of the Company's common stock that may be issued or transferred pursuant to awards under the 2020 Plan equals: (1) 1,797,440 (which represents the number of shares that were available for additional award grant purposes under the 2014 Plan immediately prior to the termination of the authority to grant new awards under the 2014 Plan as of October 22, 2020), plus (2) the number of any shares subject to stock options granted under the 2014 Plan or the Resources Connection, Inc. 2004 Performance Incentive Plan (together with the 2014 Plan, the "Prior Plans") and outstanding as of October 22, 2020 which expire, or for any reason are cancelled or terminated, after that date without being exercised, plus (3) the number of any shares subject to restricted stock and restricted stock unit awards granted under the Prior Plans that are outstanding and unvested as of October 22, 2020 which are forfeited, terminated, cancelled, or otherwise reacquired after that date without having become vested.

Awards under the 2020 Plan may include, but are not limited to, stock options, stock appreciation rights, restricted stock, performance stock, stock units, stock bonuses and other forms of awards granted or denominated in shares of common stock or units of common stock, as well as certain cash bonus awards. Historically, the Company has granted restricted stock, restricted stock units and stock option awards under the 2020 Plan that typically vest in equal annual installments, and performance stock unit awards under the 2020 Plan that vest upon the achievement of certain Company-wide performance targets at the end of the defined performance period. Stock option grants typically terminate ten years from the date of grant. Vesting periods for restricted stock, restricted stock units and stock option awards range from three to four years. The performance periods for the performance stock unit awards are three years. As of November 25, 2023, there were 1,086,317 shares available for further award grants under the 2020 Plan.

Stock-Based Compensation Expense

Stock-based compensation expense included in selling, general and administrative expenses was $0.5 million and $2.2 million for the three months ended November 25, 2023 and November 26, 2022, respectively, and $3.1 million and $4.8 million for the six months ended November 25, 2023 and November 26, 2022, respectively. These amounts consisted of stock-based compensation expense related to employee stock options, restricted stock awards, restricted stock unit awards and performance stock unit awards under the 2020 Plan and Prior Plans, employee stock purchases made via the ESPP, and stock units credited under the Directors Deferred Compensation Plan. The Company recognized a near zero tax benefit and a tax benefit of $0.3 million associated with such stock-based compensation expense during the three months ended November 25, 2023 and November 26, 2022, respectively, and $0.6 million and $1.0 million during the six months ended November 25, 2023 and November 26, 2022, respectively.

The Company recognizes stock-based compensation expense on time-vesting equity awards ratably over the applicable vesting period based on the grant date fair value, net of estimated forfeitures. Expense related to the liability-classified awards reflects the change in fair value during the reporting period. The number of performance stock units earned at the end of the applicable performance period may equal, exceed or be less than the targeted number of shares depending on whether the performance criteria are met, surpassed or not met. During each reporting period, the Company uses the latest forecasted results to estimate the number of shares to be issued at the end of the performance period. Any resulting changes to stock compensation expense are adjusted in the period in which the change in estimates occur.

Stock Options

The following table summarizes the stock option activity for the six months ended November 25, 2023 (in thousands, except weighted-average exercise price):

	Number of Options		Weighted-Average Exercise Price
Outstanding at May 27, 2023	2,648	$	16.44
Exercised	(26)		14.75
Forfeited	(9)		17.44
Expired	(271)		16.91
Outstanding at November 25, 2023	2,342	$	16.40
Exercisable at November 25, 2023	2,336	$	16.41
Vested and expected to vest at November 25, 2023 *(1)*	2,342	$	16.40

(1) The options expected to vest are the result of applying the pre-vesting forfeiture rate assumptions to options not yet vested of 6,875 shares as of November 25, 2023.

As of November 25, 2023, there was less than $0.1 million of unrecognized compensation costs related to unvested and outstanding employee stock options. The cost is expected to be recognized over a weighted-average period of 0.19 years.

Employee Stock Purchase Plan

On October 20, 2022, the Company's stockholders approved an amendment and restatement of the 2019 ESPP that increased the number of shares authorized for issuance under the ESPP by 1,500,000, resulting in a maximum number of shares of the Company's common stock authorized for issuance under the ESPP of 3,325,000 shares.

The Company's ESPP allows qualified employees (as defined in the ESPP) to purchase designated shares of the Company's common stock at a price equal to 85% of the lesser of the fair market value of common stock at the beginning or end of each semi-annual stock purchase period. The Company issued 198,150 and 183,000 shares of common stock pursuant to the ESPP during the six months ended November 25, 2023 and November 26, 2022, respectively. There were 1,580,774 shares of common stock available for issuance under the ESPP as of November 25, 2023.

Restricted Stock Awards ("RSAs")

The following table summarizes the activities for the unvested RSAs for the six months ended November 25, 2023 (in thousands, except weighted-average grant-date fair value):

	Shares		Weighted-Average Grant-Date Fair Value
Outstanding at May 27, 2023	209	$	17.19
Granted	77		13.70
Vested	(77)		16.40
Forfeited	-		-
Unvested as of November 25, 2023	209	$	16.18
Expected to vest as of November 25, 2023	180	$	16.28

As of November 25, 2023, there was $2.6 million of total unrecognized compensation costs related to unvested RSAs. The cost is expected to be recognized over a weighted-average period of 1.57 years.

Restricted Stock Units ("RSUs")

The Company may issue either equity-classified RSUs, which are awards granted to employees under the 2020 Plan that settle in shares of the Company's common stock, or liability-classified RSUs, which are awards credited to board of director members under the Directors Deferred Compensation Plan that settle in cash.

The following table summarizes the activities for the unvested RSUs, including both equity- and liability-classified RSUs, for the six months ended November 25, 2023 (in thousands, except weighted-average grant-date fair value):

	Equity-Classified RSUs		Liability-Classified RSUs		Total RSUs	
	Shares	Weighted-Average Grant-Date Fair Value	Shares	Weighted-Average Grant-Date Fair Value	Shares	Weighted-Average Grant-Date Fair Value
Outstanding at May 27, 2023	631	$ 15.78	60	$ 16.55	691	$ 15.85
Granted (*1*)	292	13.63	3	15.59	295	13.65
Vested	(183)	14.89	(18)	16.39	(201)	15.02
Forfeited	(140)	15.58	-	-	(140)	15.58
Unvested as of November 25, 2023	600	$ 15.05	45	$ 16.55	645	$ 15.15
Expected to vest as of November 25, 2023	521	$ 15.06	45	$ 16.55	566	$ 15.18

(1) The dividend equivalents are included in the granted shares.

As of November 25, 2023, there was $7.4 million of total unrecognized compensation costs related to unvested equity-classified RSUs. The cost is expected to be recognized over a weighted-average period of 1.93 years.

As of November 25, 2023, there was $0.6 million of total unrecognized compensation costs related to unvested liability-classified RSUs. The cost is expected to be recognized over a weighted-average period of 1.66 years.

Performance Stock Units ("PSUs")

The Company has issued PSUs to certain members of management and other select employees. The total number of shares that would vest under the PSUs will be determined at the end of the applicable three-year performance period based on the Company's achievement of certain revenue and Adjusted EBITDA (as defined below in Note 13 – *Segment Information and Enterprise Reporting*) percentage targets over the applicable performance period. The total number of shares that may be earned for these awards based on performance over the performance period ranges from zero to 150% of the target number of shares.

The following table summarizes the activities for the unvested PSUs for the six months ended November 25, 2023 (in thousands, except weighted-average grant-date fair value):

	Shares *(1)*	Weighted-Average Grant-Date Fair Value
Outstanding at May 27, 2023	434	$ 18.32
Granted (*2*)	288	13.63
Vested	-	-
Forfeited	(92)	18.33
Unvested as of November 25, 2023	630	$ 16.17
Expected to vest as of November 25, 2023	527	$ 16.46

(1) Shares are presented in this table at the stated target, which represents the base number of shares that would vest over the applicable performance period. Actual shares that vest may be zero to 150% of the target based on the achievement of the specific company-wide performance targets.

(2) The dividend equivalents are included in the granted shares.

As of November 25, 2023, there was $4.2 million of total unrecognized compensation costs related to unvested PSUs. The cost is expected to be recognized over a weighted-average period of 2.00 years.

12. Commitments and Contingencies

Legal Proceedings

The Company is involved in certain legal matters arising in the ordinary course of business. In the opinion of management, none of such matters, if disposed of unfavorably, would have a material adverse effect on the Company's financial position, cash flows or results of operations.

13. Segment Information and Enterprise Reporting

The tables below reflect the operating results of the Company's segments consistent with the management and performance measurement system utilized by the Company. Upon completing the sale of the *taskforce* operating segment, effective May 31, 2022, the Company's operating segments consist of RGP and Sitrick. Prior-period comparative segment information was not restated. See Note 2 – *Summary of Significant Accounting Policies* for further discussion about the Company's operating and reportable segments.

Performance measurement is based on segment Adjusted EBITDA, a non-GAAP measure. Adjusted EBITDA is defined as net income before amortization expense, depreciation expense, interest and income taxes plus or minus stock-based compensation expense, technology transformation costs, one-time acquisition costs and restructuring costs. Adjusted EBITDA at the segment level excludes certain shared corporate administrative costs that are not practical to allocate. The Company's CODM does not evaluate segments using asset information.

The following table discloses the Company's revenue and Adjusted EBITDA by segment for both periods presented (in thousands):

	Three Months Ended		Six Months Ended	
	November 25, 2023	**November 26, 2022**	**November 25, 2023**	**November 26, 2022**
Revenue:				
RGP	$ 160,875	$ 197,584	$ 328,378	$ 398,579
Other Segments	2,252	2,771	4,918	5,838
Total revenue	$ 163,127	$ 200,355	$ 333,296	$ 404,417
Adjusted EBITDA:				
RGP	$ 23,523	$ 37,664	$ 44,320	$ 76,011
Other Segments	(533)	332	(462)	648
Reconciling items *(1)*	(6,929)	(8,365)	(16,251)	(16,318)
Total Adjusted EBITDA *(2)*	$ 16,061	$ 29,631	$ 27,607	$ 60,341

(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 below.

The table below represents a reconciliation of the Company's net income to Adjusted EBITDA for both periods presented (in thousands):

	Three Months Ended		Six Months Ended	
	November 25, 2023	**November 26, 2022**	**November 25, 2023**	**November 26, 2022**
Net income	$ 4,895	$ 17,432	$ 8,012	$ 35,572
Adjustments:				
Amortization expense	1,321	1,216	2,635	2,468
Depreciation expense	810	880	1,687	1,767
Interest (income) expense, net	(293)	199	(605)	515
Income tax expense	3,753	5,877	5,828	12,869
EBITDA	10,486	25,604	17,557	53,191
Stock-based compensation expense	516	2,237	3,068	4,766
Technology transformation costs *(1)*	1,678	1,748	3,601	2,739
Acquisition costs *(2)*	1,126	-	1,126	-
Restructuring costs *(3)*	2,255	42	2,255	(355)
Adjusted EBITDA	$ 16,061	$ 29,631	$ 27,607	$ 60,341

(1) 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 systems. Such costs primarily include hosting and certain other software licensing costs, third-party consulting fees and costs associated with dedicated internal resources that are not capitalized.

