UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

Form 10-K

(Mark One)

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

For the fiscal year ended May 27, 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 **(State or Other Jurisdiction of Incorporation or Organization)**	**33-0832424** **(I.R.S. Employer Identification No.)**

17101 Armstrong Avenue, Irvine, California 92614
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (714) 430-6400

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)

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

None (Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☒

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

As of November 25, 2022 (the last business day of the registrant's most recently completed second fiscal quarter), the approximate aggregate market value of common stock held by non-affiliates of the registrant was $612,355,000 (based upon the closing price for shares of the registrant's common stock as reported by The Nasdaq Global Select Market). As of July 18, 2023, there were approximately 33,672,931 shares of common stock, $0.01 par value, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

The registrant's definitive proxy statement for the 2023 Annual Meeting of Stockholders is incorporated by reference in Part III of this Form 10-K to the extent stated herein.

RESOURCES CONNECTION, INC.

TABLE OF CONTENTS

In this Annual Report on Form 10-K, "Resources Global Professionals," "Company," "we," "us" and "our" refer to the business of Resources Connection, Inc. and its subsidiaries. References in this Annual Report on Form 10-K to "fiscal," "year" or "fiscal year" refer to our fiscal year that consists of the 52- or 53-week period ending on the Saturday in May closest to May 31. The fiscal years ended May 27, 2023, May 28, 2022, and May 29, 2021 each consisted of 52 weeks.

FORWARD LOOKING STATEMENTS

This Annual Report on Form 10-K, including information incorporated herein by reference, 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 Annual Report on Form 10-K, 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, including those identified in Item 1A "Risk Factors" of this Annual Report on Form 10-K. The disclosures we make concerning risks, uncertainties and other factors that may affect our business or operating results, including those identified in Item 1A "Risk Factors" of this Annual Report on Form 10-K and our other public filings made with the Securities and Exchange Commission ("SEC"), should be reviewed carefully. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also affect our business or operating results. Readers are cautioned not to place undue reliance on these forward-looking statements included herein, which speak only as of the date of this Annual Report. 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 Annual Report or to reflect the occurrence of unanticipated events, unless required by law to do so.

PART I

ITEM 1. *BUSINESS.*

Overview

Resources Global Professionals ("RGP") is a global consulting firm focused on project execution services that power clients' operational needs and change initiatives utilizing on-demand, experienced 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, expertise and collaboration to deliver practical solutions and more impactful results that power our clients', consultants' and partners' success.

A disruptor within the professional services industry since our founding in 1996, today we embrace our differentiated agile delivery model. The trends in today's marketplace favor the flexibility and agility that RGP provides as businesses confront transformation pressures and speed-to-market challenges. As talent preferences continue to shift in the direction of flexibility, choice and control, employers struggling to compete in today's business environment must rethink the way work gets done and consider implementing new, more agile workforce strategies.

We have evolved our client engagement and talent delivery model to take advantage of these dramatic and important shifts in the direction of flexibility, control and choice. Our unique approach to workforce strategy strongly positions us to help our clients transform their businesses and workplaces, especially in a time where high-quality talent is increasingly scarce and leaders are increasingly adopting more flexible workforce models to execute transformational projects. We believe that we are continuing to lay a solid foundation for the future.

Based in Irvine, California, with a worldwide presence, our agile human capital model attracts top-caliber professionals with in-demand skillsets who seek a workplace environment that embraces flexibility, collaboration and human connection. Our agile professional services model allows us to quickly align the right resources for the work at hand with speed and efficiency in ways that bring value to both our clients and talent. Our approximately 4,100 professionals collectively engaged with over 2,000 clients around the world in fiscal 2023, including over 87% of the Fortune 100 as of May 2023.

Business Segments

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

- RGP – a global business consulting firm focused on project execution services that power clients' operational needs and change initiatives with 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 our Chief Executive Officer, who is the Chief Operating Decision Maker for segment reporting purposes. RGP is the Company's only reportable segment that meets the quantitative threshold of a reportable segment. Sitrick does not individually meet the quantitative threshold to qualify as a reportable segment. Therefore, Sitrick is disclosed in Other Segments. RGP accounts for more than 90% of our consolidated revenue and segment total Adjusted EBITDA and, therefore, represents our dominant segment. The discussions in this section apply to both our entire business and RGP.

Prior to May 31, 2022, the Company's Other Segments included *taskforce*, along with its parent company, Resources Global Professionals GmbH, an affiliate of the Company. *taskforce* was divested on May 31, 2022; refer to Note 2 – *Summary of Significant Accounting Policies* and Note 3 – *Dispositions* in the Notes to Consolidated Financial Statements for further information. 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.

Industry Background and Trends

Changing Market for Project- or Initiative-Based Professional Services

Our services respond to what we believe is a permanent marketplace shift: namely, organizations are increasingly choosing to address their workforce needs in more flexible ways. We believe this growing shift in workforce strategy towards a project-based orientation was greatly accelerated by the COVID-19 pandemic (the "Pandemic"), which placed an enhanced emphasis on business agility, and continues to be hastened by the competition for talent. Permanent professional personnel positions are being reduced as organizations engage agile talent for project initiatives and transformation work.

Organizations use a mix of alternative resources to execute projects. Some companies rely solely on their own employees who may lack the requisite time, experience or skills for specific projects. Other companies may outsource entire projects to consulting firms, which provides them access to the expertise of the firm but often entails significant cost, insufficient management control of the project and a lack of ultimate ownership at project completion. As a more cost-efficient alternative, companies sometimes use temporary employees from traditional and internet-based staffing firms, although these employees may be less experienced or less qualified than employees from professional services firms. Finally, companies can supplement their internal resources with employees from agile consulting or other traditional professional services firms, like RGP. The use of project consultants as a viable alternative to traditional accounting, consulting, and law firms allows companies to:

- Strategically access specialized skills and expertise for projects of set durations;
- Engage the very best expert talent across regions and geographies;
- Be nimble and mobilize quickly;
- Blend independent and fresh points of view;
- Effectively supplement internal resources;
- Increase labor flexibility; and
- Reduce overall hiring, training and termination costs.

Supply of Project Consultants

Based on our review of labor market dynamics and discussions with our consultants, we believe the number of professionals seeking to work on an agile basis has been increasing due to a desire for:

- More flexible hours and work arrangements, including working-from-home options, coupled with an evolving professional culture that offers competitive wages and benefits;
- The ability to learn and contribute to different environments and collaborate with diverse team members;
- Challenging engagements that advance their careers, develop their skills and add to their portfolio of experience;
- A work environment that provides a diversity of, and more control over, client engagements; and
- Alternative employment opportunities throughout the world.

The traditional employment options available to professionals may fulfill some, but not all, of an individual’s career objectives. A professional working for a Big Four firm or a consulting firm may receive challenging assignments and training; however, he or she may encounter a career path with less choice and less flexible hours, extensive travel demands and limited control over work engagements. On the other hand, a professional who works as an independent contractor assumes the ongoing burden of sourcing assignments and significant administrative obligations, including potential tax and legal issues.

RGP’s Solution

We believe RGP is ideally positioned to capitalize on the confluence of the industry shifts described above. We believe, based on discussions with our clients, that RGP provides the agility companies desire in today’s highly competitive and quickly evolving business environment. Our solution offers the following elements:

- A relationship-oriented and collaborative approach to client service;
- A dedicated talent acquisition and management team adept at developing, managing and deploying a project-based workforce;
- Deep functional and/or technical experts who can assess clients’ project needs and customize solutions to meet those needs;
- Highly qualified and pedigreed consultants with the requisite expertise, experience and points of view;
- Competitive rates on an hourly basis as well as on a project basis; and
- Significant client control of their projects with effective knowledge transfer and change management.

RGP's Strategic Priorities

Our Business Strategy

We are dedicated to serving our clients with highly qualified and experienced talent in support of projects and initiatives in a broad array of functional areas, including:

Transactions
- Integration and divestitures
- Bankruptcy/restructuring
- Going public readiness and support
- Financial process optimization
- System implementation

Regulations
- Accounting regulations
- Internal audit and compliance
- Data privacy and security
- Healthcare compliance
- Regulatory compliance

Transformations
- Finance transformation
- Digital transformation
- Supply chain management
- Cloud migration
- Data design and analytics

Our objective is to build and maintain RGP's reputation as the premier provider of project execution services for companies facing transformation, change and compliance challenges. We have developed the following business strategies to achieve our objectives:

Hire and retain highly qualified, experienced consultants. We believe our highly qualified, experienced consultants provide us with a distinct competitive advantage. Therefore, one of our top priorities is to continue to attract and retain high-caliber consultants who are committed to serving clients and solving their problems. We believe we have been successful in attracting and retaining qualified professionals by providing interesting work assignments within a blue-chip client base, competitive compensation and benefits, and continuing professional development and learning opportunities, as well as membership to an exclusive community of like-minded professionals, while offering flexible work schedules and more control over choosing client engagements.

Maintain our distinctive culture. Our corporate culture is a core pillar of our business strategy, and we believe it has been a significant component of our success. See "Human Capital Management" below for further discussions about our culture.

Establish consultative relationships with clients. We emphasize a relationship-oriented approach to business rather than a transaction-oriented or assignment-oriented approach. We believe the professional services experience of our management and consultants enables us to understand the needs of our clients and deliver an integrated, relationship-based approach to meeting those needs. Client relationships and needs are addressed from a client-centric, not geographic, perspective. Our revenue team regularly meets with our existing and prospective clients to understand their business issues and help them define their project needs. Our talent team then identifies consultants with the appropriate skills and experience from our global talent pool to meet the clients' objectives. We believe that by establishing relationships with our clients to solve their professional service needs, we are more likely to identify new opportunities to serve them. The strength and depth of our client relationships is demonstrated by the 80% retention rate of our top 100 clients over the last five fiscal years.

Build the RGP brand. We want to maintain a leadership position in today's world of work, providing the best talent to execute client projects in an increasingly fluid gig-oriented environment. We have historically built our brand through the consistent and reliable delivery of high-quality, value-added services to our clients as well as a significant referral network of 3,145 consultants and 917 management and administrative employees as of May 27, 2023. In recent years, we have invested in global, regional and local marketing and brand activation efforts that reinforce our brand. In fiscal 2022, we introduced our new tagline — Dare to Work Differently — to clarify our brand. We made progress on clarifying our brand and activated our new brand positioning during fiscal 2023. We rely on trademark registrations and common law trademark rights to protect the distinctiveness of our brand.

Our Growth Strategy

Since inception, our growth has been primarily organic with certain strategic acquisitions along the way that augmented our physical presence or solution offerings. We believe we have significant opportunity for continued organic growth in our core business while also growing through strategic and highly targeted acquisitions as our clients continue to accelerate their digital, workforce and workplace paradigm transformations. Key elements of our growth strategy include:

Further our strategic brand marketing. RGP has always focused our business on project execution, which is a distinct space on the continuum between strategy consulting and interim deployment. Our business model of utilizing experienced talent to flatten the traditional consulting delivery pyramid is highly sought after in today's market. Most clients are capable of formulating business strategy organically or with the help of a strategy firm; where they need help is in the ownership of executing the strategy. Our co-delivery ethos is focused around partnering with clients on project execution. Our brand marketing will continue to emphasize and accentuate our unique qualifications in this arena. We believe clear articulation and successful marketing of our distinctive market position is key to attracting and retaining both clients and talent, enabling us to drive continued growth.

Increase penetration of existing client base. A principal component of our strategy is to secure additional work from the clients that we serve. Based on discussions with our clients, we believe that the amount of revenue that we currently generate from many of our clients represents a relatively small percentage of the total amount that they spend on professional services. Consistent with current industry trends, we believe our clients may also continue to increase that spend as businesses adopt a more agile workforce strategy. We believe that by continuing to deliver high-quality services and by furthering our relationships with our clients, we can capture a significantly larger share of our clients' professional services budgets. We maintain our Strategic Client Account program to serve a number of our largest clients with dedicated global account teams. We have and will continue to expand the Strategic Client Account program by adding clients and taking a more client-centric and borderless approach to serving these clients. In addition to serving our largest clients with a differentiated focus, we also segment our clients by industry verticals. We believe this focus enhances our opportunities to develop in-depth knowledge of these clients' needs and the ability to increase the scope and size of projects with those clients. The Strategic Client Account and Industry Vertical programs have been key drivers for our revenue and business growth.

Grow our client base. We continue to focus on attracting new clients. We strive to develop new client relationships primarily by leveraging the significant contact networks of our management and consultants, through referrals from existing clients and through a dedicated business development team targeting specific clients. We believe we can continue to attract new clients by building our brand identity and reputation, supplemented by our global, regional and local marketing efforts. We anticipate our growth efforts will continue to pivot on identifying strategic target accounts especially in the large and middle-market client segments and within certain focus industries, such as healthcare, technology and financial services.

Optimize service offerings with a focus on digital capabilities. We continue to evolve and optimize our portfolio of professional service offerings, and when appropriate, consider entry into new professional service offerings. Since our founding, we have diversified our professional service offerings from a primary focus on accounting and finance to other areas in which our clients have significant needs such as digital transformation, finance transformation, accounting regulations, internal audit and compliance, healthcare compliance, integration and divestitures, and supply chain management. We continuously identify project opportunities we can market at a broader level with our talent, tools and methodologies and commercialize projects into solution offerings. When evaluating new or existing solution offerings to invest in, we consider (among other things) profitability, cross-marketing opportunities, competition, growth potential and cultural fit. Our subsidiary Veracity Consulting Group, LLC ("Veracity") offers valuable digital consulting services, particularly related to experience and automation. Customer experience and employee and workspace experience continue to be growing themes in the marketplace and within our client portfolio. The need for automation and self-service has also been an increasing trend. We will continue to focus on expanding our digital consulting capabilities and their geographic reach to drive growth in the business by capturing the market demand and opportunities.

Expand sales channel through our digital engagement platform (HUGO by RGP®). Consumer buying habits continue to dictate a more self-serve frictionless experience. 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 such an experience for clients and talent in the professional staffing space to connect, engage and even transact directly. We piloted the platform in three primary markets – New York/New Jersey, Southern California and Texas, and have continued to expand its functionality with further artificial intelligence and machine learning. We have also been developing sales and marketing strategies to increase client and talent adoption of the platform. We plan to expand the geographic reach to other key markets within the United States ("U.S.") in fiscal 2024. 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 professional staffing business, which we believe will not only drive top-line growth but also enhance profitability.

Engage in strategic acquisitions. Our acquisition strategy is to engage in targeted M&A efforts that are designed to complement our core service offerings and enhance our consulting capabilities that are in line with market demands and trends. The acquisition of Veracity accelerated our digital capabilities and our ability to offer comprehensive digital innovation services. We will continue to seek acquisition opportunities to augment and expand the breadth and depth of our digital and other core capabilities.

Our Service Offerings

Project Consulting. We partner with our people and clients to deliver value and impact, bringing our depth of experience and "sleeves up" approach to project execution. While many companies find their internal employees lack the time, experience, or skills for project execution, we seek out talent who can bring fresh ideas to drive any project to a successful conclusion.

On-demand Talent. Tapping into our agile talent pool, we mobilize the right resources to support an organization in today's rapidly changing business environment. Our workforce strategy provides flexible, collaborative resources to meet our clients' needs.

Other Services. From digital workflows to back-office functions, we support vital business processes, freeing our clients to focus on transformation. In addition, our award-winning recruiters quickly find and assess top talent for business-critical positions for a wide range of clients.

Human Capital Management

Our internal employees and consultants represent our greatest asset and operate together to provide the highest quality of service to our clients. As of May 27, 2023, we had 4,062 employees, including 917 management and administrative employees and 3,145 consultants. Our employees are not covered by any collective bargaining agreements.

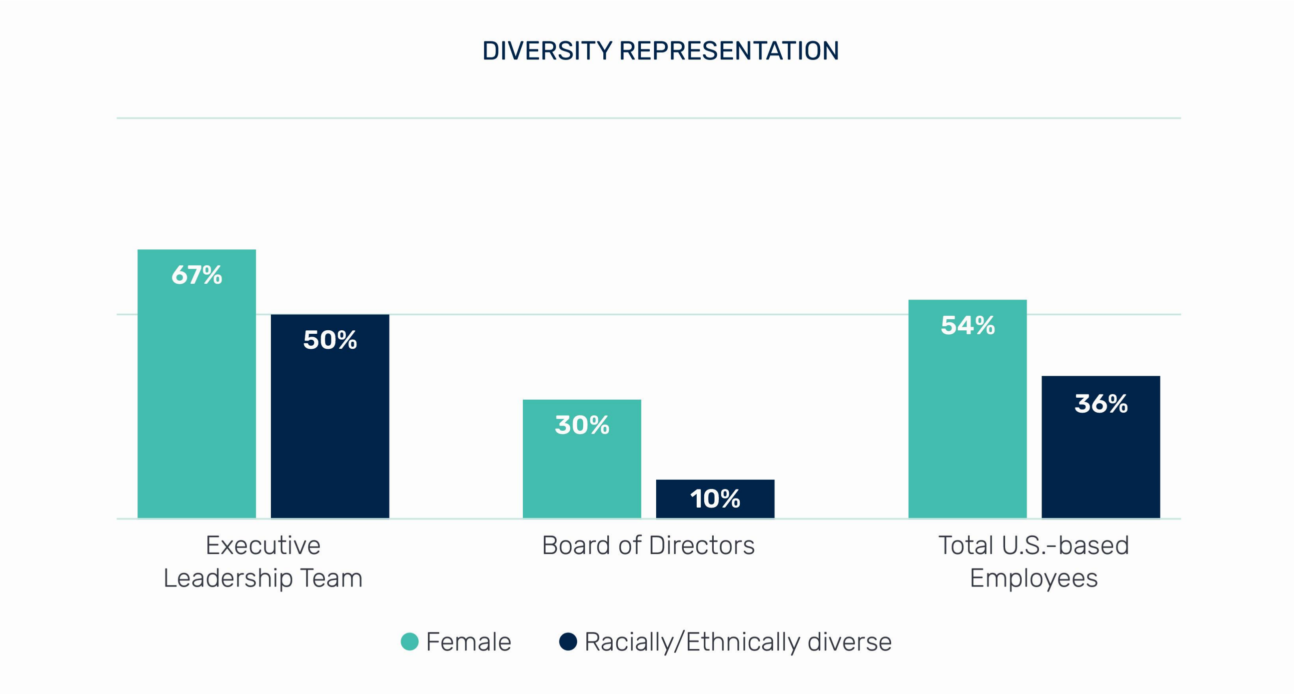
Our Culture and Values

Our culture is the cornerstone of all our human capital programs. Our senior management team, the majority of whom are Big Four, management consulting and/or Fortune 500 alumni, has created a culture that combines the commitment to quality and the client service focus of a Big Four firm with the entrepreneurial energy of an innovative, high-growth company. Our culture is built upon our shared, core values of Loyalty, Integrity, Focus, Enthusiasm, Accountability and Talent, and we believe this is a key reason for our success.

Along with our core values, we act in accordance with our Code of Business Conduct and Ethics ("Code of Conduct"), which sets forth the standards our employees and board members must adhere to at all times in the execution of their duties. Our Code of Conduct covers topics such as honest and candid conduct, conflicts of interest, protecting confidential information, anti-corruption, compliance with laws, rules and regulations, fair dealing, equal opportunities and non-harassment, maintaining a safe workplace, and the reporting of violations. The Code of Conduct reflects our commitment to operating in a fair, honest, responsible and ethical manner and also provides direction for reporting complaints in the event of alleged violations of our policies (including through an anonymous hotline).

Diversity, Equity & Inclusion

Diversity, equity and inclusion ("DE&I") are critical underpinnings of our shared values and guide our conduct in our interactions with both clients and each other. As a human-first company, we recognize diversity as a strength that is cultivated through our culture, our people, our business, and our clients. We are proud to be a Paradigm for Parity Coalition member, which is a coalition of companies committed to addressing the corporate leadership gender and diversity gaps, and are proud that 100% of our Executive Leadership Team are women, racially or ethnically diverse. Additionally, 40% of our directors identify as women, racially or ethnically diverse. Our gender, racial and ethnic diversity representation in the Executive Leadership Team, Board of Directors and U.S.-based workforce is presented in the following table:



** -- Diversity representation is as of May 27, 2023.*

Our fiscal 2023 DE&I strategic priorities remained focused on increasing DE&I awareness, education and involvement among our workforce, increasing diversity in our workforce, and promoting diversity in our Go-to-Market activities. To guide our actions, we launched our second global DE&I survey in fiscal 2023 to collect employee feedback on how we can continue to be an inclusive workplace where all feel welcome and have a sense of belonging. The feedback showed improvements in all categories since the previous survey in fiscal 2021 and provided valuable insights to establish plans to create meaningful change for our global team.

In fiscal 2023, we continued our DE&I Council and DE&I Ambassador programs, which consist of employees representing a cross-section of functions and levels across the globe and support our DE&I priorities by designing and delivering measurable and impactful solutions. The DE&I Council serves an important role in working closely with senior leaders to facilitate alignment between our DE&I efforts and overall business strategy. Our DE&I Council hosts periodic town hall meetings that are accessible to our global workforce. These meetings serve as important learning opportunities and connection points that broaden our perspectives and foster a greater sense of community among colleagues. During these sessions, we engage external speakers and communicate our current year DE&I strategy and initiatives. These sessions also serve as important listening forums by which we learn what additional DE&I activities would be most meaningful to our workforce. We have received strong positive feedback from our workforce around these education and engagement sessions, which has helped us to prioritize DE&I topics for building cultural and inclusive capability across our global team.

The DE&I Ambassador program is comprised of employee volunteers, with a mission to “meet people where they are” in relationship to DE&I and to promote DE&I awareness in existing business forums (i.e., to raise a DE&I topic in existing business meetings or planned social gatherings). The DE&I Ambassador program has had a positive impact on our culture as it generates meaningful opportunities for people, who work in a hybrid and geographically dispersed way, to come together for connection and community. The DE&I Ambassador teams operate at a regional level and meet quarterly to share success stories and practices across the regions.

In fiscal 2023, we also continued our Social Justice Charitable Matching Fund, which has allowed us to help raise DE&I awareness internally across our organization by matching employees’ contributions to charitable organizations that promote social justice. As of May 27, 2023, we achieved our goal of matching $100,000 in contributions during fiscal 2023 and since fiscal 2021, we have supported over 150 unique charitable organizations with over $300,000 in contributions. We also support and encourage our employees to volunteer their time and donate to local or national charitable causes. For example, since fiscal 2021, we have sponsored Brightpath STEAM Academy, which seeks to empower and inspire at-risk students in St. Louis, Missouri to pursue STEAM careers by hosting large scale events such as a robotic summer camp. Brightpath was founded and is run by an RGP employee who also served a multi-year term on our DE&I Council.

Employee Wellbeing and Resilience

Employee safety and wellbeing continues to be of paramount importance to us. Our Global Business Continuity Team continued to improve our disaster preparedness plans and implement strategies to manage the health and security of our employees, business continuity, client confidence, and excellent customer service.

To promote employee wellbeing and collaboration, we evolved our work-from-home policy to a hybrid work policy, where employees are invited to work collaboratively with colleagues in the office but are also permitted to work remotely as desired. Our goal is to help every human in our workforce maintain a positive, productive and connected work experience. We provide productivity and collaboration tools and resources for employees working remotely. During fiscal 2023, we also enhanced and promoted programs to support our employees' physical and mental wellbeing, including the offering of regular wellness and self-care sessions, supporting our You Matter recognition program that allows employees to share gratitude and kudos for colleagues, and launching a new Spirit of Volunteerism initiative to share stories, foster community connections and promote organizations and causes that are important to our employees. We also offer all global employees participation in programs and resources to support personal and family health and wellbeing, including our Employee Assistance Program in the U.S.

Building Strong Leaders and Talent Management

Strong "human leadership" is critical to fostering employee engagement and positioning employees to perform at their best. In fiscal 2023, we saw a continued and strengthened desire from employees seeking authentic, empathetic and adaptive behaviors from their leaders. For these reasons, we invest in the ongoing professional development of our employees and leaders. We designed and delivered curated programs to onboard and acclimate employees to the business and promote personal, professional and leadership growth. In fiscal 2023, we launched "Leadership U" to foster leadership development, peer mentorship opportunities and to support the building and maintenance of high-performing teams.

Successful talent development starts with hiring the right people. We seek to recruit and hire candidates that demonstrate skills and competencies that align with our core values and that have an aptitude to further develop and expand those capabilities. After onboarding, our Life + Learning team remains committed to providing employees with training and development opportunities to allow our employees to progress in their careers. We offer newly hired employees the opportunity to participate in our "RGP U" program to accelerate and support their integration into our organization. This program gives our new hires a connected cohort to drive a sense of belonging early in their career at RGP and offers their leaders a more efficient use of individual coaching time with new employees. In fiscal 2023, we expanded this program to RGP U Consultant to ensure strong connectivity and supported success in a consultant's first year with RGP. We also launched a Sales Effectiveness curriculum that focused on deepening sales and client service acumen and effectiveness.

In addition, we continued to invest in the professional development and growth of our employees as we focused on employee experience, effectiveness, upskilling and reskilling in a changing work environment. This support was focused and delivered to all employees with emphasis in the areas of leadership development, on-boarding, functional/technical learning and digital fluency. We continued to actively engage with our internal leaders by integrating wellness and leadership development topics into our quarterly senior leadership meetings. We also conducted intentional leader listening forums and mentorship programs to help guide our leaders during fiscal 2023.

Compensation and Benefits

We provide a competitive compensation and benefits program to attract and reward our employees. In addition to salaries or hourly rates, our eligible employees, including our consultants, are offered participation in a comprehensive benefits program (based on location) including: paid time off and holidays, group medical and dental programs, a basic term life insurance program, health savings accounts, flexible spending accounts, a 401(k) retirement plan with employer matching contributions, a pension plan or contributions to a statutory retirement program, the 2019 Employee Stock Purchase Plan, as amended ("ESPP"), which enables employees to purchase shares of our stock at a discount, and an employee assistance program. In addition, eligible management and administrative employees may participate in annual cash incentive programs or receive stock-based awards. We also allow eligible consultants in the U.S. to maintain continuation of benefits for 90 days following the completion of a consulting project.

We utilize a Pay for Success Total Rewards Philosophy that promotes more consistent and transparent practices for rewarding and incentivizing our employees and the alignment of pay practices with the Company's success. The Total Rewards Philosophy is comprised of three main components: (i) base pay, designed to reflect an individual's value, knowledge and skills that contribute to the organization through an individual's day-to-day job performance; (ii) short-term incentives, awarded to employees based on results delivered during the applicable fiscal year and determined by quantitative metrics, qualitative contributions, individual goals, and demonstration of company values; and (iii) long-term incentives, granted to reward and retain employees who have strategic influence on the long-term success of the Company. As a listening organization, we continue to communicate with our people to understand what components of Total Rewards are priority for them and leverage that feedback, along with quantitative benchmarking data and affordability considerations, to continually evolve our Total Rewards offerings in a way that positions us to attract and retain top talent.

During fiscal 2023, we also continued our "You Matter" digital global employee recognition and appreciation program. You Matter includes service awards to acknowledge key milestones, including employment anniversaries and hours of service. This program provides all employees with the ability to both give and receive recognition, contributing to our culture of gratitude and excellence.

Clients

We provide our services and solutions to a diverse client base in a broad range of industries. In fiscal 2023, we served over 2,000 clients in 37 countries. Our revenues are not concentrated with any particular client. No single client accounted for more than 10% of revenue for the 2023, 2022 or 2021 fiscal years. In fiscal 2023, our 10 largest clients accounted for approximately 22% of our revenue.

Operations

We generally provide our professional services to clients at a local level, with the oversight of our market or account leaders and consultation with our corporate management team. The market or account leaders and client development directors in each market are responsible for new client acquisition, expanding client relationships, ensuring client satisfaction throughout engagements, coordinating services for clients on a national and international level and maintaining client relationships post-engagement. Market or account revenue leadership and their teams identify, develop and close new and existing client opportunities, often working in a coordinated effort with other markets on multi-national/multi-location proposals. While the majority of our client relationships are driven at a local market level, our Strategic Client Accounts, which comprise 106 accounts, are led by account leaders responsible for relationships across markets and who are specifically tasked with growing our global relationships in these key accounts.

Market or account level leadership works closely with our talent management team, which aligns regionally but is managed largely as three distinct groups within North America, Asia Pacific and Europe. Our talent organization is responsible for identifying, hiring and cultivating a sustainable relationship with seasoned professionals fitting the RGP profile of client needs. Our consultant recruiting efforts are regionally and nationally based, depending upon the skill set required; talent management handles both the identification and hiring of consultants specifically skilled to perform client projects as well as monitoring the satisfaction of consultants during and after completion of assignments. The talent teams focus on getting the right talent in the right place at the right time. In fiscal 2020, we launched our Borderless Talent initiative in response to the Pandemic to evolve towards and facilitate a virtual operating model. In fiscal 2023 we continued with this initiative, as we seek to provide borderless solutions, anytime, anywhere, bringing the best talent to meet our clients' business needs, based on expected outcome, not zip code.

We believe a substantial portion of the buying decisions made by our clients are made on a local or regional basis, and our offices most often compete with other professional services providers on a local or regional basis. We continue to believe our local market or account leaders are well-positioned to understand the local and regional outsourced professional services market. Additionally, the complexity of relationships with many of our multinational clients also dictates that in some circumstances a hybrid model, bringing the best of both locally driven relationships as well as global focus and delivery, is important for employee and client satisfaction. Through our Strategic Client Account program, we aim to be the service provider that can partner with our multinational clients on a global basis by organizing the concerted effort and talent team to deliver through one integrated service platform. Additionally, team members in our Project Consulting Services group are individuals with deep subject matter expertise in areas of particular client concern who assist with scoping, proposing and delivering complex engagements.

We believe our ability to deliver professional services successfully to clients is dependent on our leaders in the field working together as a collegial and collaborative team. To build a sense of team spirit and increase camaraderie among our leaders, we have a program for field personnel that awards annual incentives based on specific agreed-upon goals focused on the performance of the individual and performance of the Company. We also share across the Company and with new client development team members the best and most effective practices of our highest achieving offices and accounts. New leadership also spends time in other markets or otherwise partners with experienced sales and recruiting personnel in those markets to understand how best to serve current clients, expand our presence with prospects and identify and recruit highly qualified consultants, among many other important skills. This allows the veteran leadership to share their success stories, foster our culture with new team members and review specific client and consultant development programs. We believe these team-based practices enable us to better serve clients who prefer a centrally organized service approach.

From our corporate headquarters in Irvine, California, we provide centralized administrative, marketing, finance, human resources ("HR"), information technology ("IT"), legal and real estate support. We also have a business support operations center in our Utrecht, Netherlands office to provide centralized finance, HR, IT, payroll and legal support to our European offices. These centralized functions minimize the administrative burdens on our front office market leaders and enable operational efficiency and scalability throughout the enterprise.

Business Development

Our business development initiatives are comprised of:

- local and global initiatives focused on existing clients and target companies;
- national and international targeting efforts focused on multinational companies;
- brand marketing activities; and
- national and local advertising and direct mail programs.

Our business development efforts are driven by the networking and sales efforts of our management, with our worldwide Salesforce software platform providing a common database of opportunities and clients and enhancing our local and global business development efforts. While local senior management focus on market-related activities, they are also part of the regional, national and international sales efforts, especially when the client is part of a multinational entity. In certain markets, sales efforts are also enhanced by management professionals focused solely on business development efforts on a market and national basis based on firm-wide and industry-focused initiatives. These business development professionals, in partnership with the vice-presidents and client service teams, are responsible for initiating and fostering relationships with the senior management and decision makers of our targeted client companies.

We believe our national marketing efforts have effectively generated incremental revenues from existing clients and developed new client relationships. Our brand marketing initiatives help bolster RGP's reputation in the markets we serve. Our brand is reinforced by our professionally designed website, print, and online advertising, direct marketing, seminars, thought leadership whitepapers, initiative-oriented brochures, social media and public relations efforts. We believe our branding initiatives, coupled with our high-quality client service, help to differentiate us from our competitors and to establish RGP as a credible and reputable global professional services firm.

Competition

We operate in an extremely competitive, highly fragmented market and compete for clients and consultants with a variety of organizations that offer similar services. The competition for talent and clients is likely to increase in the future due to workforce gaps caused by the tightening labor market, a changing market for project- or initiative-based services and the relatively few barriers to entry. Our principal competitors include:

- business operations and financial consulting firms;
- local, regional, national and international accounting and other traditional professional services firms;
- independent contractors;
- traditional and internet-based staffing firms; and
- the in-house or former in-house resources of our clients.

We compete for clients based on the quality of professionals we bring to our clients, the knowledge base they possess, our ability to mobilize the right talent quickly, the scope and price of services, and the geographic reach of services. We believe our attractive value proposition, consisting of our highly qualified consultants, relationship-oriented approach, agile delivery model and professional culture, enables us to compete effectively in the marketplace.

Regulatory Environment

Our operations are subject to regulations by federal, state, local and professional governing bodies and laws and regulations in various foreign countries, including, but not limited to: (a) licensing and registration requirements and (b) regulation of the employer/employee relationship, such as worker classification regulations, wage and hour regulations, tax withholding and reporting, immigration/H-1B visa regulations, social security and other retirement, antidiscrimination, and employee benefits and workers' compensation regulations. Our operations could be impacted by legislative changes by these bodies, particularly with respect to provisions relating to payroll and benefits, tax and accounting, employment, worker classification and data privacy. Due to the complex regulatory environment that we operate in, we remain focused on compliance with governmental and professional organizations' regulations. For more discussion of the potential impact that the regulatory environment could have on our financial results, refer to Item 1A "Risk Factors."

Available Information

Our principal executive offices are located at 17101 Armstrong Avenue, Irvine, California 92614. Our telephone number is (714) 430-6400 and our website address is https://www.rgp.com. The information set forth in our website does not constitute part of this Annual Report on Form 10-K. We file our annual reports on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K pursuant to Section 13(a) or 15(d) of the Exchange Act with the SEC electronically. These reports are maintained on the SEC's website at https://www.sec.gov.

A copy of our annual reports on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K and amendments to those reports may also be obtained free of charge on the Investor Relations page of our website at https://ir.rgp.com as soon as reasonably practicable after we file such reports with the SEC.

ITEM 1A. *RISK FACTORS*.

The risks described below should be considered carefully before a decision to buy shares of our common stock is made. The order of the risks is not an indication of their relative weight or importance. The risks and uncertainties described below are not the only ones facing us but do represent those risks and uncertainties we believe are material to us. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also adversely impact and impair our business. If any of the following risks actually occur, our business could be harmed. In that case, the trading price of our common stock could decline, and all or part of the investment in our common stock might be lost. When determining whether to buy our common stock, other information in this Annual Report on Form 10-K, including our financial statements and the related notes, should also be reviewed.

Risks Related to the Business Environment

An economic downturn or deterioration of general macroeconomic conditions could adversely affect our global operations and financial condition.

We are exposed to the risk of an economic downturn or deterioration of general macroeconomic conditions, including slower growth or recession, inflation, or decreases in consumer spending power or confidence, which could have a significant impact on our business, financial condition, and results of operations. Recent events, including increasing diplomatic and trade friction between the U.S. and China, the military incursion by Russia into Ukraine, and inflationary conditions and rising interest rates, have caused disruptions in the U.S. and global economy, and uncertainty regarding general economic conditions within some regions and countries in which we operate, including concerns about a potential U.S. and/or global recession has led, and may continue to lead, to reluctance on the part of some companies to spend on discretionary projects. Deterioration of or prolonged uncertainty related to the global economy or tightening credit markets could cause some of our clients to experience liquidity problems or other financial difficulties and could further reduce the demand for our services and adversely affect our business in the future.

