

**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 25, 2024
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:

<u>Title of Each Class</u>	<u>Trading Symbol(s)</u>	<u>Name of Exchange on Which Registered</u>
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 24, 2023 (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 \$443,253,237 (based upon the closing price for shares of the registrant's common stock as reported by The Nasdaq Global Select Market).

As of July 12, 2024, there were approximately 33,560,150 shares of common stock, \$0.01 par value, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

The registrant's definitive proxy statement for the 2024 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

	Page No.
PART I	
ITEM 1. BUSINESS	3
ITEM 1A. RISK FACTORS	13
ITEM 1B. UNRESOLVED STAFF COMMENTS	24
ITEM 1C. CYBERSECURITY	24
ITEM 2. PROPERTIES	25
ITEM 3. LEGAL PROCEEDINGS	25
ITEM 4. MINE SAFETY DISCLOSURES	25
PART II	
ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES	26
ITEM 6. RESERVED	28
ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	28
ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK	45
ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA	46
ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE	81
ITEM 9A. CONTROLS AND PROCEDURES	81
ITEM 9B. OTHER INFORMATION	82
ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS	82
PART III	
ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE	82
ITEM 11. EXECUTIVE COMPENSATION	82
ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS	82
ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE	83
ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES	83
PART IV	
ITEM 15. EXHIBIT AND FINANCIAL STATEMENT SCHEDULES	84
ITEM 16. FORM 10-K SUMMARY	86
SIGNATURES	87

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 25, 2024, May 27, 2023, and May 28, 2022 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, 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," "forecast," "future," "intends," "may," "plans," "potential," "predicts," "remain," "should," "strategy," or "target or similar terms, and future or conditional tense verbs like "could," "may," "might," "should," "will" and "would," 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 based in Irvine, California (with offices worldwide) focused on delivering consulting services that power clients’ operational needs and change initiatives utilizing a combination of bench and on-demand, expert and diverse talent. As a next-generation human capital partner for our clients, we specialize in co-delivery of enterprise initiatives typically precipitated by business transformation, strategic transactions or regulatory change. Our engagements are designed to leverage human connection and collaboration to deliver practical solutions and more impactful results that power our clients’, employees’ and partners’ success.

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

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

We serve 1,800 clients around the world with approximately 3,400 professionals collectively engaged from 38 physical practice offices and multiple virtual offices. Headquartered in Irvine, California, we are proud to have served 88% of the Fortune 100.

Business Segments

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

- RGP – a global consulting firm focused on delivering consulting services that power clients’ operational needs and change initiatives utilizing a combination of bench and on-demand, expert 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 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. RGP accounts for more than 90% of our consolidated revenue and total Adjusted EBITDA and, therefore, represents our dominant segment. The discussions in this section apply to both our entire business and RGP.

On November 15, 2023, the Company acquired CloudGo Pte Ltd. and its subsidiaries (collectively, “CloudGo”). CloudGo is reported as part of the RGP operating segment. See Note 3 – *Acquisitions and Dispositions* in the Notes to Consolidated Financial Statements for further information.

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 – *Acquisitions and 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.

During the first quarter of fiscal 2025, the Chief Executive Officer, who is the Company's Chief Operating Decision Maker, announced a decision to reorganize the Company's business by forming multiple discrete operational business units. To align the new operating model and business structure, the Company is making management organizational changes and implementing new reporting modules and processes to provide discrete information to manage the business. Management expects to finalize its assessment of its operating segments when the implementations and transitions are completed, which is expected to be in the first quarter of fiscal 2025.

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 continued 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 in 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 75% 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 2,585 consultants and 791 management and administrative employees as of May 25, 2024. In recent years, we have invested in global, regional and local marketing and brand building and 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 in clarifying and activating our new brand positioning during fiscal 2023 and 2024. We expect to continue to engage in these efforts in the upcoming fiscal year. 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 geographic presence or solution offerings. We believe we have significant opportunity for continued organic growth in our core business as well as 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 deepening 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 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 opportunity 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 development.

- *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 focus 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 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 (“AI”) 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. Our recent acquisition of CloudGo, now integrated into Veracity, expanded our ServiceNow capabilities as well as our ServiceNow footprint in the Asia Pacific region. This year, we also entered into an agreement to acquire Reference Point LLC, a management and technology consulting firm focused on serving the financial services industry, and closed the acquisition on July 1, 2024. 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 Services.* 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 Services.* Tapping into our agile talent pool, we mobilize the right resources to build delivery teams for our consulting offerings and directly support client talent needs 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 and other critical priorities.

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 25, 2024, we had 3,376 employees, including 791 management and administrative employees and 2,585 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.

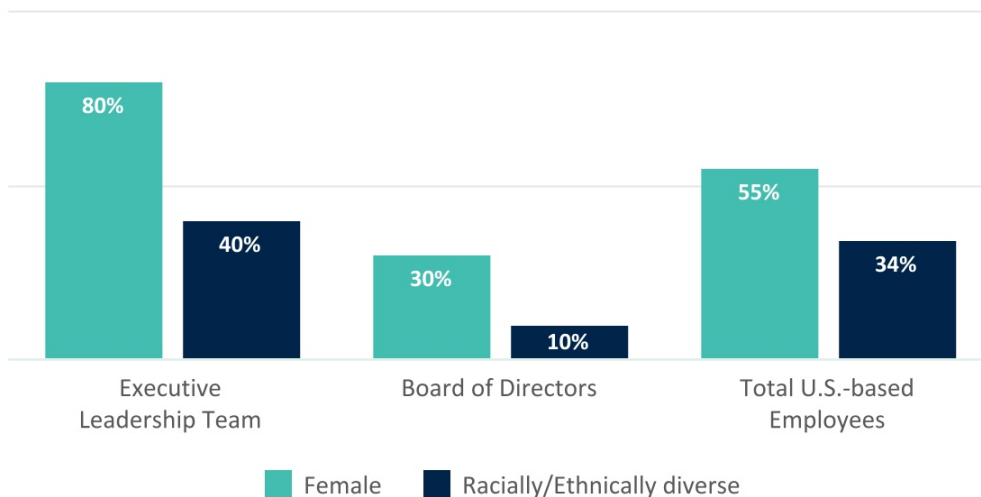
Along with our core values, we act in accordance with our Code of Business Conduct and Ethics (“Code of Conduct”), which sets forth the standards our employees and board members must adhere to at all times in the execution of their duties. Our Code of Conduct covers topics such as honest and candid conduct, 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. Our workforce reflects diversity in all its forms, including gender and gender identity, race and ethnicity, age, sexual orientation and a variety of cultural and personal backgrounds. We believe a diverse workforce is essential to our continued success.

We are proud that 100% of our Executive Leadership Team identify as women or are racially or ethnically diverse. Additionally, 40% of our directors identify as women or are racially or ethnically diverse. We are also a Paradigm for Parity Coalition company, which is a coalition of companies committed to addressing gender and diversity gaps in corporate leadership. Our gender and 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



* -- Diversity representation is as of May 25, 2024.

Our fiscal 2024 DE&I strategic priorities remained focused on increasing DE&I awareness, education and involvement across our global team, increasing diversity in our workforce, and promoting inclusion in our Go-to-Market activities. Last year’s DE&I survey indicated high interest in creating additional ways for our employees to connect, learn, and support RGP’s DE&I Commitment. In response, RGP launched our first employee resource groups (“ERGs”) in 2024. The Women in Leadership, Multicultural and Interfaith ERGs are voluntary, employee-led groups and are dedicated to fostering a diverse and inclusive work environment. These are complemented by other employee groups such as our Pride Committee and Caregivers for Aging Parents that are in place to support ways for our employees to get to know each other on a personal level and foster a sense of belonging for all.

In fiscal 2024, 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 are open to all employees, regardless of race, gender or ethnicity. These programs 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 educational events that are accessible to our global workforce. These events 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 internal and 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 positive feedback from our workforce on these engagement sessions, which helps us to prioritize DE&I actions 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 with the goal of contributing to greater inclusion within RGP.

In fiscal 2024, 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 25, 2024, we achieved our goal of matching \$100,000 in contributions during fiscal 2024 and since fiscal 2021, we have supported approximately 190 unique charitable organizations with over \$400,000 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 2024, 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 an Employee Assistance Program for U.S. employees and a Global Workforce Support Program for our international employees. Both programs provide resources to support personal and family health and wellbeing.

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 launched “Leadership U” to foster leadership development, peer mentorship opportunities and to support the building and maintenance of high-performing teams. In fiscal 2024, 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 such as “Leadership U” to onboard and acclimate employees to the business and promote personal, professional and leadership growth.

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. In fiscal 2024, we continued our Sales Effectiveness curriculum 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 2024.

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, contributions to statutory retirement programs, 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 consistent and transparent practices for rewarding and incentivizing our employees and the alignment of pay results 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 recognize 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 2024, 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 2024, we served 1,800 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 2024, 2023 or 2022 fiscal years. In fiscal 2024, our 10 largest clients accounted for approximately 24% 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 40 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 2024, 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 which could materially affect our capital expenditures, earnings and/or competitive position. 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 inflationary conditions and high interest rates, geopolitical conflicts as further discussed below and increasing diplomatic and trade friction between the U.S. and China, 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 and conflict and unrest in the Middle East could continue to create global economic 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, Ukraine or the Middle East, 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 credit losses 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.

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.

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 credit losses 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.

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 AI 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.

As technology continues to evolve, more tasks currently performed by people have been and may continue to be replaced by automation, robotics, machine learning, AI and other technological advances outside of our control. These technological changes may (i) reduce demand for our services, (ii) enable the development of competitive products or services, or (iii) enable our current customers to reduce or bypass the use of our services, particularly in lower-skill job categories. Additionally, rapid changes in AI and generative AI which involves the use of advanced algorithms and machine learning techniques to create content, generate ideas, or simulate human-like behaviors and block chain-based technology are increasing the competitiveness landscape. We may not be successful in anticipating or responding to these changes and there can be no assurance that we can integrate other technologies we use with AI or that material additional monetary and time expenditures will not be required. In addition, demand for our services could be further reduced by advanced technologies being deployed by our competitors.

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 from time to time expect to 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. For example, in fiscal 2024, we initiated a cost reduction plan, including a reduction in force (the "U.S. Restructuring Plan") intended to reduce costs and streamline operations. 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.

For example, in fiscal 2025, we plan to reorganize our business by forming multiple discrete operational business units. We plan to make management organizational changes and implement new reporting modules and processes to provide discrete information to manage the business. There can be no assurance that such reorganization will be beneficial to the Company or that such reorganization will not adversely affect our business, competitive position, operating results or 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 launching of Project Phoenix, our multi-year technological modernization initiative that requires significant enterprise-wide effort replacing or upgrading core system as well as 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 CloudGo. With our recent acquisition of Reference Point LLC, we continue 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 2024, 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 2024, we initiated the U.S. Restructuring Plan, intended to reduce costs and streamline operations. In the first quarter of fiscal 2025 we announced a decision to reorganize the Company's business by forming multiple discrete operational business units. 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.

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.

Risks Related to Information Technology, Cybersecurity and Data Protection

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 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 cybersecurity incidents, interruptions in our operations and system failures, and any loss or breach of data and interruptions or delays in our business or that of our clients, or both, resulting from such incidents, 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 our information systems increases the potential risk of security incidents. Despite our implementation of and periodic updates to 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. Cybersecurity incidents may involve the covert introduction of malware to computers and networks, and the use of techniques or processes that change frequently, including from emerging technologies, such as advanced forms of machine learning, AI and quantum computing, 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. Cybersecurity 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 cybersecurity 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, we expect to continue to be subject to cybersecurity incidents and attacks and there is no assurance that similar incidents or attacks, or new cybersecurity threats will not arise that, 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 cybersecurity 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, has also increased 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 is 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 information; and (ii) the ability of data subjects to exercise their related various rights such as to access, correct or delete or limit the use of their personal data. Under the GDPR and the United Kingdom’s version of the GDPR, information 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 and California Privacy Rights Act of 2020 provide individuals similar rights with respect to the processing of their personal data. . In addition to California, Colorado, Virginia, Utah and Connecticut, previously enacted comprehensive privacy legislation and in 2023 and 2024, Delaware, Florida, Indiana, Iowa, Kentucky, Maryland, Minnesota, Montana, New Jersey, New Hampshire, Oregon, Rhode Island, Tennessee and Texas enacted such laws. 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 and our ability to market to customers. 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 1C. CYBERSECURITY.

We have developed an enterprise-wide strategy that we use to assess, identify, and manage material risks associated with cybersecurity threats, as such term is defined in Item 106(a) of Regulation S-K. These risks include, among other things: operational risks, malicious attacks, improper employee or contractor access, harm to employees or customers and violation of data privacy, intellectual property or security laws. Our enterprise risk management program incorporates risks related to cybersecurity threats alongside other company risks as part of our overall risk assessment process. We also employ a cybersecurity-specific risk assessment process.

Our cybersecurity risk strategy uses an Information Assurance Program to define the general security policy for our information systems and a Cybersecurity Incident Response Plan for detection, response, recovery, containment, investigation, and analysis following a cybersecurity incident, as well as compliance with legal and regulatory requirements.

Our Information Assurance Program addresses the security of information systems and data networks owned or used by us and the information stored, transmitted, or processed by those systems and networks. It defines responsibilities concerning information systems security as well as a uniform approach that promotes information systems security throughout the Company.

Our Cybersecurity Incident Response Plan is an enterprise-wide cybersecurity strategy that focuses on detecting and reacting to cybersecurity incidents, determining their scope and risk, responding appropriately, communicating the results and risk to stakeholders, and reducing the likelihood of reoccurrence. To enhance our in-house capabilities, we leverage expertise from professional services firms and/or outside counsel, as needed, to assess our cybersecurity controls, and inform and collaborate on an ever-changing landscape.

We maintain systems that are designed to preempt, detect and monitor cybersecurity threats, including monitoring unusual network activity. As part of our risk management processes, we also perform penetration testing using third-party vendors, conduct periodic cybersecurity awareness training for employees, deploy phishing test campaigns, maintain containment and incident response tools, and periodically review, update and enhance our Cybersecurity Incident Response Plan.

We utilize various methods to assess and manage risks associated with third-party service providers, which may be reevaluated periodically, such as upon detection of an increase in a third-party's risk volume and variability. Further, our Code of Vendor Conduct & Ethics sets forth our expectations for third-party vendors related to data privacy and protection. As of the date of this Annual Report on Form 10-K, we do not believe that known risks from cybersecurity threats, including as a result of any previous cybersecurity incident that we are aware of, have materially affected or are reasonably likely to materially affect us, including our business strategy results of operations or financial condition. However, we can give no assurance that we have detected or protected against all such cybersecurity incidents or threats or that we will not experience such an incident in the future. Further details about the cybersecurity risks we face are described under "*Risks Related to Information Technology, Cybersecurity and Data Protection*" in Item 1A. "Risk Factors" of this Annual Report on Form 10-K.

Cybersecurity Governance

Our Cybersecurity Incident Response Plan is overseen by our Cybersecurity Incident Response Team (“CSIRT”), which is led by our Chief Information Officer (“CIO”). Our CIO is an information technology executive with over 20 years of CIO and Chief Technology Officer experience at publicly traded and privately held companies. His experience has included cybersecurity leadership throughout his executive career. The CIO, the Vice President of Information Technology, the virtual Chief Information Security Officer, and other members of the CSIRT, are responsible for the Company’s cybersecurity risk management processes described above, including maintaining systems that are designed to preempt, detect and monitor cybersecurity threats, as well as identifying and responding to cybersecurity incidents.

Our Board of Directors, through the Audit Committee, oversees the management of our technology-related risks, including information security, data protection, cybersecurity, vendor, fraud, and business continuity risks, and technology-related strategies. The Audit Committee receives updates from the CIO on a quarterly basis, and more frequently as needed, regarding, among other relevant information, existing and new cybersecurity risks, the management and/or mitigation of such risks, material cybersecurity incidents (if any), and status on key cybersecurity initiatives. Our Board of Directors, through the Audit Committee, also actively participates in discussions with management on cybersecurity-related news events and discusses any updates to our cybersecurity risk management and strategy programs on a timely basis.

ITEM 2. *PROPERTIES.*

Our principal executive office is currently located in Irvine, California and consists of a 57,000 square feet office building that we own, of which approximately 13,000 square feet was leased to an independent third party through July 2024. The remainder of the office space is occupied by our corporate teams and our Orange County, California practice. We have entered into an agreement with the City of Irvine California for the sale of these premises for a total purchase price of \$13.0 million. The anticipated closing date of this transaction is August 15, 2024. Additionally, we plan to relocate our principal executive office elsewhere within the city of Irvine, California.

As of May 25, 2024, 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, Shanghai, Tokyo and Utrecht, among others. In total, we have facilities and operations in over 36 cities in 13 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 25, 2024, 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 12, 2024, the approximate number of holders of record of our common stock was 38 (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 2024, 2023, and 2022. On April 18, 2024, our Board of Directors declared a regular quarterly dividend of \$0.14 per share of our common stock, which was subsequently paid on June 13, 2024 to stockholders of record at the close of business on May 16, 2024. 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 2024:

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 25, 2024— March 23, 2024	-	\$ -	-	\$ 45,246,163
March 24, 2024 — April 20, 2024	252,396	\$ 11.89	252,396	\$ 42,246,173
April 21, 2024 — May 25, 2024	-	\$ -	-	\$ 42,246,173
Total February 25, 2024 — May 25, 2024	<u>252,396</u>	<u>\$ 11.89</u>	<u>252,396</u>	<u>\$ 42,246,173</u>

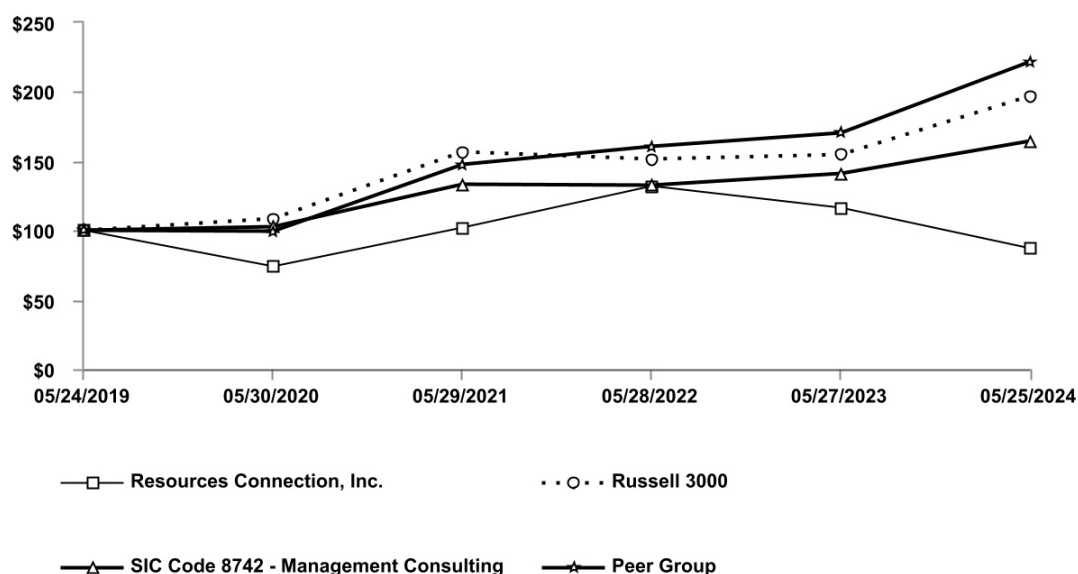
Performance Graph

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 25, 2024. The graph assumes \$100 was invested at market close on May 24, 2019 in our common stock and in each index (based on prices from the close of trading on May 24, 2019), 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, as amended or the Securities Exchange Act of 1934, as amended except to the extent that we specifically incorporate it by reference into such filing.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*

Among Resources Connection, Inc.
the Russell 3000 Index, SIC Code 8742 - Management Consulting
and Peer Group



*\$100 invested on 5/24/19 in stock or index, including reinvestment of dividends.

	May 24, 2019	May 30, 2020	May 29, 2021	May 28, 2022	May 27, 2023	May 25, 2024
Resources Connection, Inc.	\$ 100.00	\$ 73.64	\$ 102.05	\$ 131.56	\$ 116.24	\$ 86.85
Russell 3000	\$ 100.00	\$ 108.58	\$ 156.26	\$ 151.62	\$ 154.48	\$ 196.98
SIC Code 8742 - Management Consulting	\$ 100.00	\$ 102.54	\$ 132.82	\$ 132.72	\$ 140.96	\$ 164.41
Peer Group	\$ 100.00	\$ 99.02	\$ 147.55	\$ 160.38	\$ 170.36	\$ 221.84

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 ("RGP") is a global consulting firm based in Irvine, California (with offices worldwide) focused on delivering consulting services that power clients' operational needs and change initiatives utilizing a combination of bench and on-demand, expert and diverse talent. As a next-generation human capital partner for our clients, we specialize in co-delivery of enterprise initiatives typically precipitated by business transformation, strategic transactions or regulatory change. Our engagements are designed to leverage human connection and collaboration to deliver practical solutions and more impactful results that power our clients', employees' and partners' success.