(2) Acquisition costs represent one-time costs included in net income related to the Company's acquisition of CloudGo, which include fees paid to the Company's brokers and other professional services firms. See Note 4 – Acquisitions and Dispositions in the Notes to Consolidated Financial Statements for further discussion.

(3) The Company initiated the U.S. Restructuring Plan in October 2023 and substantially completed the plan during the second quarter of fiscal 2024. In fiscal 2021, the Company substantially completed the Global Restructuring Plans and the remaining accrued restructuring liability on the books was released in fiscal 2023.

14. Subsequent Event

On December 28, 2023, the Company executed a 10-year lease agreement for office space in New York City that will commence July 1, 2024. This lease is expected to replace the current lease agreement upon its expiration. Annual fixed rent will be $1.2 million through the fifth anniversary of the lease and $1.3 million for the remaining five years of the lease term.

ITEM 2. ***MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.***

The following discussion and analysis of our financial condition, results of operations, and liquidity and capital resources for the three and six months ended November 25, 2023 should be read in conjunction with the accompanying unaudited consolidated financial statements and related notes and with our Annual Report on Form 10-K for the year ended May 27, 2023 filed with the Securities and Exchange Commission ("SEC"). This discussion and analysis contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These statements relate to expectations concerning matters that are not historical facts. For example, statements discussing, among other things, expected costs and liabilities, business strategies, growth strategies and initiatives, acquisition strategies, future revenues and future performance, are forward-looking statements. 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 Quarterly Report on Form 10-Q, such statements include statements regarding our growth, operational and strategic plans.

These statements and all phases of our 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. Risks and uncertainties include, but are not limited to, the following: risks related to an economic downturn or deterioration of general macroeconomic conditions, 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, potential adverse effects to our and our clients' liquidity and financial performances from bank failures or other events affecting financial institutions, risks arising from epidemic diseases or pandemics, 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 due to 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, the possibility that our recent rebranding efforts may not be successful, our potential inability to adequately protect our intellectual property rights, 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, the possibility that we are unable to or elect not to pay our quarterly dividend payment, and other factors and uncertainties as are identified in our most recent Annual Report on Form 10-K for the year ended May 27, 2023 and our other public filings made with the SEC (File No. 0-32113). 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 the forward-looking statements included herein, which speak only as of the date of this filing. We do not intend, and undertake no obligation, to update the forward-looking statements in this filing to reflect events or circumstances after the date of this filing or to reflect the occurrence of unanticipated events, unless required by law to do so. References in this filing to "Resources Global Professionals," the "Company," "we," "us," and "our" refer to Resources Connection, Inc. and its subsidiaries.

Overview

Resources Global Professionals ("RGP") is a global consulting firm based in Irvine, CA (with offices worldwide) focused on project execution services that power clients' operational needs and change initiatives utilizing on-demand, expert and diverse talent. As a next-generation human capital partner for our clients, we specialize in co-delivery of enterprise initiatives typically precipitated by business transformation, strategic transactions or regulatory change. 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.

We attract top-caliber professionals with in-demand skill sets who seek a workplace environment characterized by choice and control, collaboration and human connection. The trends in today's marketplace favor flexibility and agility as businesses confront transformation pressures and skilled labor shortages even in the face of macroeconomic contraction. Our client engagement and talent delivery model offers speed and agility, strongly positioning us to help our clients transform their businesses and workplaces, especially at a time where cost reduction initiatives drive an enhanced reliance on a flexible workforce to execute transformational projects.

We are laser-focused on driving long-term growth in our business by seizing favorable macro shifts in workforce strategies and preferences, building an efficient and scalable operating model, and maintaining a distinctive culture and approach to professional services. Our enterprise initiatives in recent years include refining the operating model for sales, talent and delivery to be more client-centric, cultivating a more robust performance culture by aligning incentives to business performance, building and commercializing our digital engagement platform, enhancing our consulting capabilities in digital transformation to align with market demand, improving operating leverage through pricing, operating efficiency and cost reduction, and driving growth through strategic acquisitions. We believe our focus and execution on these initiatives will serve as the foundation for growth ahead. See Part 1, Item 1 “Business” of our Fiscal Year 2023 Form 10-K for further discussions about our business and operations.

Fiscal 2024 Strategic Focus Areas

Building upon the foundation we established through fiscal 2023, we will continue to execute the following enterprise growth drivers in fiscal 2024:

- Transform digitally;
- Amplify brand voice and clarify solution offerings;
- Evolve operating model;
- Migrate to value-based pricing; and
- Pursue targeted mergers and acquisitions.

Transform digitally – Our first area of focus remains embracing continued digital transformation to improve operational efficiency, scale business growth, transform stakeholder experience and create long-term sustainability and stockholder value.

In fiscal 2022, we launched a multi-year global technology transformation project which includes replacing our core financial and talent software systems and optimizing our existing systems including Salesforce and Workday Human Capital Management. We have made significant progress to date and will be launching a new talent management system in North America in February 2024. We believe our investment in this important modernization initiative will enhance the experience for all of our core constituents and drive improved finance metrics through automation, better data analytics and faster global collaboration. Seamless global execution capability will enhance our competitive advantage as a preferred partner for global transformation projects.

We believe the use of technology platforms to match clients and talent is the future of professional staffing. HUGO by RGP™ (“HUGO”), our digital engagement platform, allows clients and talent in the professional staffing space to connect, engage and even transact directly. We completed our pilot in three primary markets – New York/New Jersey, Southern California and Texas – and received positive and encouraging feedback from clients and talent alike. We are now ready to pursue a more aggressive digital marketing plan to accelerate commercialization and achieve broader adoption. With the accounting profession losing talent in unprecedented numbers, we believe HUGO offers these professionals a viable alternative to the traditional accounting firm career path – one founded on flexibility, choice and career-control. Over time, we expect to be able to drive volume through the HUGO platform by attracting more small- and medium-sized businesses looking for interim support and by serving a larger percentage of our current interim business, which we believe will not only drive top-line growth but also enhance profitability.

Amplify brand voice and clarify solution offerings – Our second focus area for this fiscal year is a sustained effort to enhance and amplify our brand in the marketplace. We will be driving toward a refreshed view of our business, serving clients in three areas: (1) the core is our white-glove agile talent platform of deep functional experts that execute mission-critical projects for our clients. We empower expert, diverse professionals with ultimate career control and offer them access to opportunities to work with top enterprise brands. Our agile talent business also includes HUGO, which focuses on offering clients direct access to earlier career Accounting and Finance professionals through a digital self-service model; (2) our consulting business today consists largely of Veracity, our end-to-end digital transformation firm, and Sitrick and Company, a top strategic communications firm. We are actively working to grow our capabilities in the consulting arena both organically and through targeted M&A, with a special focus on digital transformation, financial advisory and operational excellence; (3) Countsy is our managed services business, offering finance, accounting, and HR solutions to venture-backed start-up clients through a unique combination of on-demand fractional leadership and a streamlined technology platform.

Our investment in the RGP brand notably includes development of fresh thought leadership content based on RGP’s own market research studies. Companies today are in a constant state of transformation – serving as a driving force for dynamic innovation and rethinking of business models. Foundationally, this includes a shift in the composition of the workforce. This year, we conducted an in-depth global research study which established that companies are increasing by double-digits their engagement with interim, on-demand and agile professional talent to deliver better outcomes with greater efficiency. This fall, we released a new research study that more closely examined this paradigm shift in workforce strategy. What we are seeing is organizations increasingly and intentionally embracing a hybrid approach that includes a mix of internal and external talent – what we are terming “The Dynamic Workforce.”

Evolve operating model – The third area of focus for fiscal 2024 is to evolve our operating model to optimally organize the company in view of the operational efficiencies we are gaining through our global technology transformation initiative and with a view to align resources in the right way to support our strategic vision. Operating model evolution will also include better definition and structure of our offerings to clearly articulate our value proposition, differentiators versus competition, and client segment focus.

Migrate to value-based pricing – Fourth, we will continue to evolve and enhance our pricing strategy by adopting a value-based approach. As we deepen our client relationships and enhance our clients' understanding of our ability to add value through our services, we anticipate further increasing bill rates for our services to capture appropriately the value of the talent and solutions delivered. Key focus areas include: creating more centralized pricing governance, strategy and approach; conducting a deep pricing analysis to identify and confront areas that need improvement; and instituting new pricing training for all sales and go-to-market team members. We believe there is ample opportunity to drive further growth in both our topline revenue and profitability through pricing.

Pursue targeted mergers and acquisitions – Lastly, we will seek to accelerate growth through strategic mergers and acquisitions ("M&A") that drive additional scale or expand and complement our existing core capabilities, as demonstrated through our acquisition of CloudGo Pte Ltd. and its subsidiaries (collectively, "CloudGo"). Our M&A strategy is focused on expanding our consulting capabilities, with a special interest in financial advisory firms as well as digital transformation firms that serve to add scale and/or accelerate growth for our Veracity business. We believe that we are well positioned to grow and scale a boutique consulting firm through access to both our robust enterprise client base and our expansive agile talent pool.

In November 2023, we acquired CloudGo. Headquartered in Singapore, CloudGo is a digital transformation firm and a fast growing Elite ServiceNow Partner. We believe that CloudGo's strategic capabilities and regional positioning will play a key role in our growth plans for our digital consulting business. CloudGo will be combined with Veracity's digital business and we believe that it will accelerate the expansion of our digital presence across the Asia Pacific region. See Note 4 – *Acquisitions and Dispositions* in the Notes to Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for further discussion.

Market Trends and Uncertainties

On a macro level, uncertain macroeconomic conditions (including inflation, volatility in energy and commodity prices, the impact of the conflicts in both Eastern Europe and the Middle East, increasing diplomatic and trade friction between the United States ("U.S.") and China, supply chain issues, and labor shortages) as well as increases in interest rates and fluctuations in currency exchange rates have created significant uncertainty in the global economy, volatility in the capital markets and recessionary pressures. We expect these conditions will continue in fiscal 2024 and beyond. While we are not able to fully predict the potential impact, we continue to see more caution in spending within our client base. If these conditions persist and a prolonged economic downturn or recession develops, it could result in further decline in billable hours and negatively impact our bill rates which would adversely affect our financial results and operating cash flows.