The military incursion by Russia into Ukraine could adversely impact the global economy and cause an increase in inflation and market uncertainty in a manner that could adversely affect our operations. Wars divert international trade and capital flows, disrupt global supply chains, delay companies' investment and hiring and erode consumer confidence, and periods of elevated geopolitical risks have historically been associated with negative effects on global economic activity. Although none of our operations are in Russia or Ukraine, the continuation or further escalation of geopolitical tensions, or future instances of political unrest in other geographies, could impact other markets where we do business, including Europe and Asia Pacific, or cause negative global economic effects which may adversely affect our business, financial condition, and results of operations.

Economic deterioration at one or more of our clients may also affect our allowance for doubtful accounts and collectability of accounts receivable. Our estimate of losses resulting from our clients' failure to make required payments for services rendered has historically been within our expectations and the provisions established. While our overall receivable collections have not been severely impacted by the softening economy or other geopolitical events, we cannot guarantee we will continue to experience the same credit loss rates we have in the past. A significant change in the liquidity or financial position of our clients could cause unfavorable trends in receivable collections and cash flows and additional allowances for anticipated losses may be required. These additional allowances could materially affect our future financial results.

In addition, we are required periodically, and at least annually, to assess the recoverability of certain assets, including deferred tax assets, long-lived assets and goodwill. Downturns in the U.S. and international economies could adversely affect our evaluation of the recoverability of deferred tax assets, long-lived assets and goodwill. Although the additional tax valuation allowances and the impairment of long-lived assets and goodwill are non-cash expenses, they could materially affect our future financial results and financial condition.

Bank failures or other events affecting financial institutions could adversely affect our and our clients' liquidity and financial performance.

We regularly maintain domestic cash deposits in Federal Deposit Insurance Corporation ("FDIC") insured banks, which exceed the FDIC insurance limits. We also maintain cash deposits in foreign banks where we operate, some of which are not insured or are only partially insured by the FDIC or other similar agencies. The failure of a bank, or events involving limited liquidity, defaults, non-performance or other adverse conditions in the financial or credit markets impacting financial institutions at which we maintain balances, or concerns or rumors about such events, may lead to disruptions in access to our bank deposits or otherwise adversely impact our liquidity and financial performance. There can be no assurance that our deposits in excess of the FDIC or other comparable insurance limits will be backstopped by the U.S. or applicable foreign government, or that any bank or financial institution with which we do business will be able to obtain needed liquidity from other banks, government institutions or by acquisition in the event of a failure or liquidity crisis.

Our clients, including those of our clients that are banks, may be similarly adversely affected by any bank failure or other event affecting financial institutions. Any resulting adverse effects to our clients' liquidity or financial performance could reduce the demand for our services or affect our allowance for doubtful accounts and collectability of accounts receivable. A significant change in the liquidity or financial position of our clients could cause unfavorable trends in receivable collections and cash flows and additional allowances for anticipated losses may be required. These additional allowances could materially affect our future financial results.

In addition, instability, liquidity constraints or other distress in the financial markets, including the effects of bank failures, defaults, non-performance or other adverse developments that affect financial institutions, could impair the ability of one or more of the banks participating in our current or any future credit agreement from honoring their commitments. This could have an adverse effect on our business if we were not able to replace those commitments or to locate other sources of liquidity on acceptable terms.

Our business is subject to risks arising from epidemic diseases, pandemics, or other public health emergencies.

Public health epidemics or pandemics pose the risk that we or our employees and partners may be prevented from conducting business activities at full capacity for an indefinite period of time, including due to the spread of the virus or due to shutdowns or other measures that are requested or mandated by governmental authorities. Governmental measures that are intended to reduce the spread or otherwise combat a pandemic or epidemic may affect how we operate, including, among other things, by reducing demand for or delaying client decisions to procure our services, or by resulting in cancellations of existing projects.

A future pandemic, epidemic, or other public health emergency could also result in a decline in productivity, which may adversely impact our ability to continue to efficiently serve our clients. In addition, in connection with the Pandemic, the overall financial condition of some of our clients was adversely impacted, at least for periods of time. If the financial condition of any of our clients is negatively impacted in the future by a pandemic or epidemic, the ability of these clients to pay outstanding receivables owed to us may be adversely affected.

The market for professional services is highly competitive, and if we are unable to compete effectively against our competitors, our business and operating results could be adversely affected.

We operate in a competitive, fragmented market, and we compete for clients and consultants with a variety of organizations that offer similar services. Our principal competitors include: consulting firms; local, regional, national and international accounting and other traditional professional services firms; independent contractors; traditional and internet-based staffing firms; and the in-house or former in-house resources of our clients. The competition is likely to increase in the future due to the expected growth of the market and the relatively few barriers to entry.

We cannot provide assurance that we will be able to compete effectively against existing or future competitors. Many of our competitors have significantly greater financial resources, greater revenues and greater name recognition, which may afford them an advantage in attracting and retaining clients and consultants and in offering pricing concessions. Some of our competitors in certain markets do not provide medical insurance or other benefits to their consultants, thereby allowing them to potentially charge lower rates to clients. In addition, our competitors may be able to respond more quickly to changes in companies' needs and developments in the professional services industry.

Risks Related to Human Capital Resources

We must provide our clients with highly qualified and experienced consultants, and the loss of a significant number of our consultants, or an inability to attract and retain new consultants, could adversely affect our business and operating results.

Our business involves the delivery of professional services, and our success depends on our ability to provide our clients with highly qualified and experienced consultants who possess the skills and experience necessary to satisfy their needs. At various times, including as a result of recent shifts by businesses to adopt more workforce agility in response to temporary gaps caused by the tightening labor market, such professionals can be in great demand, particularly in certain geographic areas or if they have specific skill sets. Our ability to attract and retain consultants with the requisite experience and skills depends on several factors including, but not limited to, our ability to:

- provide our consultants with either full-time or flexible-time employment;
- obtain the type of challenging and high-quality projects that our consultants seek;
- provide competitive compensation and benefits; and
- provide our consultants with flexibility as to hours worked and assignment of client engagements.

There can be no assurance we will be successful in accomplishing any of these factors and, even if we are, we cannot assure we will be successful in attracting and retaining the number of highly qualified and experienced consultants necessary to maintain and grow our business.

Our business could suffer if we lose the services of one or more key members of our senior management.

Our future success depends upon the continued employment of our senior management team. The unforeseen departure of one or more key members of our senior management team could significantly disrupt our operations if we are unable to successfully manage the transition. The replacement of members of senior management can involve significant time and expense and create uncertainties that could delay, prevent the achievement of, or make it more difficult for us to pursue and execute on our business opportunities, which could have an adverse effect on our business, financial condition and operating results.

Further, due to legal restrictions prohibiting non-compete agreements in certain jurisdictions, we generally do not have non-compete agreements with our employees, including our senior management team, and, therefore, they could terminate their employment with us at any time and obtain employment with a competitor. Our ability to retain the services of members of our senior management and other key employees could be impacted by a number of factors, including competitors’ hiring practices or the effectiveness of our compensation programs. If members of our senior management or other key employees leave us for any reason, they could pursue other employment opportunities with our competitors or otherwise compete against us. If we are unable to retain the services of these key personnel or attract and retain other qualified and experienced personnel on acceptable terms, our business, financial condition and operating results could be adversely affected.

Significant increases in wages or payroll-related costs could have a material adverse effect on our financial results.

To ensure that we attract and retain the requisite talent, it is necessary that we pay our consultants competitive wages. We are also required to pay a number of federal, state and local payroll-related costs for our employees and consultants, including providing certain benefits such as medical insurance, paid time off and sick leave, and paying unemployment taxes, workers’ compensation insurance premiums and claims, and FICA and Medicare taxes. These costs could be increased by wage inflation and changes to local laws and regulations. Costs could also increase as a result of health care reforms or the possible imposition of additional requirements and restrictions related to the placement of personnel. We may not be able to increase the fees charged to our clients in a timely manner or in a sufficient amount to cover these potential cost increases.

Risks Related to Our Business Operations and Initiatives

Our business depends upon our ability to secure new projects from clients and renew expired contracts, and we could be adversely affected if we fail to do so.

We generally do not have long-term agreements with our clients for the provision of services and our clients may terminate engagements with us at any time. The success of our business is dependent on our ability to secure new projects from clients or to renew expired contracts with clients. For example, our business is likely to be materially adversely affected if we are unable to secure new client projects because of improvements in our competitors’ service offerings, because of our customers’ use of technology or artificial intelligence instead of external experts, because of a change in government regulatory requirements, because of an economic downturn decreasing the demand for outsourced professional services, or for other reasons. New impediments to our ability to secure projects from clients may develop over time, such as the increasing use by large clients of in-house procurement groups that manage their relationship with service providers.

If we are not able to replace the revenue from our expired client contracts, either through follow-on contracts or new contracts for those requirements or for other requirements, our revenue and operating results may be adversely affected. On the expiration of a contract, we typically seek a new contract or subcontractor role relating to that client to replace the revenue generated by the expired contract. There can be no assurance that those expiring contracts we are servicing will continue after their expiration, that the client will re-procure those requirements, that any such re-procurement will not be restricted in a way that would eliminate us from the competition, or that we will be successful in any such re-procurements or in obtaining subcontractor roles. Any factor that diminishes client relationships and/or our professional reputation could make it substantially more difficult for us to compete successfully for new engagements and qualified consultants. To the extent our client relationships and/or professional reputation deteriorate, our revenue and operating results could be adversely affected.

Our financial results could suffer if we are unable to achieve or maintain a suitable pay/bill ratio.

Our consultant cost structure is primarily variable in nature, and our profitability depends to a large extent on the level of pay/bill ratio achieved. Our failure to maintain or increase the hourly rates we charge our clients for our services or to pay an adequate and competitive rate to our consultants in order to maintain a suitable pay/bill ratio could compress our gross margin and adversely impact our profitability.

The pay rates of our consultants are affected by a number of factors, including:

- the skill sets and qualifications our consultants possess;
- the competition for talent; and
- current labor market and economic conditions.

The billing rates of our consultants are affected by a number of factors, including:

- our clients’ perception of our ability to add value through our services;
- the market demand for the services we provide;
- introduction of new services by us or our competitors;
- our competition and the pricing policies of our competitors; and
- current economic conditions.

If we are unable to achieve a desirable pay/bill ratio, our financial results could materially suffer. In addition, a limited number of clients are requesting certain engagements be a fixed fee rather than our traditional hourly time and materials approach, thus shifting a portion of the burden of financial risk and monitoring to us.

We derive significant revenue and profits from contracts awarded through a competitive bidding process, which can impose substantial costs on us, and we will lose revenue and profits if we fail to compete effectively.

Competitive bidding imposes substantial costs and presents a number of risks, including the:

- substantial cost and managerial time and effort that we spend to prepare bids and proposals;
- need to estimate accurately the resources and costs that will be required to service any contracts we are awarded, sometimes in advance of the final determination of their full scope; and
- opportunity cost of not bidding on and winning other contracts we may have otherwise pursued.

To the extent we engage in competitive bidding and are unable to win certain contracts, we not only incur substantial costs in the bidding process that negatively affect our operating results, but we may lose the opportunity to operate in the market for the services provided under those contracts for a number of years and our revenue will be adversely impacted. Even if we win a particular contract through competitive bidding, our profit margins may be depressed, or we may even suffer losses as a result of the costs incurred through the bidding process and the need to lower our prices to overcome competition.

Our contracts may contain provisions that are unfavorable to us and permit our clients to, among other things, terminate our contracts partially or completely at any time prior to completion.

Our contracts typically contain provisions that allow our clients to terminate or modify these contracts at their convenience on short notice. If a client terminates one of our contracts for convenience, we generally can only bill the client for work completed prior to the termination, plus any commitments and settlement expenses the client agrees to pay, but not for any work not yet performed. If a client were to terminate, decline to exercise options under, or curtail further performance under one or more of our major contracts, our revenue and operating results could be adversely affected.

We may be unable to realize the level of the anticipated benefits that we expect from our restructuring initiatives, which may adversely impact our business and results of operations.

In response to changes in industry and market conditions, we have undertaken in the past, and may undertake in the future, restructuring, reorganization, or other strategic initiatives and business transformation plans to realign our resources with our growth strategies, operate more efficiently and control costs. The successful implementation of our restructuring activities may from time to time require us to effect business and asset dispositions, workforce reductions, management restructurings, decisions to limit investments in or otherwise exit businesses, office consolidations and closures, and other actions, each of which may depend on a number of factors that may not be within our control.

Any such effort to realign or streamline our organization may result in the recording of restructuring or other charges, such as asset impairment charges, contract and lease termination costs, exit costs, termination benefits, and other restructuring costs. Further, as a result of restructuring initiatives, we may experience a loss of continuity, loss of accumulated knowledge and proficiency, adverse effects on employee morale, loss of key employees and/or other retention issues during transitional periods. Reorganization and restructuring can impact a significant amount of management and other employees’ time and focus, which may divert attention from operating and growing our business. Further, upon completion of any restructuring initiatives, our business may not be more efficient or effective than prior to the implementation of the plan and we may be unable to achieve anticipated operating enhancements or cost reductions, which would adversely affect our business, competitive position, operating results and financial condition.

Our recent digital expansion and technology transformation efforts may not be successful, which could adversely impact our growth and profitability.

One of our primary areas of focus in recent years is digital expansion, which includes the further development and expanded launch of HUGO, our human cloud platform aimed at introducing a new way for clients and talent alike to engage with us and expanding go-to-market penetration for the business that we acquired from Veracity. We are also making investments in the transformation of our technology systems to keep up with technological changes that impact the needs of our clients, the delivery of our services and the efficiency of our back-office operations. These investments require significant capital expenditures. If we are unable to execute these initiatives successfully, we may not realize our anticipated return on investment and may not be able to realize the benefits expected, which could adversely impact our growth and profitability.

We may not be able to build an efficient support structure as our business continues to grow and transform.

In fiscal 2023, we continued our Borderless Talent initiative to continue to evolve towards and facilitate a virtual operating model. With this initiative, we seek to provide borderless solutions, anytime, anywhere, bringing the best talent to meet our clients' business needs, based on workload, not zip code. We also began upgrading to a new cloud-based enterprise-wide operating and Enterprise Resource Planning system. The continued success of these initiatives requires adjusting and strengthening our business operations, financial and talent management systems, procedures, controls and compliance, which may increase our total operating costs and adversely impact our profitability and growth.

New business strategies and initiatives, such as these, can be time-consuming for our management team and disruptive to our operations. New business initiatives could also involve significant unanticipated challenges and risks including not advancing our business strategy, not realizing our anticipated return on investment, experiencing difficulty in implementing initiatives, or diverting management's attention from our other businesses. These events could cause material harm to our business, operating results or financial condition.

We may not be able to grow our business, manage our growth or sustain our current business.

In 2020, we undertook restructuring efforts in North America, APAC and Europe to analyze our physical geographic footprint and real estate spend in those areas. We have worked to focus investment dollars in high-growth core markets for greater impact and to shift to a virtual operating model in certain other markets. There can be no assurance we will be able to maintain or expand our market presence in our current locations, successfully enter other markets or locations or successfully operate our business virtually without a physical presence in all our markets. Our ability to continue to grow our business will depend upon an improving global economy and a number of factors, including our ability to:

- grow new client base and penetrate our existing client base;
- expand profitably into new geographies;
- drive growth in core markets, key industry verticals and solution offerings such as digital transformation services;
- provide additional professional service offerings;
- hire qualified and experienced consultants;
- maintain margins in the face of pricing pressure; and
- manage costs.

Even if we are able to resume more rapid growth in our revenue, the growth will result in new and increased responsibilities for our management as well as increased demands on our internal systems, procedures and controls, and our administrative, financial, marketing and other resources. Failure to adequately respond to these new responsibilities and demands may adversely affect our business, financial condition and results of operations.

Our ability to serve clients internationally is integral to our strategy and our international activities expose us to additional operational challenges we might not otherwise face.

Our international activities require us to confront and manage several risks and expenses we would not face if we conducted our operations solely in the U.S. Any of these risks or expenses could cause a material negative effect on our operating results. These risks and expenses include:

- difficulties in staffing and managing foreign offices as a result of, among other things, distance, language and cultural differences;
- exposure to labor and employment laws and regulations in foreign countries;
- expenses associated with customizing our professional services for clients in foreign countries;
- foreign currency exchange rate fluctuations when we sell our professional services in denominations other than U.S. dollars;
- protectionist laws and business practices that favor local companies;
- political and economic instability in some international markets;
- potential personal injury to personnel who may be exposed to military conflicts and other hostile situations in foreign countries;
- multiple, conflicting and changing government laws and regulations;
- trade barriers and economic sanctions;
- compliance with stringent and varying privacy laws in the markets in which we operate;
- compliance with regulations on international business, including the Foreign Corrupt Practices Act, the United Kingdom Bribery Act of 2010 and the anti-bribery laws of other countries;
- reduced protection for intellectual property rights in some countries;
- potentially adverse tax consequences; and
- restrictions on the ability to repatriate profits to the U.S. or otherwise move funds.

We have acquired, and may continue to acquire, companies, and these acquisitions could disrupt our business.

We have acquired several companies in the past and we may continue to acquire companies in the future. Entering into an acquisition entails many risks, any of which could harm our business, including:

- diversion of management's attention from other business concerns;
- failure to integrate the acquired company with our existing business;
- failure to motivate, or loss of, key employees from either our existing business or the acquired business;
- failure to identify certain risks or liabilities during the due diligence process;
- potential impairment of relationships with our existing employees and clients;
- additional operating expenses not offset by additional revenue;
- incurrence of significant non-recurring charges;
- incurrence of additional debt with restrictive covenants or other limitations;
- addition of significant amounts of intangible assets, including goodwill, that are subject to periodic assessment of impairment, with such non-cash impairment potentially resulting in a material impact on our future financial results and financial condition;
- dilution of our stock as a result of issuing equity securities; and
- assumption of liabilities of the acquired company.

Our failure to be successful in addressing these risks or other problems encountered in connection with our past or future acquisitions could cause us to fail to realize the anticipated benefits of such acquisitions, incur unanticipated liabilities and harm our business generally.

Our recent rebranding efforts may not be successful. In addition, we may be unable to adequately protect our intellectual property rights, including our brand name.

We believe establishing, maintaining and enhancing the RGP and Resources Global Professionals brand names are important to our business. We rely on trademark registrations and common law trademark rights to protect the distinctiveness of our brand. In fiscal 2020, we launched a significant global rebranding initiative, and in fiscal 2023 we continued our global rebranding with our new tagline — Dare to Work Differently. However, there can be no assurance that our rebranding initiative will result in a positive return on investment. In addition, there can be no assurance that the actions we have taken to establish and protect our trademarks will be adequate to prevent use of our trademarks by others. Further, not all of our trademarks were successfully registered in all of our desired countries. Accordingly, we may not be able to claim or assert trademark or unfair competition claims against third parties for any number of reasons. For example, a judge, jury or other adjudicative body may find that the conduct of competitors does not infringe or violate our trademark rights. In addition, third parties may claim that the use of our trademarks and branding infringe, dilute or otherwise violate the common law or registered marks of that party, or that our marketing efforts constitute unfair competition. Such claims could result in injunctive relief prohibiting the use of our marks, branding and marketing activities as well as significant damages, fees and costs. If such a claim were made and we were required to change our name or any of our marks, the value of our brand may diminish and our results of operations and financial condition could be adversely affected.

<u>Risks Related to Information Technology, Cybersecurity and Data Protection</u>

Our computer hardware and software and telecommunications systems are susceptible to damage, breach or interruption.

The management of our business is aided by the uninterrupted operation of our computer and telecommunication systems. These systems are vulnerable to security breaches, cyber or other security incidents, natural disasters or other catastrophic events, or other interruptions or damage stemming from power outages, equipment failure or unintended or unauthorized usage by employees. In addition, we rely on information technology systems to process, transmit and store electronic information and to communicate among our locations around the world and with our clients, partners and consultants. From time to time, we experience interruptions in our operations and system failures, and any loss of data and interruptions or delays in our business or that of our clients, or both, resulting from such interruptions or failures could have a material impact on our business and operations and materially adversely affect our revenue, profits and operating results.

The breadth and complexity of this infrastructure increases the potential risk of security incidents. Despite our implementation of security controls, our systems and networks are vulnerable to computer viruses, malware, worms, hackers and other security issues, including physical and electronic break-ins, router disruption, sabotage or espionage, disruptions from unauthorized access and tampering (including through social engineering such as phishing attacks), impersonation of authorized users, and coordinated denial-of-service attacks. Cyber security incidents may involve the covert introduction of malware to computers and networks, and the use of techniques or processes that change frequently, may be disguised or difficult to detect, or are designed to remain dormant until a triggering event, and may continue undetected for a period of time. Cyber incidents have in the past resulted from, and may in the future result from, social engineering or impersonation of authorized users, and may also result from efforts to discover and exploit any design flaws, bugs, security vulnerabilities or security weaknesses, intentional or unintentional acts by employees or other insiders with access privileges, intentional acts of vandalism or fraud by third parties and sabotage. For example, in the past we have experienced cyber security incidents resulting from unauthorized access to our systems, which to date have not had a material impact on our business or results of operations; however, there is no assurance that similar incidents will not cause material impacts in the future. Security incidents, including ransomware attacks, cyber-attacks or cyber-intrusions by computer hackers, foreign governments, cyber terrorists or others with grievances against the industry in which we operate or us in particular, may disable or damage the proper functioning of our networks and systems and result in a significant disruption of our business and potentially significant payments to restore the networks and systems. We review and update our systems and have implemented processes and procedures to protect against security incidents and unauthorized access to our data, although we cannot provide assurances that these efforts will be successful.

In addition, the transition of our workforce to a hybrid work environment, where our employees are often working remotely, could also increase our vulnerability to risks related to our hardware and software systems, including risks of phishing and other cybersecurity attacks. Our systems may be subject to additional risk introduced by software that we license from third parties. This licensed software may introduce vulnerabilities within our own operations as it is integrated with our systems, or as we provide client services through partnership agreements.

It is also possible that our security controls over personal and other data may not prevent unauthorized access to, or destruction, loss, theft, misappropriation or release of personally identifiable or other proprietary, confidential, sensitive or valuable information of ours or others; this access could lead to potential unauthorized disclosure of confidential personal, Company or client information that others could use to compete against us or for other disruptive, destructive or harmful purposes and outcomes. Any such disclosure or damage to our networks and systems could subject us to third-party claims against us and reputational harm, including statutory damages under California or other state law, regulatory penalties and significant costs of incident investigation, remediation and notification. If these events occur, our ability to attract new clients or talent may be impaired or we may be subjected to damages or penalties. While we maintain insurance coverage for cybersecurity incidents that we believe are appropriate for our operations, our insurance coverage may not cover all potential claims against us, may require us to meet a deductible or may not continue to be available to us at a reasonable cost.

In addition, system-wide or local failures of these information technology systems could have a material adverse effect on our business, financial condition, results of operations or cash flows.

Legal and Regulatory Risks

Failure to comply with data privacy laws and regulations could have a materially adverse effect on our reputation, results of operations or financial condition, or have other adverse consequences.

Our employees may have access or exposure to personally identifiable or otherwise confidential information and customer data and systems, the misuse or improper disclosure of which could result in legal liability. The collection, hosting, transfer, disclosure, use, storage and security of personal information required to provide our services is subject to federal, state and foreign data privacy laws. These laws, ("Privacy and Data Protection Requirements") which are not uniform, do one or more of the following: regulate the collection, transfer (including in some cases, the transfer outside the country of collection), processing, storage, use and disclosure of personal information, and require notice to individuals of privacy practices and in some cases consent to collection of personal information; give individuals certain access, correction and deletion rights with respect to their personal information; and prevent the use or disclosure of personal information, or require providing opt-outs for the use and disclosure of personal information, for secondary purposes such as marketing. Under certain circumstances, some of these laws require us to provide notification to affected individuals, data protection authorities and/or other regulators in the event of a data breach. In many cases, these laws apply not only to third-party transactions, but also to transfers of information among us and our subsidiaries.

Laws and regulations in this area are evolving and generally becoming more stringent. For example, the European General Data Protection Regulation (the "GDPR") requires us to meet stringent requirements regarding (i) our access, use, disclosure, transfer, protection, or otherwise processing of personal data; and (ii) the ability of data subjects to exercise their related various rights such as to access, correct or delete their personal data. Under the GDPR and the United Kingdom's version of the GDPR, data transfers from the European Union and the United Kingdom to the United States are generally prohibited unless certain measures are followed. The 2018 California Consumer Privacy Act ("CCPA") imposes similar requirements. New privacy laws in California, Colorado, Connecticut, Utah and Virginia have either taken effect or will take effect in 2023, and new privacy laws recently enacted in Iowa, Indiana, Montana, Tennessee and Texas will take effect over the next few years. There is also the possibility of federal privacy legislation and increased enforcement by the Federal Trade Commission under its power to regulate unfair and deceptive trade practices. Key markets in the Asia Pacific region have also recently adopted GDPR-like legislation, including China's new Personal Information Protection Law. Failure to meet Privacy and Data Protection Law requirements could result in significant civil penalties (including fines up to 4% of annual worldwide revenue under the GDPR) as well as criminal penalties. Privacy and data protection law requirements also confer a private right of action in some countries, including under the GDPR.

As these laws continue to evolve, we may be required to make changes to our systems, services, solutions and/or products to enable us and/or our clients to meet the new legal requirements, including by taking on more onerous obligations in our contracts, limiting our storage, transfer and processing of data and, in some cases, limiting our service and/or solution offerings in certain locations. Changes in these laws, or the interpretation and application thereof, may also increase our potential exposure through significantly higher potential penalties for non-compliance. The costs of compliance with, and other burdens imposed by, such laws and regulations and client demand in this area may limit the use of, or demand for, our services, solutions and/or products, make it more difficult and costly to meet client expectations, or lead to significant fines, penalties or liabilities for noncompliance, any of which could adversely affect our business, financial condition, and results of operations.

Failure to comply with governmental, regulatory and legal requirements or with our company-wide Code of Business Conduct and Ethics, Compliance Policy for Anti-Bribery and Anti-Corruption Laws, Insider Trading Policy, Code of Vendor Conduct and Ethics and other policies could lead to governmental or legal proceedings that could expose us to significant liabilities and damage our reputation.

We are subject to governmental, regulatory and legal requirements in each jurisdiction in which we operate. While we seek to remain in compliance with such legal and regulatory requirements, there may be changes to regulatory schemes in jurisdictions in which we operate that are outside our control and our efforts to remain in compliance with such changes may adversely affect our business and operating results.

We have a robust Code of Business Conduct and Ethics, Compliance Policy for Anti-Bribery and Anti-Corruption Laws, Insider Trading Policy, Code of Vendor Conduct and Ethics and other policies and procedures that are designed to educate and establish the standards of conduct that we expect from our executive officers, outside directors, employees, consultants, independent contractors and vendors. These policies require strict compliance with U.S. and local laws and regulations applicable to our business operations, including those laws and regulations prohibiting improper payments to government officials. In addition, as a corporation whose securities are registered under the Exchange Act and publicly traded on the Nasdaq Stock Market, our executive officers, outside directors, employees, consultants and independent contractors are required to comply with the prohibitions against insider trading of our securities.

Nonetheless, we cannot assure our stakeholders that our policies, procedures and related training programs will ensure full compliance with all applicable legal requirements. Illegal or improper conduct by our executive officers, directors, employees, consultants or independent contractors, or others who are subject to our policies and procedures could damage our reputation in the U.S. and internationally, which could adversely affect our existing client relationships or adversely affect our ability to attract and retain new clients, or lead to litigation or governmental or regulatory proceedings in the U.S. or foreign jurisdictions, which could result in civil or criminal penalties, including substantial monetary awards, fines and penalties, as well as disgorgement of profits.

We may be legally liable for damages resulting from the actions of our employees, the performance of projects by our consultants or for our clients' mistreatment of our personnel.

Many of our engagements with our clients involve projects or services critical to our clients' businesses. If we fail to meet our contractual obligations, we could be subject to legal liability or damage to our reputation, which could adversely affect our business, operating results and financial condition. While we are not currently subject to any client-related legal claims which we believe are material, it remains possible, because of the nature of our business, that we may be involved in litigation in the future that could materially affect our future financial results. Claims brought against us could have a serious negative effect on our reputation and on our business, financial condition and results of operations.

Because we are in the business of placing our personnel in the workplaces of other companies, we are subject to possible claims by our personnel alleging discrimination, sexual harassment, negligence and other similar activities by our clients. We may also be subject to similar claims from our clients based on activities by our personnel. We may also be subject to claims of or relating to wrongful termination, violation of employment rights related to employment screening or privacy issues; misclassification of workers as employees or independent contractors; violation of wage and hour requirements and other labor laws; employment of undocumented noncitizens; criminal activity; torts; breach of contract; failure to protect confidential personal information; intentional criminal misconduct; misuse or misappropriation of client intellectual property; employee benefits; or other claims. In some cases, we are contractually obligated to indemnify our clients against such risks. The cost of defending such claims, even if groundless, could be substantial and the associated negative publicity could adversely affect our ability to attract and retain personnel and clients. We could also be subject to injunctive relief, criminal investigations and/or charges, monetary damages or fines that may be significant, or other material adverse effects on our business.

To reduce our exposure, we maintain policies, procedures and guidelines to promote compliance with laws, rules, regulations and best practices applicable to our business. We also maintain insurance coverage for professional malpractice liability, fidelity, employment practices liability and general liability in amounts and with deductibles that we believe are appropriate for our operations. However, our insurance coverage may not cover all potential claims against us, may require us to meet a deductible or may not continue to be available to us at a reasonable cost. In this regard, we face various employment-related risks not covered by insurance, such as wage and hour laws and employment tax responsibility. U.S. courts in recent years have been receiving large numbers of wage and hour class action claims.

In addition, the use or misuse of social media by our employees or others could reflect negatively on us or our clients and could have a material adverse effect on our business, financial condition and results of operations. The available legal remedies for the use or misuse of social media may not adequately compensate us for the damages caused by such use or misuse and consequences arising from such actions.

Changes in applicable tax laws or adverse results in tax audits or interpretations could have a material adverse effect on our business and operating results.

We are subject to income and other taxes in the U.S. at the federal and state level and also in foreign jurisdictions. Future changes in applicable tax laws and regulations, including changes in tax rates in the jurisdictions in which we operate, are outside our control and are difficult to predict given the political, budgetary and other challenges. Such changes could adversely affect our business and operating results.

We are also subject to periodic federal, state and local tax audits for various tax years. Although we attempt to comply with all taxing authority regulations, adverse findings or assessments made by taxing authorities as the result of an audit could have a material adverse effect on us.

Reclassification of our independent contractors by foreign tax or regulatory authorities could have an adverse effect on our business model and/or could require us to pay significant retroactive wages, taxes and penalties.

Internationally, our consultants are a blend of employees and independent contractors. Independent contractor arrangements are more common abroad than in the U.S. due to the labor laws, tax regulations and customs of the international markets we serve. However, changes to foreign laws governing the definition or classification of independent contractors, or judicial decisions regarding independent contractor classification, could require classification of consultants as employees. Such reclassification could have an adverse effect on our business and results of operations, could require us to pay significant retroactive wages, taxes and penalties, and could force us to change our contractor business model in the foreign jurisdictions affected.

Risks Related to Our Corporate and Capital Structure

It may be difficult for a third party to acquire us, and this could depress our stock price.

Delaware corporate law and our Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws contain provisions that could delay, defer or prevent a change of control of the Company or our management. These provisions could also discourage proxy contests and make it difficult for our stockholders to elect directors and take other corporate actions. As a result, these provisions could limit the price that future investors are willing to pay for our shares. These provisions:

- authorize our Board of Directors to establish one or more series of undesignated preferred stock, the terms of which can be determined by the Board of Directors at the time of issuance;
- divide our Board of Directors into three classes of directors, with each class serving a staggered three-year term. Because the classification of the Board of Directors generally increases the difficulty of replacing a majority of the directors, it may tend to discourage a third party from making a tender offer or otherwise attempting to obtain control of us and may make it difficult to change the composition of the Board of Directors;
- prohibit cumulative voting in the election of directors which, if not prohibited, could allow a minority stockholder holding a sufficient percentage of a class of shares to ensure the election of one or more directors;
- require that any action required or permitted to be taken by our stockholders must be effected at a duly called annual or special meeting of stockholders and may not be effected by any consent in writing;
- state that special meetings of our stockholders may be called only by the Chairman of the Board of Directors, by our Chief Executive Officer, by the Board of Directors after a resolution is adopted by a majority of the total number of authorized directors, or by the holders of not less than 10% of our outstanding voting stock;
- establish advance notice requirements for submitting nominations for election to the Board of Directors and for proposing matters that can be acted upon by stockholders at a meeting;
- provide that certain provisions of our certificate of incorporation and bylaws can be amended only by supermajority vote (a 66 2/3% majority) of the outstanding shares. In addition, our Board of Directors can amend our bylaws by majority vote of the members of our Board of Directors;
- allow our directors, not our stockholders, to fill vacancies on our Board of Directors; and
- provide that the authorized number of directors may be changed only by resolution of the Board of Directors.

The terms of our Credit Facility impose operating and financial restrictions on us, which may limit our ability to respond to changing business and economic conditions.

We currently have a $175.0 million senior secured loan (the “Credit Facility”) which matures on November 12, 2026. We are subject to various operating covenants under the Credit Facility which restrict our ability to, among other things, incur liens, incur additional indebtedness, make certain restricted payments, merge or consolidate and make dispositions of assets. The Credit Facility also requires us to comply with financial covenants limiting our total funded debt, minimum interest coverage ratio and maximum leverage ratio. Any failure to comply with these covenants may constitute a breach under the Credit Facility, which could result in the acceleration of all or a substantial portion of any outstanding indebtedness and termination of revolving credit commitments under the Credit Facility. Our inability to maintain our Credit Facility could materially and adversely affect our liquidity and our business.

Our Credit Facility bears a variable rate of interest that is based on the Secured Overnight Financing Rate ("SOFR") which may have consequences for us that cannot be reasonably predicted and may adversely affect our liquidity, financial condition, and earnings.

Borrowings under our Credit Facility bear interest at a rate per annum of either, at our election, (i) Term SOFR (as defined in the credit agreement evidencing the Credit Facility (the "Credit Agreement")) plus a margin or (ii) the Base Rate (as defined in the Credit Agreement), plus a margin, with the applicable margin depending on our consolidated leverage ratio. Since the initial publication of SOFR, daily changes in the rate have, on occasion, been more volatile than daily changes in comparable benchmark or market rates, and SOFR over time may bear little or no relation to the historical actual or historical indicative data. Additionally, our Credit Agreement includes a credit adjustment on SOFR due to LIBOR representing an unsecured lending rate while SOFR represents a secured lending rate. It is possible that the volatility of SOFR and the applicable credit adjustment could result in higher borrowing costs for us, and could adversely affect our liquidity, financial condition, and earnings.

We may be unable to or elect not to pay our quarterly dividend payment.

We currently pay a regular quarterly dividend, subject to quarterly Board of Directors' approval. The payment of, or continuation of, the quarterly dividend is at the discretion of our Board of Directors and is dependent upon our financial condition, results of operations, capital requirements, general business conditions, tax treatment of dividends in the U.S., contractual restrictions contained in credit agreements and other agreements and other factors deemed relevant by our Board of Directors. We can give no assurance that dividends will be declared and paid in the future. The failure to pay the quarterly dividend, reduction of the quarterly dividend rate or the discontinuance of the quarterly dividend could adversely affect the trading price of our common stock.

ITEM 1B. *UNRESOLVED STAFF COMMENTS.*

Not applicable.

ITEM 2. *PROPERTIES.*

Our principal executive office located in Irvine, California consists of a 57,000 square feet office building that we own, of which approximately 13,000 square feet is leased to an independent third party. The remainder of the office space is occupied by our corporate teams and our Orange County, California practice.

As of May 27, 2023, we had other major offices in many of the world's leading business centers, including Atlanta, Beijing, Dallas-Fort Worth, Chicago, Guangzhou, Hong Kong, Houston, London, Los Angeles, New York, Mexico City, Mumbai, San Francisco, Singapore, Seoul, Sydney, Tokyo and Utrecht, among others. In total, we have facilities and operations in over 35 cities in 14 countries around the world. Outside of the Irvine, California location, which is owned by us, the majority of our facilities are leased under long-term leases with varying expiration dates.