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

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

Fiscal 2024 Strategic Focus Areas

In fiscal 2024, our strategic focus areas were:

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

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

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

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

Amplify brand voice and clarify solution offerings – Our second focus area for fiscal year 2024 was to sustain effort to enhance and amplify our brand in the marketplace. We were focused on driving toward a refreshed view of our business, serving clients in three areas: (1) the core is our white-glove on-demand talent business of deep functional experts that execute mission-critical projects for our clients. We empower expert, diverse professionals with ultimate career control and offer them access to opportunities to work with top enterprise brands. Our on-demand talent business also includes HUGO, which focuses on offering clients direct access to earlier career Accounting and Finance professionals through a digital self-service model; (2) our consulting business today consists largely of Veracity, our end-to-end digital transformation firm, and Sitrick and Company, a top crisis communications and public relations firm. We are actively working to grow our capabilities in the consulting arena both organically and through targeted mergers and acquisitions (“M&A”), with a special focus on digital transformation, financial advisory and operational excellence; (3) Countsy is our outsourced services business, offering finance, accounting, and HR solutions to venture-backed start-up clients or post carve-out clients through a unique combination of on-demand fractional leadership and a streamlined technology platform.

Our investment in the RGP brand notably includes the development of fresh thought leadership content based on RGP’s own market research studies.

Evolve operating model – The third area of focus for fiscal 2024 was to continue to evolve our operating model to optimally organize the company in view of the operational efficiencies we are gaining through our global technology transformation initiative and with a view to align resources in the right way to support our strategic vision. Operating model evolution will also include better definition and structure of our offerings to clearly articulate our value proposition, differentiators versus competition, and client segment focus. We will be announcing the outcomes of this work in early fiscal 2025.

Migrate to value-based pricing – Fourth, we have made solid progress in evolving and enhancing our pricing strategy towards a value-based approach for our project execution services, which has become a more relevant secular trend. 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. As part of our pricing strategy implementation, 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, which is foundational to drive topline revenue and profitability.

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

As noted above, in November 2023, we acquired CloudGo. Headquartered in Singapore, CloudGo is a digital transformation firm and a fast growing Elite ServiceNow Partner. CloudGo has been integrated into Veracity’s digital business and we believe that it will continue to accelerate the expansion of our digital presence across the Asia Pacific region. See Note 3 – *Acquisitions and Dispositions* in the Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K for further discussion.

Additionally, we entered into a Membership Interest Purchase Agreement, dated as of March 27, 2024, and as amended and restated as of June 30, 2024 (the “Reference Point MIPA”) with Reference Point to acquire 100% of the membership interests of Reference Point. Reference Point is a strategy, management, and technology consulting firm serving the financial services sector and is headquartered in New York. The acquisition closed on July 1, 2024. See Note 19 – *Subsequent Event* in the Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K for further discussion.

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 GAAP 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 25, 2024, May 27, 2023 and May 28, 2022 were \$2.5 million, \$3.2 million and \$3.1 million, respectively.

Allowance for credit losses — We maintain an allowance for credit losses 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 25, 2024 and May 27, 2023, we had an allowance for credit losses of \$2.8 million and \$3.3 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 25, 2024 and May 27, 2023, a valuation allowance of \$8.6 million and \$6.5 million was established on deferred tax assets totaling \$34.2 million and \$33.2 million, respectively. Our income tax for the years ended May 25, 2024, May 27, 2023 and May 28, 2022 was an expense of \$8.8 million, \$18.3 million and \$15.8 million, respectively. As of May 25, 2024 and May 27, 2023, our total liability for unrecognized tax benefits was \$1.0 million and \$1.0 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 2024, 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 2024, 2023, and 2022) 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 25, 2024, May 27, 2023 and May 28, 2022 was \$5.7 million, \$9.5 million and \$8.2 million, respectively.

Valuation of long-lived assets — For long-lived tangible and intangible assets other than goodwill, 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 the 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 under the real estate exit initiatives taken, and definite-lived intangible assets. We determined that for such long-lived assets, no impairment indicators were present as of May 25, 2024, and no impairment charge was recorded during fiscal 2024.

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 any 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, 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, we perform 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 2024.

2024 Annual Goodwill Impairment Analysis

On the first day of the fourth quarter of fiscal 2024, we performed our annual goodwill impairment assessment on our RGP reporting unit. During the fourth quarter, we voluntarily changed the date of the annual impairment test from the last day of the fourth quarter to the first day of the fourth quarter. This voluntary change is preferable under the circumstances as it results in better alignment with our business operating process. This change was applied prospectively and was not material to the Company's consolidated financial statements as it did not delay, accelerate or avoid an impairment charge. We elected to perform a quantitative goodwill impairment analysis using widely accepted valuation techniques as described above to determine if the fair value of any of our reporting unit is less than its respective carrying amount. Based on our quantitative assessment performed, the fair value of our RGP reporting unit exceed their carrying values and we concluded that there was no goodwill impairment as of February 25, 2024. While we believe that the assumptions underlying our quantitative 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 RGP reporting unit 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. Furthermore, there have been no changes in facts, circumstances or events, since the date of our goodwill impairment test through May 25, 2024 that would give rise to modifying this conclusion regarding our goodwill impairment assessment or require further testing.

Business combinations — We allocate the fair value of the purchase consideration of our acquisitions to the tangible assets, liabilities, and intangible assets acquired based on their estimated fair values. Purchase price allocations for business acquisitions require significant judgments, particularly with regard to the determination of the value of identifiable assets, liabilities, and goodwill. Often third-party specialists are used to assist in valuations requiring complex estimation. The excess of the fair value of purchase consideration over the fair values of these identifiable assets and liabilities is recorded as goodwill. Acquisition-related expenses are recognized separately from the business combination and are expensed as incurred.

Purchase agreements related to certain business acquisitions may include provisions for the payment of additional cash consideration if certain future performance conditions are met. These contingent consideration arrangements are recognized at their acquisition date fair value and included as part of the purchase price at the acquisition date. These contingent consideration arrangements are classified as contingent consideration liabilities or other long-term liabilities in our Consolidated Balance Sheets and are remeasured to fair value at each reporting period, with any change in fair value being recognized in the applicable period's results of operations. Measuring the fair value of contingent consideration at the acquisition date, and for all subsequent remeasurement periods, requires a careful examination of the facts and circumstances to determine the probable resolution of the contingency(ies). We utilize the Monte Carlo simulation model and estimate fair value of the contingent consideration based on unobservable input variables related to meeting the applicable contingency conditions as per the applicable agreements. There are no contingent consideration liabilities as of May 25, 2024 and May 27, 2023. The contingent consideration adjustment was a benefit of \$4.4 million and zero, for the years ended May 25, 2024 and May 27, 2023, respectively, and an expense of \$0.2 million for the year ended May 28, 2022.

Non-GAAP Financial Measures

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

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

- Same-day constant currency revenue is adjusted for the following items:
- Currency impact. In order to remove the impact of fluctuations in foreign currency exchange rates, we calculate same-day constant currency revenue, which represents the outcome that would have resulted had exchange rates in the current period been the same as those in effect in the comparable prior period.
- Business days impact. In order to remove the fluctuations caused by comparable periods having a different number of business days, we calculate same-day revenue as current period revenue (adjusted for currency impact) divided by the number of business days in the current period, multiplied by the number of business days in the comparable prior period. The number of business days in each respective period is provided in the "Number of Business Days" section in the table below.
- EBITDA is calculated as net income before amortization expense, depreciation expense, interest and income taxes.
- Adjusted EBITDA is calculated as EBITDA plus or minus stock-based compensation expense, technology transformation costs, goodwill impairment, acquisition costs, 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 (In thousands, except number of business days).

<u>Revenue by Geography</u>	<u>Three Months Ended</u>		<u>For the Years Ended</u>	
	<u>May 25, 2024</u>	<u>May 27, 2023</u>	<u>May 25, 2024</u>	<u>May 27, 2023</u>
	(Unaudited)	(Unaudited)	(Unaudited, except for GAAP amounts)	
North America				
As reported (GAAP)	\$ 126,554	\$ 160,999	\$ 543,926	\$ 680,993
Currency impact	(359)		(2,153)	
Business days impact	-		-	
Same-day constant currency revenue	<u>\$ 126,195</u>		<u>\$ 541,773</u>	
Europe				
As reported (GAAP)	\$ 8,518	\$ 10,757	\$ 38,383	\$ 42,509
Currency impact	(105)		(1,687)	
Business days impact	(109)		(639)	
Same-day constant currency revenue	<u>\$ 8,304</u>		<u>\$ 36,057</u>	
Asia Pacific				
As reported (GAAP)	\$ 13,126	\$ 12,693	\$ 50,492	\$ 52,141
Currency impact	734		1,915	
Business days impact	(46)		(624)	
Same-day constant currency revenue	<u>\$ 13,814</u>		<u>\$ 51,783</u>	
Total Consolidated				
As reported (GAAP)	\$ 148,198	\$ 184,449	\$ 632,801	\$ 775,643
Currency impact	270		(1,925)	
Business days impact	(155)		(1,263)	
Same-day constant currency revenue	<u>\$ 148,313</u>		<u>\$ 629,613</u>	
Number of Business Days				
North America (1)	65	65	251	251
Europe (2)	62	61	253	248
Asia Pacific (2)	61	61	248	245

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

(2) The business days in international regions represent 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 (in thousands, except percentages).

	For the Years Ended					
	May 25, 2024	% of Revenue	May 27, 2023	% of Revenue	May 28, 2022	% of Revenue
Net income	\$ 21,034	3.3 %	\$ 54,359	7.0 %	\$ 67,175	8.3 %
Adjustments:						
Amortization expense	5,378	0.9	5,018	0.6	4,908	0.6
Depreciation expense	3,050	0.5	3,539	0.4	3,575	0.4
Interest (income) expense, net	(1,064)	(0.2)	552	0.1	1,064	0.2
Income tax expense	8,795	1.4	18,259	2.4	15,793	2.0
EBITDA	37,193	5.9	81,727	10.5	92,515	11.5
Stock-based compensation expense	5,732	0.9	9,521	1.2	8,168	1.0
Technology transformation costs (1)	6,901	1.1	6,355	0.8	1,449	0.2
Goodwill impairment (2)	-	-	2,955	0.4	-	-
Acquisition costs (3)	1,970	0.3	-	-	-	-
Restructuring costs (4)	4,087	0.6	(364)	-	833	0.1
Contingent consideration adjustment	(4,400)	(0.7)	-	-	166	-
Adjusted EBITDA	\$ 51,483	8.1 %	\$ 100,194	12.9 %	\$ 103,131	12.8 %

(1) Technology transformation costs represent costs included in net income related to the Company's initiative to upgrade its technology platform globally, including a cloud-based enterprise resource planning system and talent acquisition and management systems. Such costs primarily include hosting and certain other software licensing costs, third-party consulting fees and costs associated with dedicated internal resources that are not capitalized.

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

(3) Acquisition costs primarily represent one-time costs included in net income related to the Company's business acquisitions, which include fees paid to the Company's other professional services firms. See Note 3 – Acquisitions and Dispositions in the Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K for further discussion.

(4) The Company initiated the cost reduction plan (the "U.S. Restructuring Plan") in October 2023 and substantially completed the U.S. Restructuring Plan during fiscal 2024. In addition, the Company substantially completed its global restructuring and business transformation plans in North America, Asia Pacific and Europe in fiscal 2021 and the remaining accrued restructuring liability was released in fiscal 2023.

Our non-GAAP financial measures are not measurements of financial performance or liquidity under GAAP and should not be considered in isolation or construed as substitutes for revenue, net income or other measures of financial performance or financial condition prepared in accordance with GAAP for purposes of analyzing our revenue, profitability or liquidity. Further, a limitation of our non-GAAP financial measures is 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 25, 2024, May 27, 2023 and May 28, 2022 all consisted of 52 weeks (in thousands, except percentages).

	For the Years Ended					
	May 25, 2024	% of Revenue	May 27, 2023	% of Revenue	May 28, 2022	% of Revenue
Revenue	\$ 632,801	100.0 %	\$ 775,643	100.0 %	\$ 805,018	100.0 %
Direct cost of services	386,733	61.1	462,501	59.6	488,376	60.7
Gross profit	246,068	38.9	313,142	40.4	316,642	39.3
Selling, general and administrative expenses	208,864	33.0	228,842	29.5	224,721	27.9
Amortization expense	5,378	0.9	5,018	0.6	4,908	0.6
Depreciation expense	3,050	0.5	3,539	0.4	3,575	0.4
Goodwill impairment	-	-	2,955	0.4	-	-
Income from operations	28,776	4.5	72,788	9.5	83,438	10.4
Interest (income) expense, net	(1,064)	(0.2)	552	0.1	1,064	0.2
Other expense (income)	11	-	(382)	-	(594)	(0.1)
Income before income tax expense	29,829	4.7	72,618	9.4	82,968	10.3
Income tax expense	8,795	1.4	18,259	2.4	15,793	2.0
Net income	\$ 21,034	3.3 %	\$ 54,359	7.0 %	\$ 67,175	8.3 %

Year Ended May 25, 2024 Compared to Year Ended May 27, 2023

Percentage change computations are based upon amounts in thousands. Fiscal 2024 and fiscal 2023 consisted of 52 weeks.

Revenue. Revenue decreased \$142.8 million, or 18.4%, to \$632.8 million for the year ended May 25, 2024 from \$775.6 million for the year ended May 27, 2023. On a same-day constant currency basis, revenue during fiscal 2024 decreased \$146.0 million, or 18.8%, compared to fiscal 2023. Billable hours decreased 13.8% and the average bill rate declined 4.7% (5.5% on a constant currency basis) during fiscal 2024 compared to fiscal 2023. The decrease in billable hours is due to reduced client spending, in part due to uncertainty in the global macroeconomic environment and the lower average bill rate during fiscal 2024 was due to an increasingly competitive pricing environment as well as the ongoing shift in revenue mix to the Asia Pacific region which carries a lower average bill rate.

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

	For the Years Ended			
	May 25, 2024	% of Revenue	May 27, 2023	% of Revenue
North America	\$ 543,926	86.0 %	\$ 680,993	87.8 %
Europe	38,383	6.0	42,509	5.5
Asia Pacific	50,492	8.0	52,141	6.7
Total	\$ 632,801	100.0 %	\$ 775,643	100.0 %

Revenue declined in all geographic regions during fiscal 2024 compared to the same period in fiscal 2023 reflecting reduced client spending across a majority of our markets, client segments and solution offerings as a result of the continued uncertainty in the global macroeconomic environment. Gross pipeline has softened slightly compared to a year ago; however, the time to close opportunities in the pipeline continued to be protracted, which is typical in a tougher macro environment when clients are more hesitant and slow down the pace of spend on professional services. North America was most impacted by these conditions and experienced a revenue decline of 20.1%, or 20.4% on a same-day constant currency

basis, from fiscal 2023. Europe revenue decreased 9.7%, or 15.2% on a same-day constant currency basis, as compared to fiscal 2023. Asia Pacific revenue declined 3.2%, or 0.7% on a same-day constant currency basis, compared to fiscal 2023. Large multinational clients continue to shift work to lower cost markets such as India and the Philippines, creating demand in India and the Philippines, which partially mitigated the impact of softer markets in the rest of Asia Pacific. In addition, CloudGo, our recent acquisition completed in the second fiscal quarter of 2024, contributed \$4.2 million of revenue to the Asia Pacific region. We continued to focus on improving pricing during fiscal 2024. Despite the competitive pricing environment, the U.S. and Europe average bill rates increased by 1.4% and 2.7% on a constant currency basis, respectively, compared to the prior year. Average bill rate in the Asia Pacific region declined by 4.3% on a constant currency basis during fiscal 2024 compared to fiscal 2023 due to a shift in revenue mix to India and the Philippines which have lower average bill rates.

Direct Cost of Services. Direct cost of services decreased \$75.8 million, or 16.4%, to \$386.7 million during fiscal 2024 from \$462.5 million for fiscal 2023. The decrease in direct cost of services year over year was primarily attributable to a 13.8% decrease in billable hours as a result of reduced client spending as noted above, and a 4.9% decrease in average pay rate during fiscal 2024 compared to the same period in fiscal 2023. Average pay rates decreased as a result of the shift in business mix towards Asia Pacific where pay rates are typically lower.

Direct cost of services as a percentage of revenue was 61.1% for fiscal 2024 compared to 59.6% for fiscal 2023. The slight increased percentage compared to the prior year was partially attributable to a nearly 60 basis point increase in employee health benefit expenses as a percentage of revenue and a 20 basis point increase in the pay/bill ratio.

The number of consultants on assignment at the end of fiscal 2024 was 2,585 compared to 3,145 at the end of fiscal 2023.

Selling, General and Administrative Expenses. Selling, general and administrative expenses (“SG&A”) was \$208.9 million, or 33.0% of revenue, for the year ended May 25, 2024 compared to \$228.8 million, or 29.5% of revenue, for the year ended May 27, 2023. The \$20.0 million decrease in SG&A year-over-year was primarily attributed to a reduction in bonuses and commissions by \$17.1 million, primarily related to lower revenue and profitability achievement compared to incentive compensation targets, a \$4.4 million favorable non-cash adjustment on contingent consideration related to the CloudGo acquisition, a decrease of \$3.8 million in stock-based compensation expense as a result of forfeitures and remeasurement of achievement associated with performance based equity awards, and lower management compensation expense of \$3.5 million partially attributable to the U.S. Restructuring Plan initiated in October 2023. These reductions were partially offset by \$4.5 million related to employee termination benefits in connection with the actions taken under the U.S. Restructuring Plan during fiscal 2024, a \$2.2 million increase in computer software and certain professional services fees, and \$2.0 million of acquisition related costs in connection with the acquisitions of CloudGo and Reference Point.

Management and administrative headcount was 791 at the end of fiscal 2024 and 917 at the end of fiscal 2023. Management and administrative headcount includes full-time equivalent headcount for our seller-doer group, which is determined by utilization levels achieved by the seller-doers. Any unutilized time is converted to full-time equivalent headcount.

Contingent Consideration Adjustment. In connection with our acquisitions, we may be required to pay future consideration that is contingent upon the achievement of specified performance targets, such as revenue and operating profit. As of the acquisition date, we record a contingent liability representing the estimated fair value of the contingent consideration we expect to pay. Increases in projected revenues and probabilities of payment may result in significantly higher fair value measurements; decreases in these items may have the opposite effect. Increases in discount rates in the periods prior to payment may result in significantly lower fair value measurements; decreases may have the opposite effect.

We remeasure our contingent consideration liabilities each reporting period and recognize the change in the liabilities' fair value within the selling, general and administrative expenses in our Consolidated Statements of Operations. During the year ended May 25, 2024 and May 27, 2023, we recorded \$(4.4) million and zero of contingent consideration adjustments, respectively. See Note 3 – *Acquisitions and Dispositions* in the Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K for further discussion information.

Income Taxes. Income tax expense was \$8.8 million (effective tax rate of 29.5%) for the year ended May 25, 2024 compared to \$18.3 million (effective tax rate of 25.1%) for the year ended May 27, 2023.

The higher effective tax rate during fiscal 2024 was attributed primarily to a non-recurring increase in forfeiture of stock options in connection with an employee termination during the fiscal year. The higher effective tax rate was partially

offset by rate benefits from the nontaxable income on the reversal of CloudGo's contingent liability, a foreign exchange loss as a result of the repatriation of funds from our Japan subsidiary and a partial release of valuation allowance on domestic capital loss carryforwards in relation to the pending sale of the Company's Irvine building. Additionally, the lower effective tax rate during fiscal 2023 resulted from a number of one-time tax benefits recognized, including the release of valuation allowance in a couple of our foreign subsidiaries.

We recognized a tax benefit of approximately \$1.3 million and \$2.1 million for the years ended May 25, 2024 and May 27, 2023, respectively, associated with the exercise of nonqualified stock options, vesting of restricted stock awards, restricted stock units, and disqualifying dispositions by employees of shares acquired under the ESPP.

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 and on domestic capital loss carryforwards. Realization of the currently reserved deferred tax assets is dependent upon generating sufficient future taxable income of the appropriate character 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.

We repatriated \$10.2 million from our Japan subsidiary during fiscal 2024. Remaining unremitted earnings as of May 25, 2024 in our Japan subsidiary are intended to be indefinitely reinvested in our Japan subsidiary's operations and growth, and no deferred tax liability has been established on the remaining unremitted earnings. Going forward, the indefinite reversal criteria will apply only to the portion of our Japan subsidiary's unremitted earnings that are needed for its ongoing operations and growth.