Critical Accounting Policies and Estimates

The following discussion and analysis of our financial condition and results of operations is based upon our consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these financial statements requires us to make estimates and judgments. Actual results may differ from these estimates under different assumptions or conditions. Our significant accounting policies are discussed in Note 2 – *Summary of Significant Accounting Policies* in the Notes to Consolidated Financial Statements included in our Fiscal Year 2023 Form 10-K, and in Note 2 – *Summary of Significant Accounting Policies* in the Notes to Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

There have been no material changes in our critical accounting policies, or in the estimates and assumptions underlying those policies, from those described under the heading "Critical Accounting Policies and Estimates" in Item 7 of Part II of our Fiscal Year 2023 Form 10-K.

Non-GAAP Financial Measures

The Company uses certain non-GAAP financial measures to assess our financial and operating performance that are not defined by or calculated in accordance with GAAP. 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 Consolidated Statements 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.

Our primary non-GAAP financial measures are listed below and reflect how we evaluate our operating results.

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, we calculate same-day 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, we calculate 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 in the table below.

EBITDA is calculated as net income before amortization expense, depreciation expense, interest and income taxes.

Adjusted EBITDA is calculated as EBITDA plus or minus stock-based compensation expense, technology transformation costs, one-time acquisition costs and restructuring costs. 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.

Same-Day Constant Currency Revenue

Same-day constant currency revenue assists management in evaluating revenue trends on a more comparable and consistent basis. We believe this measure also provides more clarity to our investors in evaluating our core operating performance and facilitates a comparison of such performance from period to period. The following table presents a reconciliation of same-day constant currency revenue, a non-GAAP financial measure, to revenue as reported in the Consolidated Statements of Operations, the most directly comparable GAAP financial measure, by geography (in thousands, except number of business days).

	Three Months Ended		Six Months Ended	
Revenue by Geography	**November 25, 2023**	**November 26, 2022**	**November 25, 2023**	**November 26, 2022**
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
North America				
As reported (GAAP)	$ 141,040	$ 176,655	$ 287,624	$ 356,205
Currency impact	(561)		(1,257)	
Business days impact	-		-	
Same-day constant currency revenue	$ 140,479		$ 286,367	
Europe				
As reported (GAAP)	$ 10,251	$ 10,401	$ 21,197	$ 21,576
Currency impact	(721)		(1,280)	
Business days impact	(79)		6	
Same-day constant currency revenue	$ 9,451		$ 19,923	
Asia Pacific				
As reported (GAAP)	$ 11,836	$ 13,299	$ 24,475	$ 26,636
Currency impact	154		650	
Business days impact	(5)		(201)	
Same-day constant currency revenue	$ 11,985		$ 24,924	
Total Consolidated				
As reported (GAAP)	$ 163,127	$ 200,355	$ 333,296	$ 404,417
Currency impact	(1,128)		(1,887)	
Business days impact	(84)		(195)	
Same-day constant currency revenue	$ 161,915		$ 331,214	
Number of Business Days				
North America *(1)*	62	62	125	125
Europe *(2)*	65	64	128	128
Asia Pacific *(2)*	61	61	125	124

(1) This represents the number of business days in the U.S.

(2) The business days in international regions represents the weighted average number of business days.

EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin

EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin assist management in assessing our core operating performance. We also believe these measures provide investors with a useful perspective on underlying business results and trends and facilitate a comparison of our performance from period to period. The following table presents EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin for the periods indicated and includes a reconciliation of such measures to net income and net income margin, the most directly comparable GAAP financial measures (in thousands, except percentages):

	Three Months Ended				Six Months Ended			
	November 25, 2023	**% of Revenue**	**November 26, 2022**	**% of Revenue**	**November 25, 2023**	**% of Revenue**	**November 26, 2022**	**% of Revenue**
	(Unaudited)		(Unaudited)		(Unaudited)		(Unaudited)	
Net income	$ 4,895	3.0 %	$ 17,432	8.7 %	$ 8,012	2.4 %	$ 35,572	8.8 %
Adjustments:								
Amortization expense	1,321	0.8	1,216	0.6	2,635	0.8	2,468	0.6
Depreciation expense	810	0.5	880	0.4	1,687	0.5	1,767	0.4
Interest (income) expense, net	(293)	(0.2)	199	0.1	(605)	(0.2)	515	0.1
Income tax expense	3,753	2.3	5,877	3.0	5,828	1.8	12,869	3.3
EBITDA	10,486	6.4	25,604	12.8	17,557	5.3	53,191	13.2
Stock-based compensation expense	516	0.3	2,237	1.1	3,068	0.9	4,766	1.1
Technology transformation costs *(1)*	1,678	1.0	1,748	0.9	3,601	1.1	2,739	0.7
Acquisition costs *(2)*	1,126	0.7	-	-	1,126	0.3	-	-
Restructuring costs *(3)*	2,255	1.4	42	-	2,255	0.7	(355)	(0.1)
Adjusted EBITDA	$ 16,061	9.8 %	$ 29,631	14.8 %	$ 27,607	8.3 %	$ 60,341	14.9 %

(1) 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 systems. Such costs primarily include hosting and certain other software licensing costs, third-party consulting fees and costs associated with dedicated internal resources that are not capitalized.

(2) Acquisition costs represent one-time costs included in net income related to the Company's acquisition of CloudGo, which include fees paid to the Company's brokers and other professional services firms. See Note 4 – Acquisitions and Dispositions in the Notes to Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for further discussion.

(3) The Company initiated the U.S. Restructuring Plan in October 2023 and substantially completed the U.S. Restructuring Plan during the second quarter of fiscal 2024. In fiscal 2021, the Company substantially completed the Global Restructuring Plans (defined below) and the remaining accrued restructuring liability on the books was released in fiscal 2023.

Our non-GAAP financial measures are not measurements of financial performance or liquidity under GAAP and should not be considered in isolation or construed as substitutes for revenue, net income or other measures of financial performance or financial condition prepared in accordance with GAAP for purposes of analyzing our revenue, profitability or liquidity. Further, a limitation of our non-GAAP financial measures is that they exclude items detailed above that have an impact on our GAAP reported results. Other companies in our industry may calculate these non-GAAP financial measures differently than we do, limiting their usefulness as a comparative measure. Because of these limitations, these non-GAAP financial measures should not be considered a substitute but rather considered in addition to performance measures calculated in accordance with GAAP.

Results of Operations

The following table sets forth our Consolidated Statements of Operations data for the three and six months ended November 25, 2023 and November 26, 2022, respectively. These historical results are not necessarily indicative of future results. Our operating results for the periods indicated are expressed as a percentage of revenue (in thousands, except percentages).

	Three Months Ended				Six Months Ended			
	November 25, 2023	% of Revenue *(1)*	November 26, 2022	% of Revenue *(1)*	November 25, 2023	% of Revenue *(1)*	November 26, 2022	% of Revenue *(1)*
	(Unaudited)		(Unaudited)		(Unaudited)		(Unaudited)	
Revenue	$ 163,127	100.0 %	$ 200,355	100.0 %	$ 333,296	100.0 %	$ 404,417	100.0 %
Direct cost of services	99,651	61.1	118,005	58.9	202,819	60.9	238,600	59.0
Gross profit	63,476	38.9	82,350	41.1	130,477	39.1	165,817	41.0
Selling, general and administrative expenses	52,993	32.5	56,777	28.3	112,925	34.0	112,964	28.0
Amortization expense	1,321	0.8	1,216	0.6	2,635	0.8	2,468	0.6
Depreciation expense	810	0.5	880	0.4	1,687	0.5	1,767	0.4
Income from operations	8,352	5.1	23,477	11.7	13,230	3.8	48,618	12.0
Interest (income) expense, net	(293)	(0.2)	199	0.1	(605)	(0.2)	515	0.1
Other (income)	(3)	-	(31)	-	(5)	-	(338)	(0.1)
Income before income tax expense	8,648	5.3	23,309	11.6	13,840	4.0	48,441	12.0
Income tax expense	3,753	2.3	5,877	2.9	5,828	1.7	12,869	3.2
Net income	$ 4,895	3.0 %	$ 17,432	8.7 %	$ 8,012	2.3 %	$ 35,572	8.8 %

(1) The percentage of revenue may not foot due to rounding.

Consolidated Operating Results – Three Months Ended November 25, 2023 Compared to Three Months Ended November 26, 2022

Revenue. Revenue decreased $37.2 million, or 18.6%, to $163.1 million in the second quarter of fiscal 2024 from $200.4 million in the second quarter of fiscal 2023. On a same-day constant currency basis, revenue decreased $38.4 million, or 19.2%. Billable hours decreased 15.1% and the average bill rate declined 4.7% (5.5% on a constant currency basis) from the prior year quarter due to reduced client spending as discussed below. The change in average bill rate was due to a shift in revenue mix across the globe to regions with lower bill rates. The United States (U.S.) and Europe average bill rates increased by 1.3% and 4.7% on a constant currency basis, respectively, compared to the prior year as a result of the Company's initiative focused on value-based pricing, while average bill rates in the Asia Pacific region declined by 9.1% on a constant currency basis. The decline in the average bill rates in the Asia Pacific region was due to a shift in the revenue mix to countries with a historically lower bill rate.

The following table represents our consolidated revenues by geography for the three months ended November 25, 2023 and November 26, 2022, respectively (in thousands, except percentages):

	Three Months Ended			
	November 25, 2023	% of Revenue	November 26, 2022	% of Revenue
	(Unaudited)		(Unaudited)	
North America	$ 141,040	86.4 %	$ 176,655	88.2 %
Europe	10,251	6.3	10,401	5.2
Asia Pacific	11,836	7.3	13,299	6.6
Total consolidated revenue	$ 163,127	100.0 %	$ 200,355	100.0 %

Revenue declined in all geographic regions during the second quarter of fiscal 2024 compared to the prior year quarter reflecting reduced client spending across a majority of our markets, client segments and solution offerings as a result of the continued challenging global macroeconomic environment. Gross pipeline remained relatively resilient, as the time to close opportunities in the pipeline continued to be protracted, typical in a tougher macro environment when clients are more hesitant to spend on professional services. North America experienced a revenue decline of 20.2%, or 20.5% on a same-day constant currency basis, from the second quarter of fiscal 2023. Europe revenue decreased 1.4%, or 9.1% on a same-day constant currency basis, compared to the second quarter of fiscal 2023. Asia Pacific revenue declined 11.0%, or 9.9% on a same-day constant currency basis, compared to the second quarter of fiscal 2023.

Direct Cost of Services. Direct cost of services decreased $18.4 million, or 15.6%, to $99.7 million for the second quarter of fiscal 2024 from $118.0 million for the second quarter of fiscal 2023. The decrease in direct cost of services was primarily attributable to a 15.1% decline in billable hours and a 3.3% decrease in average pay rate during the second quarter of fiscal 2024 compared to the prior year quarter.