As of May 27, 2023, Sitrick which is within Other Segments utilized one of the offices in Los Angeles, California, and shared our office in New York, New York with RGP. All remaining offices are utilized by RGP. We believe our existing office locations are suitable and adequate to meet our current business needs. We do not anticipate any significant difficulty replacing or locating additional offices to accommodate future needs.

ITEM 3. *LEGAL PROCEEDINGS.*

We are not currently subject to any material legal proceedings; however, we are a party to various legal proceedings arising in the ordinary course of our business.

ITEM 4. *MINE SAFETY DISCLOSURES.*

Not applicable.

PART II

ITEM 5. *MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.*

Market Information and Holders

Our common stock is listed on The Nasdaq Stock Market LLC and trades on the Nasdaq Global Select Market under the symbol "RGP." As of July 18, 2023, the approximate number of holders of record of our common stock was 37 (a holder of record is the name of an individual or entity that an issuer carries in its records as the registered holder (not necessarily the beneficial owner) of the issuer's securities).

Dividend Policy

Our Board of Directors has established a quarterly dividend, subject to quarterly Board of Directors' approval. Pursuant to declaration and approval by our Board of Directors, we declared a dividend of $0.14 per share of common stock during each quarter in fiscal 2023, 2022, and 2021. On April 20, 2023, our Board of Directors declared a regular quarterly dividend of $0.14 per share of our common stock. The dividend was paid on June 15, 2023 to stockholders of record at the close of business on May 18, 2023. Continuation of the quarterly dividend will be at the discretion of our Board of Directors and will depend upon our financial condition, results of operations, capital requirements, general business condition, contractual restrictions contained in our current or future credit agreements and other agreements, and other factors deemed relevant by our Board of Directors.

Issuances of Unregistered Securities

None.

Issuer Purchases of Equity Securities

In July 2015, our Board of Directors approved a stock repurchase program, authorizing the purchase, at the discretion of our senior executives, of our common stock for an aggregate dollar limit not to exceed $150.0 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.

The following summarizes shares of common stock repurchased by the Company during the fourth quarter of fiscal 2023:

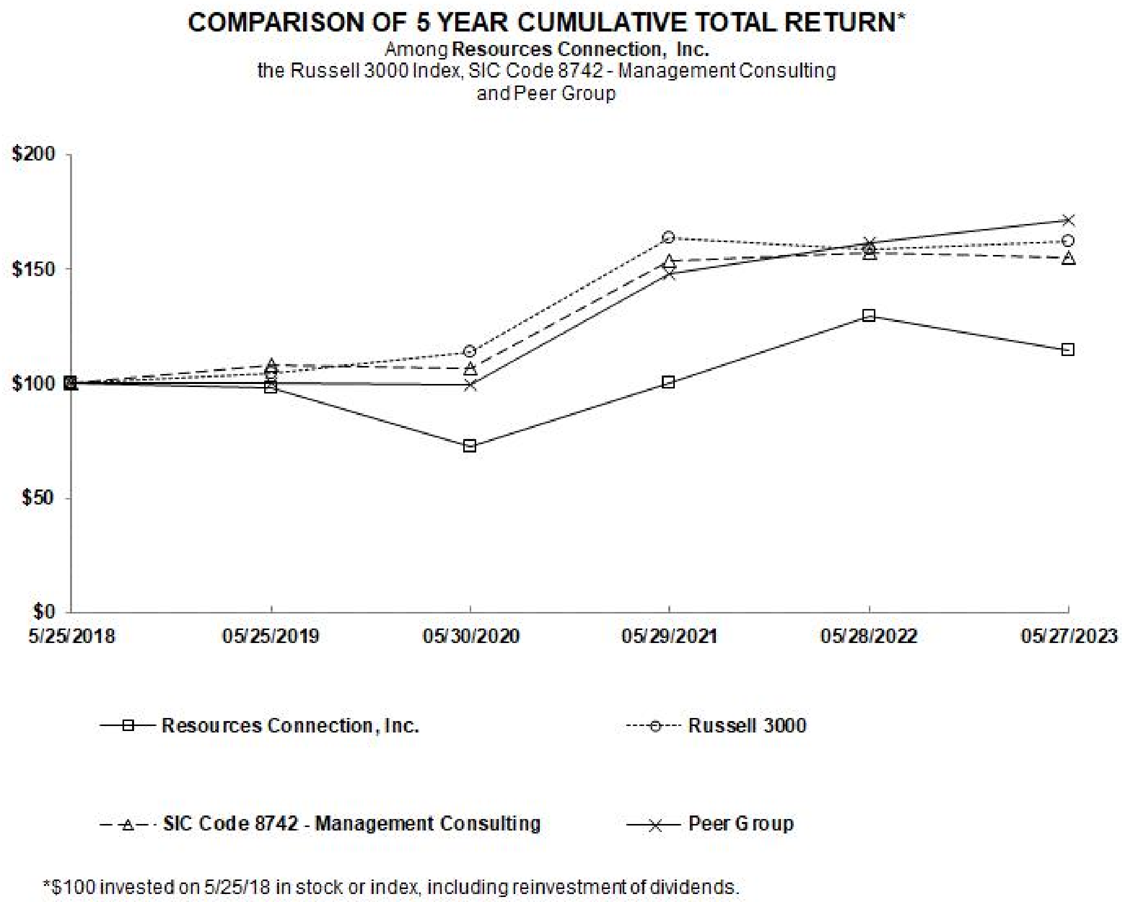
Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs
February 26, 2023— March 25, 2023	-	$ -	-	$ 54,939,002
March 26, 2023 — April 22, 2023	296,371	$ 15.83	296,371	$ 50,246,154
April 23, 2023 — May 27, 2023	-	$ -	-	$ 50,246,154
Total February 26, 2023 — May 27, 2023	296,371	$ 15.83	296,371	$ 50,246,154

Table of Contents

Performance Graph

Set forth below is a line graph comparing the annual percentage change in the cumulative total return to the holders of our common stock against the cumulative total return of each of the Russell 3000 Index, a customized peer group consisting of eight companies listed below the following table and a combined classification of companies under Standard Industry Codes as 8742-Management Consulting Services, in each case for the five years ended May 27, 2023. The graph assumes $100 was invested at market close on May 25, 2018 in our common stock and in each index (based on prices from the close of trading on May 25, 2018), and that all dividends are reinvested. Stockholder returns over the indicated period may not be indicative of future stockholder returns.

The information contained in the performance graph shall not be deemed to be "soliciting material" or to be "filed" with the SEC, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that we specifically incorporate it by reference into such filing.



	May 25, 2018	May 25, 2019	May 30, 2020	May 29, 2021	May 28, 2022	May 27, 2023
Resources Connection, Inc.	$ 100.00	$ 98.28	$ 72.37	$ 100.29	$ 129.29	$ 114.24
Russell 3000	$ 100.00	$ 104.79	$ 113.78	$ 163.74	$ 158.88	$ 161.87
SIC Code 8742 - Management Consulting	$ 100.00	$ 108.34	$ 106.73	$ 153.43	$ 157.35	$ 155.46
Peer Group	$ 100.00	$ 100.53	$ 99.55	$ 148.33	$ 161.23	$ 171.26

Our customized peer group includes the following eight professional services companies that we believe reflect the competitive landscape in which we operate and acquire talent: Barrett Business Services, Inc.; CBIZ, Inc.; CRA International, Inc.; FTI Consulting, Inc.; Heidrick & Struggles International, Inc.; Huron Consulting Group Inc.; ICF International, Inc.; Kforce, Inc.; Korn Ferry; and MISTRAS Group, Inc.

ITEM 6. *RESERVED*

ITEM 7. *MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.*

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our financial statements and related notes. This discussion and analysis contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors including, but not limited to, those discussed in Part I, Item 1A "Risk Factors" and elsewhere in this Annual Report on Form 10 K. See "Forward Looking Statements" above for further explanation.

Overview

Resources Global Professionals is a global consulting firm focused on project execution services that power clients' operational needs and change initiatives utilizing on-demand, experienced 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, expertise and collaboration to deliver practical solutions and more impactful results that power our clients', consultants' and partners' success.

A disruptor within the professional services industry since its founding in 1996, today we embrace our differentiated agile delivery model. The trends in today's marketplace favor flexibility and agility as businesses confront transformation pressures and speed-to-market challenges. As talent preferences continue to shift in the direction of flexibility, choice and control, employers competing in today's business environment must rethink the way work gets done and consider implementing new, more agile workforce strategies. Our client engagement and talent delivery model offer speed and agility and strongly positions us to help our clients transform their businesses and workplaces, especially in a time where high-quality talent is increasingly scarce and the usage of a flexible workforce to execute transformational projects is becoming the dominant operating model. Based in Irvine, California, with offices worldwide, we attract top-caliber professionals with in-demand skillsets who seek a workplace environment that embraces flexibility, collaboration and human connection. Our agile professional services model allows us to quickly align the right resources for the work at hand with speed and efficiency in ways that bring value to both our clients and talent. See Part I, Item 1 "Business" for further discussions about our business and operations.

We are laser focused on driving long-term growth in our business by seizing the 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.

Fiscal 2023 Strategic Focus Areas

In fiscal 2023, our strategic focus areas were:

- Transform digitally;
- Amplify brand voice and optimize solution offerings;
- Deepen client centricity;
- Enhance pricing; and
- Pursue targeted mergers and acquisitions.

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

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, offers such an experience for clients and talent in the professional staffing space to connect, engage and even transact directly. We piloted the platform in three primary markets – New York/New Jersey, Southern California and Texas, and have continued to expand its functionality with further artificial intelligence and machine learning. We have also been developing sales and marketing strategies to increase client and talent adoption of the platform. We plan to expand the geographic reach to other key markets within the U.S. in fiscal 2024. 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 professional staffing business, which we believe will not only drive top-line growth but also enhance profitability.

We made significant progress executing the multi-year project to modernize and elevate our technology infrastructure globally, including a cloud-based enterprise resource planning system and talent acquisition and management system. The new systems are expected to be deployed globally in two phases, first in North America, then in the Europe and Asia Pacific regions. As of end of the fiscal year, we completed our global system design as well as configuration and build for the North America phase according to our project roadmap and expect to go live in North America in fiscal 2024. We believe our investment in these technology transformation initiatives will accelerate our efficiency and data-led decision-making capabilities, optimize process flow and automation, improve consultant recruitment and retention, drive business growth with operational agility, scale our operations and further support our growth, goals and vision.

The third component of our digital transformation is to expand our digital consulting capabilities and geographic reach to better serve our clients. As our clients continue to accelerate their digital and workforce paradigm transformations, the need for automation and self-service has been an increasing trend. In fiscal 2023, we established a delivery hub in India to strengthen and augment our digital delivery capabilities; we integrated our digital business in Asia Pacific with Veracity in North America to scale our digital practice and to expand our geographic reach; we fortified our digital sales and business development infrastructure positioning us for growth; and finally we successfully penetrated into many new clients across the globe with our digital transformation services. We believe demand in the digital transformation arena will continue to be a growth driver for our business.

Amplify brand voice and optimize solution offerings – Our second focus area for fiscal year 2023 was to bring clarity and attention to our brand positioning to own the opportunity around project execution. RGP has always focused our business on project execution, which is a distinct space on the continuum between strategy consulting and interim deployment. Our business model of utilizing experienced talent to flatten the traditional consulting delivery pyramid is highly sought after in today's market. Most clients are capable of formulating business strategy organically or with the help of a strategy firm; where they need help is in the ownership of executing the strategy.

In fiscal 2023, we made progress on clarifying our brand and activating our new brand positioning with our new tagline — *Dare to Work Differently.* ™ — which we believe showcases our hybrid workforce strategy and our ability to execute with subject matter expertise where our clients need us most. Our co-delivery ethos was focused around partnering with clients on project execution. Our brand marketing will continue to emphasize and accentuate our unique qualifications in this arena. We believe clear articulation and successful marketing of our distinctive market position is key to attracting and retaining both clients and talent, enabling us to drive growth.

Key focus areas supporting this initiative included: refining and finalizing our proposed solution architecture that clearly defines RGP's core service offerings and streamlines the sales process; validating the proposed messaging and architecture via roundtables with internal and external stakeholders; and launching the new brand positioning and messaging through dynamic assets such as advertising campaigns, videos and events.

Deepen client centricity – The third area of focus for fiscal 2023 was to continue to deepen and broaden our trusted client relationships through expanded marquee account and key industry vertical programs to increase account penetration. We maintained our Strategic Client Account program to serve a number of our largest clients with dedicated global account teams. During fiscal 2023, we expanded the Strategic Client Account and industry programs by adding clients and taking a more client-centric and borderless approach to serving these clients. We believe this focus has and will continue to enhance our opportunities to develop in-depth knowledge of these clients' needs and the ability to increase the scope and size of projects with those clients.

In addition, we formed a new Emerging Accounts program, which consists of smaller clients where demand tends to be more episodic. Our newly formed dedicated account team has been able to serve this segment of clients with more focus and attention while nurturing and growing the depth of client relationships. Our services continue to emphasize a relationship-oriented approach to business rather than a transaction-oriented or assignment-oriented approach. Client relationships and needs are addressed from a client-centric, not geographic, perspective so that our experienced management team and consultants understand our clients' business issues and help them define their project needs to deliver an integrated, relationship-based approach to meeting the clients' objectives. We believe that by continuing to deliver high-quality services and by deepening our relationships with our clients, we can capture a significantly larger share of our clients' professional services budgets.

Enhance pricing – Fourth, we have made solid progress in evolving and enhancing our pricing strategy to ensure we adopt a value-based approach for our project execution services, which has become increasingly more relevant and in demand in the current macro environment. As we deepen our client relationships and raise our clients' perception of our ability to add value through our services, we anticipate further increasing bill rates for our services to appropriately capture the value of the talent and solutions delivered. We created more centralized pricing governance, strategy and approach; we conducted a deep pricing analysis to identify and develop areas that need improvement; and we instituted new pricing training for all sales, talent and other go-to-market team members. Through these actions, we have been able to achieve higher bill rates across a majority of the markets in the current fiscal year to drive topline revenue and profitability.

Pursue targeted mergers and acquisitions – Lastly, we have been actively pursuing strategic acquisitions to accelerate growth. Our acquisition strategy is centered around driving additional scale or expanding consulting capabilities that complement or augment our existing core competencies. In particular, we have been actively building a pipeline of acquisition opportunities in the areas of digital and CFO services consulting. We believe our expansive client base, deep client relationships and expert agile talent pool are attractive value propositions to potential targets and will enable us to drive post acquisition synergies and growth for the business.

Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations included in this Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" are based upon our Consolidated Financial Statements, which have been prepared in accordance with accounting principles generally accepted in the U.S. ("GAAP"). The preparation of these financial statements requires us to make estimates and judgments 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.

We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities. Actual results may differ from these estimates under different assumptions or conditions.

The following represents a summary of our accounting policies that involve critical accounting estimates, defined as those estimates made in accordance with generally accepted accounting principles that involve a significant level of estimation uncertainty and have had or are reasonably likely to have a material impact on our financial condition or results of operations.

Revenue recognition — Revenues are recognized when control of the promised service is transferred to our clients, in an amount that reflects the consideration expected in exchange for the services. Revenue is recorded net of sales or other transaction taxes collected from clients and remitted to taxing authorities. Revenues for the vast majority of our contracts are recognized over time, based on hours worked by our professionals. The performance of the agreed-upon service over time is the single performance obligation for revenues.

On a limited basis, the Company may have fixed-price contracts, for which revenues are recognized over time using the input method based on time incurred as a proportion of estimated total time. Time incurred represents work performed, which corresponds with, and therefore best depicts, the transfer of control to the client. Management uses significant judgments when estimating the total hours expected to complete the contract performance obligation. It is possible that updated estimates for consulting engagements may vary from initial estimates with such updates being recognized in the period of determination. Depending on the timing of billings and services rendered, the Company accrues or defers revenue as appropriate.

Certain clients may receive discounts (for example, volume discounts or rebates) to the amounts billed. These discounts or rebates are considered variable consideration. Management evaluates the facts and circumstances of each contract and client relationship to estimate the variable consideration, assessing the most likely amount to recognize and considering management's expectation of the volume of services to be provided over the applicable period. Rebates are the largest component of variable consideration and are estimated using the most-likely-amount method prescribed by Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, contracts terms and estimates of revenue. Revenues are recognized net of variable consideration to the extent that it is probable that a significant reversal of revenues will not occur in subsequent periods. Changes in estimates would result in cumulative catch-up adjustments and could materially impact our financial results. Rebates recognized as contra-revenue for the years ended May 27, 2023, May 28, 2022 and May 29, 2021 were $3.2 million, $3.1 million and $2.6 million, respectively.

Allowance for doubtful accounts — We maintain an allowance for doubtful accounts for estimated losses resulting from our clients failing to make required payments for services rendered. We estimate this allowance based upon our knowledge of the financial condition of our clients (which may not include knowledge of all significant events), review of historical receivable and reserve trends and other pertinent information. While such losses have historically been within our expectations and the provisions established, we cannot guarantee that we will continue to experience the same credit loss rates we have in the past. As of May 27, 2023 and May 28, 2022, we had an allowance for doubtful accounts of $3.3 million and $2.1 million, respectively. A significant change in the liquidity or financial position of our clients could cause unfavorable trends in receivable collections and additional allowances may be required. These additional allowances could materially affect our future financial results.

Income taxes — In order to prepare our Consolidated Financial Statements, we are required to make estimates of income taxes, if applicable, in each jurisdiction in which we operate. The process incorporates an assessment of any income subject to taxation in each jurisdiction together with temporary differences resulting from different treatment of transactions for tax and financial statement purposes. These differences result in deferred tax assets and liabilities that are included in our Consolidated Balance Sheets. The recovery of deferred tax assets from future taxable income must be assessed and, to the extent recovery is not likely, we will establish a valuation allowance. An increase in the valuation allowance results in recording additional tax expense and any such adjustment may materially affect our future financial results. If the ultimate tax liability differs from the amount of tax expense we have reflected in the Consolidated Statements of Operations, an adjustment of tax expense may need to be recorded and this adjustment may materially affect our future financial results and financial condition.

We evaluate the realizability of our deferred tax assets based on all available evidence and establish a valuation allowance to reduce deferred tax assets when it is more likely than not that they will not be realized. When all available evidence indicates that the deferred tax assets are more likely than not to be realized, a valuation allowance is not required to be recorded or an existing valuation allowance is reversed. Management assesses all available positive and negative evidence, including (1) three-year cumulative pre-tax income or loss adjusted for permanent tax differences, (2) history of operating losses and of net operating loss carryforwards expiring unused, (3) evidence of future reversal of existing taxable temporary differences, (4) availability of sufficient taxable income in prior years, (5) tax planning strategies, and (6) projection of future taxable income, to determine the need to establish or release a valuation allowance on the deferred tax assets. An increase or decrease in valuation allowance will result in a corresponding increase or decrease in tax expense, and any such adjustment may materially affect our future financial results.

We also evaluate our uncertain tax positions and only recognize the tax benefit from an uncertain tax position if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such positions are measured based on the largest benefit that has a greater than 50 percentage likelihood of being realized upon settlement. We record a liability for unrecognized tax benefits resulting from uncertain tax positions taken or expected to be taken in a tax return. Any change in judgment related to the expected ultimate resolution of uncertain tax positions is recognized in earnings in the period in which such change occurs.

As of May 27, 2023 and May 28, 2022, a valuation allowance of $6.5 million and $8.2 million was established on deferred tax assets totaling $33.2 million and $34.3 million, respectively. Our income tax for the years ended May 27, 2023, May 28, 2022 and May 29, 2021 was an expense of $18.3 million, an expense of $15.8 million and a benefit of $2.5 million, respectively. As of May 27, 2023 and May 28, 2022, our total liability for unrecognized tax benefits was $1.0 million and $0.9 million, respectively.

Stock-based compensation — Under our 2020 Performance Incentive Plan, officers, employees, and outside directors have received or may receive grants of restricted stock awards, restricted stock units, performance stock units, options to purchase common stock or other stock or stock-based awards. Under our ESPP, eligible officers and employees may purchase our common stock at a discount in accordance with the terms of the plan. During fiscal 2023, the Company issued performance stock unit awards under the 2020 Performance Incentive Plan that will vest upon the achievement of certain company-wide performance targets at the end of the defined three-year performance period. Vesting periods for restricted stock awards, restricted stock units and stock option awards range from three to four years.

We estimate the fair value of stock-based payment awards on the date of grant as described below. We determine the estimated value of restricted stock awards, restricted stock unit and performance stock unit awards using the closing price of our common stock on the date of grant. We have elected to use the Black-Scholes option-pricing model for our stock options and stock purchased under our ESPP which takes into account assumptions regarding a number of complex and subjective variables. These variables include the expected stock price volatility over the term of the awards and actual and projected employee stock option exercise behaviors. Additional variables to be considered are the expected term, expected dividends and the risk-free interest rate over the expected term of our employee stock options.

We use our historical volatility over the expected life of the stock option award and ESPP award to estimate the expected volatility of the price of our common stock. The risk-free interest rate assumption is based upon observed interest rates appropriate for the term of our employee stock options. The impact of expected dividends ($0.14 per share for each quarter during fiscal 2023, 2022 and 2021) is also incorporated in determining the estimated value per share of employee stock option grants and purchases under our ESPP. Such dividends are subject to quarterly Board of Directors' approval. Our expected life of stock option grants is 5.6 years for non-officers and 8.1 years for officers, and the expected life of grants under our ESPP is 6 months.

In addition, because stock-based compensation expense recognized in the Consolidated Statements of Operations is based on awards ultimately expected to vest, it is reduced for estimated forfeitures. Forfeitures are estimated at the time of grant and revised in subsequent periods if actual forfeitures differ from those estimates, and in the case of performance stock units, based on the actual performance. The number of performance stock units earned at the end of the 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. Forfeitures are estimated based on historical experience.

We review the underlying assumptions related to stock-based compensation at least annually or more frequently if we believe triggering events exist. If facts and circumstances change and we employ different assumptions in future periods, the compensation expense recorded may differ materially from the amount recorded in the current period. Stock-based compensation expense for the years ended May 27, 2023, May 28, 2022 and May 29, 2021 was $9.5 million, $8.2 million and $6.6 million, respectively.

Valuation of long-lived assets — For long-lived tangible and intangible assets, including property and equipment, right-of-use ("ROU") assets, and definite-lived intangible assets, we assess the potential impairment periodically or whenever events or changes in circumstances indicate the carrying value may not be recoverable from the estimated undiscounted expected future cash flows expected to result from their use and eventual disposition. In cases where the estimated undiscounted expected future cash flows are less than net book value, an impairment loss is recognized equal to the amount by which the net book value exceeds the estimated fair value of assets. We performed our assessment of potential qualitative impairment indicators of long-lived assets, including property and equipment, ROU assets outside of exited markets, and definite-lived intangible assets as of May 27, 2023. We determined that for such long-lived assets, no impairment indicators were present as of May 27, 2023, and no impairment charge was recorded during fiscal 2023.

For ROU assets within exited markets under our restructuring plans, we assess the potential impairment whenever an impairment indicator was present. For further discussion regarding impairment of ROU assets in exited markets, see Note 14 – *Restructuring Activities* in the Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K. Estimating future cash flows requires significant judgment, and our projections may vary from the cash flows eventually realized. Future events and unanticipated changes to assumptions could result in an impairment in the future. Although the impairment is a non-cash expense, it could materially affect our future financial results and financial condition.

Goodwill — Goodwill represents the excess of the purchase price over the fair value of the net tangible and identifiable intangible assets acquired in each business combination. We evaluate goodwill for impairment annually on the last day of our fiscal year, and whenever events indicate that it is more likely than not that the fair value of a reporting unit could be less than its carrying amount. In assessing the recoverability of goodwill, we make a series of assumptions including forecasted revenue and costs, estimates of future cash flows, discount rates and other factors, which require significant judgment. A potential impairment in the future, although a non-cash expense, could materially affect our financial results and financial condition.

In testing the goodwill of our reporting units for impairment, we have the option to first assess qualitative factors to determine whether it is more likely than not that the fair value of each of our reporting units is less than their respective carrying amounts. If it is deemed more likely than not that the fair value of a reporting unit is greater than its carrying value, no further testing is needed and goodwill is not impaired. Otherwise, the next step is a quantitative comparison of the fair value of the reporting unit to its carrying amount. We have the option to bypass the qualitative assessment for any reporting unit and proceed directly to performing the quantitative goodwill impairment test. If a reporting unit's estimated fair value is equal to or greater than that reporting unit's carrying value, no impairment of goodwill exists and the testing is complete. If the reporting unit's carrying amount is greater than the estimated fair value, then a non-cash impairment charge is recorded for the amount of the difference, not exceeding the total amount of goodwill allocated to the reporting unit.

Under the quantitative analysis, the estimated fair value of goodwill is determined by using a combination of a market approach and an income approach. The market approach estimates fair value by applying revenue and EBITDA multiples to each reporting unit's operating performance. The multiples are derived from guideline public companies with similar operating and investment characteristics to our reporting units, and are evaluated and adjusted, if needed, based on specific characteristics of the reporting units relative to the selected guideline companies. The market approach requires us to make a series of assumptions that involve significant judgment, such as the selection of comparable companies and the evaluation of the multiples. The income approach estimates fair value based on our estimated future cash flows of each reporting unit, discounted by an estimated weighted-average cost of capital that reflects the relevant risks associated with each reporting unit and the time value of money. The income approach also requires us to make a series of assumptions that involve significant judgment, such as discount rates, revenue projections and Adjusted EBITDA margin projections. We estimate our discount rates on a blended rate of return considering both debt and equity for comparable guideline public companies. We forecast our revenue and Adjusted EBITDA margin based on historical experience and internal forecasts about future performance.

The following is a discussion of our goodwill impairment tests performed during fiscal 2023.

Third Quarter 2023 Goodwill Impairment Test

As further discussed in Note 2 – *Summary of Significant Accounting Policies* and Note 5 – *Goodwill and Intangible Assets* in the Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K, during the third quarter of fiscal 2023, the Company determined the existence of impairment indicators on goodwill associated with Sitrick, one of the Company's operating segments and reporting units, as a result of its declining business performance. Based on the quantitative impairment test, the Company concluded that the carrying amount of Sitrick exceeded its fair value, which resulted in an impairment charge of $3.0 million on the goodwill within the Company's Other Segments on the Consolidated Statements of Operations. No goodwill remains within Other Segments as of May 27, 2023.

2023 Annual Goodwill Impairment Analysis

We performed our annual goodwill impairment test as of May 27, 2023 on our RGP reporting unit. We elected to perform a qualitative analysis and assessed the relevant events and circumstances to determine if it is more likely than not that the fair value of our reporting unit is less than its carrying amount. We considered such events and circumstances including macroeconomic factors, industry and market conditions, financial performance indicators and measurements, and other factors. Based on our assessment of these factors, we do not believe that it is more likely than not that the fair value of our reporting unit is less than its carrying value, and no further testing is needed. We concluded that there was no goodwill impairment as of May 27, 2023.

While we believe that the assumptions underlying our qualitative assessment are reasonable, these assumptions could have a significant impact on whether a non-cash impairment charge is recognized and the magnitude of such charge. The results of an impairment analysis are as of a point in time. There is no assurance that the actual future earnings or cash flows of our reporting units will be consistent with our projections. We will continue to monitor any changes to our assumptions and will evaluate goodwill as deemed warranted during future periods.

Non-GAAP Financial Measures

We use 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:

- o 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.
- o 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, goodwill impairment, restructuring costs, and contingent consideration adjustments. Adjusted EBITDA at the segment level excludes certain shared corporate administrative costs that are not practical to allocate.

Adjusted EBITDA Margin is calculated by dividing Adjusted EBITDA by revenue.

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.

RESOURCES CONNECTION, INC.
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES
(In thousands, except number of business days)

	Three Months Ended		For the Years Ended	
Revenue by Geography	**May 27, 2023**	**May 28, 2022**	**May 27, 2023**	**May 28, 2022**
	(Unaudited)	(Unaudited)	(Unaudited, except for GAAP amounts)	
North America				
As reported (GAAP)	$ 160,999	$ 183,817	$ 680,993	$ 676,419
Currency impact	(333)		(504)	
Business days impact	-		-	
Same-day constant currency revenue	$ 160,666		$ 680,489	
Europe				
As reported (GAAP) *(1)*	$ 10,757	$ 19,433	$ 42,509	$ 76,075
Currency impact	222		4,419	
Business days impact	133		871	
Same-day constant currency revenue	$ 11,112		$ 47,799	
Asia Pacific				
As reported (GAAP)	$ 12,693	$ 13,781	$ 52,141	$ 52,524
Currency impact	805		5,509	
Business days impact	48		516	
Same-day constant currency revenue	$ 13,546		$ 58,166	
Total Consolidated				
As reported (GAAP) *(1)*	$ 184,449	$ 217,031	$ 775,643	$ 805,018
Currency impact	694		9,424	
Business days impact	181		1,387	
Same-day constant currency revenue	$ 185,324		$ 786,454	
Number of Business Days				
North America *(2)*	65	65	251	251
Europe *(3)*	61	62	248	254
Asia Pacific *(3)*	61	62	245	247

(1) Total Consolidated revenue and Europe revenue as reported under GAAP include taskforce revenue of zero and $7.7 million for the three months ended May 27, 2023 and May 28, 2022, respectively, and $0.2 million and $27.6 million for the year ended May 27, 2023 and May 28, 2022, respectively.

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

(3) 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 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, the most directly comparable GAAP financial measure.

RESOURCES CONNECTION, INC.
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES
(In thousands, except percentages)

	For the Years Ended					
	May 27, 2023	**% of Revenue**	**May 28, 2022**	**% of Revenue**	**May 29, 2021**	**% of Revenue**
Net income	$ 54,359	7.0 %	$ 67,175	8.3 %	$ 25,229	4.0 %
Adjustments:						
Amortization expense	5,018	0.6	4,908	0.6	5,228	0.8
Depreciation expense	3,539	0.4	3,575	0.4	3,897	0.6
Interest expense, net	552	0.1	1,064	0.2	1,600	0.3
Income tax expense (benefit)	18,259	2.4	15,793	2.0	(2,545)	(0.4)
EBITDA	81,727	10.5	92,515	11.5	33,409	5.3
Stock-based compensation expense	9,521	1.2	8,168	1.0	6,613	1.1
Technology transformation costs *(1)*	6,355	0.8	1,449	0.2	-	-
Goodwill impairment *(2)*	2,955	0.4	-	-	-	-
Restructuring costs *(3)*	(364)	-	833	0.1	8,260	1.3
Contingent consideration adjustment	-	-	166	-	4,512	0.7
Adjusted EBITDA	$ 100,194	12.9 %	$ 103,131	12.8 %	$ 52,794	8.4 %

(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 system. Such costs primarily include software licensing costs, third-party consulting fees and costs associated with dedicated internal resources that are not capitalized.

(2) Goodwill impairment charge recognized during the year ended May 27, 2023 was related to Sitrick operating segment.

(3) The Company substantially completed our global restructuring and business transformation plan (the "Restructuring Plans") in fiscal 2021. All remaining accrued restructuring liability on the books related to employee termination costs was either paid or released as of May 27, 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 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 tables set forth, for the periods indicated, our Consolidated Statements of Operations data. These historical results are not necessarily indicative of future results. Our operating results for the periods indicated are expressed as a percentage of revenue below. The fiscal years ended May 27, 2023, May 28, 2022 and May 29, 2021 all consisted of 52 weeks (in thousands, except percentages).

	For the Years Ended					
	May 27, 2023	% of Revenue	May 28, 2022	% of Revenue	May 29, 2021	% of Revenue
Revenue	$ 775,643	100.0 %	$ 805,018	100.0 %	$ 629,516	100.0 %
Direct cost of services	462,501	59.6	488,376	60.7	388,112	61.7
Gross profit	313,142	40.4	316,642	39.3	241,404	38.3
Selling, general and administrative expenses	228,842	29.5	224,721	27.9	209,326	33.3
Amortization expense	5,018	0.6	4,908	0.6	5,228	0.8
Depreciation expense	3,539	0.4	3,575	0.4	3,897	0.6
Goodwill impairment	2,955	0.4	-	-	-	-
Income from operations	72,788	9.5	83,438	10.4	22,953	3.6
Interest expense, net	552	0.1	1,064	0.2	1,600	0.3
Other income	(382)	-	(594)	(0.1)	(1,331)	(0.3)
Income before income tax expense (benefit)	72,618	9.4	82,968	10.3	22,684	3.6
Income tax expense (benefit)	18,259	2.4	15,793	2.0	(2,545)	(0.4)
Net income	$ 54,359	7.0 %	$ 67,175	8.3 %	$ 25,229	4.0 %

Year Ended May 27, 2023 Compared to Year Ended May 28, 2022

Percentage change computations are based upon amounts in thousands. Fiscal 2023 and fiscal 2022 consisted of 52 weeks.

Revenue. Revenue decreased $29.4 million, or 3.6%, to $775.6 million for the year ended May 27, 2023 from $805.0 million for the year ended May 28, 2022. We completed the sale of *taskforce* on May 31, 2022. Refer to Note 3 – *Dispositions* in the Notes to Consolidated Financial Statements for further information. Excluding $27.6 million of revenue attributable to *taskforce* during the year ended 2022, revenue in fiscal 2023 was relatively consistent with the prior year (increased 1.1% on a same-day constant currency basis).

The following table represents our GAAP consolidated revenues by geography (in thousands, except percentages):

	For the Years Ended			
	May 27, 2023	% of Revenue	May 28, 2022	% of Revenue
North America	$ 680,993	87.8 %	$ 676,419	84.0 %
Europe	42,509	5.5	76,075	9.5
Asia Pacific	52,141	6.7	52,524	6.5
Total	$ 775,643	100.0 %	$ 805,018	100.0 %

Revenue in North America grew 0.7% (0.6% on a same-day constant currency basis) compared to fiscal 2022. Due to a robust backlog and healthy demand environment at the start of the fiscal year, we saw a strong revenue trend in the first half of fiscal 2023. As the macro economy gradually softened throughout the remainder of the fiscal year, the overall pace of client initiatives and spend also slowed down, leading to a more muted revenue trend in the second half of the fiscal year. While our pipeline activities remained healthy throughout the year, the sales cycle lengthened, leading to slower revenue conversion. In certain cases, we also experienced delays in engagement starts as clients managed through their own budgetary considerations. Total billable hours decreased by 3.0% compared to fiscal 2022, while the average bill rate increased by 3.9% as we continue to pursue strategic pricing. Our Strategic Client Accounts continued to perform well during the current fiscal year. Revenues from our Strategic Client Accounts in North America grew 2.7% during fiscal 2023 compared to fiscal 2022. From a solution standpoint, Finance and Accounting continued to be resilient at a 3.2% growth rate while Technology and Digital displayed particular strength with an 11.8% growth rate despite the softer macro environment, partially offset by softer performance in certain other solution offerings.

European revenue decreased 44.1% (37.2% on a same-day constant currency basis) during fiscal 2023 compared to fiscal 2022. Excluding the impact of the *taskforce* divestiture, revenue in Europe decreased 12.8% (2.0% on a same-day constant currency basis). The decline in Europe's revenue was primarily the result of delayed client buying patterns throughout the current fiscal year due to uncertainties in the macro environment in the European region. Excluding *taskforce* which historically carried higher bill rates, average bill rate was lower by 2.5% (higher by 7.4% on a constant currency basis) and billable hours declined by 11.0% during fiscal year 2023 compared to fiscal year 2022.

Asia Pacific revenue declined slightly by 0.7%, although it represented a 10.7% increase on a same-day constant currency basis during fiscal 2023 compared to fiscal 2022. The growth in Asia Pacific revenue on a same-day constant currency basis is primarily driven by a 5.6% increase in billable hours, which was partially offset by a lower average bill rate of 6.5% (although a 3.3% increase on a constant currency basis). The notable revenue growth in Asia Pacific on a same-day constant currency basis was primarily driven by our Strategic Client Accounts as large global businesses continue to shift share services centers to the Asia Pacific region driving demand for our services.