Operating Results of Segments

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

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

RGP is the Company's only operating segment that meets the quantitative threshold of a reportable segment. Sitrick does not individually meet the quantitative thresholds to qualify as a reportable segment. Therefore, Sitrick is the only entity disclosed in Other Segments for fiscal 2024 and fiscal 2023.

On November 15, 2023, the Company acquired CloudGo. CloudGo is reported as part of the RGP operating segment. See Note 3 – Acquisitions and Dispositions in the Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K.

During the first quarter of fiscal 2025, the Chief Executive Officer, who is the Company's Chief Operating Decision Maker, announced a decision to reorganize the Company's business by forming multiple discrete operational business units. To align the new operating model and business structure, the Company is making management organizational changes and implementing new reporting modules and processes to provide discrete information to manage the business. Management expects to finalize its assessment of its operating segments when the implementations and transitions are completed, which is expected to be in the first quarter of fiscal 2025.

The following table presents our current operating results by segment (in thousands, except percentages):

Revenue:	For the Years Ended			
	May 25, 2024	% of Revenue	May 27, 2023	% of Revenue
RGP	\$ 622,895	98.4 %	\$ 764,511	98.6 %
Other Segments	9,906	1.6	11,132	1.4
Total revenue	\$ 632,801	100.0 %	\$ 775,643	100.0 %

Adjusted EBITDA:	For the Years Ended			
	May 25, 2024	% of Adj EBITDA	May 27, 2023	% of Adj EBITDA
RGP	\$ 84,677	164.5 %	\$ 132,377	132.1 %
Other Segments	(676)	(1.3)	1,179	1.2
Reconciling Items (1)	(32,518)	(63.2)	(33,362)	(33.3)
Total Adjusted EBITDA (2)	\$ 51,483	100.0 %	\$ 100,194	100.0 %

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

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

Revenue by Segment

RGP – RGP revenue decreased \$141.6 million, or 18.5% to \$622.9 million in fiscal 2024 compared to \$764.5 million in fiscal 2023, primarily as a result of a 13.8% decrease in billable hours and a 5.5% decrease in average bill rate year over year, as discussed in the consolidated operating results discussion above. Revenue from RGP represents more than 95% of total consolidated revenue and generally reflects the overall consolidated revenue trend.

The number of consultants on assignment under the RGP segment as of May 25, 2024 was 2,572 compared to 3,131 as of May 27, 2023.

Other Segments – Other Segments’ revenue decreased \$1.2 million, or 11.0%, to \$9.9 million in fiscal 2024 compared to \$11.1 million in fiscal 2023, primarily as a result of a \$1.0 million decline in Sitrick revenue. Sitrick continued to be affected by delays in court proceedings and more settlements, hindering leads for revenue generation in the business.

The number of consultants on assignment under Other Segments as of May 25, 2024 was 13 compared to 14 as of May 27, 2023.

Adjusted EBITDA by Segment

RGP – RGP Adjusted EBITDA decreased \$47.7 million, or 36.0%, to \$84.7 million in fiscal 2024 compared to \$132.4 million in fiscal 2023. The decrease was primarily attributable to the \$141.6 million decrease in revenue during fiscal 2024, which was partially offset by the decrease in the cost of services of \$75.5 million and the increase in other income of \$0.4 million. Additionally, SG&A costs attributed to RGP decreased \$18.8 million during fiscal 2024 as compared to fiscal 2023 primarily due to the decrease in bonuses and commissions of \$12.5 million as a result of lower revenue and profitability achievement compared to incentive compensation targets, decreases in management compensation expense of \$3.9 million partially due to the U.S. Restructuring Plan, net of decrease in seller/owner utilization, a \$1.8 million decrease in bad debt expense, and a \$0.9 million reduction in recruiting expenses. These reductions were offset by a \$0.3 million increase in all other general and administration expenses to support the business. During fiscal 2024, the material costs and expenses attributable to the RGP segment that are not included in computing the segment measure of Adjusted EBITDA included depreciation and amortization expenses of \$8.3 million and stock-based compensation expense of \$4.5 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 \$1.9 million to \$(0.7) million in fiscal 2024 compared to \$1.2 million in fiscal 2023 due to lower revenue performance. For fiscal 2024, the material costs and expenses attributable to the Other Segments that are not included in computing the segment measure of Adjusted EBITDA included depreciation and amortization expenses of \$0.1 million and stock-based compensation expense of \$1.3 million.

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

For a comparison of our results of operations at the consolidated and segment level for the fiscal years ended May 27, 2023 and May 28, 2022, 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 27, 2023, filed with the SEC on July 25, 2023 (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 discussed further below) and historically, to a lesser extent, stock option exercises and ESPP purchases. During fiscal 2024, we generated positive cash flow from operations and have generated positive cash flows from operations on an annual basis since inception. Our ability to generate positive cash flows from operations in the future will depend, at least in part, on global economic conditions and our ability to remain resilient during periods of deteriorating macroeconomic conditions and any economic downturns. As of May 25, 2024, we had \$108.9 million of cash and cash equivalents, including \$44.4 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”). The Credit Agreement provides for a \$175.0 million senior secured revolving loan (the “Credit Facility”), which includes a \$10.0 million sublimit for the issuance of standby letters of credit and a swingline sublimit of \$20.0 million. The Credit Facility also includes an option to increase the amount of the revolving loan up to an additional \$75.0 million, subject to the terms of the Credit Agreement. The Credit Facility matures on November 12, 2026. The obligations under the Credit Facility are secured by substantially all assets of the Company, Resources Connection LLC and all of the Company’s domestic subsidiaries.

Future borrowings under the Credit Facility bear interest at a rate per annum of either, at the Company's election, (i) Term SOFR (as defined in the Credit Agreement) plus a margin ranging from 1.25% to 2.00% or (ii) the Base Rate (as defined in the Credit Agreement), plus a margin of 0.25% to 1.00% with the applicable margin depending on the Company's consolidated leverage ratio. In addition, the Company pays an unused commitment fee on the average daily unused portion of the Credit Facility, which ranges from 0.20% to 0.30% depending upon the Company's consolidated leverage ratio. As of May 25, 2024, we had no debt outstanding and \$1.4 million of outstanding letters of credit issued under the Credit Facility. As of May 25, 2024, there was \$173.6 million remaining capacity under the Credit Facility.

The Credit Facility is available for working capital and general corporate purposes, including potential acquisitions, dividend distribution and stock repurchases. Additional information regarding the Credit Facility is included in Note 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.

On November 2, 2022, Resources Global Enterprise Consulting (Beijing) Co., Ltd, (a wholly owned subsidiary of the Company), as borrower, and the Company, as guarantor, entered into a RMB 13.4 million (\$1.8 million based on the prevailing exchange rate on November 2, 2022) revolving credit facility with Bank of America, N.A. (Beijing) as the lender (the "Beijing Revolver"). The Beijing Revolver bears interest at a loan prime rate plus 0.80%. Interest incurred on borrowings will be payable monthly in arrears. As of May 25, 2024, the Company had no debt outstanding under the Beijing Revolver.

In addition to cash needs for ongoing business operations, from time to time, we have strategic initiatives that could generate significant additional cash requirements. Our initiative to upgrade our technology platform, as described in "Fiscal 2024 Strategic Focus Areas" above, requires significant investments over multiple years. Such costs primarily include software licensing fees, third-party implementation and consulting fees, incremental costs associated with additional internal resources needed on the project and other costs in areas including change management and training. The actual amount of investment and the timing will depend on a number of variables, including progress made on the implementation. As of May 25, 2024, we capitalized \$16.1 million related to the technology platform initiative; in addition, we recorded \$6.9 million of expenses relating to these investments during fiscal 2024. As of May 25, 2024, the remaining investments required for this multi-year initiative is estimated to be in the range of \$10.0 million to \$20.0 million. We expect a large portion of the remaining investment will take place in fiscal 2025. In addition to our technology transformation initiative, we expect to continue to invest in digital pathways to enhance the experience and touchpoints with our end users, including current and prospective employees (consultants and management employees) and clients. Such efforts will require additional cash outlay and could further elevate our capital expenditures in the near term. We believe our current cash, ongoing cash flows from our operations and funding available under our Credit Facility will provide sufficient funds for these initiatives. As of May 25, 2024, we have non-cancellable purchase obligations totaling \$11.4 million, which primarily consist of payments pursuant to the licensing arrangements that we have entered into in connection with this initiative: \$4.9 million due during fiscal 2025; \$3.4 million due during fiscal 2026; \$2.1 million due during fiscal 2027; and \$1.0 million due thereafter.

In addition, we pay a regular quarterly dividend to our stockholders, subject to approval each quarter by our Board of Directors. Most recently, on June 13, 2024 we paid a dividend of \$0.14 per share of our common stock to stockholders of record at the close of business on May 16, 2024. Continuation of the quarterly dividend is at the discretion of the Board of Directors and depends upon our financial condition, results of operations, capital requirements, general business condition, contractual restrictions contained in the Credit Facility and other agreements, and other factors deemed relevant by our Board of Directors.

On November 15, 2023, the Company acquired CloudGo pursuant to the terms of a Share Purchase Agreement entered into by and between the Company, CloudGo, and the shareholders of CloudGo (the "CloudGo SPA"). The Company paid initial cash consideration of \$7.4 million (net of \$0.3 million cash acquired). The CloudGo SPA also provides for contingent consideration of up to \$12 million to be paid based on CloudGo's revenue and operating profit margin performance during two one-year performance periods that begin after the acquisition date. See Note 3 – *Acquisitions and Dispositions* in the Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K for further discussion.

The Company entered into a Membership Interest Purchase Agreement, dated as of March 27, 2024, and as amended and restated as of June 30, 2024 (the "Reference Point MIPA") with Reference Point LLC ("Reference Point") and the sole member of Reference Point, pursuant to which the Company agreed to acquire 100% of the membership

interests of Reference Point. See Note 19 – *Subsequent Event* in the Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K for further discussion.

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

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

Operating Activities, Fiscal 2024 and 2023

Operating activities provided cash of \$21.9 million in fiscal 2024 compared to \$81.6 million in fiscal 2023. During fiscal 2024, cash provided from operations resulted from net income of \$21.0 million and non-cash adjustments of \$11.2 million. Additionally, during fiscal 2024, net unfavorable changes in operating assets and liabilities totaled \$10.4 million, primarily consisting of a \$24.5 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 2024, a \$9.9 million increase in other assets largely related to the investments in our technology implementation, a \$3.3 million increase in prepaid income taxes, a \$1.9 million decrease in other liabilities, and a \$0.8 million increase in prepaid expenses and other assets. These unfavorable changes are partially offset by a \$29.6 million decrease in trade accounts receivable.

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), a \$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.

Investing Activities, Fiscal 2024 and 2023

Net cash used in investing activities was \$8.6 million in fiscal 2024 compared to net cash provided of \$3.9 million in fiscal 2023. Net cash used in investing activities during fiscal 2024 was primarily related to the acquisition of CloudGo and costs incurred for the development of internal-use software and acquisition of property and equipment. Net cash provided by investing activities during fiscal 2023 was primarily related to the cash proceeds from the divestiture of *taskforce* partially offset by the costs incurred for the development of internal-use software and acquisition of property and equipment.

Financing Activities, Fiscal 2024 and 2023

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 \$20.7 million fiscal 2024 compared to \$71.9 million during fiscal 2023. Net cash used in financing activities during fiscal 2024 consisted of cash dividend payments of \$18.8 million and \$8.0 million to purchase 606,254 shares of common stock on the open market; these uses were partially offset by \$6.1 million in proceeds received from ESPP share purchases and employee stock option exercises.

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.

For a comparison of our cash flow activities for the fiscal years ended May 27, 2023 and May 28, 2022, 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 27, 2023, filed with the SEC on July 25, 2023 (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 25, 2024, we had approximately \$108.9 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 "Liquidity and Capital Resources" 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 25, 2024, we had no borrowings outstanding under our Credit Facility.

Foreign Currency Exchange Rate Risk. For the year ended May 25, 2024, approximately 17.8% of our revenues were generated outside of the U.S. compared to approximately 14.3% of our revenues for the year ended May 27, 2023. 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 59.2% of our cash and cash equivalents balances as of May 25, 2024 were denominated in U.S. dollars. The remaining amount of approximately 40.8% 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 56.9% of our cash and cash equivalents balances as of May 27, 2023 that were denominated in U.S. dollars and approximately 43.1% that were comprised primarily of cash balances translated from Euros, Japanese Yen, 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

	Page
Report of Independent Registered Public Accounting Firm	47
Consolidated Balance Sheets as of May 25, 2024 and May 27, 2023	50
Consolidated Statements of Operations for each of the three years in the period ended May 25, 2024	51
Consolidated Statements of Comprehensive Income for each of the three years in the period ended May 25, 2024	52
Consolidated Statements of Stockholders' Equity for each of the three years in the period ended May 25, 2024	53
Consolidated Statements of Cash Flows for each of the three years in the period ended May 25, 2024	54
Notes to Consolidated Financial Statements	55

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 25, 2024 and May 27, 2023, 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 25, 2024, and the related notes (collectively the “financial statements”). We also have audited the Company's internal control over financial reporting as of May 25, 2024, 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 25, 2024 and May 27, 2023, and the results of its operations and its cash flows for each of the three years in the period ended May 25, 2024, 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 25, 2024, 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 Management’s Report on Internal Control Over Financial Reporting. 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 audit 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 Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee of the board of directors and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters 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 matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Valuation of RGP Reporting Unit for Goodwill Impairment Testing

As described in Notes 2 and 5 to the financial statements, the Company's goodwill balance assigned to the RGP reporting unit was \$216.6 million. The Company tests for impairment of goodwill at the reporting unit level at least annually and whenever events occur or circumstances indicate that a carrying amount of goodwill may not be recoverable. The Company determined the fair value of the RGP reporting unit using a discounted cash flow methodology. When determining the fair value of the RGP reporting unit management makes significant estimates and assumptions, including revenue growth rates, projected operating costs, and discount rates.

We identified the valuation of the RGP reporting unit for goodwill impairment testing as a critical audit matter given the significant estimates and assumptions management makes to determine the fair value of the RGP reporting unit including revenue growth rates, projected operating costs, and discount rates utilized. Auditing the reasonableness of management's estimates and assumptions required a high degree of auditor judgment and an increased audit effort, including the involvement of our valuation specialists.

Our audit procedures related to the valuation of the Company's RGP reporting unit included the following, among others:

- We obtained an understanding of the relevant controls related to the valuation of the Company's RGP reporting unit and tested such controls for design and operating effectiveness, including management review controls.
- We evaluated the reasonableness of management's forecasts of revenue growth rates by comparing the forecasts to (1) historical results, and (2) external market and industry data.
- We tested the reasonableness of management's revenue projections by comparing management's prior forecasts of future revenues to historical results for the Company.
- We evaluated the reasonableness of management's forecasts of operating costs as a percentage of revenue by comparing the forecasts to the historical results, and comparison to guideline public companies.
- With the assistance of our valuation specialists, we evaluated the reasonableness of the Company's valuation methodology and significant assumptions by:
 - Evaluating the reasonableness of the discount rate by comparing the underlying source information to publicly available market data and verifying the accuracy of the calculations.
 - Evaluating the appropriateness of the valuation method used by management and testing their mathematical accuracy.

Valuation of CloudGo Pte Ltd. acquisition-date contingent consideration

As described in Note 3 to the financial statements, the Company acquired CloudGo Pte Ltd. ("CloudGo") in November 2023. The total consideration on the acquisition date for CloudGo amounted to approximately \$12.2 million, which included an estimated acquisition-date fair value contingent consideration of approximately \$4.4 million. The contingent consideration may be paid based on the achievement of certain revenue and operating profit margin performance during two one-year performance periods that begin after the acquisition date. The acquisition-date fair value of the contingent consideration was estimated using a Monte Carlo simulation model.

In estimating the acquisition-date fair value of the contingent consideration, management was required to make significant judgments in formulating the significant estimates and assumptions about future revenue and operating expenses when utilizing the aforementioned valuation method.

We identified the Company's valuation of the contingent consideration related to the acquisition of CloudGo as a critical audit matter due to the high degree of auditor judgment, including the use of our valuation specialists, involved in

performing procedures and evaluating audit evidence related to significant estimates and assumptions utilized by management, including revenue and operating expenses, when calculating the fair value of the contingent consideration.

Our audit procedures related to the Company's valuation of the contingent consideration in connection with the aforementioned acquisition included the following, among others:

- We obtained an understanding of the relevant controls related to the valuation of the contingent consideration and tested such controls for design and operating effectiveness, including management review controls.
- We evaluated the reasonableness of management's forecasts of revenue and operating expenses by comparing the forecasts to (1) the historical results, and (2) external market and industry data.
- With the assistance of our valuation specialists, we evaluated the reasonableness of the Company's valuation model that reflects the use of multiple probabilities.

/s/ RSM US LLP

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

Irvine, California

July 22, 2024

RESOURCES CONNECTION, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except par value per share)

ASSETS	May 25, 2024	May 27, 2023
Current assets:		
Cash and cash equivalents	\$ 108,892	\$ 116,784
Trade accounts receivable, net of allowances of \$2,755 and \$3,283 as of May 25, 2024 and May 27, 2023, respectively	108,515	137,356
Prepaid expenses and other current assets	6,888	5,187
Assets held for sale	8,909	-
Income taxes receivable	7,551	4,739
Total current assets	240,755	264,066
Goodwill	216,579	206,722
Intangible assets, net	9,573	11,521
Property and equipment, net	3,763	15,380
Operating right-of-use assets	11,899	15,856
Deferred tax assets	11,312	10,701
Other non-current assets	17,033	7,753
Total assets	\$ 510,914	\$ 531,999
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and other accrued expenses	\$ 15,223	\$ 14,464
Accrued salaries and related obligations	41,999	64,776
Operating lease liabilities, current	4,735	7,460
Other liabilities	10,476	10,384
Total current liabilities	72,433	97,084
Long-term debt	-	-
Operating lease liabilities, non-current	8,586	10,274
Deferred tax liabilities	8,680	7,136
Other non-current liabilities	2,452	2,985
Total liabilities	92,151	117,479
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; 36,194 and 35,545 shares issued, and 33,556 and 33,475 shares outstanding as of May 25, 2024 and May 27, 2023, respectively	363	355
Additional paid-in capital	389,720	378,657
Accumulated other comprehensive loss	(17,713)	(17,290)
Retained earnings	88,595	87,648
Treasury stock at cost, 2,638 and 2,070 shares as of May 25, 2024 and May 27, 2023, respectively	(42,202)	(34,850)
Total stockholders' equity	418,763	414,520
Total liabilities and stockholders' equity	\$ 510,914	\$ 531,999

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

RESOURCES CONNECTION, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)

	For the Years Ended		
	May 25, 2024	May 27, 2023	May 28, 2022
Revenue	\$ 632,801	\$ 775,643	\$ 805,018
Direct cost of services	386,733	462,501	488,376
Gross profit	246,068	313,142	316,642
Selling, general and administrative expenses	208,864	228,842	224,721
Amortization expense	5,378	5,018	4,908
Depreciation expense	3,050	3,539	3,575
Goodwill impairment	-	2,955	-
Income from operations	28,776	72,788	83,438
Interest (income) expense, net	(1,064)	552	1,064
Other expense (income)	11	(382)	(594)
Income before income tax expense	29,829	72,618	82,968
Income tax expense	8,795	18,259	15,793
Net income	\$ 21,034	\$ 54,359	\$ 67,175
Net income per common share:			
Basic	\$ 0.63	\$ 1.63	\$ 2.04
Diluted	\$ 0.62	\$ 1.59	\$ 2.00
Weighted-average number of common and common equivalent shares outstanding:			
Basic	33,445	33,407	32,953
Diluted	33,895	34,185	33,556
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 25, 2024	May 27, 2023	May 28, 2022
Net income	\$ 21,034	\$ 54,359	\$ 67,175
Foreign currency translation adjustment, net of tax	(423)	(806)	(9,091)
Total comprehensive income	\$ 20,611	\$ 53,553	\$ 58,084

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)