Direct cost of services as a percentage of revenue was 61.1% for the second quarter of fiscal 2024 compared to 58.9% for the second quarter of fiscal 2023. The increased percentage compared to the prior year quarter was primarily attributable to a 30 basis point increase in the pay/bill ratio as a result of the shift in global revenue mix to the international regions as well as a decrease in leverage on cost of service as a result of lower topline revenue. In addition, we experienced a 130 basis point increase in employee health benefit expenses as a percentage of revenue. We continue to seek improvement in the overall pay/bill ratio and indirect cost leverage through strategic pricing, while offering competitive compensation and benefits to our consultants to attract and retain the best talent in the marketplace.

The number of consultants on assignment at the end of the second quarter of fiscal 2024 was 3,167 compared to 3,255 at the end of the second quarter of fiscal 2023.

Selling, General and Administrative Expenses. Selling, general and administrative expenses (“SG&A”) was $53.0 million, or 32.5% of revenue, for the second quarter of fiscal 2024 compared to $56.8 million, or 28.3% of revenue, for the second quarter of fiscal 2023. The $3.8 million improvement in SG&A year-over-year was primarily attributed to a decrease in bonuses and commissions of $5.6 million primarily related to less incentive compensation as a result of lower revenue and profitability achievement compared to the incentive targets and a decrease of $1.7 million in stock-based compensation expense as a result of forfeitures and remeasurement of achievement associated with performance-based equity awards. These reductions in costs were partially offset by one-time costs of $2.2 million of employee termination benefits in connection with the reduction in force incurred in the second quarter of fiscal 2024, and $1.1 million of costs related to the acquisition of CloudGo.

Management and administrative headcount was 850 at the end of the second quarter of fiscal 2024 and 907 at the end of the second quarter of fiscal 2023. Management and administrative headcount includes full time equivalent headcount for our seller-doer group, which is determined by utilization levels achieved by the seller-doers. Any unutilized time is converted to full time equivalent headcount.

Acquisition Costs. We completed the acquisition of CloudGo in the second quarter of fiscal 2024. All acquisition costs are recorded in selling, general and administrative expenses in the Consolidated Statements of Operations. Acquisition costs were $1.1 million for the three months ended November 25, 2023, which includes fees paid to the Company’s brokers and other professional services firms.

Restructuring Costs. We initiated a U.S. Restructuring Plan in October 2023 and substantially completed the U.S. Restructuring Plan during the second quarter of fiscal 2024. All restructuring costs incurred were associated with the RGP segment, and are recorded in selling, general and administrative expenses in the Consolidated Statements of Operations. Restructuring costs were $2.3 million for the three months ended November 25, 2023. The restructuring liability was $0.3 million and zero as of November 25, 2023 and May 27, 2023, respectively.

Amortization and Depreciation Expense. Amortization expense was $1.3 million and $1.2 million in the second quarter of fiscal 2024 and fiscal 2023, respectively. Depreciation expense was $0.8 million and $0.9 million in the second quarter of fiscal 2024 and fiscal 2023, respectively.

Income Taxes. Income tax expense was $3.8 million (effective tax rate of 43.4%) for the second quarter of fiscal 2024 compared to $5.9 million (effective tax rate of 25.2%) for the second quarter of fiscal 2023. We record tax expense based upon actual results versus a forecasted tax rate because of the volatility in our international operations that span numerous tax jurisdictions. The higher effective tax rate in the second quarter of fiscal 2024 was attributed primarily to a nonrecurring increase in forfeiture of stock options, coupled with the capitalization of acquisition related costs for tax purposes. Additionally, the lower effective tax rate in the three months ended November 26, 2022 resulted from a number of one-time tax benefits recognized and a larger pretax income base lowering the tax expense ratio.

The Company recognized a tax benefit of approximately $1.0 million and $1.1 million for the three months ended November 25, 2023 and November 26, 2022, respectively, associated with the exercise of nonqualified stock options, vesting of restricted stock awards, restricted stock units, and disqualifying dispositions by employees of shares acquired under the Employee Stock Purchase Plan (“ESPP”).

Periodically, we review the components of both book and taxable income to prepare the tax provision. There can be no assurance that our effective tax rate will remain constant in the future because of the lower benefit from the U.S. statutory rate for losses in certain foreign jurisdictions, the limitation on the benefit for losses in jurisdictions in which a valuation allowance for operating loss carryforwards has previously been established, and the unpredictability of timing and the amount of disqualifying dispositions of certain stock options.

Comparability of Quarterly Results. Our quarterly results have fluctuated in the past and we believe they will continue to do so in the future. Certain factors that could affect our quarterly operating results are described in Part I, Item 1A of our Fiscal Year 2023 Form 10-K and our other public filings made with the SEC. Due to these and other factors, we believe quarter-to-quarter comparisons of our results of operations may not be meaningful indicators of future performance.

Consolidated Operating Results – Six Months Ended November 25, 2023 Compared to Six Months Ended November 26, 2022

Revenue. Revenue decreased $71.1 million, or 17.6%, to $333.3 million for the six months ended November 25, 2023 from $404.4 million for the six months ended November 26, 2022. On a same-day constant currency basis, revenue for the first half of fiscal 2024 decreased $73.2 million, or 18.1%, compared to the first half of fiscal 2023. Billable hours decreased 14.8% and the average bill rate declined 3.9% in the first half of fiscal 2024 compared to the first half of fiscal 2023. The decrease in billable hours is due to reduced client spending and the lower average bill rate for the first half of fiscal 2024 was due to the ongoing shift in revenue mix across the globe, as previously discussed.

The following table represents our consolidated revenues by geography for the six months ended November 25, 2023 and November 26, 2022, respectively (in thousands, except percentages):

	Six Months Ended			
	November 25, 2023	% of Revenue	November 26, 2022	% of Revenue
	(Unaudited)		(Unaudited)	
North America	$ 287,624	86.3 %	$ 356,205	88.1 %
Europe	21,197	6.4	21,576	5.3
Asia Pacific	24,475	7.3	26,636	6.6
Total consolidated revenue	$ 333,296	100.0 %	$ 404,417	100.0 %

Revenue declined in all geographic regions during the six months ended November 25, 2023 compared to the same period in fiscal 2023. North America experienced a revenue decline of 19.3%, or 19.6% on a same-day constant currency basis, from the first six months of fiscal 2023. Europe revenue decreased 1.8%, or 7.7% on a same-day constant currency basis, as compared to the first half of fiscal 2023. Asia Pacific revenue declined 8.1%, or 6.4% on a same-day constant currency basis, compared to the first half of fiscal 2023. We continue to make strides in improving our bill rates during fiscal 2024. The U.S. and Europe average bill rates increased by 1.9% and 4.2% on a constant currency basis, respectively, compared to the prior year as a result of the Company's initiative focused on value-based pricing, while the average bill rate in the Asia Pacific region declined by 4.4% on a constant currency basis in the first half of fiscal 2024 compared to the first half of fiscal 2023. The decline in the average bill rate in the Asia Pacific region was due to a shift in the revenue mix to countries with a historically lower bill rate.

Direct Cost of Services. Direct cost of services decreased $35.8 million, or 15.0%, to $202.8 million for the six months ended November 25, 2023 from $238.6 million for the six months ended November 26, 2022. The decrease in direct cost of services year over year was primarily attributable to a 14.8% decrease in billable hours and a 1.7% decrease in average pay rate in the first six months of fiscal 2024 compared to the first six months of fiscal 2023.

Direct cost of services as a percentage of revenue was 60.9% for the six months ended November 25, 2023 compared to 59.0% for the six months ended November 26, 2022. The increased percentage compared to the prior year was primarily attributable to an increase of 70 basis points in the overall pay/bill ratio and a 100 basis point increase in employee health benefit expenses as a percentage of revenue.

Selling, General and Administrative Expenses. SG&A was $112.9 million, or 34.0% of revenue, for the six months ended November 25, 2023 compared to $113.0 million, or 28.0% of revenue, for the six months ended November 26, 2022. The $0.1 million decrease in SG&A year-over-year was primarily attributed to a reduction in bonuses and commissions by $7.3 million primarily related to reduced incentive compensation as a result of lower revenue and profitability achievement compared to the incentive targets, and a decrease of $1.7 million in stock-based compensation expense as a result of forfeitures and remeasurement of achievement associated with performance-based equity awards. These reductions in cost were partially offset by one-time costs of $2.6 million of employee termination benefits in connection with the reduction in force incurred in the first six month of fiscal 2024, higher management compensation and benefit expense of $1.7 million due to employee compensation adjustments to remain competitive in the current labor market offset by the lower headcount due to the reduction in force, $1.1 million of one-time costs related to the acquisition of CloudGo, $1.1 million increase in computer software and certain professional services fees, an increase of $0.9 million in technology transformation costs, an increase in employee health benefit costs of $0.9 million and a $0.7 million increase in all other general and administration expenses.

Acquisition Costs. We completed the acquisition of CloudGo in the second quarter of fiscal 2024. All acquisition costs are recorded in selling, general and administrative expenses in the Consolidated Statements of Operations. Acquisition costs were $1.1 million for the six months ended November 25, 2023, which includes fees paid to the Company's brokers and other professional services firms.

Restructuring Costs. We initiated a U.S. Restructuring Plan in October 2023 and substantially completed the U.S. Restructuring Plan during the second quarter of fiscal 2024. We substantially completed our Global Restructuring Plans in fiscal 2021. All restructuring costs incurred were associated with the RGP segment, and are recorded in selling, general and administrative expenses in the Consolidated Statements of Operations. Restructuring costs were $2.2 million and ($0.4) million for the six months ended November 25, 2023 and November 26, 2022, respectively. The restructuring liability was $0.3 million and zero as of November 25, 2023 and May 27, 2023, respectively.

Amortization and Depreciation Expense. Amortization expense was $2.6 million and $2.5 million in the first six months of fiscal 2024 and fiscal 2023, respectively. Depreciation expense was $1.7 million and $1.8 million in the first six months of fiscal 2024 and fiscal 2023, respectively.

Income Taxes. Income tax expense was $5.8 million (effective tax rate of 42.1%) for the six months ended November 25, 2023 compared to $12.9 million (effective tax rate of 26.6%) for the six months ended November 26, 2022. We record tax expense based upon actual results versus a forecasted tax rate because of the volatility in our international operations that span numerous tax jurisdictions. The higher effective tax rate in the first six months of fiscal 2024 was attributed primarily to a nonrecurring increase in forfeiture of stock options, coupled with the capitalization of acquisition related costs for tax purposes. Additionally, the lower effective tax rate in the six months ended November 26, 2022 resulted from a number of one-time tax benefits recognized and a larger pretax income base lowering the tax expense ratio.