Direct Cost of Services. Direct cost of services decreased $25.9 million, or 5.3%, to $462.5 million during fiscal 2023 from $488.4 million for fiscal 2022. The decrease in direct cost of services year over year was primarily attributable to a 4.7% decrease (2.6% decrease on a constant currency basis) in average pay rate during fiscal 2023 compared to fiscal 2022. The decrease in average pay rate was largely attributable to the divestiture of *taskforce*, which historically carried higher pay rates. Billable hours decreased 3.9% (1.9% excluding *taskforce*) during fiscal 2023 compared to fiscal 2022.

Direct cost of services as a percentage of revenue was 59.6% for fiscal 2023 compared to 60.7% for fiscal 2022. The decreased percentage compared to the prior year was primarily attributable to a 220 basis point reduction in the overall pay/bill ratio. This favorable impact was partially offset by an increase in employee-related benefits, primarily in self-insured medical costs and holiday pay.

The number of consultants on assignment at the end of fiscal 2023 was 3,145 compared to 3,388 at the end of fiscal 2022.

Selling, General and Administrative Expenses. Selling, general and administrative expenses (“SG&A”) was $228.8 million, or 29.5% of revenue, for the year ended May 28, 2023 compared to $224.7 million, or 27.9% of revenue, for the year ended May 28, 2022. The $4.1 million increase in SG&A year-over-year was primarily attributed to an increase of $7.7 million in management compensation, an increase of $4.9 million in technology transformation costs, a $2.4 million increase in business and travel expenses as business travel normalizes post Pandemic to reflect a hybrid work model, a $1.4 million increase in stock-based compensation expense, a $1.3 million increase in computer software costs, an increase of $0.9 million in bad debt expenses, an increase of $0.9 million in self-insurance medical benefits, an increase of $0.9 million resulting from the adverse effect of changes in foreign currency exchange rates, and a $2.9 million increase in all other general and administration expenses to support the business. These incremental costs were partially offset by lower bonus and commissions of $16.1 million due to lower revenue and profitability achievement compared to the incentive targets, a decrease in occupancy costs of $1.9 million from real estate footprint reduction , and a $1.2 million decrease in restructuring costs related to exiting certain markets and real estate facilities in fiscal 2022.

Management and administrative headcount was 917 at the end of fiscal 2023 and 871 at the end of fiscal 2022. 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.

Goodwill Impairment. During the third quarter of fiscal 2023, we completed a goodwill impairment analysis for Sitrick, a strategic and crisis communications business acquired in 2009. Many of Sitrick’s target clients were impacted by the initial closures of U.S. courts during the Pandemic and the continued lingering impact on the court system despite the reopening, resulting in less opportunities and a slower revenue conversion typically provided by Sitrick. As a result, we performed a qualitative and quantitative impairment analysis relating to the goodwill within Sitrick as of February 25, 2023. We determined that the carrying value of Sitrick was in excess of its fair value and as such fully impaired its goodwill in the amount of $3.0 million during the third quarter of fiscal 2023. Goodwill within the Other Segments remained at zero as of May 27, 2023.

Restructuring Costs. We substantially completed the Restructuring Plans in fiscal 2021. All employee termination and facility exit costs incurred under the Restructuring Plans were associated with the RGP segment, and are recorded in selling, general and administrative expenses in the Consolidated Statements of Operations. Restructuring costs for the years ended May 27, 2023 and May 28, 2022 were as follows (in thousands):

	For the Year Ended May 27, 2023			For the Year Ended May 28, 2022		
	North America and APAC Plan	**European Plan**	**Total**	**North America and APAC Plan**	**European Plan**	**Total**
Employee termination costs (adjustments)	$ (387)	$ -	$ (387)	$ 168	$ (253)	$ (85)
Real estate exit costs (adjustments)	-	(1)	(1)	884	(10)	874
Other costs	15	9	24	-	44	44
Total restructuring costs (adjustments)	$ (372)	$ 8	$ (364)	$ 1,052	$ (219)	$ 833

All employee termination and facility exit costs incurred under the Restructuring Plans were considered completed as of August 27, 2022, and as a result, the remaining accrued restructuring liability on the books was released. Restructuring liability was zero and $0.4 million as of May 27, 2023 and May 28, 2022, respectively.

Amortization and Depreciation Expense. Amortization expense was $5.0 million and $4.9 million in fiscal 2023 and fiscal 2022, respectively. Depreciation expense was $3.5 million and $3.6 million in fiscal 2023 and fiscal 2022, respectively.

Income Taxes. The provision for income taxes was $18.3 million (effective tax rate of 25.1%) for the year ended May 27, 2023 compared to $15.8 million (effective tax rate of 19.0%) for the year ended May 28, 2022. The lower effective tax rate for fiscal 2022 when compared to fiscal 2023 was primarily attributed to a non-recurring tax benefit of $2.6 million from the dissolution of our French entity and a tax benefit of $4.9 million from the release of a valuation allowance in Europe in the prior fiscal year as compared to $1.9 million of valuation allowance release in fiscal 2023.

We recognized a tax benefit of approximately $2.1 million and $2.0 million for the years ended May 27, 2023 and May 28, 2022, respectively, associated with the exercise of nonqualified stock options, vesting of restricted stock awards and restricted stock units, and disqualifying dispositions by employees of shares acquired under the ESPP.

We reviewed 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. Based upon current economic circumstances and our business performance, management will continue to monitor the need to record additional or release existing valuation allowances in the future, primarily related to deferred tax assets in certain foreign jurisdictions. Realization of the currently reserved deferred tax assets is dependent upon generating sufficient future taxable income in the domestic and foreign territories.

We have maintained a position of being indefinitely reinvested in our foreign subsidiaries' earnings by not expecting to remit foreign earnings in the foreseeable future. Being indefinitely reinvested does not require a deferred tax liability to be recognized on the foreign earnings. Management's indefinite reinvestment position is supported by:

RGP in the U.S. has generated more than enough cash to fund operations and expansion, including acquisitions. RGP uses its excess cash to, at its discretion, return cash to stockholders through dividend payments and stock repurchases.

RGP has sufficient cash flow from operations in the U.S. to service its debt and other current or known obligations without requiring cash to be remitted from foreign subsidiaries.

Management's growth objectives include allowing cash to accumulate in RGP's profitable foreign subsidiaries with the expectation of finding strategic expansion plans to further penetrate RGP's most successful locations.

The consequences of distributing foreign earnings have historically been deemed to be tax-inefficient for RGP or not materially beneficial.

Operating Results of Segments

As discussed in *Business Segments* in Item 1, Note 2 – *Summary of Significant Accounting Policies* and Note 18 – *Segment Information and Enterprise Reporting* in the Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K, the Company divested *taskforce* on May 31, 2022. Since the second quarter of fiscal 2021 and prior to the divestment, 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.

Effective May 31, 2022, the Company's operating segments consist of RGP and Sitrick. 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 as 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 (in thousands, except percentages):

	For the Years Ended			
	May 27, 2023	% of Revenue	May 28, 2022	% of Revenue
Revenue:				
RGP	$ 764,511	98.6 %	$ 764,350	94.9 %
Other Segments *(1)*	11,132	1.4	40,668	5.1
Total revenue	$ 775,643	100.0 %	$ 805,018	100.0 %

	For the Years Ended			
Adjusted EBITDA:	May 27, 2023	% of Adj EBITDA	May 28, 2022	% of Adj EBITDA
RGP	$ 132,377	132.1 %	$ 134,187	130.1 %
Other Segments *(1)*	1,179	1.2	3,527	3.4
Reconciling Items *(2)*	(33,362)	(33.3)	(34,583)	(33.5)
Total Adjusted EBITDA *(3)*	$ 100,194	100.0 %	$ 103,131	100.0 %

(1) Amounts reported in Other Segments for the year ended May 27, 2023 include Sitrick and an immaterial amount from taskforce from May 29, 2022 through May 31, 2022, the completion date of the sale. Amounts previously reported for the years ended May 28, 2022 included the Sitrick and taskforce operating segments.

(2) 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.

(3) 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 remained consistent at $764.5 million in fiscal 2023 compared to $764.4 million in fiscal 2022. Revenue from RGP represents more than 90% of total consolidated revenue and generally reflects the overall consolidated revenue trend.

The number of consultants on assignment under the RGP segment as of May 27, 2023 was 3,131 compared to 3,263 as of May 28, 2022.

Other Segments – Other Segments' revenue decreased $29.5 million, or 72.6%, to $11.1 million in fiscal 2023 compared to fiscal 2022, as a result of a $27.3 million decline in revenue from the divestiture of *taskforce* in fiscal 2023 and a $2.2 million decline in Sitrick revenue. The decline in Sitrick revenue during fiscal 2023 compared to the prior year was primarily due to the closure of the U.S. courts during the Pandemic and the continued lingering impact on the court system, resulting in slower business development and revenue conversion.

The number of consultants on assignment under Other Segments as of May 27, 2023 was 14 compared to 125 as of May 28, 2022.

Adjusted EBITDA by Segment

RGP – RGP Adjusted EBITDA declined $1.8 million, or 1.3%, to $132.4 million in fiscal 2023 compared to $134.2 million in fiscal 2022. Compared to the prior year, revenue increased $0.2 million and the cost of services decreased by $4.9 million in fiscal 2023. These were offset by an increase in SG&A costs attributed to RGP of $6.7 million in fiscal 2023 as compared to fiscal 2022 primarily due to the increase in management compensation of $8.5 million partially as a result of employee compensation adjustments reflecting the current labor market trend, a $2.9 million increase in computer software and consulting costs, an increase in business and travel expenses of $2.2 million as business travel normalizes post Pandemic to reflect a hybrid work model, a $0.7 million increase in recruiting expenses, and a $4.6 million increase in all other general and administration expenses. These cost increases were partially offset by a $11.0 million reduction in bonuses and commissions as a result of lower revenue and profitability achievement compared to the incentive targets and $1.2 million of reductions in occupancy costs as a result of our real estate reduction effort. For fiscal 2023, the material costs and expenses attributable to the RGP segment that are not included in computing the segment measure of Adjusted EBITDA included stock-based compensation expense of $8.4 million, depreciation and amortization expense of $8.4 million and technology transformation costs of $6.4 million.

The trend in revenue, cost of services, and other costs and expenses at RGP year over year are 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 $2.3 million in fiscal 2023 compared to fiscal 2022. The decline is attributable to the $27.3 million decrease in revenue due to the divestiture of *taskforce* at the beginning of fiscal 2023 and $2.2 million related to the slow business recovery in Sitrick from the Pandemic, which is partially offset by a $21.0 million decrease in the cost of services primarily due to the divestiture of *taskforce*. In addition, management compensation decreased by $2.9 million, bonus and commissions decreased by $1.9 million, occupancy costs were reduced by $0.6 million, and all other general and administration expenses decreased by $0.8 million, which were primarily attributed to the divestiture of *taskforce*. For fiscal 2023, 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 $0.2 million, stock-based compensation expense of $1.1 million and goodwill impairment of $3.0 million.

Year Ended May 28, 2022 Compared to Year Ended May 29, 2021

For a comparison of our results of operations at the consolidated and segment level for the fiscal years ended May 28, 2022 and May 29, 2021, see Part II, Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" of our Annual Report on Form 10-K for the fiscal year ended May 28, 2022, filed with the SEC on July 28, 2022 (File No. 0-32113).

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 further discussed below) and, historically, to a lesser extent, stock option exercises and ESPP purchases. On an annual basis, we have generated positive cash flows from operations since inception. Our ability to generate positive cash flow from operations in the future will be, at least in part, dependent on global economic conditions and our ability to remain resilient during periods of deteriorating macroeconomic conditions and any economic downturns. As of May 27, 2023, we had $116.8 million of cash and cash equivalents, including $50.4 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"), and concurrently terminated the then existing credit facility, which provided a $120.0 million revolving loan. 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 will 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 May 27, 2023, the Company had no borrowings outstanding and $0.8 million of outstanding letters of credit issued under the Credit Facility. As of May 27, 2023, there was $174.2 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 8 – *Long-Term Debt* in the Notes to consolidated financial statements included in Item 8 of Part II of this Annual Report on Form 10-K.

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 loan prime rate plus 0.80%. Interest incurred on borrowings will be payable monthly in arrears. As of May 27, 2023, the Company had no borrowings 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 2023 Strategic Focus Areas" above, requires significant investments over multiple years. As of end of fiscal 2023, the amount of the investments required for this multi-year initiative was estimated to be in the range of $30.0 million to $33.0 million. 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. In fiscal 2023, we capitalized $6.0 million of investments and recorded $6.5 million of expenses relating to these investments. We expect the majority of the remaining planned investments to take place in fiscal 2024. 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. These efforts will require additional cash outlay and could further elevate our capital expenditures in the near term. As of May 27, 2023, we have non-cancellable purchase obligations totaling $16.0 million, which primarily consists of payments pursuant to the licensing arrangements that we have entered into in connection with this initiative: $5.0 million due during fiscal 2024; $4.8 million due during fiscal 2025; $3.1 million due during fiscal 2026; and $3.1 million due thereafter.

In March 2020, the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") was enacted into law. The CARES Act included provisions, among others, allowing federal net operating losses ("NOLs") incurred in calendar year 2018 to 2020 (the Company's fiscal years 2019, 2020 and 2021) to be carried back to the five preceding taxable years. As part of the Company's tax planning strategies, management made certain changes related to the capitalization of fixed assets effective for fiscal 2021. This strategy allowed the Company to carry back the NOLs of fiscal 2021 to fiscal years 2016 to 2018 and allowed us to request refunds for alternative minimum tax credits for fiscal years 2019 and 2020. The Company filed for federal income tax refunds in the U.S. in the amount of $34.8 million (before interest) in April 2022. As of May 27, 2023, the Company has received a federal income tax refund of $35.5 million (including interest income of $0.7 million).

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 may 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 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 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 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.

Operating Activities, Fiscal 2023 and 2022

Operating activities provided cash of $81.6 million and $49.4 million in fiscal 2023 and fiscal 2022, respectively. In fiscal 2023, cash provided by operations resulted from net income of $54.4 million and non-cash adjustments of $12.8 million. Additionally, net favorable changes in operating assets and liabilities totaled $14.5 million, primarily consisting of a $30.0 million decrease in income taxes (which included $35.5 million in U.S. federal income tax refunds including interest income), $13.6 million decrease in trade accounts receivable and a $1.6 million increase in accounts payable and other accrued expenses. These favorable changes are partially offset by a $21.5 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 fiscal 2023, a $5.3 million decrease in other liabilities and a $4.1 million increase in other assets attributed primarily to the capitalized cost of implementing our technology transformation.

In fiscal 2022, cash provided by operations resulted from net income of $67.2 million and non-cash adjustments of $6.9 million. Additionally, in fiscal 2022, net unfavorable changes in operating assets and liabilities totaled $24.7 million. These changes primarily consisted of a $44.8 million increase in trade accounts receivable, mainly attributable to accelerated revenue growth throughout fiscal 2022, and a $5.5 million decrease in other liabilities, which includes the final Veracity contingent consideration payment, of which $3.7 million was categorized as operating activity (the remaining $3.3 million of the total $7.0 million contingent consideration payment was categorized as financing cash flow) partially offset by a $22.0 million increase in accrued salaries and related obligations due to the significant increase in accrued incentive compensation as a result of strong business performance during the fiscal year, and a $2.1 million decrease in prepaid income taxes due to the timing of estimated quarterly tax payments.

Investing Activities, Fiscal 2023 and 2022

Net cash provided by investing activities was $3.9 million in fiscal 2023 compared to net cash used in investing activities of $3.0 million in fiscal 2022. Net cash provided by investing activities in fiscal 2023 was primarily related to the EUR 5.7 million (approximately $6.0 million) in cash proceeds received from the divestiture of *taskforce* (which included approximately EUR 5.5 million for the purchase price and EUR 0.2 million in interest), partially offset by the cost incurred for the development of internal-use software and acquisition of property and equipment. Net cash used in investing activities in fiscal 2022 was primarily for the development of internal-use software and acquisition of property and equipment.

Financing Activities, Fiscal 2023 and 2022

The primary sources of cash in financing activities are borrowings under our Credit Facility, cash proceeds from the exercise of employee stock options and proceeds from the issuance of shares purchased under our ESPP. The primary uses of cash in financing activities are repayments under the Credit Facility, payment of contingent consideration, repurchases of our common stock and cash dividend payments to our stockholders.

Net cash used in financing activities totaled $71.9 million in fiscal 2023 compared to $13.4 million in fiscal 2022. Net cash used in financing activities during fiscal 2023 consisted of net repayments on the Credit Facility of $54.0 million (consisting of $69.0 million of repayments and $15.0 million of proceeds from borrowing), cash dividend payments of $18.8 million, and $15.2 million to purchase 914,809 shares of common stock on the open market. These uses were partially offset by $16.1 million in proceeds received from ESPP share purchases and employee stock option exercises.

Net cash used in financing activities in fiscal 2022 consisted of $19.7 million used for the repurchase of our common stock, cash dividend payments of $18.6 million, the final Veracity contingent consideration payment, of which $3.3 million was categorized as financing (the remaining $3.7 million of the total $7.0 million final Veracity contingent consideration payment was categorized as operating), and the Expertforce Interim Projects GmbH, LLC contingent consideration payment of $0.3 million, partially offset by $10.4 million of net borrowing under the Credit Facility (consisting of $73.4 million of proceeds from borrowings and $63.0 million of repayment), and $17.9 million in proceeds received from ESPP share purchases and employee stock option exercises.

For a comparison of our cash flow activities for the fiscal years ended May 28, 2022 and May 29, 2021, see Part II, Item 7 “Management’s Discussion and Analysis of Financial Condition and Results of Operations” of our Annual Report on Form 10-K for the fiscal year ended May 28, 2022, filed with the SEC on July 28, 2022 (File No. 0-32113).

Recent Accounting Pronouncements

Information regarding recent accounting pronouncements is contained in Note 2 — *Summary of Significant Accounting Policies* in the Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K.

ITEM 7A. *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 May 27, 2023, we had approximately $116.8 million of cash and cash equivalents and no borrowings under our Credit Facility. 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.

We may become exposed to interest rate risk related to fluctuations in the term SOFR rate used under our Credit Facility. See "Sources and Uses of Liquidity" above and Note 8 – *Long-Term Debt* in the Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K for further discussion about the interest rate on our Credit Facility. As of May 27, 2023, we had no borrowings outstanding under our Credit Facility. At our level of borrowing as of May 28, 2022 of $54.0 million, a 10% change in interest rates would have resulted in approximately a $0.1 million change in annual interest expense for fiscal 2022.

Foreign Currency Exchange Rate Risk. For the year ended May 27, 2023, approximately 14.3% of our revenues were generated outside of the U.S. compared to approximately 17.5% of our revenues for the year ended May 28, 2022. 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 56.9% of our cash and cash equivalents balances as of May 27, 2023 were denominated in U.S. dollars. The remaining amount of approximately 43.1% was comprised primarily of cash balances translated from Euros, Japanese Yen, Mexican Pesos, Chinese Yuan, Canadian Dollar, Indian Rupee and British Pound Sterling. This compares to approximately 66.1% of our cash and cash equivalents balances as of May 28, 2022 that were denominated in U.S. dollars and approximately 33.9% that were comprised primarily of cash balances translated from Euros, Japanese Yen, Chinese Yuan and Canadian Dollars. 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 8. ***FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.***

RESOURCES CONNECTION, INC.

CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Resources Connection, Inc.

Opinions on the Financial Statements and Internal Control Over Financial Reporting
We have audited the accompanying consolidated balance sheets of Resources Connection, Inc. and its subsidiaries (the "Company") as of May 27, 2023 and May 28, 2022, and the related consolidated statements of operations, comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended May 27, 2023, and the related notes (collectively referred to as the "financial statements"). We also have audited the Company's internal control over financial reporting as of May 27, 2023, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of May 27, 2023 and May 28, 2022, and the results of its operations and its cash flows for each of the three years in the period ended May 27, 2023, in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of May 27, 2023, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013.

Basis for Opinions
The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying. Our responsibility is to express an opinion on the Company's financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the financial statements included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control Over Financial Reporting
A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matter
The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee of the board of directors and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments.

The communication of a critical audit matter does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

As described in Note 9 to the consolidated financial statements, the Company has valuation allowances in several of its foreign jurisdictions. During the year, the Company reversed approximately $1.9 million of its valuation allowance on deferred tax assets in two European jurisdictions and retained its valuation allowance of approximately $6.5 million in all other foreign jurisdictions. Management made the decision to reverse the valuation allowance based on a history of recent earnings and forecasted income in future periods sufficient to utilize the deferred tax assets in the two European jurisdictions. Additionally, management decided to maintain the valuation allowance in its remaining foreign jurisdictions.

The reversal of the valuation allowance for deferred tax assets in the two European jurisdictions and the decision not to reverse the valuation allowance in the remaining foreign jurisdictions has been identified as the critical audit matter due to the significant assumptions management made as to if, when, and in what amount to reverse the valuation allowances. These significant assumptions require management to make estimates related to the forecast of future earnings. Auditing management's assumptions require a high degree of auditor judgment and increased audit effort due to the significant impact these assumptions have on the amount of the valuation allowance and when and if it should be reversed.

Our audit procedures related to the valuation allowance included the following, among others:

We obtained an understanding of the relevant control related to the evaluation of the valuation allowance and tested such control for design and implementation and operating effectiveness.

Performed mathematical accuracy procedures over the forecast of earnings developed by management.

Tested the reasonableness of assumptions within the forecast, including subjecting the forecast to sensitivity analysis on key assumptions, evaluation of future sources and amounts of income, evaluated management's ability to forecast by comparing management’s prior forecasts to historical results, compared management’s forecasted income growth rates to independent market data, validated management’s recent history of book income and earnings trends and developed an understanding of management's operational plans for future years.

/s/ RSM US LLP

We have served as the Company’s auditor since 2012.

Irvine, California
July 24, 2023

RESOURCES CONNECTION, INC.

CONSOLIDATED BALANCE SHEETS

(In thousands, except par value per share)

	May 27, 2023	May 28, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	$ 116,784	$ 104,224
Trade accounts receivable, net of allowance for doubtful accounts of $3,283 and $2,121 as of May 27, 2023 and May 28, 2022, respectively	137,356	153,154
Prepaid expenses and other current assets	5,187	6,123
Assets held for sale	-	9,889
Income taxes receivable	4,739	35,151
Total current assets	264,066	308,541
Goodwill	206,722	209,785
Intangible assets, net	11,521	15,760
Property and equipment, net	15,380	17,657
Operating right-of-use assets	15,856	17,541
Deferred tax assets	10,701	8,266
Other non-current assets	7,753	3,923
Total assets	$ 531,999	$ 581,473
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and other accrued expenses	$ 14,464	$ 13,630
Accrued salaries and related obligations	64,776	83,549
Operating lease liabilities, current	7,460	8,193
Liabilities held for sale	-	4,419
Other liabilities	10,384	14,531
Total current liabilities	97,084	124,322
Long-term debt	-	54,000
Operating lease liabilities, non-current	10,274	13,352
Deferred tax liabilities	7,136	14,428
Other non-current liabilities	2,985	2,922
Total liabilities	117,479	209,024
Commitments and contingencies (Note 17)		
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; 35,545 and 34,352 shares issued, and 33,475 and 33,197 shares outstanding as of May 27, 2023 and May 28, 2022, respectively	355	344
Additional paid-in capital	378,657	355,502
Accumulated other comprehensive loss	(17,290)	(16,484)
Retained earnings	87,648	52,738
Treasury stock at cost, 2,070 and 1,155 shares as of May 27, 2023 and May 28, 2022, respectively	(34,850)	(19,651)
Total stockholders' equity	414,520	372,449
Total liabilities and stockholders' equity	$ 531,999	$ 581,473

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)

	For the Years Ended		
	May 27, 2023	**May 28, 2022**	**May 29, 2021**
Revenue	$ 775,643	$ 805,018	$ 629,516
Direct cost of services	462,501	488,376	388,112
Gross profit	313,142	316,642	241,404
Selling, general and administrative expenses	228,842	224,721	209,326
Amortization expense	5,018	4,908	5,228
Depreciation expense	3,539	3,575	3,897
Goodwill impairment	2,955	-	-
Income from operations	72,788	83,438	22,953
Interest expense, net	552	1,064	1,600
Other income	(382)	(594)	(1,331)
Income before income tax expense (benefit)	72,618	82,968	22,684
Income tax expense (benefit)	18,259	15,793	(2,545)
Net income	$ 54,359	$ 67,175	$ 25,229
Net income per common share:			
Basic	$ 1.63	$ 2.04	$ 0.78
Diluted	$ 1.59	$ 2.00	$ 0.78
Weighted-average number of common and common equivalent shares outstanding:			
Basic	33,407	32,953	32,444
Diluted	34,185	33,556	32,552
Cash dividends declared per common share	$ 0.56	$ 0.56	$ 0.56

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

RESOURCES CONNECTION, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands)

	For the Years Ended		
	May 27, 2023	**May 28, 2022**	**May 29, 2021**
Net income	$ 54,359	$ 67,175	$ 25,229
Foreign currency translation adjustment, net of tax	(806)	(9,091)	6,469
Total comprehensive income	$ 53,553	$ 58,084	$ 31,698

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)

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Treasury Stock Shares	Treasury Stock Amount	Other Comprehensive Loss	Retained Earnings	Total Stockholders' Equity
Balances as of May 30, 2020	63,910	$ 639	$ 477,438	31,766	$ (521,088)	$ (13,862)	$ 360,534	$ 303,661
Exercise of stock options	135	1	1,627	-	-	-	-	1,628
Stock-based compensation expense	-	-	5,720	-	-	-	-	5,720
Issuance of common stock purchased under Employee Stock Purchase Plan	506	5	5,058	-	-	-	-	5,063
Issuance of restricted stock	75	1	(1)	(25)	-	-	-	-
Amortization of restricted stock issued out of treasury stock to board of director members	-	-	(160)	-	288	-	(102)	26
Cash dividends declared ($0.56 per share)	-	-	-	-	-	-	(18,250)	(18,250)
Dividend equivalents on restricted stock	-	-	182	-	-	-	(182)	-
Currency translation adjustment	-	-	-	-	-	6,469	-	6,469
Net income for the year ended May 29, 2021	-	-	-	-	-	-	25,229	25,229
Balances as of May 29, 2021	64,626	$ 646	$ 489,864	31,741	$ (520,800)	$ (7,393)	$ 367,229	$ 329,546
Exercise of stock options	834	8	11,949	-	-	-	-	11,957
Stock-based compensation expense	-	-	7,027	-	-	-	-	7,027
Issuance of common stock purchased under Employee Stock Purchase Plan	462	5	5,174	-	-	-	-	5,179
Issuance of restricted stock	97	1	(1)	(2)	-	-	-	-
Issuance of common stock upon vesting of restricted stock units, net shares withheld to cover taxes	72	1	(1,096)	-	-	-	-	(1,095)
Amortization of restricted stock issued out of treasury stock to board of director members	-	-	(24)	-	114	-	(50)	40
Cash dividends declared ($0.56 per share)	-	-	-	-	-	-	(18,638)	(18,638)
Retirement of treasury stock	(31,739)	(317)	(157,646)	(31,739)	520,686	-	(362,723)	-
Repurchase of common stock	-	-	-	1,155	(19,651)	-	-	(19,651)
Dividend equivalents on restricted stock	-	-	255	-	-	-	(255)	-
Currency translation adjustment	-	-	-	-	-	(9,091)	-	(9,091)
Net income for the year ended May 28, 2022	-	-	-	-	-	-	67,175	67,175
Balances as of May 28, 2022	34,352	$ 344	$ 355,502	1,155	$ (19,651)	$ (16,484)	$ 52,738	$ 372,449
Exercise of stock options	624	5	9,026	-	-	-	-	9,031
Stock-based compensation expense	-	-	9,270	-	-	-	-	9,270
Issuance of common stock purchased under Employee Stock Purchase Plan	393	4	5,995	-	-	-	-	5,999
Issuance of restricted stock	97	1	(1)	-	-	-	-	-
Issuance of common stock upon vesting of restricted stock units, net shares withheld to cover taxes	79	1	(1,763)	-	-	-	(5)	(1,767)
Cash dividends declared ($0.56 per share)	-	-	-	-	-	-	(18,816)	(18,816)
Repurchase of common stock	-	-	-	915	(15,199)	-	-	(15,199)
Dividend equivalents on restricted stock	-	-	338	-	-	-	(338)	-
Dividend equivalents on performance stock	-	-	290	-	-	-	(290)	-
Currency translation adjustment	-	-	-	-	-	(806)	-	(806)
Net income for the year ended May 27, 2023	-	-	-	-	-	-	54,359	54,359
Balances as of May 27, 2023	35,545	$ 355	$ 378,657	2,070	$ (34,850)	$ (17,290)	$ 87,648	$ 414,520

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

RESOURCES CONNECTION, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

	For the Years Ended		
	May 27, 2023	**May 28, 2022**	**May 29, 2021**
Cash flows from operating activities:			
Net income	$ 54,359	$ 67,175	$ 25,229
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization expense	8,557	8,483	9,125
Stock-based compensation expense	9,521	8,168	6,613
Contingent consideration adjustment	-	166	4,512
Loss or (Gain) on dissolution of subsidiaries	220	(884)	-
Goodwill impairment	2,955	-	-
Impairment of right-of-use and other costs	-	833	935
Adjustment to allowance for doubtful accounts	1,440	557	(55)
Deferred income taxes	(9,701)	(11,053)	12,203
Other, net	(230)	655	587
Changes in operating assets and liabilities, net of dispositions:			
Trade accounts receivable	13,552	(44,756)	11,443
Prepaid expenses and other current assets	294	916	(868)
Income taxes	30,027	2,057	(32,590)
Other assets	(4,067)	(393)	513
Accounts payable and other accrued expenses	1,551	1,022	(704)
Accrued salaries and related obligations	(21,535)	21,996	2,378
Other liabilities	(5,307)	(5,498)	622
Net cash provided by operating activities	81,636	49,444	39,943
Cash flows from investing activities:			
Proceeds from sale of *taskforce*	5,953	-	-
Proceeds from sale of assets	2	-	3
Investments in property and equipment and internal-use software	(2,012)	(2,961)	(3,846)
Net cash provided by (used in) investing activities	3,943	(2,961)	(3,843)
Cash flows from financing activities:			
Proceeds from exercise of stock options	10,070	13,105	1,726
Proceeds from issuance of common stock under Employee Stock Purchase Plan	5,999	5,179	5,063
Repurchase of common stock	(15,199)	(19,651)	-
Payment of contingent consideration liabilities	-	(3,575)	(3,020)
Proceeds from Revolving Credit Facility	15,000	73,393	-
Repayments on Revolving Credit Facility	(69,000)	(63,000)	(45,000)
Payment of debt issuance costs	-	(222)	-
Payment of cash dividends	(18,784)	(18,600)	(18,230)
Net cash used in financing activities	(71,914)	(13,371)	(59,461)
Effect of exchange rate changes on cash	(1,105)	(3,034)	2,128
Net increase (decrease) in cash	12,560	30,078	(21,233)
Cash and cash equivalents at beginning of period	104,224	74,391	95,624
Cash, cash equivalents and restricted cash at end of period	116,784	104,469	74,391
Less: Restricted cash at end of period	-	(245)	-
Cash and cash equivalents at end of period	$ 116,784	$ 104,224	$ 74,391
Supplemental cash flow disclosures			
Income taxes (refund) paid, net	$ (2,913)	$ 24,619	$ 18,034
Interest paid	962	1,047	1,562
Non-cash investing and financing activities			
Capitalized leasehold improvements paid directly by landlord	$ -	$ 7	$ 121
Dividends declared, not paid	4,681	4,647	4,610

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

RESOURCES CONNECTION, INC.

NOTES TO 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. Resources Global Professionals ("RGP") is a global consulting firm focused on project execution services that power clients' operational needs and change initiatives utilizing on-demand experienced 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. Fiscal years 2023, 2022 and 2021 consisted of four 13-week quarters and included a total of 52 weeks of activity in each fiscal year.

2. Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

The Consolidated Financial Statements of the Company ("financial statements") have been prepared in conformity with accounting principles generally accepted in the United States ("GAAP") and the rules of the Securities and Exchange Commission ("SEC"). The financial statements include the accounts of the Company and its subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

Reporting Segments

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 3 – *Dispositions* for further information. Since the second quarter of fiscal 2021 and prior to the divestment, 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.

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

RGP – a global business consulting firm focused on project execution services that power clients' operational and change initiatives with 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. 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 18 – *Segment Information and Enterprise Reporting* for further information.

Reclassifications

Certain prior period amounts have been reclassified to conform to current period presentation. These reclassifications had no effect on previously reported totals for assets, liabilities, stockholders' equity, cash flows or net income.

Use of Estimates

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.

Revenue Recognition

The Company generates substantially all of its revenues from providing professional consulting services to its clients. Revenues are recognized when control of the promised service is transferred to the Company's clients, in an amount that reflects the consideration expected in exchange for the services rendered. Revenue is recorded net of sales or other transaction taxes collected from clients and remitted to taxing authorities. Revenues for the vast majority of our contracts are recognized over time, based on hours worked by the Company's professionals. The performance of the agreed-to service over time is the single performance obligation for revenues. Certain clients may receive discounts (for example, volume discounts or rebates) to the amounts billed. These discounts or rebates are considered variable consideration. Management evaluates the facts and circumstances of each contract and client relationship to estimate the variable consideration assessing the most likely amount to recognize and considering management's expectation of the volume of services to be provided over the applicable period. Rebates are the largest component of variable consideration and are estimated using the most-likely-amount method, contracts terms and estimates of revenue. Revenues are recognized net of variable consideration to the extent that it is probable that a significant reversal of revenues will not occur in subsequent periods.

On a limited basis, the Company may have fixed-price contracts, for which revenues are recognized over time using the input method based on time incurred as a proportion of estimated total time. Time incurred represents work performed, which corresponds with, and therefore best depicts, the transfer of control to the client. Management uses significant judgments when estimating the total hours expected to complete the contract performance obligation. It is possible that updated estimates for consulting engagements may vary from initial estimates with such updates being recognized in the period of determination. Depending on the timing of billings and services rendered, the Company accrues or defers revenue as appropriate.

The Company recognizes revenues primarily on a gross basis as it acts as a principal for primarily all of its revenue transactions. The Company has concluded that gross reporting is appropriate because it controls the services before they are transferred to the customers. The Company a) has the risk of identifying and hiring qualified consultants; b) has the discretion to select the consultants and establish the price and responsibilities for services to be provided; c) is primarily responsible for fulfilling the promise to provide the service to the customer; and d) bears the risk for services provided that are not fully paid for by clients. The Company recognizes all reimbursements received from clients for "out-of-pocket" expenses as revenue and all such expenses as direct cost of services. Reimbursements received from clients were $4.7 million, $4.1 million and $3.2 million for the years ended May 27, 2023, May 28, 2022 and May 29, 2021, respectively.

Commissions earned by the Company' sales professionals are considered incremental and recoverable costs of obtaining a contract with a customer. The Company elected to apply the practical expedient to expense sales commissions as incurred as the expected amortization period is one year or less. Sales commissions are recorded in selling, general and administrative expenses in the Company's Consolidated Statements of Operations. During the years ended May 27, 2023, May 28, 2022, and May 29, 2021, sales commission expense was $3.3 million, $6.8 million, and $5.9 million, respectively.