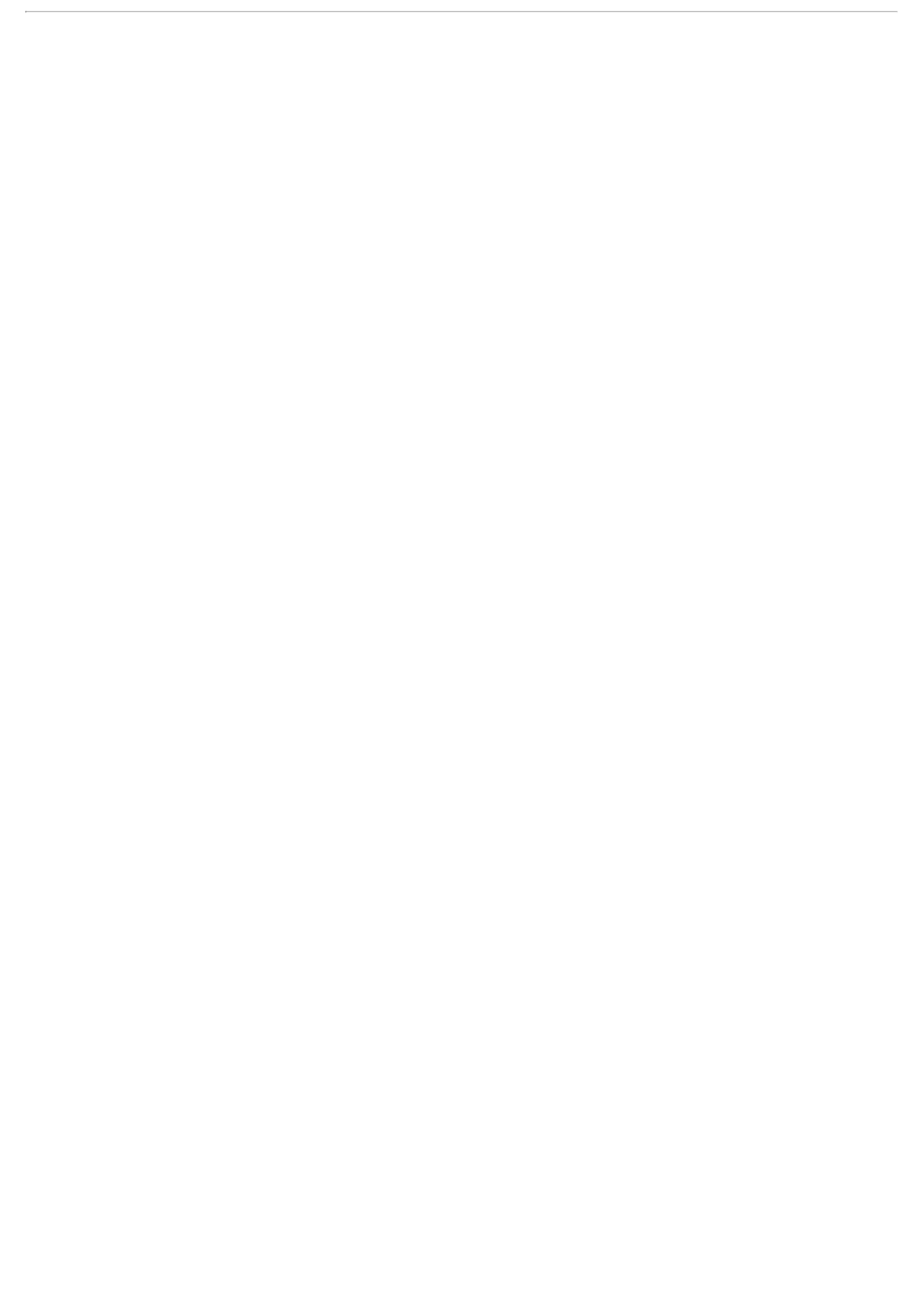
	Common Stock		Additional	Treasury Stock		Other	Retained	Total
	Shares	Amount	Paid-in Capital	Shares	Amount	Comprehensive Loss	Earnings	Stockholders' Equity
Balances as of May 29, 2021	64,626	\$ 646	\$ 489,864	31,741	\$ (520,800)	\$ (7,393)	\$ 367,229	\$ 329,546
Exercise of stock options	834	8	11,949	-	-	-	-	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 equity awards	-	-	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 equity awards	-	-	628	-	-	-	(628)	-
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
Exercise of stock options	32	1	451	-	-	-	-	452
Stock-based compensation expense	-	-	5,703	-	-	-	-	5,703
Issuance of common stock purchased under Employee Stock Purchase Plan	456	5	5,646	-	-	-	-	5,651
Issuance of restricted stock	75	1	(1)	(38)	648	-	(648)	-
Issuance of common stock upon vesting of restricted stock units, net shares withheld to cover taxes	86	1	(1,336)	-	-	-	-	(1,335)
Cash dividends declared (\$0.56 per share)	-	-	-	-	-	-	(18,839)	(18,839)
Repurchase of common stock	-	-	-	606	(8,000)	-	-	(8,000)
Dividend equivalents on equity awards	-	-	600	-	-	-	(600)	-
Currency translation adjustment	-	-	-	-	-	(423)	-	(423)
Net income for the year ended May 25, 2024	-	-	-	-	-	-	21,034	21,034
Balances as of May 25, 2024	36,194	\$ 363	\$ 389,720	2,638	\$ (42,202)	\$ (17,713)	\$ 88,595	\$ 418,763

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 25, 2024	May 27, 2023	May 28, 2022
Cash flows from operating activities:			
Net income	\$ 21,034	\$ 54,359	\$ 67,175
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization expense	8,428	8,557	8,483
Stock-based compensation expense	5,732	9,521	8,168
Contingent consideration adjustment	(4,400)	-	166
Loss or (gain) on dissolution of subsidiaries	-	220	(884)
Goodwill impairment	-	2,955	-
Adjustment to allowances	137	1,440	557
Deferred income taxes	440	(9,701)	(11,053)
Other, net	910	(230)	1,488
Changes in operating assets and liabilities, net of dispositions:			
Trade accounts receivable	29,631	13,552	(44,756)
Prepaid expenses and other current assets	(766)	294	916
Income taxes	(3,252)	30,027	2,057
Other assets	(9,862)	(4,067)	(393)
Accounts payable and other accrued expenses	305	1,551	1,022
Accrued salaries and related obligations	(24,531)	(21,535)	21,996
Other liabilities	(1,887)	(5,307)	(5,498)
Net cash provided by operating activities	21,919	81,636	49,444
Cash flows from investing activities:			
Proceeds from sale of <i>taskforce</i>	-	5,953	-
Proceeds from sale of assets	-	2	-
Acquisition of CloudGo, net of cash acquired	(7,411)	-	-
Investments in property and equipment and internal-use software	(1,143)	(2,012)	(2,961)
Net cash (used in) provided by investing activities	(8,554)	3,943	(2,961)
Cash flows from financing activities:			
Proceeds from exercise of stock options	465	10,070	13,105
Proceeds from issuance of common stock under Employee Stock Purchase Plan	5,651	5,999	5,179
Repurchase of common stock	(8,000)	(15,199)	(19,651)
Payment of contingent consideration liabilities	-	-	(3,575)
Proceeds from Revolving Credit Facility	-	15,000	73,393
Repayments on Revolving Credit Facility	-	(69,000)	(63,000)
Payment of debt issuance costs	-	-	(222)
Payment of cash dividends	(18,825)	(18,784)	(18,600)
Net cash used in financing activities	(20,709)	(71,914)	(13,371)
Effect of exchange rate changes on cash	(548)	(1,105)	(3,034)
Net (decrease) increase in cash	(7,892)	12,560	30,078
Cash and cash equivalents at beginning of period	116,784	104,224	74,391
Cash, cash equivalents and restricted cash at end of period	108,892	116,784	104,469
Less: Restricted cash at end of period	-	-	(245)
Cash and cash equivalents at end of period	<u>\$ 108,892</u>	<u>\$ 116,784</u>	<u>\$ 104,224</u>
Supplemental cash flow disclosures			
Income taxes paid (refund), net	\$ 11,161	\$ (2,913)	\$ 24,619
Interest paid	\$ 352	\$ 962	\$ 1,047
Non-cash investing and financing activities			
Capitalized leasehold improvements paid directly by landlord	\$ -	\$ -	\$ 7
Dividends declared, not paid	\$ 4,695	\$ 4,681	\$ 4,647

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 (“RGP”). 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 2024, 2023 and 2022 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

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

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

Each of these segments reports through a separate management team to the Company’s Chief Executive Officer, who is designated as the Chief Operating Decision Maker (“CODM”) for segment reporting purposes. RGP is the Company’s only reportable segment. Sitrick does not individually meet the quantitative threshold to qualify as a reportable segment. Therefore, Sitrick is the only entity disclosed in Other Segments in fiscal 2024 and 2023. Each of these segments represents a reporting unit for the purposes of assessing goodwill for impairment.

On November 15, 2023, the Company acquired CloudGo Pte Ltd. and its subsidiaries (collectively, “CloudGo”). CloudGo is reported as part of the RGP operating segment. See Note 3 – *Acquisitions and Dispositions* for further information.

On May 31, 2022, the Company divested *taskforce* – Management on Demand GmbH, and its wholly-owned subsidiary skillforce – Executive Search GmbH, a German professional services firm operating under the *taskforce* brand (“*taskforce*”); see Note 3 – *Acquisitions and 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 in fiscal 2022.

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 \$4.3 million, \$4.7 million and \$4.1 million for the years ended May 25, 2024, May 27, 2023, and May 28, 2022, respectively.

Commissions earned by the Company's 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 25, 2024, May 27, 2023 and May 28, 2022, sales commission expense was \$2.8 million, \$3.3 million, and \$6.8 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 25, 2024, May 27, 2023 and May 28, 2022. Permanent placement fees were 0.2%, 0.3% and 0.6% of revenue for the years ended May 25, 2024, May 27, 2023 and May 28, 2022, 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. Performance stock units are excluded from the basic EPS calculation, since the number of shares subject to the award that will vest will not be determined until after the end of the applicable performance period. Diluted EPS is based upon the weighted-average number of common shares and common equivalent shares outstanding during the period, calculated using the treasury stock method. 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. 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 25, 2024, May 27, 2023 and May 28, 2022 (in thousands, except per share amounts):

	For the Years Ended		
	May 25, 2024	May 27, 2023	May 28, 2022
Net income	\$ 21,034	\$ 54,359	\$ 67,175
Weighted-average shares outstanding:			
Basic weighted-average shares	33,445	33,407	32,953
Effect of dilutive shares:			
Weighted-average shares — Basic	33,445	33,407	32,953
Potentially dilutive stock options	48	359	369
Potentially dilutive employee stock purchase plan	14	8	-
Potentially dilutive restricted stock awards	56	64	44
Potentially dilutive restricted stock units	179	233	185
Potentially dilutive performance stock units	153	114	5
Diluted weighted-average shares outstanding	33,895	34,185	33,556
Net income per common share:			
Basic	\$ 0.63	\$ 1.63	\$ 2.04
Dilutive	\$ 0.62	\$ 1.59	\$ 2.00
Anti-dilutive shares not included above	2,152	704	1,759

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.

Financial Instruments

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

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

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

Level 3 – Unobservable inputs.

Contingent consideration liability is for estimated future contingent consideration payments related to the Company's acquisitions. Total contingent consideration liabilities related to the acquisition of CloudGo were preliminarily valued at \$4.4 million as of November 25, 2023 and zero as of May 25, 2024. The fair value measurement of the liability was based on significant inputs not observed in the market and thus represents a Level 3 measurement. The significant unobservable inputs used in the fair value measurement of the contingent consideration liability were the Company's measures of the estimated payouts based on internally generated financial projections and discount rates. The fair value of contingent consideration liability will be remeasured on a quarterly basis until settlement by the Company using additional

information as it becomes available, and any change in the fair value estimates will be recorded in selling, general and administrative expenses in the Company's Consolidated Statements of Operations. Future revisions to these assumptions could materially change the estimate of the fair value of contingent consideration and therefore could materially affect the Company's future operating results.

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

Allowance for Credit Losses

The Company maintains an allowance for credit losses 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 credit losses (in thousands):

Years Ended:	Beginning Balance	Charged to Operations	Currency Rate Changes	Other	(Write-offs)/ Recoveries	Ending Balance
May 28, 2022	\$ 2,032	\$ 557	\$ (14)	\$ (39)	\$ (415)	\$ 2,121
May 27, 2023	\$ 2,121	\$ 1,440	\$ 1	\$ -	\$ (279)	\$ 3,283
May 25, 2024	\$ 3,283	\$ 137	\$ 5	\$ 2	\$ (672)	\$ 2,755

Assets and Liabilities Held for Sale

Assets and liabilities held for sale primarily represent property and equipment, 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.

On February 24, 2024, the Company determined the asset groups associated with the corporate office in Irvine, California met the criteria of held for sale, since the Company intends to complete the sale of these assets within the twelve months following the end of the third quarter of fiscal 2024. The Company concluded that the offering price of the disposal assets was an approximate fair value. See 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 and fixtures	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 is comprised of 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 an impairment against its right of use ("ROU") assets and leasehold improvements of \$0.2 million, zero and \$0.8 million for the years ended May 25, 2024, May 27, 2023 and May 28, 2022, 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. During the fourth quarter, we voluntarily changed the date of the annual impairment test from the last day of the fourth quarter to the first day of the fourth quarter. This voluntary change is preferable under the circumstances as it results in better alignment with our business operating process. This change was applied prospectively and was not material to the Company's consolidated financial statements as it did not delay, accelerate or avoid an impairment charge. On the first day of the fourth quarter of fiscal 2024, the Company performed an annual goodwill impairment on its RGP reporting unit and elected to perform a quantitative goodwill impairment analysis. As a result of the quantitative impairment test performed on February 25, 2024, the Company concluded that there was no goodwill impairment. Furthermore, there have been no changes in facts, circumstances or events, since the date of the Company's goodwill impairment test through May 25, 2024 that would give rise to modifying this conclusion regarding our goodwill impairment assessment or require further testing. However, the Company concluded in fiscal 2023 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 with the Other Segments on the Consolidated Statements of Operations as of May 27, 2023. There was no goodwill impairment during the year-ended May 28, 2022.

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 thirteen years. For intangible assets subject to amortization, if the estimated undiscounted expected future cash flows are less than the 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. The Company reviewed its intangible assets and did not identify any impairment as of May 25, 2024, May 27, 2023 and May 28, 2022.

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 2030. At May 25, 2024, 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 25, 2024 and May 27, 2023, the capitalized costs related to hosting arrangements incurred during the application development stage were \$16.1 million and \$6.0 million, respectively. These capitalized hosting arrangements are included in other non-current assets on the Consolidated Balance Sheets. During the year ended May 25, 2024, there was less than \$0.2 million of amortization. No costs were amortized during the year ended May 27, 2023.

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

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 of shares.

Recent Accounting Pronouncements

Recently Issued Accounting Guidance

On December 14, 2023, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. The guidance is intended to expand the disclosure requirements for income taxes, specifically related to the rate reconciliation and income taxes paid. The guidance is effective for annual periods beginning after December 15, 2024, with early adoption permitted. The Company is evaluating the potential impact of this guidance on its financial statement disclosures.

On November 27, 2023, FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures. The guidance is intended to improve reportable segment disclosure requirements for public entities primarily through enhanced disclosures about significant segment expenses that are regularly provided to the CODM and included within each reported measure of segment profit. This guidance is effective for annual periods beginning after December 15, 2023, and for interim periods beginning after December 15, 2024. The Company is evaluating the potential impact of this guidance on its financial statement disclosures.

Recently Adopted Accounting Guidance

On October 9, 2023, FASB issued ASU 2023-06, Disclosure Improvements. The effective date for the ASU is immediately after the new Accounting Standards Codification (“ASC”) 260, Earnings Per Share is updated. The Company adopted the guidance effective with the quarter ending November 25, 2023 and prior periods to the date of adoption are presented in accordance with ASC 260 – Earnings Per Share.

Other recent changes in authoritative accounting pronouncements did not, or are not expected to, have a materially significant effect on the Company’s consolidated financial statements.

3. Acquisitions and Dispositions

Acquisition of CloudGo

On November 15, 2023, the Company acquired 100% of the equity interests in CloudGo pursuant to the terms of a Share Purchase Agreement entered into by and between the Company, CloudGo, and the shareholders of CloudGo (the “CloudGo SPA”). Headquartered in Singapore, CloudGo is a digital transformation firm primarily focused on technology implementation through the ServiceNow platform. The Company paid cash consideration of \$7.4 million (net of \$0.3 million of cash acquired).

In addition, the CloudGo SPA provides for contingent consideration of up to \$12.0 million to be paid based on CloudGo’s revenue and operating profit margin performance during two one-year performance periods that began after the acquisition date. The Company determined the fair value of the contingent consideration as of the acquisition date using the Monte Carlo simulation model and the application of an appropriate discount rate (Level 3 fair value). The preliminary fair value of the contractual obligation to pay the contingent consideration amounted to \$4.4 million. Due to a revision in the Company’s estimate in the fourth quarter of fiscal 2024, the Company decreased the fair value of the CloudGo contingent consideration liability to zero as of May 25, 2024. The estimate of fair value of contingent consideration liability requires assumptions to be made of various levels of potential revenue and operating profit performance as well as discount rates. Future revisions to these assumptions could materially change the estimate of the fair value of contingent consideration and therefore could materially affect the Company’s future operating results.

Results of operations of CloudGo are included in the Consolidated Statements of Operations from the date of acquisition. CloudGo contributed \$4.2 million of revenue to the consolidated results of operations during the year ended May 25, 2024 post close of the transaction. During the year ended May 25, 2024, the Company incurred \$2.0 million of

acquisition related costs in connection with the acquisition of CloudGo and Reference Point. Such costs were recorded in selling, general and administrative expenses in the Consolidated Statements of Operations.

In accordance with ASC 805, the Company made an initial provisional allocation of the purchase price for CloudGo based on the fair value of the assets acquired and liabilities assumed, with the residual amount recorded as goodwill. The Company's provisional purchase price allocation considered a number of factors, including the valuation of identifiable intangible assets. In connection with this acquisition, the Company provisionally recorded total intangible assets consisting of \$3.1 million for customer relationships (to be amortized over 9 to 12 years). The Company also provisionally recorded \$9.6 million of goodwill. The goodwill is attributable primarily to expected synergies and the assembled workforce of CloudGo.

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

Fair value of consideration transferred (in thousands):

Cash	\$	7,753
Contingent consideration		4,400
Total	\$	12,153

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

Cash and cash equivalents	\$	342
Trade accounts receivable (1)		778
Prepaid expenses and other current assets		78
Income taxes receivable		2
Intangible assets		3,100
Property and equipment		36
Other non-current assets		13
Total identifiable assets		4,349
Accounts payable and other accrued expenses		411
Accrued salaries and related obligations		366
Deferred tax liabilities		490
Other liabilities		566
Total liabilities assumed		1,833
Net identifiable assets acquired		2,516
Goodwill		9,637
Net assets acquired	\$	12,153

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

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

The weighted-average useful life of CloudGo's customer relationships and intangible assets is approximately 10.94 years.

Sale of taskforce

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

On May 31, 2022, the Company completed the sale of *taskforce*. Upon conclusion of the Final Completion Accounts and Calculation (as defined in the *taskforce* SPA), the final purchase price was determined to be EUR 5.5 million (approximately \$6.0 million), of which EUR 2.8 million (approximately \$3.0 million) was received in cash and EUR 2.7 million (approximately \$3.0 million) should become due in July 2024 in accordance with the *taskforce* SPA. During fiscal year 2023, the Company received full payment from the purchasers of *taskforce* on the note receivable in the amount of EUR 2.7 million (approximately \$3.0 million), which included an interest payment. The Company recognized a \$0.2 million gain on the sale 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 were considered strategic components of the Company’s operations.

4. Assets and Liabilities Held for Sale

As of February 24, 2024, the Company determined the asset groups associated with its corporate office in Irvine, California met the criteria of held for sale, since the Company intends to complete the sale of these assets within the twelve months following the end of the third quarter of fiscal 2024. Accordingly, the related assets classified as held for sale are separately presented in our Consolidated Balance Sheets as of May 25, 2024. In addition, such assets are presented at the lower of carrying value or fair value less any costs to sell. The Company concluded that the offering price of the disposal assets was an approximate fair value, which exceeded the carrying value of the related assets as of May 25, 2024. As such, the assets held for sale are reported at their carrying value.

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

Assets Held for Sale	As of	
Irvine Office Building	May 25, 2024	
Building and land	\$	14,309
Leasehold improvements		321
Furniture and fixtures		1,565
Total assets held for sale, gross		16,195
Less: accumulated depreciation and amortization		(7,286)
Total assets held for sale, net	\$	8,909

The Company entered into a Purchase and Sale Agreement dated May 15, 2024, and as amended and restated as of May 20, 2024, with a third-party buyer for the sale of its Irvine Building for a total purchase price of \$13.0 million. The anticipated closing date for the sale of the property is August 15, 2024.

5. Goodwill and Intangible Assets

There were no impairments during the fiscal years ended May 25, 2024 and May 28, 2022.