The Company recognized a tax benefit of approximately $1.2 million and $1.7 million for the first half of fiscal 2024 and fiscal 2023, respectively, associated with the exercise of nonqualified stock options, vesting of restricted stock awards, restricted stock units, and disqualifying dispositions by employees of shares acquired under the ESPP.

Operating Results of Segment

Effective May 31, 2022, the Company's operating segments consist of the following:

- RGP – a global consulting firm focused on project execution services that power clients' operational needs and change initiatives utilizing on-demand, experienced and diverse talent; and
- Sitrick – a crisis communications and public relations firm which operates under the Sitrick brand, providing corporate, financial, transactional and crisis communication and management services.

RGP is the Company's only operating segment that meets the quantitative threshold of a reportable segment. Sitrick does not individually meet the quantitative thresholds to qualify as a reportable segment. Therefore, Sitrick is disclosed in Other Segments.

On November 15, 2023, the Company acquired CloudGo. CloudGo is reported as part of the RGP operating segment. See Note 4 – *Acquisitions and Dispositions* in the Notes to Consolidated Financial Statements for further information.

On May 31, 2022, the Company divested *taskforce*; refer to Note 2 – *Summary of Significant Accounting Policies* and Note 4 – *Acquisitions and Dispositions* in the Notes to Consolidated Financial Statements for further information. Since the second quarter of fiscal 2021, the business operated by *taskforce*, along with its parent company, Resources Global Professionals (Germany) GmbH, an affiliate of the Company, represented an operating segment of the Company and was reported as a part of Other Segments. Prior-period comparative segment information was not restated as a result of the divestiture of *taskforce* as we did not have a change in internal organization or the financial information our Chief Operating Decision Maker uses to assess performance and allocate resources.

The following table presents our current operating results by segment for the three and six months ended November 25, 2023 and November 26, 2022, respectively (in thousands, except percentages).

	Three Months Ended				Six Months Ended			
	November 25, 2023		November 26, 2022		November 25, 2023		November 26, 2022	
Revenue:	(Unaudited)		(Unaudited)		(Unaudited)		(Unaudited)	
RGP	$ 160,875	98.6 %	$ 197,584	98.6 %	$ 328,378	98.5 %	$ 398,579	98.6 %
Other Segments	2,252	1.4	2,771	1.4	4,918	1.5	5,838	1.4
Total revenue	$ 163,127	100.0 %	$ 200,355	100.0 %	$ 333,296	100.0 %	$ 404,417	100.0 %
Adjusted EBITDA:								
RGP	$ 23,523	146.5 %	$ 37,664	127.1 %	$ 44,320	160.5 %	$ 76,011	126.0 %
Other Segments	(533)	(3.3)	332	1.1	(462)	(1.8)	648	1.0
Reconciling items *(1)*	(6,929)	(43.2)	(8,365)	(28.2)	(16,251)	(58.7)	(16,318)	(27.0)
Total Adjusted EBITDA *(2)*	$ 16,061	100.0 %	$ 29,631	100.0 %	$ 27,607	100.0 %	$ 60,341	100.0 %

(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 "Non-GAAP Financial Measures."

Revenue by Segment

RGP – RGP revenue decreased $36.7 million, or 18.6%, in the second quarter of fiscal 2024 compared to the second quarter of fiscal 2023, primarily as a result of a 15.1% decrease in billable hours and a 4.0% decrease in average bill rate from the prior year quarter, as discussed in the consolidated operating results discussion above. For the first half of fiscal 2024, RGP revenue decreased $70.2 million, or 17.6%, to $328.4 million compared to $398.6 million for the first half of fiscal 2023, primarily as a result of a 14.8% decrease in billable hours and a 3.2% decrease in average bill rate year over year. Revenue from RGP represents more than 95% of total consolidated revenue and generally reflects the overall consolidated revenue trend.

The number of consultants on assignment under the RGP segment as of November 25, 2023 was 3,154 compared to 3,238 as of November 26, 2022.

Other Segments – Other Segments' revenue for the second quarter of fiscal 2024 declined by $0.5 million, or 18.7%. to $2.3 million, compared to the second quarter of fiscal 2023. For the first half of fiscal 2024, revenue from Other Segments decreased $0.9 million, or 15.8%, to $4.9 million from $5.8 million for the first half of fiscal 2023, primarily as a result of a $0.7 million decline in Sitrick revenue.

The number of consultants on assignment under Other Segments as of November 25, 2023 was 13 compared to 17 as of November 26, 2022.

Adjusted EBITDA by Segment

RGP – RGP's Adjusted EBITDA decreased $14.1 million, or 37.5%, to $23.5 million for the second quarter of fiscal 2024, compared to $37.7 million for the second quarter of fiscal 2023. Compared to the prior year quarter, revenue decreased $36.7 million for the second quarter of fiscal 2024, which was partially offset by the decrease in the related cost of services of $18.4 million. Additionally, SG&A costs attributed to RGP decreased $5.2 million for the second quarter of fiscal 2024 as compared to the second quarter of fiscal 2023 primarily due to the decrease in bonuses and commissions of $3.5 million as a result of lower revenue and profitability achievement compared to the incentive targets, a $0.9 million decrease in bad debt, decreases in management compensation expense of $0.3 million due to the reduction in force, and a $0.5 million decrease in all other general and administration expenses. For the second quarter of fiscal 2024, the material costs and expenses attributable to the RGP segment that are not included in computing the segment measure of Adjusted EBITDA included depreciation and amortization expenses of $2.1 million and stock-based compensation expense of $0.2 million.

RGP's Adjusted EBITDA decreased $31.7 million, or 41.7%, to $44.3 million for the first half of fiscal 2024, compared to $76.0 million in the first half of fiscal 2023. The decrease was primarily attributable to the $70.2 million decrease in revenue for the first half of fiscal 2024, which was partially offset by the decrease in the cost of services of $35.7 million and the increase in other income of $0.3 million. Additionally, SG&A costs attributed to RGP decreased $5.9 million for the first half of fiscal 2024 as compared to the first half of fiscal 2023 primarily due to the decrease in bonuses and commissions of $5.4 million as a result of as a result of lower revenue and profitability achievement compared to the incentive targets, a $0.8 million decrease in bad debt, a $0.5 million reduction in recruiting expenses, and a $0.6 million decrease in all other general and administration expenses to support the business. These cost decreases were partially offset by a $1.4 million increase in management compensation expense as a result of employee compensation adjustments to remain competitive in the current labor market offset by the lower headcount due to the reduction in force. For the first six months of fiscal 2024, the material costs and expenses attributable to the RGP segment that are not included in computing the segment measure of adjusted EBITDA included depreciation and amortization expenses of $4.3 million and stock-based compensation expense of $2.4 million.

The trend in revenue, cost of services and other costs and expenses at RGP compared to the prior year period is generally consistent with those at the consolidated level, as discussed above, with the exception that the SG&A used to derive segment Adjusted EBITDA does not include certain unallocated corporate administrative costs.

Other Segments – Other Segments' Adjusted EBITDA declined $0.8 million to ($0.5) million for the second quarter of fiscal 2024 compared to $0.3 million for the second quarter of fiscal 2023 due to lower revenue performance. For the second quarter of fiscal 2024, the material costs and expenses attributable to the Other Segments that are not included in computing the segment measure of Adjusted EBITDA included depreciation and amortization expenses of less than $0.1 million and stock-based compensation expense of $0.3 million.

Other Segments' Adjusted EBITDA declined $1.1 million to ($0.5) million in the first six months of fiscal 2024 compared to $0.6 million for the same period in fiscal 2023 due to lower revenue performance. For the first six months of fiscal 2024, the material costs and expenses attributable to the Other Segments that are not included in computing the segment measure of adjusted EBITDA included depreciation and amortization expenses of $0.1 million and stock-based compensation of $0.7 million.

Liquidity and Capital Resources

Our primary sources of liquidity are cash provided by operating activities, our $175.0 million senior secured revolving credit facility (as discussed further below) and historically, to a lesser extent, stock option exercises and ESPP purchases. During the three months ended November 25, 2023, we generated negative cash flow from operations. However, on an annual basis, we have generated positive cash flows from operations since inception. Our ability to generate positive cash flows from operations in the future will depend, at least in part, on global economic conditions and our ability to remain resilient during periods of deteriorating macroeconomic conditions and any economic downturns. As of November 25, 2023, we had $95.8 million of cash and cash equivalents, including $47.3 million held in international operations.

On November 12, 2021, the Company and Resources Connection LLC, as borrowers, and all of the Company's domestic subsidiaries, as guarantors, entered into a credit agreement with the lenders that are party thereto and Bank of America, N.A. as administrative agent for the lenders (the "Credit Agreement"). The Credit Agreement provides for a $175.0 million senior secured revolving loan (the "Credit Facility"), which includes a $10.0 million sublimit for the issuance of standby letters of credit and a swingline sublimit of $20.0 million. The Credit Facility also includes an option to increase the amount of the revolving loan up to an additional $75.0 million, subject to the terms of the Credit Agreement. The Credit Facility matures on November 12, 2026. The obligations under the Credit Facility are secured by substantially all assets of the Company, Resources Connection LLC and all of the Company's domestic subsidiaries.

Future borrowings under the Credit Facility bear interest at a rate per annum of either, at the Company's election, (i) Term SOFR (as defined in the Credit Agreement) plus a margin ranging from 1.25% to 2.00% or (ii) the Base Rate (as defined in the Credit Agreement), plus a margin of 0.25% to 1.00% with the applicable margin depending on the Company's consolidated leverage ratio. In addition, the Company pays an unused commitment fee on the average daily unused portion of the Credit Facility, which ranges from 0.20% to 0.30% depending upon the Company's consolidated leverage ratio. As of November 25, 2023, we had no debt outstanding under the Credit Facility and $173.6 million remaining capacity under the Credit Facility.

The Credit Facility is available for working capital and general corporate purposes, including potential acquisitions, dividend distribution and stock repurchases. Additional information regarding the Credit Facility is included in Note 7 – *Long-Term Debt* in the Notes to Consolidated Financial Statements included in Part I, Item I of this Quarterly Report on Form 10-Q.

On November 2, 2022, Resources Global Enterprise Consulting (Beijing) Co., Ltd, (a wholly owned subsidiary of the Company), as borrower, and the Company, as guarantor, entered into a RMB 13.4 million ($1.8 million based on the prevailing exchange on November 2, 2022) revolving credit facility with Bank of America, N.A. (Beijing) as the lender (the "Beijing Revolver"). The Beijing Revolver bears interest at a loan prime rate plus 0.80%. Interest incurred on borrowings will be payable monthly in arrears. As of November 25, 2023, the Company had no debt outstanding under the Beijing Revolver.