The Company's clients are contractually obligated to pay the Company for all hours billed. The Company invoices most of its clients on a weekly basis or, in certain circumstances, on a bi-weekly or monthly basis, and its typical arrangement of payment is due within 30 days. To a much lesser extent, in certain circumstances, the Company also earns revenue if one of its consultants is hired by, or if the Company places an outside candidate with, its client. Conversion fees or permanent placement fees are recognized when one of the Company's professionals, or a candidate identified by the Company, accepts an offer of permanent employment from a client and all requisite terms of the agreement have been met. Such conversion fees or permanent placement fees are recognized when the performance obligation is considered complete, which the Company considers a) when the consultant or candidate accepts the position; b) the consultant or candidate has notified either RGP or their current employer of their decision; and c) the start date is within the Company's current quarter. Conversion fees were 0.3%, of revenue for each of the years ended May 27, 2023, May 28, 2022 and May 29, 2021. Permanent placement fees were 0.3%, 0.6% and 0.6% of revenue for the years ended May 27, 2023, May 28, 2022 and May 29, 2021, respectively.

The Company's contracts generally have termination-for-convenience provisions and do not have termination penalties. While clients are contractually obligated to pay the Company for all hours billed, the Company does not have long-term agreements with its clients for the provision of services and the Company's clients may terminate engagements at any time. All costs of compensating the Company's professionals for services provided are the responsibility of the Company and are included in direct cost of services.

Foreign Currency Translation

The financial statements of subsidiaries outside the United States ("U.S.") are measured using the local currency as the functional currency. Assets and liabilities of these subsidiaries are translated at current exchange rates, income and expense items are translated at average exchange rates prevailing during the period and the related translation adjustments are recorded as a component of comprehensive income or loss within stockholders' equity. Gains and losses from foreign currency transactions are included in selling, general and administrative expenses in the Consolidated Statements of Operations.

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. 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. Under the treasury stock method, exercise proceeds include the amount the employee must pay for exercising stock options, the amount of compensation cost related to stock awards for future services that the Company has not yet recognized and the amount of tax benefits that would be recorded when the award becomes deductible. Common equivalent shares are excluded from the computation in periods in which they have an anti-dilutive effect. The performance stock units are also excluded from the EPS calculation, since the awards are not considered vested until the performance criteria are met. 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 share for the years ended May 27, 2023, May 28, 2022 and May 29, 2021 (in thousands, except per share amounts):

	For the Years Ended		
	May 27, 2023	**May 28, 2022**	**May 29, 2021**
Net income	$ 54,359	$ 67,175	$ 25,229
Basic:			
Weighted-average shares	33,407	32,953	32,444
Diluted:			
Weighted-average shares	33,407	32,953	32,444
Potentially dilutive shares	778	603	108
Total dilutive shares	34,185	33,556	32,552
Net income per common share:			
Basic	$ 1.63	$ 2.04	$ 0.78
Dilutive	$ 1.59	$ 2.00	$ 0.78
Anti-dilutive shares not included above	704	1,759	4,556

Cash and Cash Equivalents

The Company considers cash on hand, deposits in banks, and short-term investments purchased with an original maturity date of three months or less to be cash and cash equivalents. The carrying amounts reflected in the Consolidated Balance Sheets for cash and cash equivalents approximate the fair values due to the short maturities of these instruments.

Restricted Cash

Restricted cash consists of cash and claims to cash that are restricted as to withdrawal or usage. This includes cash designated for specific use in an acquisition or dissolution. Restricted cash is carried at cost, approximates fair value, and is reflected in the Consolidated Balance Sheets within assets held for sale. See Note 4 – *Assets and Liabilities Held for Sale* for further information.

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 Company's financial instruments, including cash and cash equivalents, trade accounts receivable, accounts payable, 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.

Allowance for Doubtful Accounts

The Company maintains an allowance for doubtful accounts for estimated losses resulting from its clients' failure to make required payments for services rendered. Management estimates this allowance based upon knowledge of the financial condition of the Company's clients (which may not include knowledge of all significant events), review of historical receivable and reserve trends and other pertinent information. If the financial condition of the Company's clients deteriorates or there is an unfavorable trend in aggregate receivable collections, additional allowances may be required.

The following table summarizes the activity in the allowance for doubtful accounts (in thousands):

	Beginning Balance	Charged to Operations	Currency Rate Changes	Other *(1)*	(Write-offs)/ Recoveries	Ending Balance
Years Ended:						
May 29, 2021	$ 3,067	$ (55)	$ 4	$ -	$ (984)	$ 2,032
May 28, 2022	$ 2,032	$ 557	$ (14)	$ (39)	$ (415)	$ 2,121
May 27, 2023	$ 2,121	$ 1,440	$ 1	$ -	$ (279)	$ 3,283

(1) *Other includes foreign currency translation adjustments and the impact of reclassifying certain assets to assets held for sale. See Note 4 – Assets and Liabilities Held for Sale for further information.*

Assets and Liabilities Held for Sale

Assets and liabilities held for sale represent primarily cash, accounts receivable, goodwill, and other assets and liabilities that have met the criteria of "held for sale" accounting, as specified by ASC 360, *Property, Plant, and Equipment*. The effect of suspending amortization on noncurrent assets held for sale is immaterial to the results of operations.

The Company records assets and liabilities held for sale at the lower of carrying value or fair value less cost to sell. Any loss resulting from this measurement is recognized in the period in which the held for sale criteria are met. Conversely, gains are not recognized on the sale of a long-lived asset or disposal group until the date of sale.

As of May 28, 2022, the Company classified certain assets and liabilities as held for sale in connection with the sale of *taskforce*, which closed on May 31, 2022. Fair value was determined based on the estimated proceeds from the sale of the business utilizing the purchase price as defined in the Sale and Purchase Agreement. See Note 3 – *Dispositions* and Note 4 – *Assets and Liabilities Held for Sale* for further information.

Property and Equipment

Property and equipment is stated at cost, less accumulated depreciation and amortization. Depreciation is computed using the straight-line method over the following estimated useful lives:

Building	30 years
Furniture	5 to 10 years
Leasehold improvements	Lesser of useful life of asset or term of lease
Computer, equipment and software	3 to 5 years

Costs for normal repairs and maintenance are expensed to operations as incurred, while renewals and major refurbishments are capitalized.

Long-lived Assets

The Company evaluates the recoverability of long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The impairment test comprises two steps. The first step compares the carrying amount of the asset to the sum of expected undiscounted future cash flows. If the sum of expected undiscounted future cash flows exceeds the carrying amount of the asset, no impairment is taken. If the sum of expected undiscounted future cash flows is less than the carrying amount of the asset, a second step is warranted and an impairment loss is measured as the amount by which the carrying amount of the asset exceeds its fair value calculated using the present value of estimated net future cash flows. The Company recorded no impairment against its right-of-use ("ROU") assets and leasehold improvements for the year ended May 27, 2023, and recorded an impairment against its ROU assets and leasehold improvements of $0.8 million and $0.9 million for the years ended May 28, 2022 and May 29, 2021, respectively, primarily associated with exiting certain real estate leases as part of its restructuring initiatives. The impairment charges are included in selling, general and administrative expense in the Company's Consolidated Statements of Operations.

Goodwill and Intangible Assets

Goodwill is recorded at the time of an acquisition and is calculated as the difference between the aggregate consideration paid for an acquisition and the fair value of the net tangible and intangible assets acquired. Goodwill is not subject to amortization but the carrying value is tested for impairment on an annual basis in the fourth quarter of the fiscal year, or more frequently if the Company believes indicators of impairment exist. Impairment evaluations involve management's assessment of qualitative factors to determine whether it is more likely than not that goodwill is impaired. If management concludes from its assessment of qualitative factors that it is more likely than not that impairment exists, then a quantitative impairment test will be performed. Significant management judgment is required in the forecasts of future operating results that are used in these evaluations.

Impairment testing is conducted at the reporting unit level. Application of the goodwill impairment test requires judgments, including estimation of future cash flows, which is dependent on internal forecasts, estimation of the long-term rate of growth for the Company's business, and determination of the Company's weighted average cost of capital. Under Accounting Standards Codification ("ASC") *350, Intangibles - Goodwill and Other*, the qualitative assessment requires the consideration of factors such as recent market transactions, macroeconomic conditions, and changes in projected future cash flows or planned revenue or earnings of the reporting unit as potential indicators when determining the need for a quantitative assessment of impairment. As of February 25, 2023, the Company assessed the existence of impairment indicators on goodwill associated with Sitrick, one of the Company's operating segments and reporting units, and determined that an interim quantitative impairment analysis was required due to its business performance.

As a result of the quantitative impairment test, the Company concluded that the carrying amount of the Sitrick reporting unit exceeded its fair value, which resulted in an impairment charge of $3.0 million on the goodwill associated within the Other Segments on the Consolidated Statements of Operations for the third quarter of fiscal 2023. No goodwill remains within Other Segments as of May 27, 2023. See Note 5 – *Goodwill and Intangible Assets* for further information.

The Company's identifiable intangible assets include customer contracts and relationships, and computer software, including internally-developed software. These assets are amortized on a straight-line basis over lives ranging from two to ten years.

See Note 5 —*Goodwill and Intangible Assets* for a further description of the Company's goodwill and intangible assets, including information about the Company's goodwill impairment assessment.

Leases

The Company currently leases office space, vehicles and certain equipment under operating leases expiring through 2028. At May 27, 2023, the Company had no finance leases. The Company's operating leases are primarily for real estate, which include fixed payments plus, in some cases, scheduled base rent increases over the term of the lease. Certain leases require variable payments of common area maintenance, operating expenses and real estate taxes applicable to the property. Variable payments are excluded from the measurements of lease liabilities and are expensed as incurred. Any tenant improvement allowances received from the lessor are recorded as a reduction to rent expense over the term of the lease. None of the Company's lease agreements contained residual value guarantees or material restrictive covenants. The Company has not entered into any real estate lease arrangements where it occupies the entire building. As such, the Company does not have any separate land lease components embedded within any of its real estate leases.

The Company determines if an arrangement is a lease at the inception of the contract. Specifically, the Company considers whether it can control the underlying asset and have the right to obtain substantially all of the economic benefits or outputs from the assets. The ROU assets represent the right to use the underlying assets for the lease term and the lease liabilities represent the Company's obligation to make lease payments arising from the leases. The Company's lease liability is recognized as of the lease commencement date at the present value of the lease payments over the lease term. The Company's ROU asset is recognized as of the lease commencement date at the amount of the corresponding lease liability, adjusted for prepaid lease payments, lease incentives received, and initial direct costs incurred. The Company evaluates its ROU assets for impairment consistent with its policy for evaluating long-lived assets for impairment. See "Long-lived Assets" above. ROU assets are presented as operating ROU assets in the Company's Consolidated Balance Sheets. Operating lease liabilities are presented as operating lease liabilities, current or operating lease liabilities, noncurrent in the Company's Consolidated Balance Sheets based on their contractual due dates. Operating lease expense is recognized on a straight-line basis over the lease term, and is recognized in selling, general and administrative expenses in the Company's Consolidated Statements of Operations.

Most of the Company's leases do not provide an implicit rate that can be readily determined. Therefore, the Company uses a discount rate based on its incremental borrowing rate and the information available at the commencement date. The incremental borrowing rate is the rate of interest that the Company would have to pay to borrow on a fully collateralized basis over a similar term in an amount equal to the total lease payments in a similar economic environment. The Company has a centrally managed treasury function; therefore, the portfolio approach is applied in determining the incremental borrowing rate. Application at the portfolio level is not materially different from applying guidance at the individual lease level.

Certain of the Company's leases include one or more options to renew or terminate the lease at the Company's discretion. Generally, the renewal and termination options are not included in the ROU assets and lease liabilities as they are not reasonably certain of exercise. The Company regularly evaluates lease renewal and termination options and, when they are reasonably certain of exercise, includes the renewal or termination option in the lease term.

In some instances, the Company subleases excess office space to third-party tenants. The Company, as sublessor, continues to account for the head lease. If the lease cost for the term of the sublease exceeds the Company's anticipated sublease income for the same period, this indicates that the ROU asset associated with the head lease should be assessed for impairment under the long-lived asset impairment provisions. Sublease income is included in selling, general and administrative expenses in the Company's Consolidated Statements of Operations.

The Company has elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and is applying this expedient to all real estate asset classes. Additionally, the Company has also made an accounting policy election to recognize the lease payments under short-term leases as an expense on a straight-line basis over the lease term without recognizing the lease liability and the ROU asset.

See Note 7 — *Leases* for further information on the Company's leases.

Capitalized Hosting Arrangements

The capitalized hosting arrangements costs are primarily related to the Company's implementation of a cloud-based enterprise resource planning system and talent acquisition and management system. 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 an 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 on the Company's Consolidated Statements of Operations consistent with the presentation for expensing the fees for the associated hosting arrangement.

As of May 27, 2023, the capitalized costs related to hosting arrangements incurred during the application development stage were $6.0 million. These capitalized hosting arrangements are included in other non-current assets on the consolidated balance sheet and no costs were amortized. There were no capitalized costs recorded as of May 28, 2022.

Stock-Based Compensation

The Company recognizes compensation expense for all share-based payment awards made to employees and directors, including restricted stock awards, restricted stock units, employee stock options, performance stock units awarded under the Company's 2020 Performance Incentive Plan (the "2020 Plan") and the Company's 2014 Performance Incentive Plan (the "2014 Plan"), stock units credited under the Directors Deferred Compensation Plan and employee stock purchases made via the Company's 2019 Employee Stock Purchase Plan, as amended (the "ESPP"), based on estimated fair value at the date of grant.

The Company estimates the fair value of share-based payment awards on the date of grant using the Black-Scholes valuation model for stock options, including options under the ESPP, and the closing price of the Company's common stock on the date of grant for restricted stock awards, restricted stock units and performance stock units. The value of the portion of the award that is ultimately expected to vest is recognized on a straight-line basis as an expense over the requisite service periods. If the actual number of forfeitures, and in the case of performance stock units, the actual performance, differs from that estimated by management, additional adjustments to compensation expense may be required in future periods. Excess income tax benefits and deficiencies from stock-based compensation are recognized as a discrete item within the provision for income taxes on the Company's Consolidated Statements of Operations. Stock options and restricted stock units typically vest over three to four years and restricted stock award vesting is determined on an individual grant basis under the 2014 Plan or the 2020 Plan. Performance stock units vest on the last day of the three-year performance period, based on the actual performance for the performance period.

See Note 15 — *Stock-Based Compensation Plans* for further information on the 2020 Plan and stock-based compensation.

Income Taxes

The Company recognizes deferred income taxes for the estimated tax consequences in future years of differences between the tax basis of assets and liabilities and their financial reporting amounts at each year-end based on enacted tax laws and statutory rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established to reduce deferred tax assets to the amount expected to be realized when, in management’s opinion, it is more likely than not that some portion of the deferred tax assets will not be realized. The provision for income taxes represents current taxes payable net of the change during the period in deferred tax assets and liabilities. The Company also evaluates its uncertain tax positions and only recognizes the tax benefit from an uncertain tax position if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such positions are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon settlement. The Company records a liability for unrecognized tax benefits resulting from uncertain tax positions taken or expected to be taken in a tax return. Any change in judgment related to the expected ultimate resolution of uncertain tax positions is recognized in earnings in the period in which such change occurs. The Company recognizes interest and penalties related to income tax matters, if applicable, in income tax expense.

Share Repurchases and Retirement of Treasury Shares

The Company’s stock repurchase program provides an opportunity for 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 recognizes 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.

The Company accounts for the retirement of treasury shares using the par-value method under which the cost of repurchased and retired treasury shares in excess of the par value is allocated between additional paid-in capital and retained earnings. When the repurchase price is greater than the original issue proceeds, the excess is charged to retained earnings. The Company uses the weighted-average cost flow assumption to identify and assign the original issue proceeds to the cost of the repurchased and retired treasury shares. The Company believes that this allocation method is preferable because it more accurately reflects its paid-in capital balances by allocating the cost of the repurchased and retired treasury shares to paid-in capital in proportion to paid-in capital associated with the original issuance of those shares.

See Note 12 — *Stockholders’ Equity* for further information on the repurchase shares and retirement of treasury shares.

Recent Accounting Pronouncements

No recent accounting pronouncements or changes in accounting pronouncements have been issued or adopted in fiscal 2023 that are of material significance, or have potential material significance, to the Company.

3. Dispositions

On April 21, 2022, RGP Germany entered into a Sale and Purchase Agreement (the “SPA”) to *taskforce* to MoveVision – Management-, Beteiligungs- und Servicegesellschaft mbH and Blue Elephant – Management-, Beteiligungs- und Servicegesellschaft mbH (collectively, the “Purchasers”), which are owned by the original founder and a member of the senior leadership team of *taskforce*, respectively. The 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 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 SPA. Such receivable is presented in other non-current assets in the Consolidated Balance Sheet as of May 28, 2022. 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 during the year ended May 27, 2023, which was recorded in other income in the Company’s Consolidated Statements of Operations.

During fiscal 2023, the Company completed the dissolution of the following three foreign subsidiaries: Compliance.co.uk Ltd, Resources Compliance (UK) Ltd and RGP Poland spolka z ograniczona odpowiedzialnoscia. The Company recognized a total net loss on dissolutions of $0.5 million during fiscal 2023. As part of its restructuring effort in Europe which began in fiscal 2021, the Company initiated the wind-down and dissolution of certain entities. During fiscal 2022, the Company completed the dissolution of the following three foreign subsidiaries: RGP France SAS, RGP Denmark A/S, and RGP Italy SRL, as it continued to complete its exit from certain non-core markets in Europe. The Company recognized a total gain on dissolutions of $0.9 million during fiscal 2022. The net gain or loss on the dissolutions of these subsidiaries in both fiscal years was primarily related to the recognition of the accumulated translation adjustment associated with the foreign subsidiaries, which was reclassified from accumulated other comprehensive loss in the Company's Consolidated Balance Sheet and included in selling, general and administrative expenses in the Company's Consolidated Statement of Operations for the year ended May 27, 2023 and May 28, 2022, respectively. See Note 14 – *Restructuring Activities* for further information on the Company's restructuring initiatives.

None of the markets sold or exited in fiscal 2023 and 2022 are considered strategic components of the Company's operations.

4. Assets and Liabilities Held for Sale

On April 21, 2022, RGP Germany entered into the SPA with the Purchasers, owned by the original founder and a member of the senior leadership team of *taskforce*. The SPA provided for a purchase price of approximately EUR 5.5 million (approximately $5.9 million), subject to final working capital adjustments on July 31, 2022.

As of May 28, 2022, the Company determined the criteria of classifying the assets and liabilities of *taskforce* as held for sale was met, which requires us to present the related assets and liabilities as separate line items in our Consolidated Balance Sheet. In addition, such assets and liabilities should be presented at the lower of carrying value or fair value less any costs to sell. The Company concluded that the agreed-upon transaction price of the business approximates fair value, which exceeded the carrying value of the related assets and liabilities as of May 28, 2022. As such, the assets and liabilities related to the sale were recorded and presented at their carrying value.

The following table presents information related to the major classes of assets and liabilities that were classified as held for sale in our Consolidated Balance Sheets (in thousands):

Assets & Liabilities Held for Sale ***taskforce* - Management on Demand GmbH**	**As of May 28, 2022**
Cash and cash equivalents	$ 245
Trade accounts receivable, net of allowance for doubtful accounts	4,044
Prepaid expenses and other current assets	262
Income taxes receivable	6
Goodwill	3,886
Intangible assets, net	1,060
Property and equipment, net	204
Operating right-of-use assets	177
Other assets	5
Total assets held for sale	$ 9,889
Accounts payable and accrued expenses	2,316
Accrued salaries and related obligations	325
Operating lease liabilities, current	91
Other liabilities	158
Intercompany balances with other entities	1,441
Operating lease liabilities, noncurrent	88
Total liabilities held for sale	$ 4,419

The above-referenced transaction did not qualify as discontinued operations because the sale of *taskforce* did not represent a strategic shift that has or will have a major effect on the Company's operations or financial results. See Note 2 – *Summary of Significant Accounting Policies* and Note 3 – *Dispositions* for further information on the Company's *taskforce* business.

5. Goodwill and Intangible Assets

During the third quarter of fiscal 2023, the Company completed an interim goodwill impairment analysis for Sitrick, a strategic and crisis communications business acquired in 2009. Many of Sitrick's target clients were impacted by the initial closures of U.S. courts during the COVID-19 pandemic (the "Pandemic") and the continued lingering impact on the court system despite the reopening, resulting in less opportunities and a slower revenue conversion typically provided by Sitrick. The Company determined that the carrying value of Sitrick, also a reporting unit, was in excess of its fair value and as such recorded a non-cash impairment charge of $3.0 million during the third quarter of fiscal 2023, reducing the goodwill within the Other Segments to zero as of May 27, 2023. See Note 2 – *Summary of Significant Accounting Policies* for further information. The Company determined the fair value of Sitrick (within Other Segments) based on an income approach, using the present value of future discounted cash flows. Significant estimates used to determine fair value included the weighted-average cost of capital and financial projections.

As of May 27, 2023, the Company completed its annual goodwill impairment assessment and concluded that no additional goodwill impairment existed. The Company's annual goodwill impairment analysis indicated that there was no related impairment for the fiscal years ended May 28, 2022 and May 29, 2021.

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

	RGP	Other Segments	Total Company
Balance as of May 29, 2021	$ 209,388	$ 7,370	$ 216,758
Impact of foreign currency exchange rate changes	(2,558)	(529)	(3,087)
Impact of held for sale reclass *(1)*	-	(3,886)	(3,886)
Balance as of May 28, 2022	$ 206,830	$ 2,955	$ 209,785
Goodwill impairment	-	(2,955)	(2,955)
Impact of foreign currency exchange rate changes	(108)	-	(108)
Balance as of May 27, 2023	$ 206,722	$ -	$ 206,722

(1) The fiscal 2022 decrease is due to taskforce's goodwill being reclassified as held for sale as of May 28, 2022. See Note 4 – Assets and Liabilities Held for Sale

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

		As of May 27, 2023			As of May 28, 2022		
	Estimated Useful Life	Gross	Accumulated Amortization	Net Carrying Amount	Gross	Accumulated Amortization	Net Carrying Net
Customer contracts and relationships	3 - 8 years	$ 22,000	$ (13,802)	$ 8,198	$ 22,000	$ (10,889)	$ 11,111
Computer software	2 - 3.5 years	7,541	(4,218)	3,323	6,762	(2,149)	4,613
Tradenames	3 - 10 years	-	-	-	3,070	(3,034)	36
Backlog	17 months	-	-	-	1,210	(1,210)	-
Total		$ 29,541	$ (18,020)	$ 11,521	$ 33,042	$ (17,282)	$ 15,760

The weighted-average useful lives of the customer contracts and relationships, and computer software are approximately 7.6 years, and 3.2 years, respectively. The weighted-average useful life of all of the Company's intangible assets is 6.5 years.

The Company recorded amortization expense of $5.0 million, $4.9 million, and $5.2 million for the years ended May 27, 2023, May 28, 2022 and May 29, 2021, respectively. The following table presents future estimated amortization expense based on existing intangible assets held for use (in thousands):

Fiscal Years:	
2024	$ 5,173
2025	3,699
2026	2,394
2027	255
Total	$ 11,521

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. Property and Equipment

Property and equipment consist of the following (in thousands):

	As of May 27, 2023	As of May 28, 2022
Building and land	$ 14,309	$ 14,264
Computers, equipment and software	15,444	15,259
Leasehold improvements	12,900	13,661
Furniture	7,579	8,181
Property and equipment, gross	$ 50,232	$ 51,365
Less: accumulated depreciation and amortization	(34,852)	(33,708)
Property and equipment, net	$ 15,380	$ 17,657

7. Leases

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

	For the Years Ended		
	May 27, 2023	May 28, 2022	May 29, 2021
Operating lease cost	$ 7,242	$ 8,766	$ 10,604
Short-term lease cost	118	89	202
Variable lease cost	1,279	22	2,585
Sublease income (*1*)	(516)	(994)	(913)
Total lease cost	$ 8,123	$ 7,883	$ 12,478

(1) *Sublease income does not include rental income received from owned property.*

The weighted-average lease terms and discount rates for operating leases are presented in the following table:

	As of May 27, 2023	As of May 28, 2022
Weighted-average remaining lease term	3.4 years	3.3 years
Weighted-average discount rate	3.97%	3.81%

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

	For the Years Ended		
	May 27, 2023	May 28, 2022	May 29, 2021
Cash paid for amounts included in the measurement of operating lease liabilities	$ 9,258	$ 11,187	$ 13,206
Right-of-use assets obtained in exchange for new operating lease obligations	$ 4,688	$ 1,748	$ 2,235

Future maturities of operating lease liabilities at May 27, 2023 are presented in the following table (in thousands):

Fiscal Years	**Operating Lease Maturity**
2024	$ 7,989
2025	4,284
2026	2,674
2027	1,676
2028	1,495
Thereafter	882
Total future lease payments	19,000
Less: interest	1,266
Present value of operating lease liabilities	$ 17,734

The Company leases approximately 13,000 square feet of the approximately 57,000 square feet of a company-owned building located in Irvine, California to independent third parties and has operating lease agreements for sublet space with independent third parties expiring through fiscal 2025. Rental income received for the years ended May 27, 2023, May 28, 2022 and May 29, 2021 totaled

$195,000, $199,000 and $162,000, respectively. Under the terms of these operating lease agreements, rental income from such third-party leases is expected to be $159,000 and $56,000 in fiscal 2024 and 2025, respectively.

8. 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"), and concurrently terminated the then existing credit facility, which provided a $120.0 million revolving loan. 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 the Company's domestic subsidiaries.

Future borrowings under the Credit Facility will 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.

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 limitation 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 May 27, 2023.

As of May 27, 2023, the Company had no borrowings outstanding and borrowed $54.0 million as of May 28, 2022 under the Credit Facility. In addition, the Company had $0.8 million and $1.2 million of outstanding letters of credit issued under the Credit Facility as of May 27, 2023 and May 28, 2022, respectively. As of May 27, 2023, there was $174.2 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 (USD $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 May 27, 2023, the Company had no borrowings outstanding under the Beijing Revolver and RMB 13.4 million ($1.9 million based on the prevailing exchange rate on May 27, 2023) in availability. 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.

9. Income Taxes

The following table represents the current and deferred income tax expense (benefit) for federal, state and foreign income taxes attributable to operations (in thousands):

	For the Years Ended		
	May 27, 2023	**May 28, 2022**	**May 29, 2021**
Current:			
Federal	$ 19,317	$ 20,210	$ (19,790)
State	6,323	4,131	3,256
Foreign	2,945	2,464	1,769
	28,585	26,805	(14,765)
Deferred:			
Federal	(6,613)	(5,838)	13,509
State	(1,357)	1,884	(1,341)
Foreign	(2,356)	(7,058)	52
	(10,326)	(11,012)	12,220
Income tax expense (benefit)	$ 18,259	$ 15,793	$ (2,545)

Income before income tax expense (benefit) is as follows (in thousands):

	For the Years Ended		
	May 27, 2023	May 28, 2022	May 29, 2021
Domestic	$ 60,835	$ 68,416	$ 23,598
Foreign	11,783	14,552	(914)
Income before income tax expense (benefit)	$ 72,618	$ 82,968	$ 22,684

The income tax expense (benefit) differs from the amount that would result from applying the federal statutory rate as follows:

	For the Years Ended		
	May 27, 2023	May 28, 2022	May 29, 2021
Statutory tax rate	21.0 %	21.0 %	21.0 %
State taxes, net of federal benefit	5.6	5.7	9.0
Non-U.S. rate adjustments	1.4	0.7	3.1
Stock-based compensation	(0.1)	0.3	6.0
Valuation allowance	(1.7)	(6.5)	7.8
Global Intangible Low-Taxed Income, net of credits	0.4	0.3	-
Worthless stock deduction	-	(3.2)	-
FIN48	0.1	-	0.1
Permanent items	0.3	1.0	0.8
Tax impact of foreign rate changes	(0.4)	(0.2)	(1.9)
Return-to-provision & other adjustments	(1.6)	0.1	(3.8)
Prior year interest and penalty	-	-	3.1
Federal rate benefit on NOL carryback	-	(0.3)	(56.3)
Other, net	0.1	0.1	(0.1)
Effective tax rate	25.1 %	19.0 %	(11.2)%

The impact of state taxes, net of federal benefit, and foreign income taxed at other than U.S. rates fluctuates year over year due to the changes in the mix of operating income and losses amongst the various states and foreign jurisdictions in which the Company operates. Our current year rate primarily benefitted from the release of a valuation allowance of $1.9 million in two of our European entities. Our accounting policy is to recognize the U.S. tax effects of global intangible low-taxed income as a component of income tax expense in the period it arises.

The components of the net deferred tax asset (liability) consist of the following (in thousands):

	As of May 27, 2023	As of May 28, 2022
Deferred tax assets:		
Allowance for doubtful accounts	$ 642	$ 335
Accrued compensation	5,477	5,113
Accrued expenses	487	1,513
Lease liability	4,532	5,482
Stock options and restricted stock	4,599	4,150
Foreign tax credit	431	557
Net operating losses	16,623	16,550
State taxes	354	254
Property and equipment	80	356
Gross deferred tax asset	33,225	34,310
Valuation allowance	(6,514)	(8,249)
Gross deferred tax asset, net of valuation allowance	26,711	26,061
Deferred tax liabilities:		
ROU asset	(3,998)	(4,399)
Outside basis difference - Sweden investment	(262)	(259)
IRC Section 481(a) adjustment	-	(8,292)
Goodwill and intangibles	(18,887)	(19,273)
Net deferred tax asset (liability)	$ 3,564	$ (6,162)

In March 2020, the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) was enacted into law. The CARES Act included provisions, among others, allowing federal net operating losses (“NOLs”) incurred in calendar year 2018 to 2020 (the Company’s fiscal years 2019, 2020 and 2021) to be carried back to the five preceding taxable years. As part of the Company’s tax planning strategies, management made certain changes related to the capitalization of fixed assets effective for fiscal 2021. This strategy allowed the Company to carry back the NOLs of fiscal 2021 to fiscal years 2016 to 2018 and allowed us to request refunds for alternative minimum tax credits for fiscal years 2019 and 2020. The Company filed for federal income tax refunds in the U.S. in the amount of $34.8 million (before interest) in April 2022. As of May 27, 2023, the Company has received a federal income tax refund of $35.5 million (including interest income of $0.7 million). The Company’s policy is to recognize interest and penalties related to income tax matters, if applicable, in income tax expense.

In August 2022, the Inflation Reduction Act of 2022 (“IRA”) was enacted into law. The IRA included provisions such as the implementation of a new alternative minimum tax, an excise tax on stock buybacks and significant tax incentives for energy and climate initiatives. The Company is monitoring the provisions included under the IRA and does not expect the provisions to have a material impact to its consolidated financial statements.

The Company recognized a tax benefit of approximately $2.1 million and $2.0 million for the years ended May 27, 2023 and May 28, 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 ESPP.

The Company has tax-effected foreign net operating loss carryforwards of $16.2 million ($65.3 million on a gross basis), tax-effected state net operating loss carryforwards of $0.5 million and foreign tax credit carryforwards of $0.4 million. The state net operating loss carryforwards will expire beginning in fiscal 2031 and the foreign tax credits will expire beginning in fiscal 2025. The following table summarizes the foreign net operating losses expiration periods (in thousands):

Expiration Periods	**Amount of Net Operating Losses**
Fiscal Years Ending:	
2026	$ 27
2027 and beyond	964
Unlimited	64,298
Total	$ 65,289

The following table summarizes the activity in the Company’s valuation allowance accounts (in thousands):

	Beginning Balance	**Charged to Operations**	**Currency Rate Changes**	**Ending Balance**
Years Ended:				
May 29, 2021	$ 11,069	$ 951	$ 1,243	$ 13,263
May 28, 2022	$ 13,263	$ (3,152)	$ (1,862)	$ 8,249
May 27, 2023	$ 8,249	$ (1,343)	$ (392)	$ 6,514

Realization of deferred tax assets is dependent upon generating sufficient future taxable income. Management believes that it is more likely than not that all remaining deferred tax assets will be realized through future taxable earnings or alternative tax strategies.

Deferred income taxes have not been provided on the undistributed earnings of approximately $34.9 million from the Company’s foreign subsidiaries as of May 27, 2023 since these amounts are intended to be indefinitely reinvested in foreign operations. If the earnings of the Company’s foreign subsidiaries were to be distributed, management estimates that the income tax impact would be immaterial as a result of the transition tax and federal dividends received deduction for foreign source earnings provided under the U.S. Tax Cuts and Jobs Act of 2017.

The following table summarizes the activity related to the gross unrecognized tax benefits (in thousands):

	For the Years Ended	
	May 27, 2023	**May 28, 2022**
Unrecognized tax benefits, beginning of year	$ 908	$ 872
Gross increases-tax positions in prior period	54	36
Unrecognized tax benefits, end of year	$ 962	$ 908

The Company's total liability for unrecognized gross tax benefits was $962,000 and $908,000 as of May 27, 2023 and May 28, 2022, respectively, which, if ultimately recognized, any differences in assessment or non-assessment would impact the effective tax rate in future periods. Management believes there is a reasonable possibility that within the next 12 months, unrecognized gross tax benefits of $962,000 are expected to be recognized due to the expiration of a statute of limitation. The unrecognized tax benefits are included in long-term liabilities in the Consolidated Balance Sheets. None of the unrecognized tax benefits are short-term liabilities as management does not anticipate any cash payments within 12 months to settle the liability.

The Company's major income tax jurisdiction is the U.S., with federal statutes of limitations remaining open for fiscal 2020 and thereafter. For states within the U.S. in which the Company does significant business, the Company remains subject to examination for fiscal 2019 and thereafter. Most major foreign jurisdictions remain open for fiscal years ended 2018 and thereafter.

The Company recognizes interest and penalties related to unrecognized tax benefits as a part of its provision for income taxes. During the fiscal years ended May 27, 2023 and May 28, 2022, the Company accrued interest of $54,000 and $36,000, respectively, as a component of the liability for unrecognized tax benefits.

10. Accrued Salaries and Related Obligations

Accrued salaries and related obligations consist of the following (in thousands):

	As of May 27, 2023	As of May 28, 2022
Accrued salaries and related obligations	$ 15,765	$ 21,309
Accrued bonuses	23,716	37,501
Accrued vacation	25,295	24,739
	$ 64,776	$ 83,549

11. Concentrations of Credit Risk

The Company currently maintains cash and cash equivalents in commercial paper or money market accounts.

Financial instruments, which potentially subject the Company to concentration of credit risk, consist primarily of trade receivables. However, concentrations of credit risk are limited due to the large number of customers comprising the Company's client base and their dispersion across different business and geographic areas. The Company monitors its exposure to credit losses and maintains an allowance for anticipated losses. A significant change in the liquidity or financial position of one or more of the Company's clients could result in an increase in the allowance for anticipated losses. No single client accounted for more than 10% of revenue for the years ended May 27, 2023, May 28, 2022 and May 29, 2021. Only one client accounted for more than 10% of trade accounts receivable, which was predominantly less than 30 days aged, as of May 27, 2023 and no single client accounted for more than 10% of trade accounts receivable as of May 28, 2022.

12. Stockholders' Equity

The Company has authorized for issuance 5,000,000 shares of preferred stock with a $0.01 par value per share. The Board of Directors has the authority to issue preferred stock in one or more series and to determine the related rights and preferences. No shares of preferred stock were outstanding as of May 27, 2023 and May 28, 2022.

The Company has 70,000,000 authorized shares of common stock with a $0.01 par value. At May 27, 2023 and May 28, 2022, there were 33,475,000 and 33,197,000 shares of common stock outstanding, respectively, all of which provide the holders with voting rights.

Stock Repurchase Program

The Company's Board of Directors has periodically 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 year ended May 27, 2023, the Company purchased 914,809 shares of its common stock on the open market at an average price of $16.62 per share, for an aggregate total purchase price of approximately $15.2 million. As of May 27, 2023, approximately $50.2 million remained available for future repurchases of the Company's common stock under the July 2015 Program.