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 recorded a non-cash impairment charge of \$3.0 million during the third quarter of fiscal 2023. This impairment reduced 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 following table summarizes the activity in the Company's goodwill balance (in thousands):

	RGP	Other Segments	Total Company
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
Acquisition (See Note 3)	9,637	-	9,637
Impact of foreign currency exchange rate changes	220	-	220
Balance as of May 25, 2024	\$ 216,579	\$ -	\$ 216,579

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

	Estimated Useful Life	As of May 25, 2024			As of May 27, 2023		
		Gross	Accumulated Amortization	Net Carrying Amount	Gross	Accumulated Amortization	Net Carrying Amount
Customer contracts and relationships	7 - 12 years	\$ 25,100	\$ (16,858)	\$ 8,242	\$ 22,000	\$ (13,802)	\$ 8,198
Computer software	1 - 3.5 years	7,870	(6,539)	1,331	7,541	(4,218)	3,323
Total		\$ 32,970	\$ (23,397)	\$ 9,573	\$ 29,541	\$ (18,020)	\$ 11,521

The weighted-average useful lives of the customer contracts and relationships, and computer software are approximately 5.0 years, and 2.5 years, respectively. The weighted-average useful life of all of the Company's intangible assets is 4.6 years.

The Company recorded amortization expense of \$5.4 million, \$5.0 million, and \$4.9 million for the years ended May 25, 2024, May 27, 2023 and May 28, 2022, respectively. The following table presents future estimated amortization expense based on existing intangible assets held for use (in thousands):

Fiscal Years:

2025	\$	4,102
2026		2,792
2027		592
2028		2,087
Total	\$	9,573

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 25, 2024	As of May 27, 2023
Building and land	\$ —	\$ 14,309
Computers, equipment and software	8,303	15,444
Leasehold improvements	10,719	12,900
Furniture	4,417	7,579
Property and equipment, gross	\$ 23,439	\$ 50,232
Less: accumulated depreciation and amortization	(19,676)	(34,852)
Property and equipment, net	\$ 3,763	\$ 15,380

On February 24, 2024, the Company determined the asset groups associated with the corporate office in Irvine, California met the criteria of held for sale. As a result, the Company transferred such asset groups previously used in operations to assets held for sale in its Consolidated Balance Sheet as of May 25, 2024. See Note 4 - *Assets and Liabilities Held for Sale* for more information.

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 25, 2024	May 27, 2023	May 28, 2022
Operating lease cost	\$ 7,280	\$ 7,242	\$ 8,766
Short-term lease cost	192	118	89
Variable lease cost	1,586	1,279	22
Sublease income (1)	(740)	(516)	(994)
Total lease cost	\$ 8,318	\$ 8,123	\$ 7,883

(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 25, 2024	As of May 27, 2023
Weighted-average remaining lease term	3.5 years	3.4 years
Weighted-average discount rate	4.37%	3.97%

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

	For the Years Ended		
	May 25, 2024	May 27, 2023	May 28, 2022
Cash paid for amounts included in the measurement of operating lease liabilities	\$ 8,406	\$ 9,258	\$ 11,187
Right-of-use assets obtained in exchange for new operating lease obligations	\$ 3,707	\$ 4,688	\$ 1,748

Future maturities of operating lease liabilities at May 25, 2024 are presented in the following table (in thousands):

Fiscal Years	Operating Lease Maturity
2025	\$ 5,482
2026	3,589
2027	2,329
2028	1,938
2029	1,113
Thereafter	305
Total future lease payments	14,756
Less: interest	(1,435)
Present value of operating lease liabilities	\$ 13,321

The Company, as a lessor, 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 in fiscal 2025. Rental income received for the years ended May 25, 2024, May 27, 2023 and May 28, 2022 totaled \$142,000, \$195,000 and \$199,000, respectively. Under the terms of these operating lease agreements, rental income from such third-party leases is expected to be \$8,344 in fiscal 2025.

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 of the Company's domestic subsidiaries.

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

The Credit Agreement contains both affirmative and negative covenants. Covenants include, but are not limited to, limitations on the Company's and its subsidiaries' ability to incur liens, incur additional indebtedness, make certain restricted payments, merge or consolidate and make dispositions of assets. In addition, the Credit Agreement requires the Company to comply with financial covenants including limitations on the Company's total funded debt, minimum interest coverage ratio and maximum leverage ratio. The Company was compliant with all financial covenants under the Credit Agreement as of May 25, 2024.

As of May 25, 2024 and May 27, 2023, the Company had no debt outstanding under the Credit Facility. In addition, the Company had \$1.4 million and \$0.8 million of outstanding letters of credit issued under the Credit Facility as of May 25, 2024 and May 27, 2023, respectively. As of May 25, 2024, there was \$173.6 million of 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 25, 2024, the Company had no debt outstanding under the Beijing Revolver and RMB 13.4 million (\$1.9 million based on the prevailing exchange rate on May 25, 2024) in available credit. The availability of proceeds under the Beijing Revolver is at the lender's absolute discretion and may be terminated at any time by the lender, with or without prior notice to the borrower.

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 25, 2024	May 27, 2023	May 28, 2022
Current:			
Federal	\$ 3,245	\$ 19,317	\$ 20,210
State	1,422	6,323	4,131
Foreign	3,596	2,945	2,464
	<u>8,263</u>	<u>28,585</u>	<u>26,805</u>
Deferred:			
Federal	935	(6,613)	(5,838)
State	273	(1,357)	1,884
Foreign	(676)	(2,356)	(7,058)
	<u>532</u>	<u>(10,326)</u>	<u>(11,012)</u>
Income tax expense	<u>\$ 8,795</u>	<u>\$ 18,259</u>	<u>\$ 15,793</u>

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

	For the Years Ended		
	May 25, 2024	May 27, 2023	May 28, 2022
Domestic	\$ 23,084	\$ 60,835	\$ 68,416
Foreign	6,745	11,783	14,552
Income before income tax expense	<u>\$ 29,829</u>	<u>\$ 72,618</u>	<u>\$ 82,968</u>

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 25, 2024	May 27, 2023	May 28, 2022
Statutory tax rate	21.0 %	21.0 %	21.0 %
State taxes, net of federal benefit	4.6	5.6	5.7
Non-U.S. rate adjustments	2.8	1.4	0.7
Stock-based compensation	2.2	(0.1)	0.3
Valuation allowance	5.8	(1.7)	(6.5)
U.S. international tax impact, net of credits	0.9	0.4	0.3
Worthless stock deduction	-	-	(3.2)
FIN48	0.2	0.1	-
Contingent consideration (1)	(3.1)	-	-
Section 986(c) foreign exchange loss (1)	(1.3)	-	-
Capital loss carryforward (1)	(6.2)	-	-
Permanent items	2.5	0.3	1.0
Tax impact of foreign rate changes	0.2	(0.4)	(0.2)
Return-to-provision & other adjustments	(0.5)	(1.6)	0.1
Other, net	0.4	0.1	(0.2)
Effective tax rate	29.5 %	25.1 %	19.0 %

(1) Our current year rate primarily benefited from the nontaxable income on the reversal of CloudGo's contingent liability, a foreign exchange loss as a result of the repatriation of funds from our Japan subsidiary and the benefit of the capital loss carryforward, partially offset with a valuation allowance as a result of the pending sale of the Company's Irvine building.

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 we operate. 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 25, 2024	As of May 27, 2023
Deferred tax assets:		
Allowance for credit losses	\$ 482	\$ 642
Accrued compensation	4,089	5,477
Accrued expenses	970	487
Lease liability	3,345	4,532
Stock options and restricted stock	3,870	4,599
Foreign tax credit	477	431
Net operating losses	17,714	16,623
Capital loss carryforwards	2,343	-
State taxes	113	354
Property and equipment	782	80
Gross deferred tax asset	34,185	33,225
Valuation allowance	(8,550)	(6,514)
Gross deferred tax asset, net of valuation allowance	25,635	26,711
Deferred tax liabilities:		
ROU asset	(2,911)	(3,998)
Outside basis difference - Sweden investment	(262)	(262)
Goodwill and intangibles	(19,830)	(18,886)
Net deferred tax asset	\$ 2,632	\$ 3,565

The Organisation for Economic Co-operation and Development ("OECD") has released an Inclusive Framework on Base Erosion and Profit Shifting including Pillar Two Model Rules to reform international corporate taxation and introduce a new 15% global minimum tax applicable to large multinational corporations. Certain jurisdictions have enacted or substantively enacted the Pillar Two legislations. We have considered the applicability of such global implementations and determined that it does not have a material impact on our consolidated financial statements in fiscal 2024. We will continue to monitor and evaluate global implementation of Pillar Two legislations.

Additionally, we are continuing to monitor new guidance with regard to the new corporate alternative minimum tax ("CAMT") and its applicability. We have considered the applicability of the CAMT and determined that it does not have a material impact on our consolidated financial statements in fiscal 2024.

The Company recognized a tax benefit of approximately \$1.3 million, \$2.1 million and \$2.0 million for the years ended May 25, 2024, 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 \$17.3 million (\$69.7 million on a gross basis), tax-effected state net operating loss carryforwards of \$0.4 million, capital loss carryforwards of \$2.3 million, and foreign tax credit carryforwards of \$0.5 million. The state net operating loss carryforwards will expire beginning in fiscal 2033, the capital loss carryforwards will expire in fiscal 2028, 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	\$	21
2027 and beyond		1,111
Unlimited		68,560
Total	\$	69,692

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

Years Ended:	Beginning Balance	Charged to Operations	Currency Rate Changes	Ending Balance
May 28, 2022	\$ 13,263	\$ (3,152)	\$ (1,862)	\$ 8,249
May 27, 2023	\$ 8,249	\$ (1,343)	\$ (392)	\$ 6,514
May 25, 2024	\$ 6,514	\$ 1,964	\$ 72	\$ 8,550

Realization of deferred tax assets is dependent upon generating sufficient future taxable income of the appropriate character. 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.

We repatriated \$10.2 million from our Japan subsidiary during the year ended May 25, 2024. Remaining unremitted earnings as of May 25, 2024 in our Japan subsidiary are intended to be indefinitely reinvested in our Japan subsidiary's operations and growth. Going forward, the indefinite reversal criteria will apply only to the portion of our Japan subsidiary's unremitted earnings that are needed for its ongoing operations and growth. Deferred income taxes have not been provided on the undistributed earnings of approximately \$31.6 million from the Company's foreign subsidiaries as of May 25, 2024 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 US 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 25, 2024	May 27, 2023	May 28, 2022
Unrecognized tax benefits, beginning of year	\$ 962	\$ 908	\$ 872
Gross increases-tax positions in prior period	71	54	36
Unrecognized tax benefits, end of year	\$ 1,033	\$ 962	\$ 908

The Company's total liability for unrecognized gross tax benefits was \$1.0 million, \$1.0 million and \$0.9 million as of May 25, 2024, 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. 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 2020 and thereafter. Most major foreign jurisdictions remain open for fiscal years ended 2019 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 25, 2024, May 27, 2023 and May 28, 2022, the Company accrued interest of \$71,000, \$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 25, 2024	As of May 27, 2023
Accrued salaries and related obligations	\$ 14,450	\$ 15,765
Accrued bonuses	9,039	23,716
Accrued vacation	18,510	25,295
	<u>\$ 41,999</u>	<u>\$ 64,776</u>

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 25, 2024, May 27, 2023 and May 28, 2022. No single client accounted for more than 10% of trade accounts receivable as of May 25, 2024 and one single client accounted for more than 10% of trade accounts receivable as of May 27, 2023.

12. Stockholders' Equity

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 years ended May 25, 2024 and May 27, 2023, respectively, the Company purchased 606,254 and 914,809 shares of its common stock on the open market at an average price of \$13.20 and \$16.62 per share, for an aggregate total purchase price of approximately \$8.0 million and \$15.2 million. As of May 25, 2024, approximately \$42.2 million remained available for future repurchases of the Company's common stock under the July 2015 Program.

Quarterly Dividend

Subject to approval each quarter by its Board of Directors, the Company pays a regular dividend. On April 18, 2024, 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 13, 2024 to stockholders of record at the close of business on May 16, 2024. As of May 25, 2024 and May 27, 2023, approximately \$4.7 million 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.

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 \$29.3 million and \$35.4 million as of May 25, 2024 and May 27, 2023, respectively, which were included in trade accounts receivable in the Consolidated Balance Sheets.

Contract liabilities represent deferred revenue when cash is received in advance of performance and are presented in other liabilities in the Consolidated Balance Sheets. Contract liabilities were \$3.5 million and \$3.1 million as of May 25, 2024 and May 27, 2023, respectively. Revenues recognized during the year ended May 25, 2024 that were included in deferred revenues as of May 27, 2023 were \$2.5 million. Revenues recognized during the year ended May 27, 2023 that were included in deferred revenues as of May 28, 2022 were \$3.0 million.

14. Restructuring Activities

During fiscal 2024, the Company initiated a cost reduction plan, including a reduction in force (the "U.S. Restructuring Plan") intended to reduce costs and streamline operations, which resulted in a reduction of approximately 12% of the Company's U.S. management and administrative workforce. The Company incurred employee termination costs of \$4.1 million associated with the U.S. Restructuring Plan within its RGP segment during the year ended May 25, 2024, and were recorded in selling, general and administrative expenses in its Consolidated Statements of Operations. The U.S. Restructuring Plan was substantially completed during the year ended May 25, 2024. The Restructuring adjustments and costs were \$(0.4) million and \$0.8 million for the year ended May 27, 2023 and May 28, 2022, respectively, related to restructuring efforts in previous fiscal years. Restructuring liability recorded in accounts payable and accrued expenses in the Consolidated Balance Sheet was \$0.8 million and zero as of May 25, 2024 and May 27, 2023, respectively.

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 restricted stock, restricted stock units and stock option awards under the 2020 Plan that typically vest in equal annual installments, and performance stock unit awards under the 2020 Plan that vest upon the achievement of certain Company-wide performance targets at the end of the defined performance period. Stock option grants typically terminate ten years from the date of grant. Vesting periods for restricted stock, restricted stock units and stock option awards range from three years to four years. The performance period for the performance stock unit awards is three years. As of May 25, 2024, there were 1,194,913 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 \$5.7 million, \$9.5 million and \$8.2 million for the years ended May 25, 2024, May 27, 2023 and May 28, 2022, respectively. These amounts consisted of stock-based compensation expense related to employee stock options, restricted stock awards, restricted stock unit awards and performance stock unit awards under the 2020 Plan and Prior Plans, employee stock purchases made via the ESPP, and stock units credited under the Directors Deferred Compensation Plan. The Company recognized a tax benefit of approximately \$1.1 million, \$2.0 million, and \$1.7 million, associated with such stock-based compensation expense for the years ended May 25, 2024, May 27, 2023, and May 28, 2022, respectively.

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

Stock Options

The following table summarizes the stock option activity for the year ended May 25, 2024 (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 27, 2023	2,648	\$ 16.44	4.37	\$ 1,298
Exercised	(32)	14.29		
Forfeited	(9)	17.44		
Expired	(422)	16.99		
Awards outstanding at May 25, 2024	2,185	\$ 16.36	3.21	\$ —
Exercisable at May 25, 2024	2,185	\$ 16.36	3.21	\$ —
Vested and expected to vest as of May 25, 2024 (1)	2,185	\$ 16.36	3.20	\$ —

(1) The expected to vest options are the result of applying the pre-vesting forfeiture rate assumptions to options not yet vested. As of May 25, 2024, all outstanding options have met the vesting requirement.

The aggregate intrinsic value represents the total pre-tax intrinsic value, based on the Company's closing stock price of \$11.16 as of May 24, 2024 (the last trading day of fiscal 2024), 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 25, 2024, May 27, 2023 and May 28, 2022 was \$0.5 million, \$11.9 million and \$15.1 million, respectively. The total estimated fair value of stock options that vested during the years ended May 25, 2024, May 27, 2023 and May 28, 2022 was \$0.3 million, \$1.2 million and \$2.2 million, respectively.

As of May 25, 2024, there was no unrecognized compensation cost related to unvested and outstanding employee stock options.

Valuation and Expense Information for Stock Based Compensation Plans

There were no employee stock options granted during the years ended May 25, 2024 and May 27, 2023.

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 455,678, 393,060 and 462,000 shares of common stock pursuant to the ESPP for the years ended May 25, 2024, May 27, 2023 and May 28, 2022, respectively. There were 1,323,246 shares of common stock available for issuance under the ESPP as of May 25, 2024.

Restricted Stock Awards

The following table summarizes the activities for the unvested restricted stock awards for the year ended May 25, 2024 (in thousands, except weighted average grant-date fair value):

	Shares	Weighted-Average Grant-Date Fair Value
Unvested at May 27, 2023	209	\$ 17.19
Granted	113	\$ 13.79
Vested	(99)	\$ 16.33
Forfeited	-	\$ -
Unvested as of May 25, 2024	<u>223</u>	<u>\$ 15.84</u>
Expected to vest as of May 25, 2024	<u>202</u>	<u>\$ 15.89</u>

As of May 25, 2024, 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 25, 2024, May 27, 2023 and May 28, 2022 was \$13.79, \$18.31 and \$18.28, 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 25, 2024 (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
Unvested at May 27, 2023	631	\$ 15.78	60	\$ 16.55	691	\$ 15.85
Granted (1)	329	13.50	28	14.07	357	13.54
Vested	(184)	14.91	(40)	15.97	(224)	15.10
Forfeited	(161)	15.55	-	-	(161)	15.55
Unvested as of May 25, 2024	<u>615</u>	\$ 14.91	<u>48</u>	\$ 15.64	<u>663</u>	\$ 14.96
Expected to vest as of May 25, 2024	<u>550</u>	\$ 14.93	<u>48</u>	\$ 15.64	<u>598</u>	\$ 14.99

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

As of May 25, 2024, there was \$6.1 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 1.71 years.

As of May 25, 2024, there was \$0.6 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 25, 2024, May 27, 2023 and May 28, 2022 was \$13.54, \$18.27 and \$18.25, 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 25, 2024 (in thousands, except weighted average grant-date fair value):

	Shares (1)	Weighted-Average Grant-Date Fair Value
Unvested at May 27, 2023	434	\$ 18.32
Granted (2)	301	13.63
Forfeited	(114)	18.07
Unvested as of May 25, 2024	<u>621</u>	\$ 16.15
Expected to vest as of May 25, 2024	<u>390</u>	\$ 15.65

(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 25, 2024, there was no unrecognized compensation cost related to unvested PSUs.

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 25, 2024, May 27, 2023 and May 28, 2022, the Company contributed \$7.9 million, \$8.7 million and \$8.1 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 25, 2024	May 27, 2023	May 28, 2022
Revenue:			
RGP	\$ 622,895	\$ 764,511	\$ 764,350
Other Segments (1)	9,906	11,132	40,668
Total revenue	\$ 632,801	\$ 775,643	\$ 805,018
Adjusted EBITDA:			
RGP	\$ 84,677	\$ 132,377	\$ 134,187
Other Segments	(676)	1,179	3,527
Reconciling items (2)	(32,518)	(33,362)	(34,583)
Total Adjusted EBITDA (3)	\$ 51,483	\$ 100,194	\$ 103,131

(1) Amounts reported 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 year 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 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 25, 2024	May 27, 2023	May 28, 2022
Net income	\$ 21,034	\$ 54,359	\$ 67,175
Adjustments:			
Amortization expense	5,378	5,018	4,908
Depreciation expense	3,050	3,539	3,575
Interest expense, net	(1,064)	552	1,064
Income tax expense (benefit)	8,795	18,259	15,793
EBITDA	37,193	81,727	92,515
Stock-based compensation expense	5,732	9,521	8,168
Technology transformation costs (1)	6,901	6,355	1,449
Goodwill impairment (2)	-	2,955	-
Acquisition costs (3)	1,970	-	-
Restructuring costs (4)	4,087	(364)	833
Contingent consideration adjustment	(4,400)	-	166
Adjusted EBITDA	\$ 51,483	\$ 100,194	\$ 103,131

(1) Technology transformation costs represent costs included in net income related to the Company's initiative to upgrade its technology platform globally, including a cloud-based enterprise resource planning system and talent

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

- (2) The effect of the goodwill impairment charge recognized during the year ended May 27, 2023 was related to Sitrick's operating segment.
- (3) Acquisition costs primarily represent one-time costs included in net income related to the Company's acquisitions, which include fees paid to the Company's brokers and other professional services firms. See Note 3 – Acquisitions and Dispositions in the Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K for further discussion.
- (4) The Company initiated the cost reduction plan (the "U.S. Restructuring Plan") in October 2023 and substantially completed the U.S. Restructuring Plan during fiscal 2024. In addition, the Company substantially completed its global restructuring and business transformation plans in North America, Asia Pacific and Europe in fiscal 2021 and the remaining accrued restructuring liability was released in fiscal 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 25, 2024	May 27, 2023	May 28 2022	May 25, 2024	May 27, 2023
United States	\$ 519,869	\$ 664,515	\$ 663,980	\$ 13,343	\$ 28,377
International	112,932	111,128	141,038	2,319	2,859
Total	\$ 632,801	\$ 775,643	\$ 805,018	\$ 15,662	\$ 31,236

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

19. Subsequent Event

The Company entered into a Membership Interest Purchase Agreement, dated as of March 27, 2024, and as amended and restated as of June 30, 2024 (the "Reference Point MIPA") with Reference Point LLC ("Reference Point") and the sole member of Reference Point, to acquire 100% of the membership interests of Reference Point. The Company paid an initial cash consideration of \$23.8 million on the acquisition date of July 1, 2024. The initial consideration is subject to final post-closing adjustments for the final working capital, cash, indebtedness and transaction expenses as described in the Reference Point MIPA. Reference Point is a strategy, management, and technology consulting firm serving the financial services sector and is headquartered in New York.