In addition to cash needs for ongoing business operations, from time to time, we have strategic initiatives that could generate significant additional cash requirements. Our initiative to upgrade our technology platform, as described in "Fiscal 2024 Strategic Focus Areas" above, requires significant investments over multiple years. Such costs primarily include software licensing fees, third-party implementation and consulting fees, incremental costs associated with additional internal resources needed on the project and other costs in areas including change management and training. The actual amount of investment and the timing will depend on a number of variables, including progress made on the implementation. As we proceed through the project, we will continue to evaluate our progress against the implementation plan and assess the impact on our investments, if any. As of November 25, 2023, we capitalized $11.9 million related to the technology platform initiative; in addition, we recorded $3.6 million of expenses in the first six months of fiscal 2024 relating to these investments. At the end of the second quarter of fiscal 2024, the remaining investments required for this multi-year initiative is estimated to be in the range of $15.0 million to $20.0 million. We expect the majority of the investment will take place in fiscal 2024 and fiscal 2025. In addition to our technology transformation initiative, we expect to continue to invest in digital pathways to enhance the experience and touchpoints with our end users, including current and prospective employees (consultants and management employees) and clients. Such efforts will require additional cash outlay and could further elevate our capital expenditures in the near term. We believe our current cash, ongoing cash flows from our operations and funding available under our Credit Facility will provide sufficient funds for these initiatives. As of November 25, 2023, we have non-cancellable purchase obligations totaling $12.1 million, which primarily consists of payments pursuant to the licensing arrangements that we have entered into in connection with this initiative: $1.1 million due during the remaining half of fiscal 2024; $4.8 million due during fiscal 2025; $3.1 million due during fiscal 2026; $2.1 million due during fiscal 2027; and $1.0 million due thereafter.

On November 15, 2023, the Company acquired CloudGo pursuant to the terms of a Share Purchase Agreement entered into by and between the Company, CloudGo, and the shareholders of CloudGo (the "CloudGo SPA"). The Company paid an initial cash consideration of $7.2 million (net of $0.5 million cash acquired). The CloudGo SPA also provides for contingent consideration of up to $12 million to be paid based on CloudGo's revenue and operating profit margin performance during two one-year performance periods that begin after the acquisition date. See Note 4 – *Acquisitions and Dispositions* in the Notes to Consolidated Financial Statements for further information.

As described under Market Trends and Uncertainties, uncertain macroeconomic conditions and increases in interest rates have created significant uncertainty in the global economy, volatility in the capital markets and recessionary pressures, which have adversely impacted, and may continue to adversely impact, our financial results, operating cash flows and liquidity needs. If we are required to raise additional capital or incur additional indebtedness for our operations or to invest in our business, we can provide no assurances that we would be able to do so on acceptable terms or at all. Our ongoing operations and growth strategy may require us to continue to make investments in critical markets and further expand our internal technology and digital capabilities. In addition, we may consider making additional strategic acquisitions or initiating additional restructuring initiatives, which could require significant liquidity and adversely impact our financial results due to higher cost of borrowings. We believe that our current cash, ongoing cash flows from our operations and funding available under our Credit Facility will be adequate to meet our working capital and capital expenditure needs for at least the next 12 months.

Beyond the next 12 months, if we require additional capital resources to grow our business, either organically or through acquisitions, we may seek to sell additional equity securities, increase the use of our Credit Facility, expand the size of our Credit Facility or raise additional debt. In addition, if we decide to make additional share repurchases, we may fund these through existing cash balances or the use of our Credit Facility. The sale of additional equity securities or certain forms of debt financing could result in additional dilution to our stockholders. Our ability to secure additional financing in the future, if needed, will depend on several factors. These include our future profitability and the overall condition of the credit markets. Notwithstanding these considerations, we expect to meet our long-term liquidity needs with cash flows from operations and financing arrangements.

Other than as described herein, there have been no material changes to our material cash requirements, including commitments for capital expenditures, described under the heading "Liquidity and Capital Resources" in Item 7 of Part II of our Fiscal Year 2023 Form 10-K.

Operating Activities

Operating activities for the first six months of fiscal 2024 used cash of $1.8 million compared to $23.7 million of cash provided for the first six months of fiscal 2023. In the first six months of fiscal 2024, cash used in operations resulted from net income of $8.0 million and non-cash adjustments of $8.6 million. Additionally, net unfavorable changes in operating assets and liabilities totaled $18.4 million, primarily consisting of a $17.2 million decrease in accrued salaries and related obligations, mainly due to the timing of our pay cycle and the payout of the annual incentive compensation during the first six months of fiscal 2024; a $5.8 million increase in other assets largely related to the investments in our technology implementation; a $3.5 million increase in prepaid income taxes; a $2.3 million increase in prepaid expenses and other assets; and a $0.5 million decrease in other liabilities. These unfavorable changes are partially offset by an $8.3 million decrease in trade accounts receivable, and a $2.6 million increase in accounts payable and other accrued expenses.

In the first six months of fiscal 2023, cash provided by operations resulted from net income of $35.6 million and non-cash adjustments of $6.2 million. Additionally, net unfavorable changes in operating assets and liabilities totaled $18.2 million, primarily consisting of a $20.5 million decrease in accrued salaries and related obligations, mainly due to the timing of our pay cycle and the payout of the annual incentive compensation during the first six months of fiscal 2023; a $4.8 million decrease in other liabilities (which included a $2.7 million settlement of the previously recorded deposit liability at the completion of the sale of taskforce on May 31, 2022); and a $3.3 million increase in trade accounts receivable. These unfavorable changes are partially offset by a $6.2 million decrease in prepaid income taxes, largely due to the receipt of a $10.3 million tax refund, and a $3.9 million increase in accounts payable and other accrued expenses.

Investing Activities

Net cash used in investing activities was $8.1 million for the first six months of fiscal 2024 compared to net cash provided of $1.8 million for the first six months of fiscal 2023. Net cash used in investing activities for the first six months of fiscal 2024 was primarily related to the acquisition of CloudGo and costs incurred for the development of internal-use software and acquisition of property and equipment. Net cash provided by investing activities in the first six months of fiscal 2023 was primarily related to the cash proceeds from the divestiture of *taskforce* partially offset by the cost incurred for the development of internal-use software and acquisition of property and equipment.

Financing Activities

Net cash used in financing activities totaled $11.2 million in the first six months of fiscal 2024 compared to $38.4 million in the first six months of fiscal 2023. Net cash used in financing activities during the first six months of fiscal 2024 consisted of cash dividend payments of $9.4 million and $5.0 million to purchase 353,858 shares of common stock on the open market; these uses were partially offset by $3.2 million in proceeds received from ESPP share purchases and employee stock option exercises. Net cash used in financing activities during the first six months of fiscal 2023 consisted of net repayments on the Credit Facility of $34.0 million (consisting of $49.0 million of repayments and $15.0 million of proceeds), cash dividend payments of $9.4 million, and $5.3 million to purchase 318,438 shares of common stock on the open market; these uses were partially offset by $10.3 million in proceeds received from ESPP share purchases and employee stock option exercises.

ITEM 3. *QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.*

Interest Rate Risk. We are primarily exposed to market risks from fluctuations in interest rates and the effects of those fluctuations on the market values of our cash and cash equivalents and our borrowings under the Credit Facility that bear interest at a variable market rate.

As of November 25, 2023, we had approximately $95.8 million of cash and cash equivalents. The earnings on cash and cash equivalents are subject to changes in interest rates; however, assuming a constant balance available for investment, a 10% decline in interest rates would reduce our interest income but would not have a material impact on our consolidated financial position or results of operations.

As of November 25, 2023, we had no outstanding debt under our Credit Facility. We are exposed to interest rate risk related to fluctuations in the term SOFR rate and, to a lesser extent, the loan prime rate on the Beijing Revolver. See “Sources and Uses of Liquidity” above and Note 7 – *Long-Term Debt* in the Notes to Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for further discussion about the interest rate on our Credit Facility and the Beijing Revolver. To the extent that there is a significant increase in the level of borrowings, a sharp rise in interest rate could have a material impact on our consolidated financial position or results of operations.

Foreign Currency Exchange Rate Risk. For the six months ended November 25, 2023, approximately 17.1% of our revenues were generated outside of the U.S. As a result, our operating results are subject to fluctuations in the exchange rates of foreign currencies in relation to the U.S. dollar. Revenues and expenses denominated in foreign currencies are translated into U.S. dollars at the monthly average exchange rates prevailing during the period. Thus, as the value of the U.S. dollar fluctuates relative to the currencies in our non-U.S.-based operations, our reported results may vary.

Assets and liabilities of our non-U.S.-based operations are translated into U.S. dollars at the exchange rate effective at the end of each monthly reporting period. Approximately 50.6% of our balances of cash and cash equivalents as of November 25, 2023 were denominated in U.S. dollars. The remaining amount of approximately 49.4% was comprised primarily of cash balances translated from Euros, British Pound Sterling, Japanese Yen, Canadian Dollar, Chinese Yuan, Indian Rupee, and Mexican Pesos. This compares to approximately 56.9% of our cash and cash equivalents balances as of May 27, 2023 that were denominated in U.S. dollars and approximately 43.1% that were comprised primarily of cash balances translated from Euros, Japanese Yen, Mexican Pesos, Chinese Yuan, Canadian Dollar, Indian Rupee and British Pound Sterling. The difference resulting from the translation in each period of assets and liabilities of our non-U.S.-based operations is recorded as a component of stockholders’ equity in accumulated other comprehensive income or loss.

Although we monitor our exposure to foreign currency fluctuations, we do not currently use financial hedges to mitigate risks associated with foreign currency fluctuations including in a limited number of circumstances when we may be asked to transact with our client in one currency but are obligated to pay our consultants in another currency. Our foreign entities typically transact with clients and consultants in their local currencies and generate enough operating cash flows to fund their own operations. We believe our economic exposure to exchange rate fluctuations has not been material. However, we cannot provide assurance that exchange rate fluctuations will not adversely affect our financial results in the future.

ITEM 4. *CONTROLS AND PROCEDURES.*

As required by Rule 13a-15(b) under the Exchange Act, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as such term is defined in Rule 13a-15(e) under the Exchange Act) as of November 25, 2023. Based on this evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of November 25, 2023. There has been no change in the Company's internal control over financial reporting, as such term is defined in Rule 13a-15(f) promulgated under the Exchange Act, during the fiscal quarter ended November 25, 2023 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II—OTHER INFORMATION

ITEM 1A. *RISK FACTORS.*

There have been no material changes in our risk factors from those disclosed in Part 1, Item 1A of our Fiscal Year 2023 Form 10-K, which was filed with the SEC on July 25, 2023. See "Risk Factors" in Item 1A of Part I of such Fiscal Year 2023 Form 10-K for a complete description of the material risks we face.