On December 8, 2021, the Company repurchased 1,155,236 shares of the Company's common stock in a privately negotiated transaction with Dublin Acquisition, LLC (the "Seller") pursuant to the terms of a Stock Purchase Agreement, dated December 3, 2021, entered into between the Company and the Seller (the "Stock Purchase Agreement") for approximately $19.7 million. The Stock Purchase Agreement provided that the purchase price per share was $17.01, equal to the lower of (i) the 10-day volume-weighted average price for the period ending on Friday December 3, 2021 or (ii) the closing price on December 3, 2021. The purchased shares had previously been issued to the Seller in connection with the Company's acquisition of Accretive Solutions, Inc. in November 2017. The shares of common stock were purchased by the Company pursuant to the Company's July 2015 Program. The Company did not purchase any additional shares of its common stock during the year ended May 28, 2022.

Quarterly Dividend

Subject to approval each quarter by its Board of Directors, the Company pays a regular dividend. On April 20, 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 June 15, 2023 to holders of record as of May 18, 2023. As of May 27, 2023 and May 28, 2022, approximately $4.7 million and $4.6 million, respectively, was accrued and recorded in other current liabilities in each of 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 Company's current credit agreements and other agreements, and other factors deemed relevant by the Board of Directors.

Retirement of Treasury Shares

On November 8, 2021, the Company retired 31.7 million shares of its common stock held in treasury. The shares were returned to the status of authorized but unissued shares. As a result, the treasury stock balance decreased by approximately $520.7 million. In connection with the retirement, the Company reduced its common stock, additional paid-in capital, and retained earnings balances by $0.3 million, $157.6 million, and $362.7 million, respectively. Refer to Note 2 — *Summary of Significant Accounting Policies* for the Company's accounting policy on the retirement of treasury shares.

13. Revenue Recognition

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

Contract assets represent the Company's rights to consideration for completed performance under the contract (e.g., 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 $35.4 million and $42.6 million as of May 27, 2023 and May 28, 2022, 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 and are presented in other liabilities in the Consolidated Balance Sheets. Contract liabilities were $3.1 million and $4.2 million as of May 27, 2023 and May 28, 2022, respectively. The year over year decrease of $1.1 million was primarily related to a decrease in services credits earned by key clients. Revenues recognized during the year ended May 27, 2023 that were included in deferred revenues as of May 28, 2022 were $3.0 million. Revenues recognized during the year ended May 28, 2022 that were included in deferred revenues as of May 29, 2021 were $2.4 million.

14. Restructuring Activities

During calendar year 2020, the Company initiated a global restructuring and business transformation plan in North America, Asia Pacific and Europe (the "Restructuring Plans"). The Restructuring Plans consisted of two key components: (i) an effort to streamline the management and organizational structure and eliminate certain positions as well as exit certain markets to focus on core solution offerings and high-growth clients and (ii) a strategic rationalization of the Company's physical geographic footprint and real estate spend to focus investment dollars in high-growth core markets for greater impact. The Company incurred employee termination and facility exit costs associated with the Company's restructuring initiatives within its RGP segment, which were recorded in selling, general and administrative expenses in its Consolidated Statements of Operations.

The Restructuring Plans were substantially completed in fiscal 2021. All the remaining accrued restructuring liability on the books related to employee termination costs was either paid or released as of May 27, 2023. Restructuring liability recorded in accounts payable and accrued expenses in the Consolidated Balance Sheet was zero and $0.4 million as of May 27, 2023 and May 28, 2022, respectively.

Restructuring costs for the years ended May 27, 2023, May 28, 2022 and May 29, 2021 were as follows (in thousands):

	For the Year Ended May 27, 2023			For the Year Ended May 28, 2022			For the Year Ended May 29, 2021		
	North America and APAC Plan	European Plan	Total	North America and APAC Plan	European Plan	Total	North America and APAC Plan	European Plan	Total
Employee termination costs (adjustments)	$ (387)	$ -	$ (387)	$ 168	$ (253)	$ (85)	$ 1,024	$ 4,838	$ 5,862
Real estate exit costs (adjustments)	-	(1)	(1)	884	(10)	874	1,052	666	1,718
Other costs	15	9	24	-	44	44	-	680	680
Total restructuring costs (adjustments)	$ (372)	$ 8	$ (364)	$ 1,052	$ (219)	$ 833	$ 2,076	$ 6,184	$ 8,260

15. Stock-Based Compensation Plans

General

The Company's stockholders approved the 2020 Plan on October 22, 2020, which replaced and succeeded in its entirety 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 (i) time-based restricted stock units and stock option awards that typically vest in equal annual installments, (ii) performance-based restricted stock units that vest upon the achievement of certain Company-wide performance targets at the end of a defined three-year performance period and (iii) restricted stock awards that vest based on an individual grant basis as described in the award agreement. 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. As of May 27, 2023, there were 1,231,996 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 $9.5 million, $8.2 million and $6.6 million for the years ended May 27, 2023, May 28, 2022 and May 29, 2021, respectively. These amounts consisted of stock-based compensation expense related to employee stock options, employee stock purchases made via the ESPP, restricted stock awards, restricted stock units, performance stock units and stock units credited under the Directors Deferred Compensation Plan. 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 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. The Company recognized a tax benefit of approximately $2.0 million, $1.7 million, and $1.3 million, associated with such stock-based compensation expense for the years ended May 27, 2023, May 28, 2022, and May 29, 2021, respectively.

Stock Options

The following table summarizes the stock option activity for the year ended May 27, 2023 (in thousands, except weighted average exercise price):

	Number of Shares Under Option		Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in years)		Aggregate Intrinsic Value
Awards outstanding at May 28, 2022	3,350	$	16.08	4.98	$	7,887
Exercised	(624)		14.48			
Forfeited	(32)		17.43			
Expired	(46)		16.44			
Awards outstanding at May 27, 2023	2,648	$	16.44	4.37	$	1,298
Exercisable at May 27, 2023	2,433	$	16.36	4.20	$	1,296
Vested and expected to vest as of May 27, 2023 *(1)*	2,641	$	16.44	4.34	$	1,298

(1) The expected to vest options are the result of applying the pre-vesting forfeiture rate assumptions to options not yet vested of 215,035 and 645,449 as of May 27, 2023 and May 28, 2022, respectively.

The aggregate intrinsic value in the preceding table represents the total pre-tax intrinsic value, based on the Company's closing stock price of $15.57 as of May 26, 2023 (the last trading day of fiscal 2023), which would have been received by the option holders had all option holders exercised their options as of that date.

The total pre-tax intrinsic value related to stock options exercised during the years ended May 27, 2023, May 28, 2022 and May 29, 2021 was $11.9 million, $15.1 million and $0.2 million, respectively. The total estimated fair value of stock options that vested during the years ended May 27, 2023, May 28, 2022 and May 29, 2021 was $1.2 million, $2.2 million and $3.2 million, respectively.

As of May 27, 2023, there was $0.3 million of total unrecognized compensation cost related to unvested and outstanding employee stock options. That cost is expected to be recognized over a weighted-average period of 0.33 years.

Valuation and Expense Information for Stock Based Compensation Plans

There were no employee stock options granted during the years ended May 27, 2023 and May 28, 2022. The weighted average estimated fair value per share of employee stock options granted during the year ended May 30, 2020 was $3.88, using the Black-Scholes model with the following assumptions:

	For the Year Ended May 30, 2020
Expected volatility	30.9% - 32.9%
Risk-free interest rate	1.5% - 1.8%
Expected dividends	3.4% - 3.7%
Expected life	5.6 - 8.1 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 393,060, 462,000 and 506,000 shares of common stock pursuant to the ESPP for the years ended May 27, 2023, May 28, 2022 and May 29, 2021, respectively. There were 1,778,924 shares of common stock available for issuance under the ESPP as of May 27, 2023.

Restricted Stock Awards

The following table summarizes the activities for the unvested restricted stock awards for the year ended May 27, 2023 (in thousands, except weighted average grant-date fair value):

	Shares		Weighted-Average Grant-Date Fair Value
Outstanding at May 28, 2022	183	$	15.88
Granted	97		18.31
Vested	(71)		15.37
Forfeited	-		-
Unvested as of May 27, 2023	209	$	17.19
Expected to vest as of May 27, 2023	186	$	17.13

As of May 27, 2023, there was $2.4 million of total unrecognized compensation cost related to unvested restricted stock awards. The cost is expected to be recognized over a weighted-average period of 1.49 years. The weighted average estimated fair value per share of restricted stock awards granted during the years ended May 27, 2023, May 28, 2022 and May 29, 2021 was $18.31, $18.28 and $12.47, respectively.

Restricted Stock Units ("RSUs")

In 2018, the Company adopted the amended and restated Directors Deferred Compensation Plan, which provides the non-employee members of the Company's Board of Directors with the opportunity to defer certain cash compensation and equity awards earned or granted for their service in the form of stock units ("Stock Units"). The Stock Units are used solely as a device for determining the amount of cash eventually paid to the director. Each Stock Unit has the same value as one share of the Company's common stock. Stock Units are not paid out until the director leaves the Board of Directors, at which time the cash value of the Stock Units is paid out in accordance with terms of the plan and the director's election. Additional Stock Units are credited to reflect dividends paid on shares of the Company's common stock. Stock Units credited to a director pursuant to an election to defer cash compensation (and any dividend equivalents credited thereon) are fully vested at all times. Stock Units credited to a director pursuant to an election to defer an equity award are subject to the vesting conditions applicable to the equity award, except that dividend equivalents credited to a director with respect to such Stock Units are vested at all times. These liability-classified awards are re-measured at each reporting date and on settlement using the closing price of the Company's common stock on that date. Any change in fair value is recorded as stock-based compensation expense in the period. The Company recognizes stock-based compensation expense on these Stock Units using the straight-line method over the requisite service period.

The Company also grants RSUs to its employees under the 2020 Plan, which are classified as equity awards. The following table summarizes the activities for the unvested RSUs, including both equity- and liability-classified RSUs, for the year ended May 27, 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 28, 2022	579	$	14.03	66	$	14.89	645	$	14.12
Granted *(1)*	249		18.24	26		18.60	275		18.27
Vested	(175)		13.63	(32)		15.45	(207)		13.91
Forfeited	(22)		13.20	-		-	(22)		13.20
Unvested as of May 27, 2023	631	$	15.78	60	$	16.55	691	$	15.85
Expected to vest as of May 27, 2023	577	$	15.71	60	$	16.55	637	$	15.79

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

As of May 27, 2023, there was $6.9 million of total unrecognized compensation cost related to unvested RSUs (which are the RSUs granted under the 2020 Plan that settle in shares of the Company's common stock). The cost is expected to be recognized over a weighted-average period of 1.73 years.

As of May 27, 2023, there was $0.8 million of total unrecognized compensation cost related to unvested liability-classified RSUs (which are the stock units credited under the Directors Deferred Compensation Plan that settle in cash). That cost is expected to be recognized over a weighted average period of 1.79 years.

The weighted average estimated fair value per share of RSUs granted during the years ended May 27, 2023, May 28, 2022 and May 29, 2021 was $18.27, $18.25 and $11.51, respectively.

Performance Stock Units ("PSUs")

The Company issued PSUs to certain members of management and other select employees. The total number of shares that will vest under the PSUs will be determined at the end of a three-year performance period based on the Company's achievement of certain revenue and Adjusted EBITDA percentage targets over the 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 year ended May 27, 2023 (in thousands, except weighted average grant-date fair value):

	Shares *(1)*		Weighted-Average Grant-Date Fair Value
Outstanding at May 28, 2022	196	$	18.41
Granted *(2)*	244		18.24
Forfeited	(6)		18.41
Unvested as of May 27, 2023	434	$	18.32
Expected to vest as of May 27, 2023	394	$	18.32

(1) Shares are presented at the stated target, which represents the base number of shares that would vest. Actual shares that vest may be 0-150% 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 May 27, 2023, there was $3.6 million of total unrecognized compensation cost related to unvested PSUs. That cost is expected to be recognized over a weighted-average period of 1.55 years.

16. Benefit Plan

The Company maintains the Resources Global Professionals 401(k) Savings Plan, a defined contribution plan (the "401(k) Plan") which generally covers all employees in the U.S. who have completed three months of service. Participants may contribute up to 75% of their annual salary, up to the maximum amount allowed by applicable law. Pursuant to the terms of the 401(k) Plan, the Company may make discretionary matching contributions. The Company, at its sole discretion, determines the matching contribution made at each pay period. For the years ended May 27, 2023, May 28, 2022 and May 29, 2021, the Company contributed $8.7 million, $8.1 million and $6.2 million, respectively, to the 401(k) Plan as Company matching contributions.

17. Commitments and Contingencies

Legal Proceedings

The Company is involved in certain legal matters in the ordinary course of business. In the opinion of management, all such matters, if disposed of unfavorably, would not have a material adverse effect on the Company's financial position, cash flows or results of operations.

18. Segment Information and Enterprise Reporting

As discussed in Note 2 — *Summary of Significant Accounting Policies*, from May 29, 2022 to May 31, 2022, the Company had three operating segments – RGP, Sitrick and *taskforce*. Upon completing the sale of the *taskforce* operating segment, effective May 31, 2022, the Company's operating segments consist of RGP and Sitrick. RGP is the Company's only reportable segment. Sitrick does not individually meet the quantitative thresholds to qualify as a reportable segment. Therefore, Sitrick is disclosed as Other Segments. 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.

The tables below reflect the operating results of the Company's segments consistent with the management and performance measurement system utilized by the Company. 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, goodwill impairment, restructuring costs, and contingent consideration adjustments. 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 all periods presented (in thousands):

	For the Years Ended		
	May 27, 2023	May 28, 2022	May 29, 2021
Revenue:			
RGP	$ 764,511	$ 764,350	$ 587,620
Other Segments *(1)*	11,132	40,668	41,896
Total revenue	$ 775,643	$ 805,018	$ 629,516
Adjusted EBITDA:			
RGP	$ 132,377	$ 134,187	$ 77,589
Other Segments *(1)*	1,179	3,527	3,580
Reconciling items *(2)*	(33,362)	(34,583)	(28,375)
Total Adjusted EBITDA *(3)*	$ 100,194	$ 103,131	$ 52,794

(1) Amounts reported in Other Segments for the year ended May 27, 2023 include Sitrick and an immaterial amount from taskforce from May 29, 2022 through May 31, 2022, the completion date of the sale. Amounts previously reported for the years ended May 28, 2022 and May 29, 2021 included the Sitrick and taskforce operating segments.

(2) 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.

(3) 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 all periods presented (in thousands):

	For the Years Ended		
	May 27, 2023	May 28, 2022	May 29, 2021
Net income	$ 54,359	$ 67,175	$ 25,229
Adjustments:			
Amortization expense	5,018	4,908	5,228
Depreciation expense	3,539	3,575	3,897
Interest expense, net	552	1,064	1,600
Income tax expense (benefit)	18,259	15,793	(2,545)
EBITDA	81,727	92,515	33,409
Stock-based compensation expense	9,521	8,168	6,613
Technology transformation costs *(1)*	6,355	1,449	-
Goodwill impairment *(2)*	2,955	-	-
Restructuring costs *(3)*	(364)	833	8,260
Contingent consideration adjustment	-	166	4,512
Adjusted EBITDA	$ 100,194	$ 103,131	$ 52,794

(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 system. Such costs primarily include software licensing costs, third-party consulting fees and costs associated with dedicated internal resources that are not capitalized.

(2) Goodwill impairment charge recognized during the year ended May 27, 2023 was related to Sitrick operating segment.

(3) The Company substantially completed the Restructuring Plans in fiscal 2021. All the remaining accrued restructuring liability on the books related to employee termination costs that was either paid or released as of May 27, 2023.

The table below represents the Company's revenue and long-lived assets by geographic location (in thousands):

	Revenue for the Years Ended			Long-Lived Assets *(1)* as of	
	May 27, 2023	May 28, 2022	May 29 2021	May 27, 2023	May 28, 2022
United States	$ 664,515	$ 663,980	$ 502,493	$ 28,377	$ 32,406
International	111,128	141,038	127,023	2,859	2,792
Total	$ 775,643	$ 805,018	$ 629,516	$ 31,236	$ 35,198

(1) Long-lived assets are comprised of property and equipment and ROU assets.

ITEM 9. ***CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.***

None.

ITEM 9A. ***CONTROLS AND PROCEDURES.***

Evaluation of Disclosure Controls and Procedures

As required by SEC Rule 13a-15(b) under the Securities Exchange Act of 1934, as amended (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 May 27, 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 May 27, 2023.

Management’s Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). We maintain internal control over financial reporting designed 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.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of management, including the Company’s Chief Executive Officer and Chief Financial Officer, the Company conducted an evaluation of the effectiveness of its internal control over financial reporting based on the criteria established in the 2013 *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. This evaluation included an assessment of the design of the Company’s internal control over financial reporting and testing of the operational effectiveness of its internal control over financial reporting. Based on this evaluation, management has concluded that the Company’s internal control over financial reporting was effective as of May 27, 2023.

The Company’s independent registered public accounting firm, RSM US LLP, which audited the financial statements included in this Annual Report on Form 10-K, has audited the effectiveness of the Company’s internal control over financial reporting as of May 27, 2023, as stated in their report which is included in this Item 9A under the heading “Report of Independent Registered Public Accounting Firm.”

Changes in Internal Control Over Financial Reporting

There has been no change in the Company’s internal control over financial reporting during the fiscal quarter ended May 27, 2023 that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

ITEM 9B. ***OTHER INFORMATION.***

None.

ITEM 9C. ***DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS.***

Not applicable.

PART III

ITEM 10. ***DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.***

Our Board of Directors has adopted a code of business conduct and ethics that applies to our directors and employees, including our Chief Executive Officer, Chief Financial Officer and principal accounting officer and persons performing similar functions, as required by applicable rules of the SEC and Nasdaq Stock Market. The full text of our code of business conduct and ethics can be found on the investor relations page of our website at www.rgp.com. We intend to disclose any amendment to, or a waiver from, a provision of our code of business conduct and ethics that applies to our directors and executive officers, including our Chief Executive Officer, Chief Financial Officer and principal accounting officer, or persons performing similar functions, by posting such information on the investor relations page of our website at www.rgp.com to the extent required by applicable SEC and Nasdaq rules.

Reference is made to the information regarding directors appearing under the caption “PROPOSAL 1. ELECTION OF DIRECTORS,” and to the information under the captions “EXECUTIVE OFFICERS,” “BOARD OF DIRECTORS” and “BOARD OF DIRECTORS — AUDIT COMMITTEE,” in each case in the Company’s proxy statement related to its 2023 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year ended May 27, 2023, which information is incorporated herein by reference.

ITEM 11. ***EXECUTIVE COMPENSATION.***

The information appearing under the captions “EXECUTIVE COMPENSATION—COMPENSATION DISCUSSION AND ANALYSIS,” “COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION,” “COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION,” “EXECUTIVE COMPENSATION TABLES FOR FISCAL 2023,” “POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL,” “CEO PAY RATIO DISCLOSURE,” “PAY VERSUS PERFORMANCE DISCLOSURE” and “DIRECTOR COMPENSATION,” in each case, in the Company’s proxy statement related to its 2023 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year ended May 27, 2023, is incorporated herein by reference.

ITEM 12. ***SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.***

The information appearing under the caption “SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT” in the proxy statement related to the Company’s 2023 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year ended May 27, 2023, is incorporated herein by reference.

There are no arrangements, known to the Company, which might at a subsequent date result in a change in control of the Company.

The following table sets forth, for the Company's compensation plans under which equity securities of the Company are authorized for issuance, the number of shares of the Company's common stock subject to outstanding options, warrants, and rights, the weighted-average exercise price of outstanding options, warrants, and rights, and the number of shares remaining available for future award grants as of May 27, 2023:

	Number of Securities to Be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity compensation plans approved by security holders	3,713,581 *(1)*	$ 16.44 *(2)*	3,010,920 *(3)*
Equity compensation plans not approved by security holders	-	-	-
Total	3,713,581	$ 16.44	3,010,920

(1) This amount consists of (i) 1,065,633 shares of our common stock subject to unvested restricted stock units and performance stock units granted under our 2020 Performance Incentive Plan (with performance stock units included assuming that 69% and 123% of the "target" level of performance was attained for the fiscal 2023 and 2022 grants, respectively, which was the level achieved as of May 27, 2023), (ii) 2,356,706 shares subject to stock options granted under our 2014 Performance Incentive Plan, and (iii) 291,242 shares subject to stock options granted under our 2004 Performance Incentive Plan. This amount does not include 5,562 shares and 295,300 shares of our common stock issued and outstanding pursuant to unvested restricted stock awards under our 2014 Performance Incentive Plan and our 2020 Performance Incentive Plan, respectively, and it does not include 167,050 shares of cash-settled Stock Units issued and outstanding under our Directors Deferred Compensation Plan.

(2) This number reflects the weighted-average exercise price of outstanding options and has been calculated exclusive of outstanding restricted stock awards, restricted stock units and performance stock unit awards issued under our 2014 Performance Incentive Plan and our 2020 Performance Incentive Plan and the cash-settled Stock Units issued under our Directors Deferred Compensation Plan.

(3) Consists of 1,778,924 shares available for issuance under our ESPP and 1,231,996 shares available for issuance under our 2020 Performance Incentive Plan. Shares available under the 2020 Performance Incentive Plan generally may be used for any type of award authorized under that plan including stock options, restricted stock, stock bonuses, performance stock, performance stock units, stock units, phantom stock and other forms of awards granted or denominated in our common stock.

ITEM 13. *CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.*

The information appearing under the captions "BOARD OF DIRECTORS — DIRECTOR INDEPENDENCE" and "POLICY REGARDING TREATMENT OF RELATED PARTY TRANSACTIONS" in the proxy statement related to the Company's 2023 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year ended May 27, 2023, is incorporated herein by reference.

ITEM 14. *PRINCIPAL ACCOUNTANT FEES AND SERVICES.*

Our independent registered public accounting firm is RSM US LLP, Irvine CA, Auditor firm ID: 49.

The information appearing under the caption "PROPOSAL 2. RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR FISCAL YEAR 2024" in the proxy statement related to the Company's 2023 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year ended May 27, 2023, is incorporated herein by reference.

PART IV

ITEM 15. *EXHIBIT AND FINANCIAL STATEMENT SCHEDULES.*

(a) 1. *Financial Statements.*

The following consolidated financial statements of the Company and its subsidiaries are included in Part II, Item 8 of this Annual Report on Form 10-K:

Report of Independent Registered Public Accounting Firm

Consolidated Balance Sheets as of May 27, 2023 and May 28, 2022

Consolidated Statements of Operations for each of the three years in the period ended May 27, 2023

Consolidated Statements of Comprehensive Income for each of the three years in the period ended May 27, 2023

Consolidated Statements of Stockholders' Equity for each of the three years in the period ended May 27, 2023

Consolidated Statements of Cash Flows for each of the three years in the period ended May 27, 2023

Notes to Consolidated Financial Statements

2. *Financial Statement Schedules.*

Schedule II-Valuation and Qualifying Accounts are included in Note 2 and Note 9 to the Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K.

Schedules I, III, IV and V have been omitted as they are not applicable.

3. Exhibits.

EXHIBIT INDEX

EXHIBITS TO FORM 10-K

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).
4.1	Specimen Stock Certificate (incorporated by reference to Exhibit 4.3 to the Registrant's Amendment No. 7 to the Registrant's Registration Statement on Form S-1 filed on December 12, 2000 (File No. 333-45000)).
4.2	Description of Resources Connection, Inc.'s Capital Stock (incorporated by reference to Exhibit 4.2 to the Registrant's Annual Report on Form 10-K for the year ended May 30, 2020).
10.1*	Sublease Agreement, dated July 2018, between O'Melveny & Myers LLP and Resources Connection, LLC dba Resources Global Professionals.
10.2	Credit Agreement, dated as of November 12, 2021, among Resources Connection, Inc., Resources Connection LLC, as borrowers, Resources Healthcare Solutions LLC, RGP Property LLC, Sitrick Group, LLC, Veracity Consulting Group, LLC, and *taskforce* – Management on Demand, LLC, as guarantors, and Bank of America, N.A., as administrative agent for the lenders (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on November 16, 2021).
10.3	Security and Pledge Agreement, dated as of November 12, 2021, among Resources Connection, Inc., Resources Connection LLC, as borrowers, Resources Healthcare Solutions LLC, RGP Property LLC, Sitrick Group, LLC, Veracity Consulting Group, LLC, and *taskforce* – Management on Demand, LLC, as obligors, and Bank of America, N.A., as administrative agent for the lenders (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed on November 16, 2021).
10.4+	Resources Connection, Inc. Directors' Compensation Policy (Revised January 19, 2023) (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended February 25, 2023).
10.5+	Directors Deferred Compensation Plan (incorporated by reference to Exhibit 10.13 to the Registrant's Annual Report on Form 10-K for the year ended May 29, 2021).
10.6+	Form of Indemnification Agreement between the Registrant and each of its directors and executive officers (incorporated by reference to Exhibit 10.26 to the Registrant's Annual Report on Form 10-K for the year ended May 31, 2008).
10.7+	Employment Agreement dated October 21, 2022 between Jennifer Y. Ryu, Resources Connection, Inc. and Resources Connection LLC (incorporated by reference to Exhibit 10.2 of the Registrant's Current Report on Form 8-K filed on October 21, 2022).
10.8+	Employment Agreement dated February 3, 2020 between Kate W. Duchene and Resources Connection, Inc. (incorporated by reference to Exhibit 10.2 of the Registrant's Current Report on Form 8-K filed on February 4, 2020).
10.9+	Letter agreement to amend Employment Agreement, dated as of January 20, 2021, to the Employment Agreement, dated as of February 3, 2020, by and between Resources Connection, Inc. and Kate W. Duchene (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended February 27, 2021).
10.10+	Employment Agreement dated February 21, 2020 between Tim Brackney and Resources Connection, Inc. (incorporated by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended February 22, 2020).
10.11+	Resources Connection, Inc. 2019 Employee Stock Purchase Plan (as amended and restated on August 18, 2022) (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on October 21, 2022).
10.12+	Resources Connection, Inc. 2020 Performance Incentive Plan (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on October 29, 2020).
10.13+	2020 Form of Notice of Grant and Terms and Conditions of Restricted Stock Unit Award under the Resources Connection, Inc. 2020 Performance Incentive Plan (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended November 28, 2020).
10.14+	2021 Form of Notice of Grant and Terms and Conditions of Restricted Stock Unit Award under the Resources Connection, Inc. 2020 Performance Incentive Plan (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended November 27, 2021).
10.15+	Form of Notice of Grant and Terms and Conditions of Performance Stock Unit Award under the Resources Connection, Inc. 2020 Performance Incentive Plan (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended November 26, 2022).
10.16*+	Non-Employee Director Restricted Stock Award Program and Notice of Grant and Terms and Conditions of Non- Employee Director Restricted Stock Award under the Resources Connection, Inc. 2020 Performance Incentive Plan.
10.17+	2020 Form of Restricted Stock Award Terms and Conditions under the Resources Connection, Inc. 2020 Performance Incentive Plan (incorporated by reference to Exhibit 10.22 to the Registrant's Annual Report on Form 10-K for the year ended May 29, 2021).

10.18+	2021 Form of Notice of Grant and Terms and Conditions of Restricted Stock Award under the Resources Connection, Inc. 2020 Performance Incentive Plan (incorporated by reference to Exhibit 10.4 to the Registrant’s Quarterly Report on Form 10-Q for the quarter ended November 27, 2021).
10.19+	Resources Connection, Inc. 2014 Performance Incentive Plan (incorporated by reference to Exhibit 10.22 to the Registrant’s Current Report on Form 8-K filed on October 28, 2014).
10.20+	Resources Connection, Inc. 2014 Performance Incentive Plan Terms and Conditions of Nonqualified Stock Option (incorporated by reference to Exhibit 10.7 to the Registrant’s Annual Report on Form 10-K for the year ended May 26, 2018).
10.21+	Resources Connection, Inc. 2014 Performance Incentive Plan Restricted Stock Award Terms and Conditions (incorporated by reference to Exhibit 10.8 to the Registrant’s Annual Report on Form 10-K for the year ended May 26, 2018).
10.22+	Resources Connection, Inc. 2014 Performance Incentive Plan - Canada Terms and Conditions of Nonqualified Stock Option (incorporated by reference to Exhibit 10.9 to the Registrant’s Annual Report on Form 10-K for the year ended May 26, 2018).
10.23+	Resources Connection, Inc. 2014 Performance Incentive Plan Terms and Conditions of Nonqualified Stock Option (Netherlands) (incorporated by reference to Exhibit 10.10 to the Registrant’s Annual Report on Form 10-K for the year ended May 26, 2018).
21.1*	List of Subsidiaries.
23.1*	Consent of Independent Registered Public Accounting Firm.
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.INS*	XBRL Instance – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	XBRL Taxonomy Extension Schema.
101.CAL*	XBRL Taxonomy Extension Calculation.
101.DEF*	XBRL Taxonomy Extension Definition.
101.LAB*	XBRL Taxonomy Extension Labels.
101.PRE*	XBRL Taxonomy Extension Presentation.
104*	Cover Page Interactive Data File – the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.

———

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

ITEM 16. ***FORM 10-K SUMMARY.***

Not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

RESOURCES CONNECTION, INC.

By: /S/ JENNIFER RYU
Jennifer Ryu
Chief Financial Officer

Date: July 25, 2023

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report on Form 10-K has been signed below by the following persons on behalf of the Registrant in the capacities and on the dates indicated.

Signature	Title	Date
/s/ KATE W. DUCHENE	President, Chief Executive Officer and Director	July 25, 2023
Kate W. Duchene	*(Principal Executive Officer)*	
/s/ JENNIFER RYU	Chief Financial Officer and Executive Vice President	July 25, 2023
Jennifer Ryu	*(Principal Financial Officer and Principal Accounting Officer)*	
/s/ ANTHONY CHERBAK	Director	July 25, 2023
Anthony Cherbak		
/s/ NEIL DIMICK	Director	July 25, 2023
Neil Dimick		
/s/ ROBERT KISTINGER	Director	July 25, 2023
Robert Kistinger		
/s/ DONALD B. MURRAY	Chairman of the Board	July 25, 2023
Donald B. Murray		
/s/ LISA PIEROZZI	Director	July 25, 2023
Lisa Pierozzi		
/s/ A. ROBERT PISANO	Director	July 25, 2023
A. Robert Pisano		
/s/ JOLENE SYKES SARKIS	Director	July 25, 2023
Jolene Sykes Sarkis		
/s/ MARCO VON MALTZAN	Director	July 25, 2023
Marco von Maltzan		
/s/ DAVID P. WHITE	Director	July 25, 2023
David P. White		

SUBLEASE AGREEMENT

BETWEEN

O'MELVENY & MYERS LLP

AND

RESOURCES CONNECTION, LLC

dba RESOURCES GLOBAL PROFESSIONALS

OMM_US:76369748.8

SUBLEASE AGREEMENT

THIS SUBLEASE AGREEMENT (this "**Sublease**") is dated as of July ___, 2018 for reference purposes only, by and between **O'MELVENY & MYERS LLP**, a California limited liability partnership ("**Sublandlord**") and **RESOURCES CONNECTION, LLC,** a Delaware limited liability corporation, dba RESOURCES GLOBAL PROFESSIONALS ("**Subtenant**") for premises at 7 Times Square Tower, New York, New York 10036 (the "**Building**").

RECITALS

A. No. 1 Times Square Development LLC ("Landlord") and Sublandlord, as tenant entered into a certain Lease dated January 28, 2003, regarding the leasing of space in the Building. The Lease, as amended (with the Lease and amendments further described in Exhibit A), is referred to herein as the Master Lease, a copy of which has been provided to Subtenant..

B. Sublandlord desires to sublease to Subtenant and Subtenant desires to sublease from Sublandlord the entire premises located on the 37th floor of the Building on the terms and conditions hereinafter provided.

C. Sublandlord and Subtenant are submitting this Sublease to Landlord for its consent pursuant to that certain Consent to Sublease Agreement (the "**Consent**") substantially in the form attached as Exhibit C. Upon the execution of the Consent by all parties, the terms of the Consent shall be incorporated in this Sublease by this reference.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Sublandlord and Subtenant agree as follows:

1. SUBLEASED PREMISES

Sublandlord hereby leases to Subtenant, and Subtenant hereby leases from Sublandlord, approximately 28,415 rentable square feet of space, being the entirety of the 37th floor of the Building (the "**Subleased Premises**") as more particularly described on Exhibit B attached hereto. The square footage set forth in the immediately preceding sentence shall be conclusive for purposes of this Sublease and shall not be subject to adjustment and/or remeasurement.

2. MASTER LEASE

2.1 Incorporation of Master Lease

This Sublease is subject to and subordinate to the Master Lease, except as otherwise set forth in Section 15 below. All of the covenants, agreements, terms, conditions and provisions of the Master Lease relating to or applicable to the tenant under the Master Lease, but only insofar as such terms, conditions and provisions relate to the Subleased Premises and any related uses or occupancy of the Building, are incorporated herein and made a part hereof with the same force and effect as if set forth at length herein, it being understood and agreed that said provisions shall fix the rights and obligations of Subtenant with the same effect as if Subtenant were the tenant named in the Master Lease, except that (i) any reference to the "Landlord" in the Master Lease shall mean Landlord and Sublandlord, (ii) any reference in the Master Lease to "Tenant" shall mean Subtenant, and (iii) provisions of the Master Lease not applicable to the 37th Floor and the Subleased Premises, or the use thereof or related uses of the Building, or specifically overridden by this Sublease, shall not be incorporated into or applicable to this Sublease. As an example, Subtenant's liability for the payment of Base Rent and Additional Rent shall be limited to amounts set forth in this Sublease. Subtenant agrees that Sublandlord shall have all of the rights and remedies of Landlord under the Master Lease relating to the Subleased Premises with respect to Subtenant as if such rights and remedies were fully set forth herein. As between Sublandlord and Subtenant, (x) the last sentence of Section 36.1(a) and the limitations on liability in the last sentence of Section 36.1(c) of the Master Lease shall be disregarded, it being the intent of the parties that recourse against Sublandlord not be limited by such two sentences, and (y) in the event of a conflict between the terms of the Master Lease and the terms of this Sublease, the terms of this Sublease will control. The rights of Subtenant to use and occupy the Subleased Premises shall be as set forth in this Sublease and shall in no event include or be deemed to include any right on the part of Sublandlord to renew, extend, expand, exercise a right of first refusal or first offer, exercise full or partial termination rights, or hold over, unless such right is specifically conferred on Subtenant hereunder.

In all provisions of the Master Lease requiring the approval or consent of Landlord, Subtenant shall be required to obtain the approval or consent of Sublandlord hereunder except as otherwise provided herein (which shall be given or withheld in accordance with the terms and provisions of this Sublease), and of Landlord. In circumstances where Landlord's approval or consent has been obtained, Sublandlord's grounds for disapproval or withholding consent shall be limited to elements of the transaction or request that increase Sublandlord's risk or increase its costs; provided that (i) Sublandlord's consent to any sub/sublease or assignment of Sublease shall be given or denied independently from the Landlord and (ii) in all situations where Sublandlord's consent or approval is required, Sublandlord shall be limited by the standard of reasonableness in making its determination. Sublandlord represents that the Master Lease is the only agreement existing among Landlord and Sublandlord with respect to the Subleased Premises and that Subtenant shall have no obligations except as provided in this Sublease and in the Master Lease.