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 25, 2024. 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 25, 2024.

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 25, 2024.

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 25, 2024, 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 25, 2024 that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

ITEM 9B. OTHER INFORMATION.

Insider Trading Arrangements

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 2024 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year ended May 25, 2024, 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 2024,” “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 2024 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year ended May 25, 2024, 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 2024 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year ended May 25, 2024, 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 25, 2024:

	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	3,422,166 (1)	\$ 16.36 (2)	2,518,159 (3)
Equity compensation plans not approved by security holders	-	-	-
Total	3,422,166	\$ 16.36	2,518,159

(1) This amount consists of (i) 1,236,723 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 zero, zero and 99% of the “target” level of performance was attained for the fiscal 2024, 2023 and 2022 grants, respectively, which was the level achieved as of May 25, 2024), (ii) 1,923,901 shares subject to stock options granted under our 2014 Performance Incentive Plan, and (iii) 261,542 shares subject to stock options granted under our 2004 Performance Incentive Plan. This amount does not include 408,401 shares of our common stock issued and outstanding pursuant to unvested restricted stock awards under our 2020 Performance Incentive Plan and it does not include 150,680 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 1,323,246 shares available for issuance under our ESPP and 1,194,913 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 2024 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year ended May 25, 2024, 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 2024 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year ended May 25, 2024, 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 25, 2024 and May 27, 2023

Consolidated Statements of Operations for each of the three years in the period ended May 25, 2024

Consolidated Statements of Comprehensive Income for each of the three years in the period ended May 25, 2024

Consolidated Statements of Stockholders' Equity for each of the three years in the period ended May 25, 2024

Consolidated Statements of Cash Flows for each of the three years in the period ended May 25, 2024

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+	Employment Agreement dated April 3, 2024 between Bhadreskumar Patel, Resources Connection, Inc. and Resources Connection LLC (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on April 3, 2024).
10.12+	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).
10.13+	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).
10.14+	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).
10.15+	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).
10.16+	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).
10.17+	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 (incorporated by reference to Exhibit 10.16 to the Registrant's Annual Report on Form 10-K for the year ended May 27, 2023).
10.18+	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).
10.19+	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).
10.20+	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).
10.21+	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).

10.22+	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).
10.23+	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).
10.24+	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).
10.25+	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 25, 2023).
10.26*	Purchase and Sale Agreement by and between RGP Property LLC and City of Irvine dated as of May 15, 2024.
10.27*	First Amendment to Purchase and Sale Agreement by and between RGP Property LLC and City of Irvine dated as of May 20, 2024.
19.1*	Insider Trading Policy.
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.
97.1*	Policy Regarding the Recoupment of Certain Compensation Payments
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 22, 2024

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.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
/s/ KATE W. DUCHENE Kate W. Duchene	President, Chief Executive Officer and Director <i>(Principal Executive Officer)</i>	July 22, 2024
/s/ JENNIFER RYU Jennifer Ryu	Chief Financial Officer and Executive Vice President <i>(Principal Financial Officer and Principal Accounting Officer)</i>	July 22, 2024
/s/ ROGER CARLILE Roger Carlile	Director	July 22, 2024
/s/ ANTHONY CHERBAK Anthony Cherbak	Director	July 22, 2024
/s/ SUSAN M. COLLYNS Susan M. Collyns	Director	July 22, 2024
/s/ NEIL DIMICK Neil Dimick	Director	July 22, 2024
/s/ ROBERT KISTINGER Robert Kistingner	Director	July 22, 2024
/s/ DONALD B. MURRAY Donald B. Murray	Chairman of the Board	July 22, 2024
/s/ LISA PIEROZZI Lisa Pierozzi	Director	July 22, 2024
/s/ A. ROBERT PISANO A. Robert Pisano	Director	July 22, 2024
/s/ MARCO VON MALTZAN Marco von Maltzan	Director	July 22, 2024
/s/ DAVID P. WHITE David P. White	Director	July 22, 2024

FINAL

PURCHASE AND SALE AGREEMENT

BY AND BETWEEN

**RGP PROPERTY LLC,
a Delaware limited liability company
as Seller**

and

**CITY OF IRVINE,
a California municipal corporation and charter city
as Buyer**

for

**PROPERTY LOCATED AT 17101 ARMSTRONG AVENUE
IN THE CITY OF IRVINE, CA 92614**

Dated: May 15, 2024

TABLE OF CONTENTS

Article 1. Sale of Purchase of Property 1
Article 2. Definitions 1
Article 3. Payment of Purchase Price 5
Article 4. Buyer’s Inspection Contingency 6
Article 5. Buyer’s Title Contingency 7
Article 6. Representations and Warranties 8
Article 7. Seller’s and Buyer’s Covenants and Obligations before Closing 16
Article 8. Conditions Precedent to Close 18
Article 9. Closing 19
Article 10. Prorations and Costs 21
Article 11. Damage or Destruction Before Closing and Condemnation 23
Article 12. Remedies 24
Article 13. Like-Kind Exchange.....25
Article 14. Brokerage 26
Article 15. Miscellaneous 26

Exhibits

- Exhibit A Legal Description of Land
- Exhibit B Form of Deed
- Exhibit C Form of Seller's Lease
- Exhibit D Form of Bill of Sale, Assignment and Assumption of Intangible Property

Schedules

- Schedule 2.11 List of Due Diligence Materials
- Schedule 2.24 List of Personal Property to which Seller will retain ownership after the Closing.

**PURCHASE AND SALE AGREEMENT
(17101 Armstrong Ave., Irvine, CA 92614)**

THIS PURCHASE AND SALE AGREEMENT (“**Agreement**”), dated for reference purposes only as of May 15, 2024, is by and between **RGP PROPERTY LLC, a California limited liability company (“Seller”)**, and **CITY OF IRVINE**, a California municipal corporation (“**Buyer**”), and is made based on following facts intentions and understandings:

A. Seller owns that certain improved real property consisting of approximately 2.48 acres located at 17101 Armstrong Avenue in the City of Irvine, Orange County, California, as more particularly described on attached **Exhibit A** (the “**Land**”) upon which is located an approximately 57,301 square foot building (the “**Building**”) and related site improvements (the “**Improvements**” and together with the Land, the “**Real Property**”).

B. Seller desires to sell and Buyer desires to acquire the Property (as defined below) on the terms and provisions set forth below.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Buyer agree as follows:

1. **SALE AND PURCHASE OF PROPERTY.** On the terms and conditions hereinafter set forth, Seller shall sell the Property (as described below) to Buyer and Buyer (individually, a “**Party**,” and together the “**Parties**”) shall purchase the Property from Seller.

2. **DEFINITIONS.** In addition to any other terms defined by this Agreement, each of the following defined terms, when used in this Agreement with an initial capital letter or initial capital letters, shall have the meaning ascribed thereto by this Article.

2.1. “**Access Agreement**” means that certain Access Agreement entered between Buyer and Seller on March 18, 2024, pursuant to which Seller is permitting Buyer to enter the Real Property to begin its due diligence inspections.

2.2. “**Additional Deposit**” means the additional Two Hundred Thousand Dollars (\$200,000.00) which the Buyer shall deposit with the Escrow Holder as provided in **Section 3.1.2.**

2.3. “**Building**” means the approximately 57,301 square foot building located on the Land.

2.4. “**Business Day**” means any day except any Saturday, Sunday, any day that is a federal legal holiday in the United States, or any day on which banking institutions in the State of California are authorized or required by law or other governmental action to close.

2.5. “**Buyer Related Party**” shall have the meaning as set forth in **Section 4.1** below.

2.6. “**Buyer’s Broker**” means Cushman & Wakefield, whose address is 18111 Von Karman, Suite 1000, Irvine, CA 92612, Attn: Jason Ward/John Harty, Telephone: (949) 474-4004, Email: jason.ward@cushwake.com/john.harty@cushwake.com.

2.7. “**Close of Escrow**” shall have the same meaning as the Closing.

2.8. “**Closing**” means the consummation of the purchase and sale contemplated by this Agreement by the deliveries required under **Article 9**.

2.9. “**Closing Date**” means the time and date established under **Section 9.1** below when the Closing occurs, as such date may be extended by mutual agreement of Seller and Buyer.

2.10. “**Deed**” means the grant deed by which Seller is to convey the Real Property to Buyer at Closing, the form of which is attached as **Exhibit B**.

2.11. “**Deposit**” means the Initial Deposit, and when and if deposited with the Escrow Holder, the Additional Deposit. The term “**Deposit**” includes all interest or income earned on the Deposit, if any.

2.12. “**Due Diligence Materials**” means the documents as described in attached **Schedule 2.12**, which are in Seller’s possession and will be available electronically in the “Dropbox war room” created by Seller’s Broker. Seller shall not be required to deliver to Buyer any internal calculations of value, appraisals, or information or materials protected by the attorney-client privilege, the attorney work product rule, or protective order, or that is proprietary or confidential.

2.13. “**Due Diligence Period**” means the period that commenced as of the “Inspections Commencement Date” under the Access Agreement and terminates at 5:00 P.M. California time on Monday, May 20, 2024 (since the sixtieth day (60th) day after the later of (i) the Inspections Commencement Date, and (ii) March 19, 2024, the date access to the Due Diligence Materials was given to Buyer, is Saturday May 18, 2024).

2.14. “**Effective Date**” means the date upon which this Agreement has been executed by both Seller and Buyer and delivered to Escrow Holder, and Escrow Holder has opened Escrow.

2.15. “**Escrow**” means the escrow opened by the Escrow Holder upon receipt of a fully executed copy of this Agreement.

2.16. “**Escrow Holder**” means Commonwealth Land Title, National Commercial Services in its capacity as Escrow Holder under this Agreement 4400 MacArthur

Blvd., Suite 800, Newport Beach, CA, 92660, Attn: Kim Hernandez, T: (702) 219-4846; E: kdhernandez@fnf.com.

2.17. “**Governmental Regulations**” means any laws, ordinances, rules, requirements, resolutions, policy statements and regulations (including, without limitation, those relating to land use, subdivision, zoning, Hazardous Materials, occupational health and safety, the Americans with Disabilities Act, water, earthquake hazard reduction, and building and fire codes) of any governmental or quasi-governmental body or agency claiming jurisdiction over the Property.

2.18. “**Hazardous Materials**” shall have the meaning set forth in **Section 6.1.10** below.

2.19. “**Improvements**” is as defined in **Paragraph A** above.

2.20. “**Initial Deposit**” means the initial Two Hundred Thousand Dollars (\$200,000), which the Buyer shall deposit with the Escrow Holder as provided in **Section 3.1.1**.

2.21. “**Intangible Property**” means all intangible property now or hereafter owned by Seller and used solely in connection with the Real Property, which may be transferred or assigned by Seller without the consent of any third parties, including without limitation: the plans and specifications for the Improvements and all architectural and engineering studies, reports, drawings and prints relating to the Improvements, all warranties and guarantees relating to the Real Property, all licenses, permits, entitlements, approvals, and other written authorization necessary for the zoning, land use, operating, ownership, construction and maintenance of the Real Property.

2.22. “**Land**” is as defined in **Paragraph A**, together with all of Seller’s right, title, and interest in and to all appurtenances, rights, easements, tenements, reversions, water rights, mineral rights, and hereditaments incident thereto.

2.23. “**Permitted Encumbrances**” means (A) all non-delinquent real estate taxes and assessments, (B) all matters disclosed by the Preliminary Report approved or deemed approved by Buyer under **Sections 5.2 and 5.3**, (C) all title conditions created by Buyer or any Buyer Related Parties or resulting from the acts of Buyer or any Buyer Related Parties or actually known to Buyer or any Buyer Related Party, (D) title matters that would have been disclosed by an accurate survey as of the Property or by a physical inspection of the Property, (E) all matters affecting the Real Property which are created by or with the written consent of Buyer, (F) all applicable laws, ordinances, rules and governmental regulations (including, without limitation, those relating to building, zoning and land use) affecting the development, use, occupancy or enjoyment of the Real Property, and (G) any other items expressly defined by this Agreement as a Permitted Exception, except for those Title Objections which Seller agrees in Seller’s Title Notice (as defined below) to have removed from the Title Policy or which Seller is obligated to remove as exceptions to Buyer’s Title Policy pursuant to **Section 5.2** below.

2.24. “**Personal Property**” means the tangible personal property owned by Seller used in connection with the operation of the Real Property located on or in the Real Property. It is understood that Seller shall retain ownership of specific Personal Property, primarily computers, monitors, servers, other IT equipment, telephone equipment, and office furniture in the CEO’s office, all of which are identified on attached **Schedule 2.24**. Except for the Personal Property described on attached **Schedule 2.24**, ownership of all other Personal Property located on the Real Property on the Closing Date shall be deemed quitclaimed, sold, and transferred to Buyer.

2.25. “**Purchase Price**” means the purchase price for the Property in the amount of Thirteen Million Five Hundred Thousand Dollars (\$13,500,000.00).

2.26. “**Preliminary Report**” means the Preliminary Report dated March 19, 2024, Order No. 92023848-920-DNE-DN, for the Property prepared by the Title Company and made available to Buyer as part of the Due Diligence Materials.

2.27. “**Property**” means collectively, the Real Property, the Personal Property, the Service Contracts, and the Intangible Property.

2.28. “**Real Property**” means collectively, the Land and the Improvements.

2.29. “**Scheduled Closing Date**” means the last day the Closing is scheduled to occur (unless extended by agreement by Seller and Buyer) which is August 15, 2024.

2.30. “**Seller’s Broker**” means CBRE, whose address is 3501 Jamboree Road, Suite 100, Newport Beach, CA 92660, Attn: Sammy Cemo, Telephone: (909) 418- 2043, Email: Sammy.Cemo@cbre.com.

2.31. “**Seller’s Lease**” means the lease substantially in the form of the AIR Commercial/Industrial—Multi-Tenant Gross form attached s **Exhibit C**. Seller shall lease from Buyer a portion of the ground floor of the Building with the right to terminate Seller’s Lease upon 10 days’ prior written notice. The rent shall be \$20,000 per month on a full service gross basis net of janitorial and after-hours HVAC. At the Closing, Seller shall provide Seller’s Letter of Credit.

2.32. “**Seller’s Letter of Credit**” means the standby letter of credit in favor of Buyer in commercially reasonable form, reasonably approved by Buyer during the Due Diligence Period, in the amount of \$500,000, issued by the Bank of America, NA to serve as a security deposit under Seller’s Lease.

2.33. “**Seller Related Parties**” means, collectively, Seller, its parent entities, and their respective future, present, and prior parents, subsidiaries, affiliates, predecessors, successors, assigns, officers, directors, shareholders, employees, agents, attorneys, consultants, and insurers.

2.34. “**Service Contracts**” means all the service contracts, equipment, labor or material contracts, maintenance or repair contracts, or other agreements to which Seller is currently a party, which are in force and effect, and that affect the operation, repair, or maintenance of the Real Property. All Service Contracts (other than Vendor Contracts) shall be terminated by Seller as of the Closing Date.

2.35. “**Tenant**” means Calvary Chapel Living Word, Inc., a California corporation.

2.36. “**Tenant Lease**” means that certain Standard Multi-Tenant Office Lease – Gross dated as of August 21, 2001, as amended on October 7, 2004, on April 18, 2005, on July, 2009, on October 14, 2014, on January 1, 2023, and on February 29, 2024, pursuant to which Tenant (as defined below) leases certain space consisting of approximately 13,453 rentable square feet known as Suite No. 103 on the first (1st) floor of the Building.

2.37. “**Termination Notice**” means the written notice Buyer may deliver to Seller under **Section 4.3** before the expiration of the Due Diligence Period terminating this Agreement.

2.38. “**Title Company**” means Commonwealth Land Title Company.

2.39. “**Title Policy**” means an ALTA Extended Coverage Owner’s Policy of Title Insurance (7-1-21 form) in the amount of the Purchase Price insuring that Buyer has fee simple title to the Property, subject only to the Permitted Exceptions.

2.40. “**Vendor Contracts**” means Service Contracts that are personal to Seller relating to the maintenance of the Personal Property that Seller may keep in effect for the term of Seller’s Lease

3. **PAYMENT OF THE PURCHASE PRICE.** The Purchase Price shall be paid as follows:

3.1. **Deposit.**

3.1.1. **Initial Deposit.** Within five (5) days after the Effective Date, Buyer shall deposit the Initial Deposit with Escrow Holder in immediately available funds, which Escrow Holder shall deposit in an interest bearing account with a Federally insured financial institution.

3.1.2. **Additional Deposit.** If Buyer fails to deliver a Termination Notice pursuant to the terms of **Section 4.3**, then within two (2) days after the expiration of the Due Diligence Period, Buyer shall deposit the Additional Deposit with Escrow Holder in immediately available funds, which Escrow Holder shall deposit in an interest bearing account with a Federally insured financial institution.

3.1.3. **Application of Deposit.** At the Closing, the Deposit together with any accrued interest thereon, shall be paid to Seller and applied and credited to the Purchase Price. If Buyer shall validly and timely exercise any right or option under this Agreement to terminate this Agreement, then Escrow Holder shall immediately refund the Deposit to Buyer including any accrued interest thereon, whereupon this Agreement shall terminate and the Parties to this Agreement shall have no further rights, duties, or obligations under this Agreement, except for rights, duties, or obligations under any provision hereof which expressly survives the termination of this Agreement. If this Agreement is terminated because of Buyer's default hereunder, Escrow Holder shall immediately deliver the Deposit to Seller as provided in **Section 12.1** below.

3.1.4. **Failure to Deliver Deposit.** If Buyer fails or is unable to deliver to Escrow Holder the required portion of the Deposit within the time periods provided in **Section 3.1.1 or 3.1.2** for such portion to be made, then Buyer shall be in default hereunder and Seller may elect to terminate this Agreement by written notice to Buyer and to Escrow Holder; provided, however, that in such event Buyer's liability hereunder for such default shall be limited to the portion(s) of the Deposit required to be deposited by Buyer with Escrow Holder hereunder (including any portion of the Deposit not timely made), which shall constitute liquidated damages as provided in **Section 14.1**.

3.2. **Payment of Balance of Purchase Price.** Buyer shall, at least one (1) day before the Closing, deliver to Escrow Holder by bank wire transfer of immediately available funds, a sum equal to the balance of the Purchase Price. The balance of the Purchase Price received by Seller at the Closing shall be adjusted to reflect prorations and other adjustments as provided herein.

3.3. **Independent Consideration.** Notwithstanding anything in this Agreement to the contrary, a portion of the Deposit in the amount of \$100.00 shall be non-refundable and shall be distributed to Seller at Closing or other termination of this Agreement as full payment and independent consideration for Seller's performance under this Agreement, for holding the sale open to Buyer and for the rights granted to Buyer hereunder (the "**Independent Consideration**"). Such Independent Consideration shall be deducted from any refund or delivery of the Deposit to Buyer pursuant to this Agreement and shall simultaneously be distributed to Seller.

4. **BUYER'S INSPECTION CONTINGENCY.**

4.1. **Buyer's Inspection of the Property and of Due Diligence Materials.** Buyer acknowledges that it was given access to the Due Diligence Materials in the Dropbox war room created by Seller's Broker. During the Due Diligence Period, Buyer shall review the Due Diligence Materials and shall inspect and investigate each other aspect of the Property, either independently or through agents, contractors, representatives, or experts of Buyer's choosing (the "**Buyer Related Parties**" and individually a "**Buyer Related Party**"), as Buyer considers necessary or appropriate. The failure of Buyer to deliver a Termination Notice before the end of the Due Diligence Period in accordance with **Section 4.3** shall conclusively evidence Buyer's complete satisfaction with such review and independent investigation. Buyer acknowledges to

Seller that the Buyer is sophisticated and knowledgeable in the field of real estate development and investment and agrees with Seller that the Due Diligence Period will enable Buyer to thoroughly investigate the Property and all aspects of this transaction. It is understood that Buyer will be undertaking, at Buyer's cost, a Phase I Site Assessment of the Property.

4.2. **Buyer's Entry on the Property.** Pursuant to the Access Agreement, Seller has granted Buyer a limited license to enter onto the Property to conduct "Inspections" (as defined in the Access Agreement), which license shall remain in effect for as long as this Agreement is in effect unless otherwise terminated under the provisions of the Access Agreement.