ITEM 2. *UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.*

The following table provides information about purchases by the Company of its common stock for the three months ended November 25, 2023. All shares were repurchased pursuant to the July 2015 program as described in footnote *(1)* below.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs *(1)*	Approximate Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs
August 27, 2023 — September 23, 2023	-	$ -	-	$ 50,246,154
September 24, 2023 — October 21, 2023	353,858	$ 14.13	353,858	$ 45,246,163
October 22, 2023 — November 25, 2023	-	$ -	-	$ 45,246,163
Total August 27, 2023 — November 25, 2023	353,858	$ 14.13	353,858	$ 45,246,163

(1) In July 2015, our board of directors approved a stock repurchase program (the "July 2015 program"), authorizing the purchase, at the discretion of our senior executives, of our common stock for an aggregate dollar limit not to exceed $150 million. Subject to the aggregate dollar limit, the currently authorized stock repurchase program does not have an expiration date. Repurchases under the program may take place in the open market or in privately negotiated transactions and may be made pursuant to a Rule 10b5-1 plan.

ITEM 5. *OTHER INFORMATION.*

Insider Trading Arrangements

None.

ITEM 6. *EXHIBITS.*

The following exhibits are filed with, or incorporated by reference in, this Quarterly Report on Form 10-Q.

Exhibit Number	Description of Document
3.1	Amended and Restated Certificate of Incorporation of Resources Connection, Inc. (incorporated by reference to Exhibit 10.21 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended November 30, 2004).
3.2	Third Amended and Restated Bylaws, as amended (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed on August 31, 2015).
10.1*+	Form of Notice of Grant and Terms and Conditions of Performance Stock Unit Award under the Resources Connection, Inc. 2020 Performance Incentive Plan.
31.1*	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002..
31.2*	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101*	The following unaudited interim consolidated financial statements from the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended November 25, 2023, formatted in Inline XBRL: (i) Consolidated Statements of Operations, (ii) Consolidated Balance Sheets, (iii) Consolidated Statements of Comprehensive Income, (iv) Consolidated Statements of Stockholders' Equity, (v) Consolidated Statements of Cash Flows, and (vi) Notes to Consolidated Financial Statements.
104*	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101)

* Filed herewith.
** Furnished herewith.
\+ Indicates a management contract or compensatory plan or arrangement.

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.

RESOURCES CONNECTION, INC.

Date: January 4, 2024

/s/ KATE W. DUCHENE

Kate W. Duchene
President, Chief Executive Officer
(Principal Executive Officer)

Date: January 4, 2024

/s/ JENNIFER RYU

Jennifer Ryu
Executive Vice President and Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

RESOURCES CONNECTION, INC.
2020 PERFORMANCE INCENTIVE PLAN

NOTICE OF GRANT OF PERFORMANCE STOCK UNIT AWARD

Award Recipient:	[_________]
Grant Date:	[_________]
Target Number of Performance Stock Units Granted:	[________]
Vesting Schedule:	The PSUs are subject to performance- and time-based vesting requirements as set forth in the attached Appendix A.

Congratulations! Effective on the grant date set forth above (the "**Grant Date**"), you (the award recipient named above, the "**Participant**") have been granted a target number of performance stock units ("**PSUs**," such target number "**Target PSUs**") of Resources Connection, Inc. (the "**Corporation**") as set forth above.

The PSUs were granted under the Resources Connection, Inc. 2020 Performance Incentive Plan (the "**Plan**"). Your award is subject to the terms and conditions set forth in this Notice of Grant of Performance Stock Unit Award (this "**Notice**"), the attached Terms and Conditions of Performance Stock Unit Award (the "**Terms**"), and the Plan. The Terms and the Plan are each incorporated into and made a part of this Notice by this reference. This Notice, together with the Terms, is referred to as the "**Award Agreement**" applicable to your award. By accepting the award, you are agreeing to the terms of the award as set forth in this Award Agreement and in the Plan. You should read the Plan, the Prospectus for the Plan, and the Award Agreement (including the Terms).

A copy of the Plan, the Prospectus for the Plan, and the Terms have been provided to you. If you need another copy of these documents, or if you would like to confirm that you have the most recent version, please contact the Corporation's Stock Plan Administrator.

RESOURCES CONNECTION, INC.	**ACCEPTED AND AGREED BY THE PARTICIPANT**
By: ______________________	By: ______________________
Name:	Name:
Title:	

RESOURCES CONNECTION, INC.
2020 PERFORMANCE INCENTIVE PLAN

TERMS AND CONDITIONS OF PERFORMANCE STOCK UNIT AWARD

1. **General**. These Terms and Conditions of Performance Stock Unit Award (these "**Terms**") apply to a particular grant of a target number of performance stock units (the "**Award**") under the Resources Connection, Inc. 2020 Performance Incentive Plan (the "**Plan**") if incorporated by reference in the Notice of Grant of Performance Stock Unit Award (the "**Notice**") corresponding to that particular award. Capitalized terms used in these Terms are used as defined in the Notice or, if not defined in the Notice, as defined in the Plan.

The Award has been granted to the Participant in addition to, and not in lieu of, any other form of compensation otherwise payable or to be paid to the Participant.

As used in this Award Agreement, the term "PSU" means a non-voting unit of measurement which is deemed for bookkeeping purposes to be equivalent to one outstanding share of the Corporation's Common Stock (subject to adjustment as provided in Section 7.1 of the Plan) solely for purposes of the Plan and this Award Agreement. The PSUs shall be used solely as a device for the determination of the payment to eventually be made to the Participant if such PSUs vest pursuant to this Award Agreement. The PSUs shall not be treated as property or as a trust fund of any kind.

2. **Vesting; Continuance of Employment or Service Required; No Employment or Service Commitment**. Subject to Section 6 below, the PSUs subject to the Award shall vest and become nonforfeitable in accordance with the Vesting Schedule set forth in Appendix A. Appendix A hereto is incorporated herein by this reference. The Vesting Schedule requires continued employment or service through the applicable vesting date as a condition to the vesting of the applicable portion of the Award and the rights and benefits under this Award Agreement. [Except as otherwise expressly provided in Section 6 in connection with certain terminations of the Participant's employment or services,] [***For C Suite and those with equity acceleration***] employment or service for only a portion of the vesting period, even if a substantial portion, will not entitle the Participant to any proportionate vesting or avoid or mitigate a termination of rights and benefits upon or following a termination of employment or services as provided in Section 6 below.

Nothing contained in this Award Agreement (including the Notice and Appendix A hereto) or the Plan constitutes an employment or service commitment by the Corporation or any of its Subsidiaries, affects the Participant's status as an employee at will who is subject to termination without cause, confers upon the Participant any right to remain employed by or in service to the Corporation or any of its Subsidiaries, interferes in any way with the right of the Corporation or any of its Subsidiaries at any time to terminate such employment or services, or affects the right of the Corporation or any of its Subsidiaries to increase or decrease the Participant's other compensation or benefits. Nothing in this Award Agreement (including the Notice and Appendix A), however, is intended to adversely affect any independent contractual right of the Participant without his or her consent thereto.

3. **Dividend and Voting Rights.**

Limitations on Rights Associated with Units. The Participant shall have no rights as a stockholder of the Corporation, no dividend rights (except as expressly provided in

Section 3(b) with respect to dividend equivalent rights) and no voting rights, with respect to the PSUs and any shares of Common Stock underlying or issuable in respect of such PSUs until such shares of Common Stock are actually issued to and held of record by the Participant. No adjustments will be made for dividends or other rights of a holder for which the record date is prior to the date of issuance of such shares.

Dividend Equivalent Rights Distributions. As of any date that the Corporation pays a cash dividend on its Common Stock, the Corporation shall credit the Participant with an additional number of Target PSUs equal to (i) the per share cash dividend paid by the Corporation on its Common Stock on such date, multiplied by (ii) the total Target PSUs subject to the Award (including any dividend equivalents previously credited hereunder, with such total number adjusted pursuant to Section 7.1 of the Plan) as of the related dividend payment record date, divided by (iii) the fair market value of a share of Common Stock on the date of payment of such dividend, with such number rounded down to the nearest whole PSU. Any additional Target PSUs credited pursuant to the foregoing provisions of this Section 3(b) shall be subject to the same vesting, payment and other terms, conditions and restrictions as the original Target PSUs to which they relate. No crediting of Target PSUs shall be made pursuant to this Section 3(b) with respect to any Target PSUs which, as of such record date, have either been paid pursuant to Section 5 or terminated pursuant to Section 6 or Appendix A.

4. Restrictions on Transfer. Neither the Award, nor any interest therein or amount or shares payable in respect thereof may be sold, assigned, transferred, pledged or otherwise disposed of, alienated or encumbered, either voluntarily or involuntarily, except as set forth in Section 5.6 of the Plan.

5. Timing and Manner of Payment of PSUs. On or as soon as administratively practical following the vesting of the Award pursuant to this Award Agreement or Section 7.2 of the Plan (and in all events not later than two and one-half months after the applicable vesting date), the Corporation shall deliver to the Participant a number of shares of Common Stock (either by delivering one or more certificates for such shares or by entering such shares in book entry form, as determined by the Corporation in its discretion) equal to the number of PSUs subject to this Award that vest on the applicable vesting date (as determined pursuant to this Award Agreement and Appendix A), unless such PSUs terminate prior to the given vesting date pursuant to Section 6 or Appendix A. Fractional share interests will be disregarded. The Corporation's obligation to deliver shares of Common Stock or otherwise make payment with respect to vested PSUs is subject to the condition precedent that the Participant or other person entitled under the Plan to receive any shares with respect to the vested PSUs deliver to the Corporation any representations or other documents or assurances required pursuant to Section 8.1 of the Plan. The Participant shall have no further rights with respect to any PSUs that are paid or that terminate pursuant to Section 6 or Appendix A.

6. Effect of Termination of Employment or Service.

(a) General. [Except as otherwise expressly provided below in this Section 6,] ***[For C Suite and those with Acceleration.]*** the Participant's PSUs shall terminate to the extent such units have not become vested prior to the first date the Participant is no longer employed by or in service as a director or consultant to the Corporation or one of its Subsidiaries, regardless of the reason for the termination of the Participant's employment or service with the Corporation or a Subsidiary, whether with or without cause, voluntarily or involuntarily (the last day that the Participant is employed by or provides services as a director or consultant to the Corporation or a Subsidiary is referred to as the Participant's "**Severance Date**"). If any unvested PSUs are terminated hereunder, such PSUs shall automatically terminate and be cancelled as of the applicable Severance Date without payment of any consideration by the Corporation and without any other action by the Participant, or the Participant's beneficiary or personal representative, as the case may be.