2.2 **Sublandlord's Limited Obligations**

Subject to the limitations set forth in this Section 2.2, (i) Sublandlord shall observe and perform for the benefit of Subtenant, the terms of the Master Lease which are necessary and required to give Subtenant the benefits and rights provided by this Sublease; provided that any actions, omissions or defaults by Subtenant which impair or prevent Sublandlord's performance of this commitment, shall reduce Sublandlord's obligations accordingly hereunder, (ii) so long as Subtenant is not in material monetary or non-monetary default hereunder beyond applicable notice, cure and/or grace periods, Sublandlord shall not take any action that would trigger any recapture or underletting right of Landlord with respect to the Subleased Premises; and (iii) to the extent not inconsistent with the agreements or understandings expressed in this Sublease or applicable only to the original parties to the Master

Lease, the terms, provisions, covenants and conditions of the Master Lease are hereby incorporated herein by reference and the term "Landlord" as used in the Master Lease shall refer to Sublandlord hereunder, it successors and assigns. Notwithstanding any other provision of this Sublease to the contrary, including, but not limited to Section 2.1 above, Sublandlord shall have no liability by reason of: (i) any default of Landlord under the Master Lease, or (ii) any failure of Landlord to comply with its obligations under the Master Lease except as expressly provided herein. If Sublandlord shall fail to fulfill any obligation of Sublandlord hereunder and if such failure is caused by the failure of Landlord to comply with its obligations under the Master Lease or arising by operation of law, Sublandlord shall have no obligation or liability by reason of such failure, this Sublease will remain in full force and effect and Subtenant will continue to pay Rent without any abatement, deduction or offset, except that if rent is abated under the Master Lease in respect of the Subleased Premises, then Rent under this Sublease shall be proportionately abated. Subtenant shall be subrogated to the rights of Sublandlord to enforce the obligations of Landlord under the Master Lease insofar as such obligations relate to the Subleased Premises and such subrogation is not otherwise prohibited; and if such subrogation is prohibited, then at Subtenant's written request Sublandlord will use commercially reasonable efforts to enforce the obligations of Landlord under the Master Lease as applicable to the Subleased Premises with reasonable attention to limiting the duration and effect thereof. Without limiting the generality of the foregoing sentences, (or Sublandlord's obligation to take commercially reasonable measures as directed by Subtenant), Subtenant understands that the supplying of heat, light, water, air conditioning, electricity and other utilities, janitorial, cleaning, window washing and elevator services, the provision of any other services, the construction or replacement of any improvements, and building maintenance and repair are the obligations of Landlord (except as provided herein), and that Sublandlord has no control with respect to the same, shall have no responsibility in connection therewith (except as otherwise expressly provided in this Sublease), and shall not be liable in any way with respect to the failure of or interference with any of such services or facilities; provided, however that Sublandlord shall use reasonable efforts to cause Landlord to observe and/or perform Landlord's obligations under the Master Lease, including, without limitation, Landlord's obligation to provide such services or utilities. Sublandlord shall also use reasonable efforts to pursue rent abatement rights under the Master Lease that may pertain to the Subleased Premises, at Subtenant's written direction.

If, in accordance with Subtenant's written request, Sublandlord shall commence any proceeding or take any other action to enforce the obligations of Landlord insofar as such obligations relate to the Subleased Premises, or if Subtenant takes any such action pursuant to this Section 2.2, Subtenant agrees to indemnify, defend (with legal counsel reasonably acceptable to Sublandlord), and hold harmless Sublandlord from and against any liabilities, costs or expenses (including attorneys' fees) which Sublandlord may actually incur in connection therewith or by reason thereof (excluding any such amounts directly arising from Sublandlord's negligence or willful misconduct). In the event that Sublandlord and Subtenant are unable to resolve a material dispute with Landlord over Landlord's obligations (after consultations, negotiations and taking other commercially reasonable measures to do so), and subject to the indemnity above, Subtenant may request Sublandlord in writing to commence a cause of action or other proceedings with respect to the Master Lease to enforce the Landlord obligation in question. In the event of any conflict between the terms of this Section 2.2 and the terms of Section 2.1 above, the terms of this Section 2.2 shall prevail. Sublandlord shall pay all rent as and when due under the Master Lease. Subtenant shall reimburse Sublandlord for any late charges or interest due under the Master Lease arising directly out of any late payments by Subtenant of rent due under this Sublease, provided such late charges or interest are actually paid by Sublandlord to Landlord. Sublandlord further represents that (i) the Master Lease is in full force and effect and that Sublandlord is not in default thereunder and (ii) a true, correct and (except for the strikeouts as set forth in the redacted version of the Master Lease attached as Exhibit A) complete copy of the Master Lease is attached as Exhibit A.

2.3 **Adherence To Master Lease**

Except as otherwise expressly set forth herein, Subtenant hereby covenants and agrees (a) to perform and observe all of the agreements, covenants, terms, conditions and provisions of the Master Lease with respect to the Subleased Premises (and the Building and common areas, to the extent applicable) to the extent that the same are not modified or amended by this Sublease, (b) to recognize and to accept all of Sublandlord's rights and remedies with respect to the Subleased Premises and the Building as set forth in the Master Lease and the limitations of Sublandlord's obligations with respect thereto as set forth in Section 2.2 above, (c) that it shall not do or suffer or permit anything to be done which would constitute a default under the Master Lease with respect to the Subleased Premises (and the Building and common areas, to the extent applicable) (including, without limitation, any act or omission which with the passage of time or the giving of notice, or both, would constitute a default under the Master Lease), and (d) that notwithstanding any other provision of this Sublease to the contrary, any act or omission which would constitute a default under the Master Lease with respect to the Subleased Premises (including, without limitation, any act or omission which with the passage of time or the giving of notice, or both, would constitute a default under the Master Lease with respect to the Subleased Premises) shall constitute a default hereunder.

2.4 **HVAC**

If Subtenant desires to utilize HVAC outside of the standard HVAC hours described in the Master Lease, Subtenant shall notify Landlord directly of such request in accordance with the terms and provisions of the Master Lease. Subtenant shall pay for such after-hours HVAC service at the rate that Landlord charges for such service in accordance with the Master Lease. Sublandlord will endeavor to establish a direct billing relationship between Landlord and Subtenant with respect to after-hours HVAC services. If Master Landlord bills Subtenant directly for such after-hours HVAC, Subtenant shall pay such bill to Master Landlord in accordance with the terms and provisions of the Master Lease. As a matter of information, Building HVAC hours are currently 8:00 am through 8:00 pm, Monday - Friday; however, the foregoing hours are not being guaranteed by Sublandlord.

Subtenant shall reimburse Sublandlord for all actual condenser water charges attributable to the Subleased Premises, including any amounts associated with supplemental HVAC units that service the Subleased Premises , within thirty (30) days of invoice. If Landlord invoices Subtenant directly for such condenser water usage, Subtenant shall pay such invoiced amount directly to Landlord in accordance with Landlord's requirements. Any unpaid amounts shall constitute Additional Rent as defined below. For informational purposes, the current charge imposed by Landlord for condensed water on the 37th floor is $5,777.40 per year, or $481.45 per month. The Subleased Premises contains the following supplemental HVAC units: (i) two (2) conference rooms on the east side of the Subleased Premsies with a three (3) ton unit each, (ii) one (1) conference room on the north side of the Subleased Premisies with a three (3) ton unit and (iii) an IT room on the north side of the Subleased Premises with a five (5) ton unit.

2.5 **ELECTRICAL**

Electricity shall be provided to the Subleased Premises by way of direct meter, the cost of which shall be borne by Subtenant. Section 10.2 of the Master Lease covers the provision of electricity and Subtenant shall pay all of such charges directly to the Electricity Provider (as defined in the Master Lease).

3. **TERM**

3.1 **Initial Term**

The term of this Sublease (the "**Term**") shall commence on the later of (i) the date the Subleased Premises are delivered to Subtenant meeting the Delivery Condition as defined in Section 7.1, vacant, broom-clean, and free of tenancies or occupancies, and (ii) the date on which Landlord's Consent is given as provided in Article 5 (the "**Commencement Date**"). Sublandlord and Subtenant shall confirm the Commencement Date and Base Rent dates under Section 4.3(a) in writing upon Sublandlord's delivery of the Subleased Premises in accordance with this Section 3 ("**Commencement Date Notice**"). Except as specifically provided in this Sublease, and so long as the Subleased Premises are delivered in the Delivery Condition, there are no conditions to Subtenant's obligation to accept the Premises in their "AS IS" condition on the Commencement Date. The Term shall expire as to the entirety of the Subleased Premises at 5:00 p.m. on June 29, 2024, unless sooner terminated under Article 13.

3.2 **Renewal Option**

[NONE]

4. RENT

4.1 **Definitions**

For purposes of this Sublease, the following terms shall have the meanings set forth below:

(a) "Additional Rent" shall mean the sums payable pursuant to Section 4.4 below.

(b) "Base Rent" shall mean the sums payable pursuant to Section 4.3 below.

(c) "Rent" shall mean, collectively, Base Rent, Additional Rent and Other charges.

4.2 **Rent Payments**

Subject to the rent abatement provided in Section 4.6 below, commencing on the Commencement Date, Base Rent shall be payable to Sublandlord in advance in equal monthly installments on the first day of each calendar month during the Term without any offset or deduction whatsoever, unless otherwise expressly provided in this Sublease. All Rent shall be payable in lawful money of the United States, by regular check of Subtenant or by automatic deposit, to Sublandlord at the address stated herein or to such other persons or at such other places as Sublandlord may designate in writing. Base Rent for the first and last calendar months for which Rent is payable hereunder, if less than a full month, shall be prorated on the basis of the actual number of days in the month.

4.3 **Base Rent**

(a) Base Rent for the Subleased Premises shall be as set forth below (collectively, "**Base Rent**"):

Months	Base Rent/RSF/YR	Base Rent/Month
Commencement Date - 36th month	$ 61.00	$144,443
37th month- June 29, 2024	$ 64.00	$151,547

The specific dates shall be specified in the Commencement Date Notice delivered under Section 3 hereof.

(b) For purposes of the calculation of Additional Rent described in Section 4.4 below and with reference to Article 7 of the Master Lease and the Third Amendment to the Master Lease, "[Sub]Tenant's Share of Taxes and [Sub]Tenant's Share of Operating Expenses" on the Subleased Premises shall be 2.27% and 2.35% respectively. The foregoing percentages have been calculated by Landlord comparing the Subleased Premises to the Building as a whole.

4.4 **Additional Rent**

Subtenant shall pay to Sublandlord as Additional Rent its share (as set forth in Section 4.3(b) above) of the amount by which (i) amounts payable by Sublandlord to Landlord pursuant to Article 7 of the Master Lease in respect of Taxes and Operating Expenses, exceed (ii) applicable amounts for each such category payable by Sublandlord to Landlord under Article 7 of the Master Lease for the calendar year ending December 31, 2019, with such payments to commence January 1, 2020. Subtenant understands that the term "Taxes" includes "Payment in Lieu of Taxes" known as "PILOT."

Subtenant shall also pay (w) the share of BID Taxes applicable to the Subleased Premises, (x) any Theater Surcharge or Percentage Rent as applicable to the 26th floor under the Master Lease , (y) the Annual HVAC Special Charge, which is currently set at $5,643.24 per year and subject to increase from time to time and (z) the condenser water charges imposed by Landlord and referenced in Section 2.4 above. For informational purposes, Percentage Rent for the 37th floor is currently $5,531.40 per year and is set to increase to $8,297.16 on July 1, 2019. Sublandlord shall invoice Subtenant at the same frequency it receives and invoice from Landlord for all such components of Additional Rent, which invoices will be based upon Landlord's calculation or estimate of such charges in the applicable year (EXCEPT AS SET FORTH BELOW), and Subtenant shall pay such Additional Rent to Sublandlord within 30 days after Subtenant's receipt of an invoice therefor. Such Additional Rent, together with any and all other amounts payable by Subtenant to Sublandlord pursuant to the terms of this Sublease, shall be hereinafter referred to as the "Additional Rent."

Additional Rent charges shall also be subject to annual reconciliation as determined by Landlord under the Master Lease ("**Landlord's Reconciliation**"), and Subtenant understands that such Landlord's Reconciliation for the final year of the Sublease may not be available until after the expiration of the Term. Subtenant shall promptly pay to Sublandlord any underpayment identified by the post-Term Landlord's Reconciliation and Sublandlord shall promptly refund to Subtenant any overpayment identified therein, even if the applicable Landlord's Reconciliation occurs after the expiration of the Term; provided that the foregoing obligation shall terminate two (2) years following the applicable tax year or calendar year. The foregoing obligation shall survive the termination of this Sublease, so long as any revised statement is sent by Sublandlord to Subtenant with two (2) years of the applicable tax year or calendar year. It is the intent of the parties with respect to Additional Rent, that Sublandlord shall not profit from the pass through, but shall rather reconcile all pass throughs on an annual basis based on Landlord's Reconciliation under the Master Lease. Upon written request from Subtenant from time to time, Sublandlord shall provide any applicable documentation delivered by Landlord to Sublandlord, which evidences such Additional Rent.

4.5 **Other Charges**

If, pursuant to any provisions of the Master Lease or this Sublease, any payments for any other rent under the Master Lease or for services or other charges allocable in whole or in part to the Subleased Premises shall be payable because of services ordered by Subtenant, activities undertaken by or, following a request by Subtenant, on behalf of Subtenant, Subtenant's use or occupancy of the Subleased Premises or Subtenant's default under the Master Lease or hereunder, then Subtenant shall promptly pay to Sublandlord or Landlord, as appropriate, all such actual payments or other charges within 30 days of Subtenant's receipt of an invoice therefore. All such charges described in this Section 4.5 shall be considered "Rent" hereunder until paid to Landlord or Sublandlord, as the case may be.

4.6 **Rent Abatement**

All Base Rent with respect to months prior to June 1, 2019 shall be abated, so long as Subtenant shall not be in default under Article 13 hereof beyond any notice and cure periods.

4.7 Limited Audit Right

Subtenant shall have no audit rights with respect to any Additional Rent or Other Charges assessed in this Sublease, except as necessary to confirm that Landlord's annual reconciliation matches what Subtenant actually paid under this Section 4. Notwithstanding the foregoing, Sublandlord shall cooperate with Subtenant in pursuing reasonable limited inquiries of Landlord and negotiating in good faith to resolve any disputed items.

5. CONDITIONS PRECEDENT: Landlord Consent and Non-Disturbance Agreement

The effectiveness of this Sublease and each party's obligations hereunder are subject to the consent of Landlord pursuant to the Master Lease, and Landlord's delivery of the Non-Disturbance Agreement provided for in setion 14.12 of the Master Lease. Subtenant shall reimburse Sublandlord for the actual costs (including Landlord's legal fees) charged to Sublandlord by Landlord for the Non-Disturbance Agreement, with such reimbursement obligation constituting Additional Rent. The provisions of this section are intended to be an express provision to the contrary within the meaning of Section 223-a of the New York Real Property Law or any successor legal requirement. Landlord's consent to this Sublease is an express condition to Sublandlord's obligation to deliver the Subleased Premises to Subtenant, and Sublandlord agrees to use its good faith diligent efforts to obtain such consent from Landlord.

6. USE

The Subleased Premises may be used for the general offices purposes permitted under the Master Lease.

7. CONDITION OF AND IMPROVEMENTS TO SUBLEASED PREMISES

7.1 Delivery Condition

Except as provided in this Section 7, Sublandlord shall deliver the Subleased Premises to Subtenant in an "AS IS/WHERE IS" condition, and Subtenant agrees to accept possession of the Subleased Premises in its "Delivery Condition" (as defined hereinbelow), without any further obligation on the part of Sublandlord to make any alterations, decorations, installations or improvements not specifically described in this Section 7. Sublandlord represents that it has not used or disposed of any "hazardous materials" (as such term is defined under federal laws) in the Subleased Premises except in accordance with applicable law.

"**Delivery Condition**" shall mean the following, all of which shall be undertaken and completed by Sublandlord at its sole cost and expense:

(a) Remove all workstations (i.e,., non-built in furniture) in open areas;

(b) Any and all film or mylar on the glass fronts within the Subleased Premises shall be removed in a manner that does not damage or alter the condition of the existing installation;

(c) All missing blinds/blind pockets shall be repaired or replaced so as to be uniform throughout the Subleased Premises;

(d) All systems, including mechanical, electrical and plumbing, that serve the Subleased Premises shall be delivered in good working order and condition;

(e) To the extent available and provided by Landlord, riser capacity for voice and data cabling shall be provided to points of presence in the building and within Subtenant's Subleased Premises, with any charge to Subtenant limited to that imposed by Landlord;

(f) The Subleased Premises shall be free of environmentally hazardous materials (including mold) to the best of Sublandlord's knowledge.

7.2 **Subtenant Improvements**

The design and construction of all alterations and improvements in the Subleased Premises made by Subtenant on or after the Commencement Date shall be undertaken in compliance with Article 4 of the Master Lease, at Subtenant's sole cost and expense. Subtenant's "**Initial Improvement Plan**" is attached as Exhibit E. Subtenant shall not make any alterations or improvements to the Subleased Premises prior to the Commencement Date, and no alterations or improvements are permitted without the prior written consent of Landlord and Sublandlord, which consent (subject to the additional limitations below) shall be given or denied in accordance with the Master Lease; provided that Subtenant shall have an "Alteration Threshold" of $50,000 (as such term is defined in Section 4.1 of the Master Lease) where consent is not required as long as the alterations or improvements are not "Material Alterations"; and provided further that any alteration or improvement and the installation thereof by Subtenant shall comply with all applicable laws and all other applicable terms, conditions and provisions of the Master Lease. Subtenant shall indemnify, defend (with legal counsel reasonably acceptable to Sublandlord), and hold Sublandlord harmless from all liability, costs and expenses arising from the design and construction of any such Subtenant alterations and improvements installed on or after the Commencement Date, including reasonable attorneys' fees and court costs. If required under Section 12 below, Subtenant shall remove such alterations and improvements and restore the Subleased Premises upon the expiration or termination of this Sublease.

There shall be no charge or fee imposed by Sublandlord for the review of the Initial Improvement Plan, provided that Subtenant shall reimburse Sublandlord for any actual third party out-of-pocket costs in connection with Sublandlord's review of Subtenant's plans, including any charges imposed by Landlord for its review. If the Landlord consents to the Initial Improvement Plan or any subsequent alterations, then Sublandlord's consent shall be deemed given on the same conditions (if any) as Landlord's.

7.3 **Code Work Requirement**

If Subtenant's construction of alterations or improvements in the Subleased Premises triggers a requirement for code related upgrades to or improvements of the Subleased Premises, Sublandlord and Subtenant agree that Subtenant shall be responsible for the additional cost of such code required upgrade or improvements to the Subleased Premises.

7.4 **Furniture**

On the Commencement Date, Sublandlord shall provide Subtenant with the use of any the furniture itemized in Exhibit D hereto at no additional cost. Subtenant shall use such furniture in the ordinary course of business. Subtenant shall have the right, at any time during the Term and at Subtenant's sole cost and expense, to remove any item of furniture that is itemized on Exhibit D that it does not want to remain in the Subleased Premises (the "Removed Furniture"), provided that Subtenant shall notify Sublandlord of its intent and give Sublandlord the option to have Subtenant relocate any of the Removed Furniture to Sublandlord's premises. At the conclusion of the Term, Subtenant shall leave behind all of such furniture in the Subleased Premises, reasonable wear and tear excepted given the age of the furniture at that time (other than any Removed Furniture (as hereinafter defined). Subtenant shall repair and maintain such furniture during the Term in accordance with reasonable commercial practices. Any furniture installed in the Subleased Premises by Subtenant, shall be removed at the conclusion of the Term.

7.5 **N/A**

7.6 **Subtenant Allowance**

Sublandlord shall provide Subtenant with an improvement allowance of $25 per rentable square foot (equal to $710,375) for reimbursement of Subtenant's actual soft and hard costs incurred for the Subleased Premises (the "SIA") in connection with the Initial Improvement Plan (including construction costs, moving expenses, furniture, architectural fees, engineering fees, project management fees, expeditor fees, permitting fees and other consultant costs). The SIA shall be paid by Sublandlord within thirty (30) days of receipt of a request for reimbursement accompanied by reasonable documentary evidence of Subtenant's previous payment in full of the costs, lien free completion, lien releases (if applicable) and any other materials reasonably required by Sublandlord. In no event shall the SIA be payable (i) if there is a then existing monetary or material non-monetary default (until such default is cured to the reasonable satisfaction of Sublandlord within the applicable notice, cure, and/or grace periods) or (ii) prior to the later of Subtenant's occupancy of the Subleased Premises or the completion of Subtenant's improvements, if any. If Sublandlord fails to pay the SIA to Subtenant in accordance with this Section 7.6, Subtenant may offset the deficiency against its Base Rent payment.

8. INSURANCE

8.1 Subtenant's Insurance

During the Term, Subtenant shall maintain comprehensive general liability insurance, physical damage insurance, comprehensive automobile insurance, builders all risk insurance, and all other insurance Landlord and Sublandlord may reasonably require, all in accordance with the terms, conditions and provisions of the Master Lease. Said initial requirements are set forth in Exhibit F. Subtenant shall name Sublandlord (and such other entities as are required by Landlord) as an additional insured on each such insurance policy and shall provide Sublandlord with certificates of insurance certifying said coverage prior to taking possession of the Subleased Premises.

8.2 Waiver of Claims; Waiver of Subrogation

Whether the loss or damage is due to the negligence of either Sublandlord or Subtenant, their agents or employees, or any other cause, Sublandlord and Subtenant do each hereby release and relieve the other, their agents, and their employees from responsibility for, and waive their entire claim of recovery for, any loss or damage to the real or personal property of either located anywhere in the Building, to the extent that such loss or damage arises out of or is incident to the occurrence of any of the perils which are part of the required insurance coverage under the Master Lease in effect at such time under a then existing insurance policy. Each party shall use best efforts to cause its insurance carriers to consent to the foregoing waiver of rights of subrogation against the other party. Notwithstanding the foregoing, no such release shall be effective unless the aforesaid insurance policy or policies shall expressly permit such a release or contain a waiver of the carrier's right to be subrogated. In the event that any insurance carrier denies its consent to the foregoing waiver of rights of subrogation, the affected party shall promptly advise the other party hereto.

9. DAMAGE OR DESTRUCTION

In the case of damage to or destruction of the Subleased Premises or other portions of the Building, the provisions of the Master Lease shall control, so that if the Master Lease is terminated as to the Subleased Premises, this Sublease shall also concurrently terminate, and if rent is abated under the Master Lease as to the Subleased Premises, it shall be similarly abated as to the same area for the same period of time under this Sublease, and Subtenant shall discharge all liabilities or obligations of Sublandlord under the Master Lease as to the Subleased Premises.

10. SECURITY DEPOSIT

10.1 Initial Security Deposit

Concurrently with Subtenant's execution of this Sublease, Subtenant shall deposit with Sublandlord a letter of credit in the amount of $866,658 which is equal to six months' of the initial Base Rent (the "**Security Deposit**"). The letter of credit shall be in form and substance acceptable to Sublandlord in its reasonable discretion. If such letter of credit is issued for less than the entire Term, it shall be for a term of no less than one year and shall be renewed at least 60 days prior to its expiration. In the final year of the Term, such letter of credit shall be renewed for a period through two months beyond the Lease Termination Date. The Security Deposit shall secure the full and complete performance of each provision of this Sublease to be performed by Subtenant, including, but not limited to, the payment of Rent and all other sums required to be paid by Subtenant under this Sublease. Except as required in this Section, Sublandlord shall not be required to pay interest on the Security Deposit or to keep the Security Deposit separate from Sublandlord's own funds. If Subtenant fails to perform any or all of Subtenant's covenants and obligations and has not cured such non-performance within all applicable notice, cure and or grace periods under this Sublease, Sublandlord may, but without obligation to do so, draw on any letter of credit to the extent required for the payment of such non-performance only, and otherwise retain or apply all or any portion of the Security Deposit toward the fulfillment of Subtenant's unperformed covenants and/or obligations. If Sublandlord does so retain or apply any portion of the Security Deposit, Subtenant shall immediately pay Sublandlord cash sufficient to restore the Security Deposit to the amount prior to such application. Upon the expiration or sooner termination of this Sublease, after Subtenant vacates and surrenders the Subleased Premises in accordance with the terms hereof, except to the extent that Subtenant is in default (and then only to the extent of such default), Sublandlord shall return to Subtenant any balance of the Security Deposit not applied or retained by Sublandlord and any letter of credit, and if Subtenant remains in default, then Sublandlord may draw on any letter of credit and otherwise subtract the amount necessary to cure the default, if any, and return the balance (and the letter of credit, if applicable) to Subtenant. If the Security Deposit at any time is cash, it shall be maintained in an interest bearing account and Subtenant shall be entitled to all interest earned thereon less the deduction for administrative expenses permitted pursuant to Section 7-103 of the General Obligations Law. In the event of an assignment by Sublandlord of its interest in the Master Lease, Sublandlord shall have the right to transfer the Security Deposit to the assignee, and Sublandlord shall thereupon be released for the return of the Security Deposit.

10.2 **Reduction**

As long as Subtenant is not in default hereunder, the Security Deposit shall be reduced in accordance with the following schedule:

June 1, 2022: Three months' Base Rent based on the initial year of Base Rent (i.e, $144,443 x 3= $433,329).

Sublandlord, however, must specifically confirm in writing that the scheduled reduction is valid prior to the actual reduction (i.e., that there is no default or conditions existing which could lead to a default).

11. **ASSIGNMENT AND SUBLETTING**

11.1 **Restrictions**

Except in strict accordance with the Assignment and Subletting terms of the Master Lease or the Consent, Subtenant shall not assign, mortgage, pledge, hypothecate, encumber, or permit any lien to attach to, or otherwise transfer, this Sublease or any interest hereunder, permit any assignment or other such foregoing transfer of this Sublease or any interest hereunder by operation of law, sublet the Subleased Premises or any part thereof, or permit the use of the Subleased Premises by any persons other than Subtenant, its employees and invitees. Any such assignment or sublease shall be subject to the consent of Landlord and Sublandlord under the standards established in the Master Lease. No partial floor subleases are permitted under the Master Lease.

Subtenant is specifically referred to a restriction in Section 14.1 of the Master Lease as follows: "In no event shall any permitted subtenant assign or encumber its sublease or further sublet all or any portion of its sublet space, or otherwise suffer or permit the sublet space or any part thereof to be used or occupied by others; provided, however, any immediate direct permitted subtenant of Tenant subleasing at least one (1) full floor of the Premises (excluding the Lower Floor Space) (an "Authorized Subtenant") may sublease all of its sublet space to an undertenant in accordance with, and subject to, the provisions of this Article 14, including, without limitation, Landlord's rights of recapture and underlet in Section 14.3(b)(2) and (3) with respect to the further subletting, except, for the purposes of calculating Landlord's share of net profits under Section 14.7, Landlord's share shall be equal to fifty percent (50%) of rents, additional charges or other consideration payable to or for the benefit of the Authorized Subtenant under or by reason of the further sublease which is in excess of the rents payable by such Authorized Subtenant to Tenant during the term of the further sublease and shall otherwise be calculated in accordance with the provisions of Section 14.7. Any assignment, sublease, mortgage, pledge, encumbrance, underlet, license or transfer in contravention of the provisions of this Article 14 shall be void and shall constitute a default hereunder."

11.2 Permitted Transfers

Following reasonable advance written notice and documentation delivered to Sublandlord, or if by the terms of the transaction or requirement of applicable law, the applicable instrument of assignment or sub-sublease is not permitted to be disclosed in advance, within ten (10) days after the effective date, the transfers permitted by Sections 7(b), (c), and (d) of the Consent to Sublease, shall not require Sublandlord's consent, and such transfers shall not be subject to Sublandlord's recapture or profit sharing rights, provided that (i) Subtenant obtains any required consents from Landlord, (ii) there is no impairment to the Security Deposit, and (iii) such assignee or subtenant is financially capable of meeting the remaining Sublease obligations. Sections 14.9(a) ("New Entity Transactions") and 14.9(b) ("Space Occupants") are expressly not applicable to this Sublease.

11.3 Profits

After payment to the Landlord of its share of net profits referred to in Section 11.1 above, any remaining net profits shall be shared equally between Sublandlord and Subtenant, with the method of calculation as set forth in Article 14 of the Master Lease. Sublandlord's calculation shall be derived from Landlord's calculation, the details of which shall be provided to Subtenant promptly following receipt from Landlord.

12. NO HOLDOVERS; SURRENDER OF SUBLEASED PREMISES

12.1 Holdover

Upon expiration of the term of this Sublease, whether by lapse of time or otherwise, Subtenant shall promptly and peacefully surrender the Subleased Premises to Sublandlord in the condition required under the Master Lease. Subtenant agrees that time shall be of the essence with respect to Subtenant's obligation to surrender possession of the Subleased Premises to Sublandlord upon the termination of the Term, and further agrees that in the event Subtenant does not promptly surrender possession of the Subleased Premises to Sublandlord upon such termination, Sublandlord, in addition to any other rights and remedies Sublandlord may have against Subtenant for such holding over, the Base Rent shall be increased to 150% of the Base Rent specified for the final month in Section 4.3. Sublandlord shall be entitled to bring summary proceedings against Subtenant, and Subtenant agrees to reimburse Sublandlord for all Sublandlord's damages sustained by reason of such holding over, including all monetary damages sustained by Sublandlord under the Master Lease by reason of Subtenant's holdover.

12.2 Restoration

The Subleased Premises shall be surrendered by Subtenant upon the expiration or earlier termination of the Term in the condition required by the Master Lease and Section 7.2 hereof; provided that Subtenant shall not be responsible for any such removal or restoration with respect to physical improvements in existence prior to the Commencement Date which were not constructed by Subtenant. In addition, Sublandlord shall not require the removal or restoration of anything in the Initial Improvement Plan (or any subsequent changes or modifications thereto) unless such removal or restoration is required by Landlord pursuant to the specific terms of the Master Lease regarding Non-Standard Alterations (unless Landlord has waived any such removal or restoration rights in connection with its prior approval of such Initial Improvement Plan, or any subsequent changes of modifications thereto), or is specifically noted in connection with Landlord's approval of the Initial Improvement Plan (or any subsequent changes or modifications thereto).

13. DEFAULT

13.1 Events of Default

The occurrence of any of the following shall constitute a default under this Sublease by Subtenant:

(i) Any failure by Subtenant to pay any Rent or any other charge required to be paid pursuant to this Sublease, or any part thereof, within five (5) business days of receipt of written notice that the same is overdue; or

(ii) Any holdover under Article 12; or

(iii) Any failure by Subtenant to observe or perform any other provision, covenant or condition of this Sublease or the Master Lease to be observed or performed by Subtenant with such notice and cure periods as are provided for in the Master Lease; or if the failure relates to a term unique to this Sublease, then where such failure continues for thirty (30) calendar days after written notice thereof from either Sublandlord or Landlord to Subtenant, or in the case of a default not caused by Subtenant's willful acts which cannot be cured within a period of thirty (30) days, if Subtenant shall not, within said thirty (30) day period have commenced substantive measures to cure the default and continued to use its best efforts to complete the cure in an expeditious manner;

(iv) Any act or omission of Subtenant which constitutes a default under the Master Lease subject to the notice and cure periods provided thereunder.

13.2 **Remedies Upon Default**

Upon the occurrence of any default by Subtenant, Sublandlord shall have the remedies available to Sublandlord under this Sublease, in the Master Lease, or at law or in equity.

13.3 **[intentionally deleted]**

13.4 **Waiver of Default**

No waiver by Sublandlord or Subtenant of any violation or breach of any of the terms, provisions and covenants herein contained shall be deemed or construed to constitute a waiver of any other or later violation or breach of the same or any other of the terms, provisions, and covenants herein contained. Forbearance by Sublandlord in enforcement of one or more of the remedies herein provided upon a default shall not be deemed or construed to constitute a waiver of such default. The acceptance of any Rent hereunder by Sublandlord following the occurrence of any default, whether or not known to Sublandlord, shall not be deemed a waiver of any such default, except only a default in the payment of the Rent so accepted.

14. **INDEMNITY; LIMITATION OF DAMAGES**

14.1 **Subtenant's Indemnity**

Subtenant shall indemnify, defend (with legal counsel selected by Subtenant and reasonably acceptable to Sublandlord), and hold harmless Sublandlord from and against all losses, costs, damages, expenses and liabilities, including, without limitation, reasonable attorneys' fees and disbursements, which Sublandlord may incur or pay out (including, without limitation, to Landlord) by reason of (i) any accidents, damages or injuries to persons or property occurring by reason of or directly related to Subtenant's (or Subtenant's officers', partners', employees', agents', and/or invitees') use or occupancy of the Subleased Premises, and occurring in, on or about the Subleased Premises or the Building (unless the same shall have been caused by Sublandlord's negligence or wrongful act) , (ii) any breach or default hereunder or under the Master Lease on Subtenant's part, (iii) any improvement or remodeling work done by Subtenant after the date hereof in or to the Subleased Premises, or (iv) any act, omission or negligence on the part of Subtenant and/or its officers, partners, employees, agents, and/or invitees, or any person claiming through or under Subtenant in the use or operation of the Subleased Premises.

14.2 **Sublandlord's Indemnity**

Sublandlord shall indemnify, defend (with legal counsel selected by Sublandlord and reasonably acceptable to Subtenant), and hold harmless Subtenant from and against all losses, costs, damages, expenses and liabilities, including, without limitation, reasonable attorneys' fees and disbursements, which Subtenant may incur or pay out (including, without limitation, to Landlord) by reason of (i) any breach or default hereunder or under the Master Lease on Sublandlord's part or (ii) any act, omission or negligence on the part of Sublandlord and/or its officers, partners, employees, agents, and/or invitees, or any person claiming through or under Sublandlord in the use or operation of the Subleased Premises.

14.3 **No Consequential or Punitive Damages; Survival**

Neither Sublandlord nor Subtenant shall be liable for any consequential or punitive damages suffered by the other party hereto outside of the framework of the Master Lease. The provisions of this Section 14 shall survive the expiration or any earlier termination of this Sublease.

14.4 **Waiver of Subrogation**

The indemnities under Sections 14.1 and 14.2 are expressly limited by the terms of the Mutual Waiver of Subrogation set forth in Article 11.6 of the Master Lease.

15. **LIMITATIONS ON MODIFICATION/TERMINATION OF MASTER LEASE**

Sublandlord shall have the right to modify the Master Lease in any manner without notice to or consent from Subtenant; provided that notwithstanding the foregoing, as long as Subtenant is not in monetary or material non-monetary default under this Sublease, Sublandlord shall not modify or terminate the Master Lease in any manner that would change Sublandlord's obligations or Subtenant's rights in this Sublease, including without limitation Subtenant's right to occupy the Subleased Premises in accordance with the terms of this Sublease, monthly Base Rent, Additional Rent, the term of this Sublease, or any other term material to Subtenant's ongoing operations at the Premises.

16. **NOTICES UNDER MASTER LEASE**

Subtenant and Sublandlord each agree to forward to the other, promptly upon receipt thereof, copies of all notices received by the other, with respect to the Subleased Premises from Landlord or from any governmental agency. Each party further agrees to forward to the other, for informational purposes only, promptly upon delivery thereof, copies of all notices such party provides to Landlord with respect to the Subleased Premises.

17. **PERFORMANCE BY SUBLANDLORD FOR SUBTENANT**

If Subtenant shall default, beyond the lapse of applicable notice and grace periods, in performance of any of its obligations hereunder or under the Master Lease, Sublandlord at its option may perform such obligations and, if necessary, enter the Subleased Premises for such purpose. Subtenant shall pay to Sublandlord, within thirty (30) days of demand, the amount of all costs and expenses reasonably incurred by Sublandlord in the performance of any such obligations. Any action taken by Sublandlord pursuant to this Section 17 shall not constitute a waiver of any of Sublandlord's other rights and remedies hereunder.

18. **ATTORNMENT**

Subject to the terms and conditions of any Nondisturbance Agreement with Landlord which may be obtained for Subtenant's benefit as permitted under the Master Lease, if (a) the Master Lease should be terminated prior to the expiration date of this Sublease or (b) Landlord should succeed to Sublandlord's estate in the Subleased Premises, then, at Landlord's election, or, at the joint election of Sublandlord and Landlord, Subtenant shall attorn to and recognize Landlord as Sublandlord under this Sublease and Subtenant shall promptly execute and deliver any instrument to Landlord which Landlord may require to reasonably evidence such attornment, whereupon Sublandlord shall be released from any and all obligations and liability thereafter arising provided that Landlord assumes all such obligations. The cost of any Nondisturbance Agreement (including Landlord's legal fees) shall be paid by Subtenant (or reimbursed to Sublandlord as Additional Rent upon invoice).