4.3. **Termination of Agreement; Buyer's Termination Notice.** By no later than 5:00 p.m. California time on the last day of the Due Diligence Period, Buyer shall have the right in its sole discretion to deliver the Termination Notice to Seller. If such Termination Notice is timely given as provided in the prior sentence, then Buyer shall be deemed to have terminated this Agreement, in which event (a) Buyer shall receive a full return of the Deposit minus the Independent Consideration, and (b) except for any indemnity obligations of either Party pursuant to the provisions of this Agreement or otherwise expressly stated in this Agreement to survive termination, neither Party shall have any further rights against the other hereunder. If Buyer fails to timely deliver the Termination Notice to Seller, (i) Buyer shall be deemed to have approved the condition of the Property, in all respects, and to have waived its right to terminate the Agreement under this **Article 4**, (ii) the Parties shall proceed with this transaction under the terms of this Agreement, and (iii) the Deposit shall be deemed non-refundable except as otherwise provided in this Agreement.

4.4. **Copies of Third Party Reports.** Within three (3) business days following the termination of this Agreement by Buyer, Buyer shall deliver to Seller, at no cost to Seller, copies of all third-party reports and work product generated as to the Property above, which reports and work product shall be delivered to Seller without any representation or warranty of any kind.

5. **BUYER'S TITLE CONTINGENCY.**

5.1. **Delivery of the Preliminary Report.** Buyer acknowledges receipt of the Preliminary Report and access to all documents of record listed as exceptions in the Preliminary Report. Within three (3) Business Days after the Effective Date, Escrow Holder shall cause the Title Company to prepare and deliver to Buyer a plat prepared by the Title Company that shows all plottable easements reflected in the Preliminary Report. Buyer, at Buyer's sole cost and expense, may obtain a new survey of the Property or an update to an existing survey of the Property, which new survey or updated survey shall be certified to the Title Company, Buyer, and if applicable, Buyer's lender ("**Survey**").

5.2. **Buyer's Title Objections.** Buyer shall have until the tenth (10th) day after the Effective Date to notify Seller in writing of any objections to any exceptions shown in the Preliminary Report (the "**Title Objections**"). Seller shall not be obligated to incur any expense to cure Buyer's objections, except as expressly provided to the contrary herein. Within five (5) Business Days after receipt of Buyer's notice of its Title Objections, Seller may notify Buyer by written notice that Seller, in its sole discretion, elects (a) to cause or (b) not to cause any or all

the Title Objections disclosed therein to be removed or insured over by the Title Company in a manner satisfactory to Buyer in Buyer's sole discretion ("**Seller's Title Response**"). Seller's failure to notify Buyer within such five (5) Business Day period shall be deemed an election by Seller not to remove or cause the Title Company to insure over such Title Objection in a manner satisfactory to Buyer in Buyer's sole discretion. If Seller notifies or is deemed to have notified Buyer that Seller shall not remove nor have the Title Company insure over any or all of the Title Objections in a manner satisfactory to Buyer in Buyer's sole discretion, Buyer shall have until the end of the Due Diligence Period to (i) terminate this Agreement by giving a Termination Notice, or (ii) waive such Title Objections and proceed to Close without any abatement or reduction in the Purchase Price on account of such Title Objections and such Title Objections shall be deemed approved and be Permitted Exceptions. If Buyer does not timely give a Termination Notice, Buyer shall be deemed to have elected to waive such Title Objections, all Title Objections shall be deemed approved by Buyer and be Permitted Exceptions, and Seller shall have no obligation to remove or insure over such Title Objections. Notwithstanding the foregoing, Seller shall be obligated to remove as exceptions to the Title Policy by payment, bonding, or otherwise, all delinquent real estate taxes and assessments, and any mortgages, deeds of trust, or other monetary liens that encumber the Property caused by Seller, and such matters shall not constitute Permitted Encumbrances.

5.3. **Title Update Exceptions.** If any new title matter arises during the period between the date of the expiration of the Due Diligence Period and before the Closing Date that was not caused by Buyer or disclosed in the Preliminary Report (a "**Title Update Exception**"), then Buyer shall have until the earlier of (x) three (3) Business Days after disclosure to Buyer of the Title Update Exception by Title Company or (y) the Business Day immediately preceding the Closing Date (the "**Title Update Objection Deadline**"), to deliver written notice to Seller objecting to such Title Update Exception ("**Title Update Objection**"). If Buyer fails to deliver such objection notice by the Title Update Objection Deadline, then Buyer shall be deemed to have waived its right to object to the Title Update Exception and the same shall constitute a Permitted Encumbrance. If Buyer delivers a Title Update Objection by the Title Update Objection Deadline and the Title Update Exception has a material adverse effect upon the development, use or value of the Property, as determined by Buyer in Buyer's sole and absolute discretion, then the removal of the Title Update Exception from the Title Policy issued at Closing shall be a condition to Buyer's obligations with respect to the Closing. If a Title Update Exception does not have a material adverse effect upon the use or value of the Property, as determined by Buyer in Buyer's sole and absolute discretion, such Title Update Exception shall be a Permitted Encumbrance. If Seller is unable by the scheduled Closing Date to cause the removal from the Title Policy of any Title Objections or Title Update Exceptions that are not Permitted Encumbrances, then Seller may elect to extend the Closing Date as provided in **Section 8.2** below.

6. **REPRESENTATIONS AND WARRANTIES.**

6.1. **Representations and Warranties of Seller.** Seller represents and warrants to Buyer ("**Seller's Representations**") (each of which (i) is material and is being relied upon by Buyer in entering into this Agreement and in acquiring the Property, (ii) shall be true in all

material respects as of the Effective Date and as of the Closing Date, and (iii) shall survive the Closing and delivery of the Deed for the “Survival Period” (as defined below)) and covenants as follows:

6.1.1. **Organization and Authority.** Seller is a limited liability company, organized and validly existing under the laws of the State of Delaware, and is registered as a foreign limited liability company in California. Seller has full power and authority to execute and deliver this Agreement and all other documents executed and delivered, or to be executed and delivered, by it (contemporaneously herewith or at the Closing) in connection with the transactions described herein and to perform all its obligations arising under this Agreement and such other documents, and no other authorization or consent is required therefor. No approvals, authorizations or consents of any public body or any other person or entity (except those already obtained) are necessary in connection with this Agreement or the transactions contemplated hereby. This Agreement constitutes the legal, valid, and binding obligation of Seller, and is enforceable in accordance with its terms against Seller, subject only to applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws or equitable principles affecting or limiting rights of contracting parties generally. The individuals executing this Agreement and such other documents on behalf of Seller have the authority to bind Seller hereunder and thereunder.

6.1.2. **Defaults.** Seller has no knowledge that it is in default under, nor has Seller received, any notice that any event has occurred that with the giving of notice or the passage of time, or both, would constitute a default under, any agreement, obligation, liability, covenant, condition, restriction, easement, encumbrance, or any entitlement, governmental approval or requirement, or Governmental Regulations pertaining to any of the Property.

6.1.3. **Violation of Agreements.** None of the execution and delivery of this Agreement or any other documents executed and delivered, or to be executed and delivered by Seller (contemporaneously herewith or at the Closing) in connection with the transactions described herein, or the performance by Seller of all of Seller’s obligations arising under this Agreement and such other documents will violate any provision of (i) Seller’s Certificate of Formation or Limited Liability Company Agreement, or (ii) any agreements or other instruments to which Seller is a party or that affects the Property or any part thereof.

6.1.4. **Financial Status.** Seller is solvent, has not been insolvent for the last one hundred twenty (120) days preceding the Effective Date, has not made a general assignment for the benefit of its creditors, and has not admitted in writing its inability to pay its debts as they become due, nor has Seller filed, nor does it contemplate the filing of, any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, or any other proceeding for the relief of debtors in general, nor has any such proceeding been instituted by or against Seller, nor is any such proceeding to Seller’s knowledge threatened or contemplated.

6.1.5. **Condemnation.** (i) Seller has no knowledge of any existing condemnation or eminent domain proceedings that have been instituted against the Property or any part thereof, (ii) Seller has not received written notice of any proposed, threatened, or contemplated

condemnation or eminent domain proceedings to be instituted against the Property or any part thereof, and (iii) Seller has no knowledge of any condemnation or eminent domain proceedings which are proposed, threatened or contemplated to be instituted which would affect the Property or any part thereof.

6.1.6. **Litigation.** (i) Seller has no knowledge of any pending actions, suits, proceedings, or claims affecting Seller or the Property, (ii) Seller has received no written notice of any threatened action, suit, proceeding, or claim affecting Seller or the Property, and (iii) Seller has no knowledge of any threatened actions, suits, proceedings, or claims affecting Seller or the Property.

6.1.7. **Service Contracts.** To the best of Seller's knowledge, (i) other than the Service Contracts, there are no other agreements, in writing or otherwise, between the Seller and any other person or persons for service, supply, maintenance, management, or the operation of the Real Property or any portion of the business conducted thereon or thereat, (ii) all amounts payable by Seller pursuant to all Service Contracts have been and will continue to be paid on a current basis, and (iii) Buyer will have no obligation or liability with respect to any Service Contracts following the Close of Escrow.

6.1.8. **Not a Foreign Person.** Seller is not a "foreign person" within the meaning of Section 1445(f)(3) of the Internal Revenue Code.

6.1.9. **Prohibited Transactions.** Seller (a) is not listed on the "Specially Designated Nationals and Blocked Persons List" maintained by the Office of Foreign Assets Control, U.S. Department of the Treasury ("**OFAC**") pursuant to Executive Order No. 13224, 66 Fed. Reg. 49079 (Sept. 23, 2001) (the "Order") and/or on any other list of terrorists or terrorist organizations maintained pursuant to any of the rules and regulations of OFAC or pursuant to any other applicable Orders (such lists are collectively referred to as the "**Lists**"); (b) is not a person who has been determined by competent authority to be subject to the prohibitions contained in the Orders; or (c) is not or has not engaged in any dealings or transactions with any Forbidden Entity. A "**Forbidden Entity**" is defined as (i) the governments of Cuba, Iran, North Korea, Myanmar, Syria and Sudan (each, a "**Prohibited Country**") and any of their agencies, including, but not limited to political units and subdivisions (each, a "**Prohibited Government**"); and (ii) any company that (A) is wholly or partially managed or controlled by a Prohibited Government, (B) is established, organized under, or whose principal place of business is in any Prohibited Country, or (C) has failed to submit an affidavit following request therefore averring that it does not own or control any property or asset in and has not and does not transact business with any Prohibited Country. For purposes of this **Section 6.1.9**, a "**company**" is any entity whether publicly traded or privately owned capable of affecting commerce, including, but not limited to, a government, government agency, natural person, legal person, sole proprietorship, partnership, firm, corporation, subsidiary, affiliate, franchisor, franchisee, joint venture, trade association, financial institution, utility, public franchise, provider of financial services, trust, or enterprise and any association thereof."

6.1.10. **Other Property Matters.** Seller has no knowledge (i) of any agreements, written or oral, under which Seller is or could become obligated to sell, convey, transfer, or lease the Property (other than the Tenant Lease which will be terminated no later than the Closing Date), or any portion thereof or any right, title, or interest therein, to a third party, (ii) of any liens, easements, encumbrances, prescriptive rights, contracts or other agreements for services, supplies or materials which may affect title to or use of the Property after the Closing other than as set forth in the Preliminary Report; (iii) of any adverse or other parties in possession of all or any portion of the Property (other than Tenant; provided, however, that as of the Closing Date the Tenant Lease shall terminate and Tenant shall no longer possess any portion of the Property) and no party other than Seller, Buyer, and Tenant (provided that Tenant's rights to use the Property shall terminate as of the Closing Date) has any right thereto or to the use of the Property; (iv) of any encroachments of improvements from the Property onto the property of others or by others onto the Property, other than as set forth in the and (v) of any moratoriums, initiatives, or legislation affecting the Property (and Seller has not received any written notice of any being contemplated).

6.1.11. **Compliance with Laws.** With the exception of the current parking at the Real Property, which may be in violation of Conditional Use Permit No. 87-CP-0795, issued on May 21, 1987 by the Irvine Planning Commission, as modified by 11221-CPU issued on September 17, 1992, and by Minor Modification 00772610-PCPM, approved on June 28, 2019, by Buyer's Community Development Director, Seller has no knowledge that the operation, use, development and ownership of the Property violates any Governmental Regulations, or that any investigation has been commenced or is contemplated respecting such possible violation. No written notices of any current violation of Governmental Regulations relating to the Property have been received by Seller or entered against Seller.

6.1.12. **Due Diligence Materials.** To the best of Seller's knowledge, the materials provided in the Dropbox war room created by Seller's Broker (i) are complete, true, and correct copies of such documents or original counterparts thereof, and Seller has no knowledge of any material inaccuracy in, or material misrepresentation of the matters contained therein, and (ii) include copies (or original counterparts thereof) of all reports, studies, and plans from the prior five (5) years relating to the current physical condition of the Property including, without limitation, Phase I and Phase II environmental reports, engineering studies, improvement/repair plans, consultant reports and studies from the prior five (5) years relating to the current physical condition of the Improvements, including without limitation, structural assessments, and ALTA surveys that are in Seller's possession and of which Seller has knowledge.

Whenever any representation, certification or warranty is stated in this Agreement or in any of the documents delivered pursuant to this Agreement to be "to the best of Seller's knowledge," "to Seller's actual knowledge," or to "Seller's knowledge," such representation and warranty shall be limited to being to the best of the actual knowledge, without any express or implied duty of investigation or diligence, of Jennifer Ryu, the CFO of Resources Connection, Inc., the parent of Seller, and Kristopher Meyer, Senior Vice President, Financial Planning & Analysis and Treasury of Resources Connection, Inc.,

who Seller represents are the individuals most familiar with this transaction and the Property and in the best position to provide any such knowledge-based representations and warranties; consequently, Seller shall have no obligation or liability to Buyer of any nature whatsoever on account of or with respect to any untrue or inaccurate warranty or representation made to the best of Seller's knowledge or to Seller's actual knowledge unless Jennifer Ryu or Kristopher Meyer had actual personal knowledge that such representation or warranty was untrue or inaccurate when made. Neither Jennifer Ryu, Kristopher Meyer, nor any party other than Seller shall bear responsibility, liability, or obligation for any breach of representation.

6.2. **Seller Updates Regarding Representations and Warranties.** If Seller obtains actual knowledge that any representations or warranties of Seller have become untrue in any material respects during the term of this Agreement, Seller shall give Buyer immediate written notice of such untrue representation or warranty. In the event that, prior to the Closing, Buyer has actual knowledge of any breach by Seller of any representation or warranty under this Agreement (which representation Seller has not intentionally caused to become untrue and was true when made on the Effective Date), then (a) prior to the Closing, Buyer may elect (as its sole right and remedy) not to consummate the Closing and, instead, elect to terminate this Agreement in which case the Deposit shall be immediately returned to Buyer; and (b) if, notwithstanding Buyer having actual knowledge of such breach prior to Closing Date, the Closing occurs then, after such Closing, Buyer shall have no right or remedy against Seller on account of such breach. If Buyer elects to terminate this Agreement pursuant to the preceding sentence, Buyer shall be required to first deliver a written notice to Seller which shall set forth the nature of the breach. Seller shall then have the right to elect, by delivery of written notice to Buyer not later than three (3) business days following receipt of Buyer's termination notice, to extend the Closing Date for a period of up to thirty (30) days to enable Seller to cure said breach. In the event that Seller fails to timely send a cure notice or actually fails to timely cure such breach to Buyer's sole satisfaction, this Agreement shall be deemed terminated as of the expiration of the thirtieth (30th) day following Buyer's termination notice. Notwithstanding the foregoing or anything herein to the contrary, in the event that Seller causes a representation to become untrue in any material respects which was true when made on the Effective Date or a Seller representation was untrue in any material respects when made on the Effective Date, Buyer shall have the rights and remedies available under **Section 12.2** of this Agreement as a result of such breach, including without limitation the right to an immediate return of the Deposit.

6.3. **Representations and Warranties of Buyer.** Buyer represents and warrants to Seller (each of which (i) is material and is being relied upon by Seller in entering into this Agreement, (ii) shall be true as of the Effective Date and as of the Closing Date, and (iii) shall survive the Closing and delivery of the Deed for the Survival Period), and covenants as follows:

6.3.1. **Organization and Authority.** Buyer is a municipal corporation, organized and validly existing under the laws of the State of California. Buyer has full power and authority to execute and deliver this Agreement and all other documents executed and delivered, or to be executed and delivered, by it (contemporaneously herewith or at the Closing) in connection with the transactions described herein and to perform all its obligations arising under this Agreement and such other documents and no other authorization or consent is

required therefor. No approvals, authorizations or consents of any public body or any other person or entity (except for those already obtained) are necessary in connection with this Agreement or the transactions contemplated hereby. This Agreement constitutes the legal, valid and binding obligation of Buyer, and is enforceable in accordance with its terms against Buyer, subject only to applicable bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles affecting or limiting rights of contracting parties generally. The individuals executing this Agreement and such other documents on behalf of Buyer have the authority to bind Seller hereunder and thereunder.

6.3.2. **Violation of Agreements.** None of the execution and delivery of this Agreement or any other documents executed and delivered, or to be executed and delivered by Buyer (contemporaneously herewith or at the Closing) in connection with the transactions described herein, or the performance by Buyer of all of Buyer's obligations arising under this Agreement and such other documents will violate any agreements or other instruments to which Buyer is a party.

6.3.3. **Litigation and Other Proceedings.** To Buyer's knowledge, there is no action, suit, proceeding, or claim affecting Buyer pending or being prosecuted in any court or by or before any governmental instrumentality which would prevent consummation by Buyer of the acquisition of the Property or materially and adversely affect the performance of any of Buyer's other obligations hereunder to be performed before, at or after Closing.

6.3.4. **Financial Status.** Buyer is solvent, has not been insolvent for the last one hundred twenty (120) days preceding the Effective Date, has not made a general assignment for the benefit of its creditors, and has not admitted in writing its inability to pay its debts as they become due, nor has Buyer filed, nor does it contemplate the filing of, any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, or any other proceeding for the relief of debtors in general, nor has any such proceeding been instituted by or against Buyer, nor is any such proceeding to Buyer's knowledge threatened or contemplated.

6.3.5. **Purchase Funds: Restricted Persons.** All funds to be used by Buyer as payment of the Purchase Price at Closing will be utilized in compliance with, all applicable federal, state, and local statutes and regulations and are free of all liens. Buyer (a) is not listed on the "Specially Designated Nationals and Blocked Persons List" maintained by OFAC pursuant to the Order and/or on any other Lists; (b) is not a person who has been determined by competent authority to be subject to the prohibitions contained in the Orders; or (c) is not or has not engaged in any dealings or transactions with any Forbidden Entity.

6.3.6. **No Resale.** Buyer is not entering into this Agreement for the purpose of "tying up" or otherwise encumbering the Property or for the purpose of reselling the Property to an unrelated third party or parties.

6.3.7. **Buyer's Independent Investigation.** The consummation of this transaction shall constitute Buyer's acknowledgment that it has independently inspected and investigated the Property and, except for Seller's Representations, has made and entered into

this Agreement based upon such inspection and investigation and its own examination of the condition of the Property.

6.3.8. **Buyer Reliance.** Buyer is experienced in and knowledgeable about the ownership and management of real estate, and, except as otherwise provided herein, including, without limitation, as set forth in Seller's Representations, Buyer has relied and will rely exclusively on its own consultants, advisors, counsel, employees, agents, principals and/or studies, investigations and/or inspections with respect to the Property, its condition, value, and potential. Buyer agrees that, notwithstanding the fact that it has received certain information from Seller or its agents or consultants, except as otherwise provided herein, including, without limitation, in Seller's Representations, Buyer has relied solely upon and will continue to rely solely upon its own analysis and will not rely on any information provided by Seller or its agents or consultants, except as expressly set forth in this **Article 6**.

6.4. **Survival of Representations and Warranties; Liability Cap.**

6.4.1. **Survival Period.** The representations and warranties set forth in this Agreement are made as of the Effective Date and are remade as of the Closing Date and shall survive the Closing and shall not merge into any instrument or conveyance delivered at the Close of Escrow, but only with respect to any claim of breach or default thereunder for which the Party asserting such breach or default has, before one (1) year after the Closing Date ("**Survival Period**"), given written notice to the other party of the specific breach or default claimed, and not later than the sixtieth (60th) day after the expiration of the Survival Period ("**Suit Period**") commenced suit based specifically upon such claimed breach or default in which event such representations and warranties shall survive until the final resolution of any action regarding such breach. Any such representation or warranty for which such specific written notice has not been given on or before the expiration of the Survival Period, or for which such specific suit has not been commenced on or before the expiration of the Suit Period, shall terminate and cease to be of any force or effect and neither party shall have any right, remedy, obligation, or liability thereunder.