[Qualifying Termination. Subject to the release requirement set forth below, in the event of the Participant's Qualifying Termination (as defined in Appendix A), the unvested PSUs that are outstanding immediately prior to such Qualifying Termination (including any unvested dividend equivalents previously credited pursuant to this Award Agreement) shall vest as provided in Appendix A. The benefits provided by this paragraph are subject to the condition precedent that the Participant (or, in the event of the Participant's death or Permanent Disability (as such term is defined in the Employment Agreement between the Corporation and the Participant (the "**Employment Agreement**")), the Participant's beneficiary or personal representative, as the case may be) provide the Corporation with, and the Participant (or the Participant's beneficiary or personal representative, as the case may be) does not revoke, a general release in the form provided by the Corporation. Such general release shall be provided to the Participant (or the Participant's beneficiary or personal representative, as the case may be) within seven days of the Qualifying Termination date and the Participant (or the Participant's beneficiary or personal representative, as the case may be) shall execute and deliver to the Corporation the general release within twenty-one days after the Corporation provides the release to the Participant (or forty-five days if such longer period of time is required to make the release maximally enforceable under applicable law). In the event this paragraph applies and the general release (and the expiration of any revocation rights provided therein or pursuant to applicable law) could become effective in one of two taxable years depending on when the Participant (or the Participant's beneficiary or personal representative, as the case may be) executes and delivers the release, any payment conditioned on the release shall not be made earlier than the first business day of the later of such two tax years.] ***[For C Suite.]***

(b) [Qualifying Termination. Subject to the release requirement set forth below, in the event of the Participant's Qualifying Termination (as defined in Appendix A), the unvested PSUs that are outstanding immediately prior to such Qualifying Termination (including any unvested dividend equivalents previously credited pursuant to this Award Agreement) shall vest as provided in Appendix A. The benefits provided by this paragraph are subject to the condition precedent that the Participant provide the Corporation with, and the Participant does not revoke, a general release in the form provided by the Corporation. Such general release shall be provided to the Participant within seven days of the Qualifying Termination date and the Participant shall execute and deliver to the Corporation the general release within twenty-one days after the Corporation provides the release to the Participant (or forty-five days if such longer period of time is required to make the release maximally enforceable under applicable law). In the event this paragraph applies and the general release (and the expiration of any revocation rights provided therein or pursuant to applicable law) could become effective in one of two taxable years depending on when the Participant executes and delivers the release, any payment conditioned on the release shall not be made earlier than the first business day of the later of such two tax years.] ***[For those other than C Suite with equity acceleration.]***

(b) [Reserved.] ***[For any other recipients.]***

7. Adjustments Upon Specified Events. Upon the occurrence of certain events relating to the Corporation's stock contemplated by Section 7.1 of the Plan, the Administrator shall make adjustments in accordance with such section in the number of PSUs then outstanding and the number and kind of securities that may be issued in respect of the Award. No such adjustment shall be made with respect to any cash dividend for which dividend equivalents are credited pursuant to Section 3(b).

8. **Tax Withholding**. Subject to Section 8.1 of the Plan, upon any distribution of shares of Common Stock in respect of the PSUs, the Corporation shall automatically reduce the number of shares to be delivered by (or otherwise reacquire) the appropriate number of whole shares, valued at their then fair market value, to satisfy any withholding obligations of the Corporation or its Subsidiaries with respect to such distribution of shares. In the event that the Corporation cannot legally satisfy such withholding obligations by such reduction of shares, or in the event of a cash payment or any other withholding event in respect of the PSUs, the Corporation (or a Subsidiary) shall be entitled to require a cash payment by or on behalf of the Participant and/or to deduct from other compensation payable to the Participant any sums required by federal, state or local tax law to be withheld with respect to such distribution or payment.

9. **Notices**. Any notice to be given under the terms of this Award Agreement shall be in writing and addressed to the Corporation at its principal office to the attention of the Secretary, and to the Participant at the Participant's last address reflected on the Corporation's records, or at such other address as either party may hereafter designate in writing to the other. Any such notice shall be given only when received, but if the Participant is no longer an employee of or in service to the Corporation, shall be deemed to have been duly given by the Corporation when enclosed in a properly sealed envelope addressed as aforesaid, registered or certified, and deposited (postage and registry or certification fee prepaid) in a post office or branch post office regularly maintained by the United States Government.

10. **Plan**. The Award and all rights of the Participant under this Award Agreement are subject to the terms and conditions of the provisions of the Plan, incorporated herein by reference. The Participant agrees to be bound by the terms of the Plan and this Award Agreement (including the Notice and Appendix A). The Participant acknowledges having read and understanding the Plan, the Prospectus for the Plan, and this Award Agreement (including the Notice and Appendix A). Unless otherwise expressly provided in other sections of this Award Agreement, provisions of the Plan that confer discretionary authority on the Board or the Administrator do not (and shall not be deemed to) create any rights in the Participant unless such rights are expressly set forth herein or are otherwise in the sole discretion of the Board or the Administrator so conferred by appropriate action of the Board or the Administrator under the Plan after the date hereof.

11. **Entire Agreement**. This Award Agreement (including the Notice and Appendix A) and the Plan together constitute the entire agreement and supersede all prior understandings and agreements, written or oral, of the parties hereto with respect to the subject matter hereof. The Plan and this Award Agreement (including the Notice and Appendix A) may be amended pursuant to Section 8.6 of the Plan. Such amendment must be in writing and signed by the Corporation. The Corporation may, however, unilaterally waive any provision hereof in writing to the extent such waiver does not adversely affect the interests of the Participant hereunder, but no such waiver shall operate as or be construed to be a subsequent waiver of the same provision or a waiver of any other provision hereof.

12. **Limitation on Participant's Rights.** Participation in the Plan confers no rights or interests other than as herein provided. This Award Agreement (including the Notice and Appendix A) creates only a contractual obligation on the part of the Corporation as to amounts payable and shall not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. The Participant shall have only the rights of a general unsecured creditor of the Corporation with respect to amounts credited and benefits payable, if any, with respect to the PSUs, and rights no greater than the right to receive the Common Stock as a general unsecured creditor with respect to PSUs, as and when payable hereunder.

13. **Counterparts; Electronic Signature**. This Award Agreement may be signed and/or transmitted in one or more counterparts by facsimile, e-mail of a .PDF, .TIF, .GIF, .JPG or similar attachment or using electronic signature technology (e.g., via DocuSign or similar electronic signature technology), all of which will be considered one and the same agreement and will become effective when one or more counterparts have been signed by each of the parties hereto and delivered to the other parties, it being understood that all parties need not sign the same counterpart, and that any such signed electronic record shall be valid and as effective to bind the party so signing as a paper copy bearing such party's hand-written signature. To the extent a party signs this Award Agreement using electronic signature technology, by clicking "sign," "accept," or similar acknowledgement of acceptance, such party is signing this Award Agreement electronically, and electronic signatures appearing on this Award Agreement (or entered as to this Award Agreement using electronic signature technology) shall be treated, for purposes of validity, enforceability and admissibility, the same as hand-written signatures.

14. **Section Headings**. The section headings of this Award Agreement are for convenience of reference only and shall not be deemed to alter or affect any provision hereof.

15. **Governing Law**. This Award Agreement (including the Notice and Appendix A) shall be governed by and construed and enforced in accordance with the laws of the State of Delaware without regard to conflict of law principles thereunder. You do not have to accept your award and it is not a condition of employment to accept your award. If you do not agree to the terms of your award, you should promptly return this Notice to the Corporation's Stock Plans Administrator indicating that you do not wish to accept the award and your PSUs will be cancelled.

16. **Construction**. It is intended that the terms of the Award will not result in the imposition of any tax liability pursuant to Section 409A of the Code. This Award Agreement (including the Notice and Appendix A) shall be construed and interpreted consistent with that intent.

17. **Clawback Policy**. The PSUs are subject to the terms of the Corporation's recoupment, clawback or similar policy as it may be in effect from time to time, as well as any similar provisions of applicable law, any of which could in certain circumstances require repayment or forfeiture of the PSUs or any shares of Common Stock or other cash or property received with respect to the PSUs (including any value received from a disposition of the shares acquired upon payment of the PSUs). The Participant agrees to comply with any such recoupment, clawback or similar policy, and similar provisions of law, applicable to the Participant.

18. **No Advice Regarding Grant**. The Participant is hereby advised to consult with his or her own tax, legal and/or investment advisors with respect to any advice the Participant may determine is needed or appropriate with respect to the PSUs (including, without limitation, to determine the foreign, state, local, estate and/or gift tax consequences with respect to the Award). Neither the Corporation nor any of its officers, directors, affiliates or advisors makes any representation (except for the terms and conditions expressly set forth in this Award Agreement, including the Notice and Appendix A) or recommendation with respect to the Award. Except for the withholding rights set forth in Section 8 above, the Participant is solely responsible for any and all tax liability that may arise with respect to the Award.

* * *

Appendix A

Performance Vesting Requirements

Exhibit 31.1

Certification of Chief Executive Officer
Pursuant to Rule 13a-14(a) under Section 302 of the Sarbanes-Oxley Act of 2002

I, Kate W. Duchene, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Resources Connection, 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 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 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: January 4, 2024

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

Exhibit 31.2

Certification of Chief Financial Officer
Pursuant to Rule 13a-14(a) under Section 302 of the Sarbanes-Oxley Act of 2002

I, Jennifer Ryu, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Resources Connection, 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 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 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: January 4, 2024

/s/ JENNIFER RYU
Jennifer Ryu
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 on Form 10-Q for the fiscal quarter ended November 25, 2023 of Resources Connection, Inc. (the "Form 10-Q"), I, Kate W. Duchene, President and Chief Executive Officer of Resources Connection, Inc., 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 Form 10-Q fully complies with the requirements of section 13(a) or 15(d) of the Securities and Exchange Act of 1934; and

2. The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Resources Connection, Inc.

January 4, 2024

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

The foregoing certification is being furnished to the Securities and Exchange Commission pursuant to 18 U.S.C. Section 1350. It is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

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 on Form 10-Q for the fiscal quarter ended November 25, 2023 of Resources Connection, Inc. (the "Form 10-Q"), I, Jennifer Ryu, Executive Vice President and Chief Financial Officer of Resources Connection, Inc., 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 Form 10-Q fully complies with the requirements of section 13(a) or 15(d) of the Securities and Exchange Act of 1934; and

2. The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Resources Connection, Inc.

January 4, 2024

/s/ JENNIFER RYU

Jennifer Ryu

Executive Vice President and Chief Financial Officer

The foregoing certification is being furnished to the Securities and Exchange Commission pursuant to 18 U.S.C. Section 1350. It is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.