19. **COMPLIANCE WITH LAW**

Subtenant shall not do anything or suffer anything to be done in or about the Subleased Premises which will in any way conflict with any law, statute, ordinance or other governmental rule, regulation or requirement now in force or which may hereafter be enacted or promulgated.

20. **LATE CHARGES**

In addition to and not in limitation of any other remedies for non-payment of Rent, any payment of Rent not received within ten (10) business days after the date it is due (for example, with respect to Base Rent, the due date is the first of the month without the requirement of further notice) shall automatically be subject to a late charge equal to three percent (3%) of the amount owing plus reasonable attorney's fees incurred by Sublandlord by reason of Subtenant's failure to pay Rent when due hereunder. Such late charge is a service charge intended to compensate Sublandlord for the additional administrative and other costs and expenses it incurs by reason of such late payment. Subtenant hereby agrees that such late charge represents a fair and reasonable estimate of the costs that Sublandlord will incur by reason of the late payment of Rent by Subtenant. In addition to such late charge, any Rent owing hereunder which is not paid within thirty (30) days after the date it is due (including any grace periods hereunder or under the Master Lease) shall bear interest from the due date until paid at a rate equal to the lesser of ten percent (10%) per annum and the highest rate permitted by applicable law. Sublandlord shall not assess any charges under this Section 20 with respect to the first late payment in any given calendar year; provided that if Subtenant thereafter still fails to pay either (i) such first amount within ten (10) days after subsequent written notice from Sublandlord thereof or (ii) any subsequent amounts owed as required under this Sublease, then in either event, the charges may be assessed.

21. **BROKERS**

Sublandlord and Subtenant each represents and warrants to the other that no broker or finder has been consulted or engaged with regard to this Sublease or the subleasing by Sublandlord of the Subleased Premises except for CBRE, Inc on behalf of Subtenant and CBRE, Inc. and Jones Lang LaSalle Americas, Inc., on behalf of Sublandlord (collectively, the "**Brokers**") and that no commissions shall be due and owing as a result of this Sublease except for commissions payable to the Brokers. Sublandlord shall pay all commissions owing to the Brokers in respect of this Sublease pursuant to a separate agreement. Sublandlord agrees to indemnify, defend and save Subtenant harmless from and against any and all claims, fees or commissions from anyone else with whom it has dealt in connection with the Subleased Premises or this Sublease, including the Brokers. Subtenant agrees to indemnify, defend and Sublandlord harmless from and against any and all claims, fees or commissions from anyone with whom it has dealt in connection with the Subleased Premises or this Sublease other than the Brokers.

22. **BUILDING DIRECTORY; SIGNAGE**

Subtenant shall be obligated for all costs, if any, associated with directory signage in the lobby of the Building and the Subleased Presmies, and shall work directly with Building management to pursue such signage as permitted in the Master Lease. If Landlord's consent is required under the Master Lease to any signage, then Sublandlord's consent shall be deemed given upon Landlord's consent.

23. **NOTICES**

Any notice, approval, consent or election made pursuant to this Sublease or the Master Lease shall be in writing and shall be deemed duly delivered upon receipt if delivered personally or if mailed by registered or certified mail, return receipt requested, or by a reputable nationally recognized overnight carrier, addressed:

If to Sublandlord:O'Melveny & Myers LLP
Times Square Tower
7 Times Square
New York, New York 10036
Attention: Office Administrator

with a copy to: O’Melveny & Myers LLP
400 South Hope Street
Suite 1800
Los Angeles, California 90071
Attention: Teresa Doremus

If to Subtenant: Resources Connection Inc.
17101 Armstrong Avenue
Irvine, California 92614
Attention: Director of Real Estate Operations

with a copy to: Resources Connection Inc.
17101 Armstrong Avenue
Irvine, California 92614
Attention: General Counsel

with a further copy to: Zukerman Gore Brandeis & Crossman, LLP
Eleven Times Square
New York, NY 10036
Attn: Jeffrey D. Zukerman, Esq.

Either party may, by notice as aforesaid, direct that future notices be sent to a different address.

24. **ENTIRE AGREEMENT**

All prior understandings and agreements between the parties with respect to the subject matter hereof are merged within this Sublease and the Master Lease. The covenants and agreements herein contained shall bind and inure to the benefit of Sublandlord, Subtenant, and their respective successors and permitted assigns.

25. **TIME OF ESSENCE**

Time is of the essence of this Sublease and each of its provisions.

26. **LIMITATION ON SUBTENANT LIABILITY**

Notwithstanding, anything to the contrary contained herein or in the Master Lease, but subject to the application of fraudulent conveyance and bankruptcy laws permitting recapture of distributed assets, (i) the members, manager, partners, shareholders, directors, officers and principals, direct and indirect, comprising Subtenant shall not be liabile for the performance of Subtenant's obligations under this Sublease, and (ii) Sublandlord shall look solely to the assets of Subtenant to enforce Subtenant's obligations hereunder, it being understood and agreed that the members, amangers, partners, shareholders, directors, officers and principals of Subtenants shall have no personal liability whatsoever with respect to Subtenant's obligations under this Sublease.

27. **AMENDMENT**

This Sublease may not be changed or amended orally or in any manner other than by written agreement signed by the parties.

28. **ATTORNEYS' FEES**

If either party commences any action to enforce any provision of this Sublease or protect its interest in or to the Subleased Premises, the prevailing party shall be entitled to costs and expenses, including reasonable attorneys' fees, incurred in such proceeding and on any appeals therefrom.

29. **PARTIAL INVALIDITY**

If any provision of this Sublease or the application thereof to any person or circumstance shall to any extent be invalid, the remainder of this Sublease or the application of such provision to persons or circumstances other than those as to which it is held invalid shall not be affected thereby and each provision of this Sublease shall be valid and enforced to the fullest extent permitted by law.

30. **CHOICE OF LAW**

This Sublease shall be governed by and construed in accordance with the laws of the State of New York.

31. **INTERPRETATION**

The table of contents, captions, headings and titles, if any, in this Sublease are solely for convenience of reference and shall not affect its interpretation. This Sublease shall be construed without regard to any presumption or other rule requiring construction against the party causing this Sublease or any part thereof to be drafted. All terms and words used in this Sublease, regardless of the number or gender in which they are used, shall be deemed to include any other number and any other gender as the context may require. The word "person" as used in this Sublease shall mean a natural person or persons, a partnership, a corporation or any other form of business or legal association or entity.

32. **COUNTERPARTS**

This Sublease may be executed in separate counterparts, each of which shall constitute an original and all of which together shall constitute one and the same instrument. This Sublease shall be fully executed when each party whose signature is required has signed and delivered to each of the parties at least one counterpart, even though no single counterpart contains the signatures of all parties hereto.

33. **AUTHORITY**

Subtenant and Sublandlord each represents and warrants to the other that it has all requisite power and authority (whether corporate, partnership or otherwise) to enter into this Sublease.

34. **EFFECTIVENESS**

This Sublease shall be effective only when executed and delivered by Sublandlord and Subtenant and the conditions precedent set forth in Section 5 above have been satisfied or waived as provided therein.

34. **EXPANSION SPACE**

[NONE]

[signatures on the following page]

IN WITNESS WHEREOF, the parties hereto have caused this Sublease to be executed as of the day and year first above written.

SUBLANDLORD:	**SUBTENANT:**
O'MELVENY & MYERS LLP, a California limited liability partnership	**RESOURCES CONNECTION, LLC** a Delaware limited liability company dba Resources Global Professionals
By: /s/ Teresa Doremus Name: Teresa Doremus Its: Managing Director	By: Herbert Mueller Name: Herbert Mueller Its: CFO/EVP

EXHIBIT A

MASTER LEASE

1. Lease dated as of January 28, 2003
2. First Amendment dated as of February 11, 2003
3. Second Amendment dated as of April 30, 2003
4. Third Amendment dated as of December 15, 2003
5. Fourth Amendment dated as of February 25, 2005
6. Fifth Amendment dated as of February 8, 2006
7. Sixth Amendment dated as of September 29, 2006
8. Letter (Re: Modification of Sixth Amendment) dated October 6, 2006
9. Notice of Modification of Second and Fourth Amendments dated May 2, 2007
10. Seventh Amendment to Lease dated September 19, 2008
11. Documents from existing Resources Connection Sublease:

(a) Subordination, Non-Disturbance and Attornment Agreement (Re: Resources Connection Inc.) dated January 4, 2010

(b) Consent to Sublease (Re: Resources Connection Inc.) dated January 4, 2010

(c) Sublease Agreement (Re: Resources Connection Inc.) dated January 21, 2010

EXHIBIT B

Subleased Premises

EXHIBIT C

CONSENT AGREEMENT

(SUBLEASE)

EXHIBIT D

Furniture

EXHIBIT E

Initial Improvement Plan

EXHIBIT F

Initial Insurance Requirement

Insurance shall be provided in accordance with the Master Lease Requirements

RESOURCES CONNECTION, INC.
2020 PERFORMANCE INCENTIVE PLAN
NON-EMPLOYEE DIRECTOR RESTRICTED STOCK AWARD PROGRAM

1. **<u>Establishment; Purpose</u>**. This Non-Employee Director Restricted Stock Award Program (this "**Program**") is adopted under the Resources Connection, Inc. 2020 Performance Incentive Plan, as amended from time to time (the "**Plan**"). The purpose of this Program is to promote the success of the Corporation and the interests of its stockholders by providing members of the Board who are not officers or employees of the Corporation or any of its Subsidiaries ("**Non-Employee Directors**") an opportunity to acquire an ownership interest in the Corporation and more closely aligning the interests of Non-Employee Directors and stockholders. Except as otherwise expressly provided herein, the provisions of the Plan shall govern all awards made pursuant to this Program. Capitalized terms are defined in the Plan if not defined herein.

2. **<u>Participation</u>**. Awards under this Program shall be made only to Non-Employee Directors and shall be further subject to such other terms and conditions set forth therein. A restricted stock award under this Program shall be evidenced by an award agreement substantially in the form attached hereto as <u>Exhibit A</u>. If a Non-Employee Director has elected to receive stock units pursuant to the Corporation's Directors Deferred Compensation Plan (the "**Deferred Compensation Plan**"), such stock units shall be governed by the terms and conditions of the Deferred Compensation Plan, the Non-Employee Director's applicable election(s) under the Deferred Compensation Plan, and the provisions of this Program (which, together, shall constitute the award agreement as to those stock units). The Administrator may require a Non-Employee Director to execute the award agreement evidencing his or her award grant under this Program as a condition to the effectiveness of such grant.

3. **<u>Annual Restricted Stock Awards</u>**.

3.1 ***Initial Award for New Directors***. Upon first being appointed or elected to the Board after the date on which the Board approves this Program, each Non-Employee Director who has not previously served on the Board shall be granted automatically (without any action by the Board or the Administrator) a restricted stock award, the date of grant of which will be the date such Non-Employee Director is first appointed or elected to the Board. The number of shares subject to each such restricted stock award will be determined by dividing the *pro rata* portion of the Annual Non-Employee Director Award of $100,000 (with the proration based on the number of calendar days in the calendar year that the director will serve as a Non-Employee Director) by the per-share closing price of the Common Stock on the date of grant (rounded down to the nearest whole share).

3.2 ***Subsequent Annual Awards***. For each calendar year during the term of the Plan commencing in 2021, each Non-Employee Director shall be granted automatically (without any action by the Board or Administrator) a restricted stock award (or, if the Non-Employee Director has so elected in accordance with the terms of the Deferred Compensation Plan, stock units under the Deferred Compensation Plan), the date of grant of which will be such first trading day in January of such calendar year. The number of shares subject to each such award will be determined by dividing $100,000 by the per share closing price of the Common Stock on the date of grant (rounded down to the nearest whole share). An individual who was previously a member of the Board, who then ceased to be a member of the Board for any reason, and who then again becomes a Non-Employee Director shall thereupon again become eligible to be granted an award under this Section 3.2.

3.3 ***Transfer Restrictions*****.** Restricted stock awards granted pursuant to this Section 3 shall be subject to the transfer restrictions set forth in Section 5.6 of the Plan. For purposes of clarity, the Administrator has not approved any transfer exceptions with respect to the restricted stock in accordance with Section 5.6.2 of the Plan.

4. **Vesting**. Each award granted under Section 3 above (including stock units credited under the Deferred Compensation Plan) and all rights or obligations under this Program (and the Deferred Compensation Plan as to stock units credited thereunder) shall be subject to termination as provided below. Subject to Sections 5, 6 and 7 hereof, each award granted under Section 3 shall vest, and restrictions shall lapse, with respect to 25% of the total number of shares (or units, as the case maybe) subject thereto (subject to adjustment under Section 6) on each of the first, second, third and fourth anniversaries of the date of grant of the award; provided that regular cash dividends (including dividend equivalents for regular cash dividends as to stock units credited under the Deferred Compensation Plan) shall be fully vested.

5. **Termination of Directorship**. If a Non-Employee Director's services as a member of the Board terminate for any reason, whether with or without cause, voluntarily or involuntarily (the date of such termination is referred to as the Non-Employee Director's "**Severance Date**"), then any award granted to the Non-Employee Director pursuant to Section 3 above (including stock units credited under the Deferred Compensation Plan) and outstanding on the Non-Employee Director's Severance Date shall terminate on that date to the extent not previously vested (except in the event of mandatory retirement as provided below). If any unvested shares of restricted stock, or stock units credited under the Deferred Compensation Plan, are terminated hereunder, such restricted stock or units, as the case may be, shall automatically terminate and be cancelled as of the Severance Date without payment of any consideration by the Corporation and without any other action by the Non-Employee Director, or the Non-Employee Director's beneficiary or personal representative, as the case may be.

In the event that a Non-Employee Director ceases to be a member of the Board due to his or her mandatory retirement as required under the Corporation's mandatory retirement policy as then in effect for members of the Board, each award granted to such Non-Employee Director under Section 3 above that is outstanding and otherwise unvested immediately prior to such retirement shall become fully vested and nonforfeitable upon the Non-Employee Director's Severance Date as a result of such mandatory retirement.

Notwithstanding the preceding provisions of this Section 5, if a Non-Employee Director ceases to be a member of the Board (regardless of the reason) but, immediately thereafter, is employed by the Corporation or one of its Subsidiaries, then his or her Severance Date shall not occur until the first date that he or she is not a member of the Board and is not employed by the Corporation or one of its Subsidiaries.

The vesting schedule set forth in Section 4 requires continued service through each applicable vesting date as a condition to the vesting of the applicable installment of the award, except as otherwise expressly provided above. Service for only a portion of the vesting period, even if a substantial portion, will not entitle the Non-Employee Director to any proportionate vesting or avoid or mitigate a termination of rights and benefits upon or following a termination of services as provided above.

Nothing contained in this Program constitutes a service commitment by the Corporation, confers upon a Non-Employee Director any right to remain 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 services, or affects the right of the Corporation or any of its Subsidiaries to increase or decrease the Non-Employee Director's other compensation or benefits. Nothing in this paragraph, however, is intended to adversely affect any independent contractual right of a Non-Employee Director without his or her consent thereto.

6. **Adjustments**. Shares of restricted stock subject to awards granted under this Program shall be subject to adjustment as provided in Section 7.1 of the Plan, but only to the extent that such adjustment is consistent with adjustments to shares of restricted stock held by persons other than executive officers or directors of the Corporation (to the extent that persons other than executive officers or directors of the Corporation then hold shares of restricted stock). The grant levels reflected in Section 3 above shall be automatically adjusted upon the record date for any stock split, reverse stock split, or stock dividend to give effect to such change in capitalization unless otherwise provided by the Board in the circumstances, and may be adjusted in the discretion of the Board in any other circumstances contemplated by Section 7.1 of the Plan.

7. **Acceleration and Possible Early Termination**. Upon the occurrence of a Change in Control Event (as such term is defined below), each award granted under Section 3 above (including stock units credited under the Deferred Compensation Plan), to the extent such award is then outstanding, shall become immediately vested and nonforfeitable in full. Each restricted stock award shall be subject to adjustment pursuant to Section 7 of the Plan in connection with such event.

For purposes of this Section 7, a "**Change in Control Event**" means any of the following:

(a) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act (a "**Person**")) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of more than 50% of either (1) the then-outstanding shares of common stock of the Corporation (the "**Outstanding Company Common Stock**") or (2) the combined voting power of the then-outstanding voting securities of the Corporation entitled to vote generally in the election of directors (the "**Outstanding Company Voting Securities**"); provided, however, that, for purposes of this definition, the following acquisitions shall not constitute a Change in Control Event; (A) any acquisition directly from the Corporation, (B) any acquisition by the Corporation, (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Corporation or any affiliate of the Corporation or a successor, or (D) any acquisition by any entity pursuant to a transaction that complies with Sections (c)(1), (2) and (3) below;

(b) Individuals who, as of the Effective Date, constitute the Board (the "**Incumbent Board**") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the Effective Date whose election, or nomination for election by the Corporation's stockholders, was approved by a vote of at least two-thirds of the directors then comprising the Incumbent Board (including for these purposes, the new members whose election or nomination was so approved, without counting the member and his predecessor twice) shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board;

(c) Consummation of a reorganization, merger, statutory share exchange or consolidation or similar corporate transaction involving the Corporation or any of its Subsidiaries, a sale or other disposition of all or substantially all of the assets of the Corporation, or the acquisition of assets or stock of another entity by the Corporation or any of its Subsidiaries (each, a "**Business Combination**"), in each case unless, following such Business Combination, (1) all or substantially all of the individuals and entities that were the beneficial owners of the Outstanding Company Common Stock and the Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of the then-outstanding shares of common stock and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the entity resulting from such Business Combination (including, without limitation, an entity that, as a result of such transaction, owns the Corporation or all or substantially all of the Corporation's assets directly or through one or more subsidiaries (a "**Parent**")) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding Company Common Stock and the Outstanding Company Voting Securities, as the case may be, (2) no Person (excluding any entity resulting from such Business Combination or a Parent or any employee benefit plan (or related trust) of the Corporation or such entity resulting from such Business Combination or Parent) beneficially owns, directly or indirectly, more than 50% of, respectively, the then- outstanding shares of common stock of the entity resulting from such Business Combination or the combined voting power of the then-outstanding voting securities of such entity, except to the extent that the ownership in excess of more than 50% existed prior to the Business Combination, and (3) at least a majority of the members of the board of directors or trustees of the entity resulting from such Business Combination or a Parent were members of the Incumbent Board at the time of the execution of the initial agreement or of the action of the Board providing for such Business Combination; or

(d) Approval by the stockholders of the Corporation of a complete liquidation or dissolution of the Corporation other than in the context of a transaction that does not constitute a Change in Control Event under clause (c) above.

8. **<u>Maximum Number of Shares; Amendment; Administration</u>**. If award grants otherwise required pursuant to this Program would otherwise exceed any applicable share limit under Section 4.2 of the Plan, such grants shall be made pro-rata to directors entitled to such grants. The Board may from time to time amend this Program without stockholder approval; provided that no such amendment shall materially and adversely affect the rights of a Non-Employee Director as to an award granted under this Program before the adoption of such amendment. This Program does not limit the Board's authority to make other, discretionary award grants to Non-Employee Directors pursuant to the Plan. The Plan Administrator's power and authority to construe and interpret the Plan and awards thereunder pursuant to Section 3.1 of the Plan shall extend to this Program and awards granted hereunder. As provided in Section 3.2 of the Plan, any action taken by, or inaction of, the Administrator relating or pursuant to this Program and within its authority or under applicable law shall be within the absolute discretion of that entity or body and shall be conclusive and binding upon all persons.

EXHIBIT A

RESOURCES CONNECTION, INC.
2020 PERFORMANCE INCENTIVE PLAN

NOTICE OF GRANT OF NON-EMPLOYEE DIRECTOR RESTRICTED STOCK AWARD

Award Recipient:	[_________]
Grant Date:	[_________]
Total Number of Shares of Restricted Stock Granted:	[________]
Vesting Schedule:[1,]	25% of the shares of Restricted Stock subject to the award shall vest on each of the first, second, third and fourth anniversaries of the Grant Date, subject to the recipient's continued service through the applicable vesting date; provided that any regular cash dividends on any outstanding shares of Restricted Stock shall be fully vested.

Congratulations! Effective on the grant date set forth above (the "**Grant Date**"), you (the award recipient named above, the "**Director**") have been granted an award of restricted shares of Common Stock (the "**Restricted Stock**") of Resources Connection, Inc. (the "**Corporation**"). The total number of shares of Restricted Stock subject to your award is set forth above.

The Restricted Stock was granted pursuant to the Corporation's Non-Employee Director Restricted Stock Award Program (the "**Program**") adopted under the Resources Connection, Inc. 2020 Performance Incentive Plan, as amended from time to time (the "**Plan**"). Your award of Restricted Stock is subject to the terms and conditions set forth in this Notice of Grant of Non-Employee Director Restricted Stock Award (this "**Notice**"), the Terms and Conditions of Non-Employee Director Restricted Stock Award attached hereto (the "**Terms**"), the Program and the Plan. The Program and the Terms 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, in the Program and in the Plan. You should read the Program, the Plan, the Prospectus for the Plan, and the Award Agreement (including the Terms).

A copy of the Program, 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.

S CONNECTION, INC.	**ACCEPTED AND AGREED BY THE DIRECTOR**
By: ______________________	By: ______________________
Name:	Name:
Title:	

RESOURCES CONNECTION, INC.
2020 PERFORMANCE INCENTIVE PLAN
NON-EMPLOYEE DIRECTOR RESTRICTED STOCK AWARD PROGRAM

TERMS AND CONDITIONS OF
NON-EMPLOYEE DIRECTOR RESTRICTED STOCK AWARD

1. **General**. These Terms and Conditions of Non-Employee Director Restricted Stock Award (these "**Terms**") apply to a particular award (the "**Award**") of restricted shares of the Common Stock of the Corporation (the "**Restricted Stock**") granted under the Corporation's Non-Employee Director Restricted Stock Award Program (the "**Program**") adopted under the Resources Connection, Inc. 2020 Performance Incentive Plan, as amended from time to time (the "**Plan**") if incorporated by reference in the Notice of Grant of Non-Employee Director Restricted Stock 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 Program or Plan.

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

2. **Vesting; Continuance of Service Required; No Service Commitment**. Subject to the terms of the Program and Section 6 below, the Award shall vest, and restrictions (other than those set forth in Section 8.1 of the Plan) shall lapse, in percentage installments as set forth in Section 4 of the Program. The Board reserves the right to accelerate the vesting of the Restricted Stock in such circumstances as it, in its sole discretion, deems appropriate and any such acceleration shall be effective only when set forth in a written instrument executed by an officer of the Corporation.

The vesting schedule set forth in Section 4 of the Program and as reflected in the Notice requires continued service through each applicable vesting date as a condition to the vesting of the applicable installment of the Award and the rights and benefits under this Award Agreement. Service for only a portion of the vesting period, even if a substantial portion, will not entitle the Director to any proportionate vesting or avoid or mitigate a termination of rights and benefits upon or following a termination of services as provided in Section 6 below or under the terms of the Program or the Plan.

Nothing contained in this Award Agreement, the Program or the Plan constitutes a service commitment by the Corporation, confers upon the Director any right to remain 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 services, or affects the right of the Corporation or any of its Subsidiaries to increase or decrease the Director's other compensation or benefits. Nothing in this paragraph, however, is intended to adversely affect any independent contractual right of the Director without his or her consent thereto.

3. **Dividend and Voting Rights**. After the Award Date, the Director shall be entitled to cash dividends and voting rights with respect to the shares of Restricted Stock subject to the Award even though such shares are not vested, provided that such rights shall terminate immediately as to any shares of Restricted Stock that are forfeited pursuant to the terms of the Program or Section 6 below.

4. Restrictions on Transfer. Prior to the time that they have become vested pursuant to Section 2 hereof, the terms of the Program or Section 7 of the Plan, neither the Restricted Stock, nor any interest therein, amount payable in respect thereof, or Restricted Property (as defined in Section 7 hereof) may be sold, assigned, transferred, pledged or otherwise disposed of, alienated or encumbered, either voluntarily or involuntarily. The transfer restrictions in the preceding sentence shall not apply to transfers described in Section 5.6.3 of the Plan.

5. Stock Certificates.

(a) Book Entry Form. The Corporation shall issue the shares of Restricted Stock subject to the Award either: (a) in certificate form as provided in Section 5(b) below; or (b) in book entry form, registered in the name of the Director with notations regarding the applicable restrictions on transfer imposed under this Award Agreement.

(b) Certificates to be Held by Corporation; Legend. Any certificates representing shares of Restricted Stock that may be delivered to the Director by the Corporation prior to vesting shall be redelivered to the Corporation to be held by the Corporation until the restrictions on such shares shall have lapsed and the shares shall thereby have become vested or the shares represented thereby have been forfeited hereunder. Such certificates shall bear the following legend and any other legends the Corporation may determine to be necessary or advisable to comply with all applicable laws, rules, and regulations:

"The ownership of this certificate and the shares of stock evidenced hereby and any interest therein are subject to substantial restrictions on transfer under an Agreement entered into between the registered owner and Resources Connection, Inc. A copy of such Agreement is on file in the office of the Secretary of Resources Connection, Inc."

(c) Delivery of Certificates Upon Vesting. Promptly after the vesting of any shares of Restricted Stock pursuant to Section 2 hereof, the terms of the Program or Section 7 of the Plan and the satisfaction of any and all related tax withholding obligations pursuant to Section 8, the Corporation shall, as applicable, either remove the notations on any shares of Restricted Stock issued in book entry form which have vested or deliver to the Director a certificate or certificates evidencing the number of shares of Restricted Stock which have vested (or, in either case, such lesser number of shares as may result after giving effect to Section 8). The Director (or the beneficiary or personal representative of the Director in the event of the Director's death or disability, as the case may be) shall deliver to the Corporation any representations or other documents or assurances as the Corporation or its counsel may determine to be necessary or advisable in order to ensure compliance with all applicable laws, rules, and regulations with respect to the grant of the Award and the delivery of shares of Common Stock in respect thereof. The shares so delivered shall no longer be restricted shares hereunder.

(d) Stock Power; Power of Attorney. Concurrently with the execution and delivery of this Award Agreement, the Director shall deliver to the Corporation an executed stock power in the form attached hereto as Appendix A, in blank, with respect to such shares. The Corporation shall not deliver any share certificates in accordance with this Award Agreement unless and until the Corporation shall have received such stock power executed by the Director. The Director, by acceptance of the Award, shall be deemed to appoint, and does so appoint by execution of this Award Agreement, the Corporation and each of its authorized representatives as the Director's attorney(s)-in-fact to effect any transfer of unvested forfeited shares (or shares otherwise reacquired by the Corporation hereunder) to the Corporation as may be required pursuant to the Plan, the Program or this Award Agreement and to execute such documents as the Corporation or such representatives deem necessary or advisable in connection with any such transfer.

6. **Effect of Termination of Services**. Subject to Sections 5 and 7 of the Program, if the Director ceases to provide services to the Corporation or a Subsidiary (the date of such termination of service is referred to as the Director's "**Severance Date**"), the Director's shares of Restricted Stock (and related Restricted Property as defined in Section 7 hereof) shall be forfeited to the Corporation to the extent such shares have not become vested pursuant to Section 2 hereof, the terms of the Program or Section 7 of the Plan upon the Severance Date (regardless of the reason for such termination of service, whether with or without cause, voluntarily or involuntarily, or due to death or disability). Upon the occurrence of any forfeiture of shares of Restricted Stock hereunder, such unvested, forfeited shares and related Restricted Property shall be automatically transferred to the Corporation as of the Severance Date, without any other action by the Director (or the Director's beneficiary or personal representative in the event of the Director's death or disability, as applicable). No consideration shall be paid by the Corporation with respect to such transfer. The Corporation may exercise its powers under Section 5(d) hereof and take any other action necessary or advisable to evidence such transfer. The Director (or the Director's beneficiary or personal representative in the event of the Director's death or disability, as applicable) shall deliver any additional documents of transfer that the Corporation may request to confirm the transfer of such unvested, forfeited shares and related Restricted Property to the Corporation.

7. **Adjustments Upon Specified Events**. Upon the occurrence of certain events relating to the Corporation's stock contemplated by Sections 6 and 7 of the Program, the Administrator shall make adjustments in accordance with such sections in the number and kind of securities that may become vested under the Award. If any adjustment shall be made under Section 6 or Section 7 of the Program or an event described in Section 7.2 of the Plan shall occur and the shares of Restricted Stock are not fully vested upon such event or prior thereto, the restrictions applicable to such shares of Restricted Stock shall continue in effect with respect to any consideration, property or other securities (the "**Restricted Property**" and, for the purposes of this Award Agreement, "Restricted Stock" shall include "Restricted Property", unless the context otherwise requires) received in respect of such Restricted Stock. Such Restricted Property shall vest at such times and in such proportion as the shares of Restricted Stock to which the Restricted Property is attributable vest, or would have vested pursuant to the terms hereof if such shares of Restricted Stock had remained outstanding. To the extent that the Restricted Property includes any cash (other than regular cash dividends), such cash shall be invested, pursuant to policies established by the Administrator, in interest bearing, FDIC-insured (subject to applicable insurance limits) deposits of a depository institution selected by the Administrator, the earnings on which shall be added to and become a part of the Restricted Property.

8. **Tax Withholding**. Subject to Section 8.1 of the Plan, upon any vesting of the Restricted Stock, the Corporation shall have the right to automatically withhold and reacquire the appropriate number of whole shares of Restricted Stock, valued at their then fair market value (with the "fair market value" of such shares determined in accordance with the applicable provisions of the Plan), to satisfy any withholding obligations of the Corporation or its Subsidiaries with respect to such vesting at the minimum applicable withholding rates. In the event that the Corporation cannot satisfy such withholding obligations by withholding and reacquiring shares of Restricted Stock, or in the event that the Director makes or has made an election pursuant to Section 83(b) of the Code or the occurrence of any other withholding event with respect to the Award, the Corporation (or a Subsidiary) shall be entitled to require a cash payment by or on behalf of the Director and/or to deduct from other compensation payable to the Director any sums required by federal, state or local tax law to be withheld with respect to such vesting of any Restricted Stock or such Section 83(b) election.

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 Director at the Director's last address reflected on the Corporation's records. Any notice shall be delivered in person or shall be 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. Any such notice shall be given only when received, but if the Director is no longer an Eligible Person, shall be deemed to have been duly given five business days after the date mailed in accordance with the foregoing provisions of this Section 9.

10. **Plan; Program**. The Award and all rights of the Director under this Award Agreement are subject to the terms and conditions of the provisions of the Program and the Plan, incorporated herein by reference. The Director agrees to be bound by the terms of the Program, the Plan and this Award Agreement (including the Notice). In the event of a conflict or inconsistency between the terms and conditions of this Award Agreement and of the Program or the Plan, the terms and conditions of the Program or the Plan, as applicable, shall govern. The Director acknowledges having read and understanding the Program, the Plan, the Prospectus for the Plan, and this Award Agreement (including the Notice). Unless otherwise expressly provided in other sections of this Award Agreement, provisions of the Program or 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 Director 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 Program or the Plan after the date hereof.

11. **Entire Agreement**. This Award Agreement (including the Notice), the Program 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 Program may be amended pursuant to Section 8 of the Program. The Plan may be amended pursuant to Section 8.6 of the Plan. This Award Agreement (including the Notice) may be amended by the Board from time to time. Any such amendment must be in writing and signed by the Corporation. Any such amendment that materially and adversely affects the Director's rights under this Award Agreement requires the consent of the Director in order to be effective with respect to the Award. The Corporation may, however, unilaterally waive any provision hereof in writing to the extent such waiver does not adversely affect the interests of the Director 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. **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.

13. **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.

14. **Governing Law**. This Award Agreement 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.

15. **No Advice Regarding Grant**. The Director is hereby advised to consult with his or her own tax, legal and/or investment advisors with respect to any advice the Director may determine is needed or appropriate with respect to the Award (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) or recommendation with respect to the Award. Except for the withholding rights set forth in Section 8 above, the Director is solely responsible for any and all tax liability that may arise with respect to the Award.

[Remainder of page intentionally left blank]

APPENDIX A

STOCK POWER

FOR VALUE RECEIVED and pursuant to that certain Non-Employee Director Restricted Stock Award Agreement between Resources Connection, Inc., a Delaware corporation (the “Corporation”), and the individual named below (the “Individual”) dated as of [______], the Individual, hereby sells, assigns and transfers to the Corporation, an aggregate ___________ shares of Common Stock of the Corporation, standing in the Individual’s name on the books of the Corporation and represented by stock certificate number(s) to which this instrument is attached, and hereby irrevocably constitutes and appoints ___________ as his or her attorney in fact and agent to transfer such shares on the books of the Corporation, with full power of substitution in the premises.

Dated __________, ______

Signature

Print Name

(Instruction: Please do not fill in any blanks other than the signature line. The purpose of the assignment is to enable the Corporation to exercise its sale/purchase option set forth in the Non-Employee Director Restricted Stock Award Agreement without requiring additional signatures on the part of the Individual.)

LIST OF SUBSIDIARIES

Name of Subsidiary	Jurisdiction of Organization
Resources Connection LLC	Delaware
Names under which Resources Connection LLC does business: Resources Global Professionals	
RGP Property LLC	Delaware
Sitrick Group, LLC	Delaware
Names under which Sitrick Group, LLC does business: SITRICK AND COMPANY	
Veracity Consulting Group, LLC	Virginia
Resources Connection Australia Pty Ltd.	Australia
Names under which Resources Connection Australia Pty Ltd. does business: Resources Global Professionals	
Resources Global Professionals, Inc.	Canada
Resources Global Enterprise Consulting (Beijing) Co., Ltd.	People's Republic of China
Resources Global Professionals (HK) Limited	Hong Kong, People's Republic of China
Resources Global Professionals Czech s.r.o.	Czech Republic
Resources Global Professionals (Germany) GmbH	Germany
Resources Global Professionals (India) Private Ltd.	India
Resources Global Professionals (Ireland) Ltd.	Ireland
RGP Poland spolka z ograniczona odpowiedzialnoscia	Poland
Resources Global Professionals Japan K.K.	Japan
Resources Global Professionals (Korea) Ltd.	South Korea
Resources Connection Mexico S de RL de CV	Mexico
Resources Global Professionals (Europe) B.V.	Netherlands
Resources Management & Finance B.V.	Netherlands
Resources Global Professionals (Singapore) Pte. Ltd.	Singapore
RGP Consulting Sdn. Bhd.	Malaysia
Resources Global Professionals Sweden AB	Sweden
Resources Global Professionals (Switzerland) GmbH	Switzerland
Resources Global Professionals Taiwan Co., Ltd.	Taiwan
Resources Connection (UK) Ltd.	United Kingdom (England and Wales)
Names under which Resources Connection (UK) Ltd. does business: Resources Global Professionals (UK)	

EXHIBIT 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statements (Nos. 333-268642, 333-235910, 333-201042, 333-158499, 333-142145, and 333-127579) on the Form S-8 of Resources Connection, Inc. of our reports dated July 24, 2023, relating to the consolidated financial statements and the effectiveness of internal control over financial reporting of Resources Connection, Inc., appearing in this Annual Report on the Form 10-K of Resources Connection, Inc. for the year ended May 27, 2023.

/s/ RSM US LLP

Irvine, California
July 25, 2023

EXHIBIT 31.1

Certification 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 annual report on Form 10-K 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: July 25, 2023

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

EXHIBIT 31.2

Certification 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 annual report on Form 10-K 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: July 25, 2023

/s/ JENNIFER RYU

Jennifer Ryu
Chief Financial Officer and Executive Vice President

EXHIBIT 32.1

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

In connection with the Annual Report on Form 10-K for the fiscal year ended May 27, 2023 of Resources Connection, Inc. (the “Form 10-K”), I, Kate W. Duchene, 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-K fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

July 25, 2023

/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. 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K for the fiscal year ended May 27, 2023 of Resources Connection, Inc. (the “Form 10-K”), I, Jennifer Ryu, 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-K fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

July 25, 2023

/s/ JENNIFER RYU
Jennifer Ryu
Chief Financial Officer and Executive Vice President

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.