6.4.2. **Liability Cap.** Seller shall have no liability to Buyer for a breach or default of any representation or warranty under this Agreement unless the valid claims for all such breaches and defaults collectively aggregate more than Twenty-Five Thousand Dollars (\$25,000), in which event the full amount of such valid claims shall be actionable. The maximum aggregate liability of Seller on account of all breaches and defaults under all representations, warranties, and covenants of this Agreement shall not exceed the amount equal to three percent (3%) of the Purchase Price (the "**Liability Cap**"). Upon payment by Seller of any amounts owed Buyer, if requested by Seller, Buyer agrees to represent to Seller that Buyer has not previously received proceeds in settlement of the same claim allocable to the amount in settlement of such claim Buyer is receiving from Seller. AS A SPECIFICALLY BARGAINED FOR ALLOCATION OF RISK AND LIABILITY, BUYER HEREBY EXPRESSLY WAIVES AND RELEASES ANY AND ALL RIGHTS AND REMEDIES BUYER MAY HAVE AGAINST SELLER ON ACCOUNT OF ANY BREACH OR DEFAULT OF ANY SELLER REPRESENTATION, AND WARRANTY TO THE EXTENT (I) THE VALID CLAIMS FOR

ALL SUCH BREACHES AND DEFAULTS DO NOT COLLECTIVELY AGGREGATE MORE THAN TWENTY-FIVE THOUSAND DOLLARS (\$25,000); OR (II) THE VALID CLAIMS FOR ALL SUCH BREACHES AND DEFAULTS COLLECTIVELY EXCEED THE APPLICABLE LIABILITY CAP BUT ONLY AS TO THE AMOUNT IN EXCESS OF THE LIABILITY CAP.

Buyer's Initials

6.5. **As-Is; Waiver and Release**. As a material inducement to Seller to enter into this Agreement and to convey the Property to Buyer, Buyer hereby acknowledges and agrees that:

6.5.1. **AS-IS**. Except as otherwise expressly set forth in this Agreement, including, without limitation, in Seller's Representations, Buyer is purchasing the Property in its existing condition, "AS-IS, WHERE-IS, WITH ALL FAULTS," and upon the Closing Date has made or has waived all inspections and investigations of the Property and its vicinity which Buyer believes are necessary to protect its own interest in, and its contemplated use of, the Property.

6.5.2. **No Representations**. Except as otherwise expressly set forth in this Agreement, including, without limitation, in Seller's Representations, neither Seller, nor any Seller Related Parties have made any representation, warranty, inducement, promise, agreement, assurance, or statement, oral or written, of any kind to Buyer upon which Buyer is relying, or in connection with which Buyer has made or will make any decisions concerning the Property or its vicinity including, without limitation, its use, condition, value, compliance with Governmental Regulations, the existence or absence of Hazardous Materials, or the permissibility, feasibility, or convertibility of all or any portion of the Property for any particular use or purpose, including, without limitation, its present or future prospects for sale, lease, development, occupancy or suitability as security for financing.

6.5.3. **No Implied Warranties**. Except as otherwise expressly set forth in this Agreement, including, without limitation, in Seller's Representations, Seller hereby specifically disclaims: (a) all warranties implied by law arising out of or with respect to the execution of this Agreement, any aspect or element of the Property, all implied warranties of merchantability, habitability and/or fitness for a particular purpose; and (b) any warranty, guaranty or representation, oral or written, past, present or future, of, as to, or concerning (i) the nature and condition of the Property or other items conveyed hereunder, including, without limitation, the water, soil, and geology, the suitability thereof and of the Property or other items conveyed hereunder for any and all activities and uses which Buyer may elect to conduct thereon, the existence of any environmental hazards or conditions thereon (including but not limited to the presence of asbestos or other Hazardous Materials) or compliance with applicable environmental laws; (ii) the nature and extent of any right-of-way, possession, lien, encumbrance, license, reservation, condition or otherwise; and (iii) the compliance of the Property or other items conveyed hereunder or its operation with any Governmental Regulations.

6.5.4. **Information Supplied by Seller, Buyer's Investigation.** Buyer specifically acknowledges and agrees that, except as otherwise expressly set forth in this Agreement, including, without limitation, in, Seller's Representations, (i) Seller has made no representation or warranty of any nature concerning the accuracy or completeness of any documents delivered or made available for inspection by Seller to Buyer, (ii) Buyer has undertaken such inspections of the Property as Buyer deems necessary and appropriate, and (iii) Buyer is relying solely upon such investigations and not on any of the information provided to Buyer by or on behalf of Seller.

6.5.5. **Release.** Effective as of the Close of Escrow and except as otherwise expressly set forth (i) in Seller's Representations and (ii) Buyer's rights pursuant to **Section 6.4**, Buyer on behalf of itself and on behalf of the Buyer Related Parties hereby fully and irrevocably release Seller and all Seller Related Parties from any and all claims that Buyer or Buyer Related Parties may have or thereafter acquire against Seller or any Seller Related Parties for any cost, loss, liability, fine, penalty, claim, damage, expense, demand, action or cause of action ("**Claims**") arising from or related to any matter of any nature relating to, including the condition of, the Property including any latent or patent construction defects, errors or omissions, compliance with law, Hazardous Materials and other environmental matters within, under or upon, or in the vicinity of the Property, any statutory or common law right Buyer or Buyer Parties may have to receive disclosures from Seller or Seller Parties, including, without limitation, any disclosures as to the Property's location within areas designated as subject to flooding, fire, seismic or earthquake risks by any federal, state or local entity, the need to obtain flood insurance, the certification of water heater bracing and/or the advisability of obtaining title insurance, the energy use of the Property, or any other condition or circumstance affecting the Property, its financial viability, use or operation, or any portion thereof. This release includes Claims of which Buyer or Buyer Related Parties are presently unaware or which Buyer or Buyer Related Parties do not presently suspect to exist in its favor which, if known by Buyer or Buyer Related Parties, would materially affect Buyer's or Buyer Related Parties' release of Seller or Seller Related Parties. In connection with the general release set forth in this **Section 6.4.5**, Buyer specifically waives on its behalf and behalf of Buyer Related Parties the provisions of California Civil Code Section 1542, which provides as follows:

A general release does not extend to claims which the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.

BUYER'S INITIALS

6.5.6. **Post-Closing Obligations.** Buyer further agrees that, if at any time after the Closing, any third party or any governmental agency seeks to hold Buyer responsible for the presence of, or any loss, cost or damage associated with, Hazardous Materials in, on, above or beneath the Real Property or emanating therefrom or for any other environmental condition related to the Real Property (any such proceeding by a third party or governmental agency, a

“**Third Party Environmental Action**”), then subject to the following sentence, Buyer agrees that it shall not (i) implead the Seller or any affiliate thereof, (ii) bring a contribution action or similar action against the Seller or any affiliate thereof or (iii) attempt in any way to hold the Seller or any affiliate thereof responsible with respect to any such matter. Notwithstanding anything to the contrary in this **Section 6.5.6**, the provisions in clauses (i), (ii) and (iii) shall not apply with respect to any Third Party Environmental Action brought during the Survival Period if (a) the Hazardous Materials are determined to have been brought onto the Real Property by Seller and/or during Seller’s ownership of the Real Property, or (b) Seller’s Representations regarding Hazardous Materials are determined to have been untrue in any materially adverse way when made.

6.5.7. **Survival.** The provisions of this **Section 6.5** shall survive the Closing.

7. **SELLER’S AND BUYER’S COVENANTS AND OBLIGATIONS BEFORE CLOSING.** Between the date of execution of this Agreement and the Closing Date:

7.1. **Operation of Improvements.** Seller shall cause the Improvements to be operated, maintained, and managed in substantially the same manner as they are presently being operated, maintained, and managed as of the date of this Agreement.

7.2. **Compliance with Existing Agreements.** Seller shall comply with all material terms, conditions, and provisions of the Tenant Lease and the Service Contracts.

7.3. **Insurance.** Seller shall maintain in effect until the Closing Date all insurance policies currently in force with respect to the Property including liability insurance and fire and extended coverage insurance.

7.4. **Compliance with Laws.** Seller shall comply with all federal, state, local and other laws, ordinances, rules, regulations and orders affecting or governing the use, occupancy, ownership or maintenance of the Property and promptly furnish Buyer with copies of any and all written notices or communications that it receives from any person, governmental or quasi-governmental entities regarding any violation by Seller of any such laws.

7.5. **New Vendor Contracts and Other Agreements; Modification of Tenant Lease.**

7.5.1. Seller shall not, without Buyer’s prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed during the Due Diligence Period, and thereafter, may be given or withheld in Buyer’s sole and absolute discretion, (i) enter into any contract for or on behalf of or affecting the Property, other than Vendor Contracts, which shall not require Buyer’s consent; (ii) enter into, renew, cancel or modify any existing agreements, contracts, leases or rights of occupancy with respect to the Property, including, without limitation, any of the Service Contracts, but excluding Vendor Contracts; (iii) amend or otherwise modify the terms of the Tenant Lease; or (vi) sell, transfer or otherwise convey or terminate, amend or otherwise modify any Intangible Property. Notwithstanding anything to

contrary in this **Section 7.5.1**, any such proposed contract or Service Contract (excluding Vendor Contracts) under this **Section 7.5.1** shall, unless expressly approved by Buyer, which approval may be given or withheld in Buyer's sole and absolute discretion, automatically terminate as of the Closing Date, and any such amendment or modification of the Tenant Lease shall not extend the term of the Tenant Lease beyond the Closing Date.

7.5.2. Buyer shall review and approve or disapprove, in writing, any such proposed contract, Service Contract (other than Vendor Contracts, which shall not require Buyer's consent), or amendment or modification of the Tenant Lease under **Section 7.5.1** within five (5) Business Days after Buyer's receipt thereof. If Buyer fails to timely approve or disapprove, in writing, any such proposed contract, Service Contract (excluding Vendor Contracts), or amendment or modification of the Tenant Lease under **Section 7.5.1**, then such contract, amendment, or modification shall be deemed disapproved.

7.5.3. Seller shall promptly furnish Buyer with copies of all written notices or communications that it receives from Tenant, lenders, or governmental or quasi-governmental entities or others regarding any claim of violation or default by Seller with respect to the use, occupancy, ownership, or physical condition of the Property.

7.6. **Additional Disclosures.** Upon obtaining actual knowledge thereof, Seller shall promptly advise Buyer in writing of any material adverse change in the condition of any of the Property, the occurrence of any event, or the discovery of any fact which would render any representation or warranty of Seller to Buyer in this Agreement untrue or materially misleading, and any written notice or other communication from any third person alleging that the consent of such third person is or may be required in connection with the transactions contemplated by this Agreement.

7.7. **Termination of Leases.** Seller hereby covenants at its sole cost and expense to terminate the Tenant Lease and any other leases, licenses, or occupancy rights so that Seller can deliver exclusive possession of the Property to Buyer at Closing free of the Tenant Lease and any other lease, license, or occupancy rights.

8. **CONDITIONS PRECEDENT TO CLOSE.**

8.1. **Conditions to Obligations of Seller.** The obligation of Seller to consummate the Closing shall be subject to the fulfillment (or written waiver by Seller) at or before the Closing Date of the following conditions (collectively, the "**Seller Conditions**"):

8.1.1. **Representations and Warranties.** The representations and warranties of Buyer contained in **Section 6.2** of this Agreement shall be true and correct in all material respects as of the Closing Date.

8.1.2. **Delivery of Purchase Price.** Buyer shall have delivered to Escrow Holder the balance of the Purchase Price.

8.1.3. **Performance of Obligations.** Buyer shall have performed in all material respects all obligations required to be performed by Buyer under this Agreement on and before the Closing Date.

8.1.4. **Delivery of Documents.** Each of the documents required to be delivered by Buyer at Closing shall have been delivered as provided herein.

If any of the foregoing Seller Conditions are not satisfied on or before the Scheduled Closing Date (and Seller has not waived them in writing), then, except in the event that any of the Buyer Conditions under **Sections 8.2** below are not satisfied on or before the Scheduled Closing Date pursuant to **Section 8.2** below, such failure shall constitute a default by Buyer hereunder and shall be governed by **Section 12.1** of this Agreement. If any of the Buyer Conditions under **Section 8.2** are not satisfied on or before the Scheduled Closing Date pursuant to **Section 8.2** below, then the failure of any of Seller Conditions to be satisfied, or waived by Seller, shall not constitute a default by Buyer hereunder, and Buyer shall be entitled to a return of the Deposit.

8.2. **Conditions to Obligations of Buyer.** The obligations of Buyer to consummate the Closing shall be subject to the fulfillment (or written waiver by Buyer) at or before the Closing Date of the following conditions (collectively, the “**Buyer Conditions**”):

8.2.1. **Representations and Warranties.** Seller’s Representations contained in **Section 6.1** shall be true and correct in all material respects as of the Closing Date.

8.2.2. **Performance of Obligations.** Seller shall have performed in all material respects all obligations required to be performed by Seller under this Agreement on and before the Closing Date.

8.2.3. **Termination of Tenant Lease.** The Tenant Lease shall have terminated, and the Tenant shall have vacated the Property, and no person or entity other than Seller pursuant to Seller’s Lease shall have any right to occupy, use, and/or possess any portion of the Property.

8.2.4. **Delivery of Documents.** Each of the documents required to be delivered by Seller at Closing shall have been delivered as provided herein.

8.2.5. **Title.** The Title Company shall be irrevocably committed to issue, at the Closing, the Title Policy. Buyer may request that the Title Company provide one or more endorsements to the Title Policy, provided that such endorsements shall be at Buyer’s expense and the issuance of such endorsements shall not be a condition under this **Section 8.2** or delay the Closing.

8.2.6. **No Pending Action.** There shall exist no pending or threatened actions, suits, arbitrations, claims, attachments, proceedings, assignments for the benefit of creditors, insolvency, bankruptcy, reorganization or other proceedings, against the Seller that would materially and adversely affect the Seller’s ability to unconditionally perform its obligations under this Agreement; and there shall exist no pending or threatened action, suit or proceeding with respect to the Seller before or by any court or administrative agency which seeks to restrain

or prohibit, or to obtain damages or a discovery order with respect to, this Agreement or the consummation of the transactions contemplated hereby.

8.2.7. **Condition of Property.** Other than as provided under **Section 11**, there shall have been no material adverse change in the physical or environmental condition of the Property which was not caused by Buyer.

If any of the Buyer Conditions under **Sections 8.2.1, 8.2.2, 8.2.3, 8.2.4, 8.2.6, or 8.2.7 (but only if caused by Seller)** are not satisfied on or before the Scheduled Closing Date (and Buyer has not waived them in writing), then such failure shall constitute a default by Seller hereunder and shall be governed by **Section 12.2** of this Agreement. Notwithstanding the non-satisfaction of the Buyer Condition under **Section 8.2.7** not caused by Seller shall not be deemed to be a default by Seller hereunder. If the Buyer Condition under **Section 8.2.5** is not timely satisfied due to conditions that are not within Seller's reasonable control, then (i) Seller may, if Seller so elects and without any abatement in the Purchase Price, adjourn the then-scheduled Closing Date for a period or periods not to exceed ninety (90) days in the aggregate and (ii) if, after any such extension, such Buyer Conditions continue not to be satisfied (and Buyer has not waived the same) or Seller does not elect such extension and, in either case, then Buyer may elect, in Buyer's sole and absolute discretion, to either (a) waive such condition, in which event the Closing shall occur as if such condition had been satisfied, or (b) terminate this Agreement in which event (i) Escrow Holder and Seller shall return the Deposit to Buyer in accordance with Buyer's written instructions within two (2) Business Days following Buyer's delivery of a written termination notice to Seller and Escrow Holder, (ii) Seller and Buyer shall each pay one half (1/2) of any Escrow cancellation fees or charges, and (iii) except for the obligations of the Parties under this Agreement which expressly survive termination of this Agreement, the Parties shall have no further rights or obligations to one another under this Agreement.

9. **CLOSING.**

9.1. **Closing.** The Closing shall occur upon the satisfaction or waiver in writing of all conditions to Buyer's obligation and Seller's obligation to close through an escrow arrangement with the Title Company and in no event later than 5:00 p.m. (California time) on the Scheduled Closing Date. The date the Closing occurs shall be the Closing Date. The terms and conditions of such escrow arrangement shall be consistent with the terms of this Agreement and shall otherwise be reasonably acceptable to Seller, Buyer, and the Title Company.

9.2. **Seller's Deliveries to Escrow Holder.** No later than 5:00 p.m. on the last Business Day before the Scheduled Closing Date, Seller shall deliver to the Escrow Holder the following:

- 9.2.1. The Deed executed by Seller and acknowledged by a notary public.
- 9.2.2. Two (2) counterpart originals of the Seller's Lease in the form of attached **Exhibit C** executed by Seller.
- 9.2.3. Seller's Letter of Credit.

9.2.4. Two (2) counterpart originals of the Bill of Sale, Assignment, and Assumption of Intangible Property in the form of attached **Exhibit D** (the “**Bill of Sale and Assignment**”) executed by Seller.

9.2.5. A FIRPTA Affidavit executed by Seller stating that Seller is not a foreign person (as defined in Section 1445 of the Internal Revenue Code of 1986, as amended, and the Regulations promulgated thereunder).

9.2.6. A California Withholding Exemption Certificate (Form 593) (the “**FTB 593**”) executed by Seller.

9.2.7. A closing statement setting forth the Purchase Price and all closing credits and adjustments expressly provided for in this Agreement (“**Closing Statement**”) executed by Seller.

9.2.8. Such authorization documentation of each Party comprising Seller and such other instruments and documents executed by Seller as shall be reasonably required by the Title Company to consummate this transaction.

9.2.9. Such other instruments and documents which shall be necessary in connection with the transaction contemplated herein and which do not impose, create, or potentially create any liability or expense upon Seller not expressly required under this Agreement.

9.3. **Buyer’s Deliveries to Escrow Holder.** No later than 5:00 p.m. on the last Business Day before the Scheduled Closing Date, Buyer shall deliver to Escrow Holder the following:

9.3.1. Immediately available funds in the amount of the balance of the Purchase Price (i.e., the Purchase Price less the Deposit).

9.3.2. Two (2) counterpart copies of the Seller’s Lease executed by Buyer.

9.3.3. Two (2) counterpart copies of the Bill of Sale and Assignment executed by Buyer.

9.3.4. The Closing Statement executed by Buyer.

9.3.5. Such authorization documentation of each Party comprising Buyer and such other instruments and documents executed by Buyer as shall be reasonably required by the Title Company to consummate this transaction.

9.3.6. Such other instruments or documents which shall be necessary in connection with the transaction herein contemplated and which do not impose, create, or potentially create any liability or expense upon Buyer not expressly required under this Agreement.

9.4. **Escrow Holder's Duties.** On the Close of Escrow, Escrow Holder shall:

9.4.1. First, record the Deed in the Official Records of Orange County.

9.4.2. Second, cause the Title Policy to be issued to Buyer.

9.4.3. Third, (i) disburse to Seller the Purchase Price less Seller's share of any Prorated Items, all amounts payable to Buyer by Seller as of the Closing Date pursuant to the Seller's Lease, any Escrow Holder's costs and expenses, and the amount of any other closing expenses payable by Seller pursuant to the terms of this Agreement, (ii) disburse payment of all items chargeable to the account of Buyer, and (iii) disburse the balance of the funds deposited by Buyer, if any, to Buyer in accordance with the Closing Statement.

9.4.4. Finally,

(1) deliver to Buyer a conformed copy of the Deed, a fully executed Bill of Sale and Assignment, a fully executed Seller's Lease, the Letter of Credit, copies of the FIRPTA Affidavit and the FTB 593, the final Closing Statement, and those documents specified in **Section 9.2.9** delivered to Escrow Holder.

(2) Deliver to Seller a conformed copy of the recorded Deed, a fully executed Bill of Sale and Assignment, a fully executed Seller's Lease, Seller's Letter of Credit, and those documents specified in **Section 9.3.6** delivered to Escrow Holder.

10. **PRORATIONS AND COSTS.**

10.1. **Prorations.** Buyer and Seller shall apportion as of 11:59 p.m. of the day immediately preceding the Closing ("**Proration Time**"), the items hereinafter set forth (the "**Prorated Items**") such that Seller will be charged and credited for the amounts of all of the Prorated Items relating to the period up to and including the Proration Time, and Buyer will be charged and credited for all of the Prorated Items relating to the period after the Proration Time. Any errors or omissions in computing apportionments at Closing shall be promptly corrected. The obligations set forth in this **Section 10.1** shall survive the Closing. The items to be prorated and adjusted are:

10.1.1. **Property Taxes.** Ad valorem property taxes and assessments (collectively, "**property taxes**") payable with respect to the tax year in which the Closing occurs. If the current tax bill has not been received by the date of the Closing and if any proration payable with respect to the tax year in which the Closing occurs proves to be inaccurate based on the actual property taxes set forth on the ad valorem tax bill when received, either Party may demand after the date of Closing that such property taxes be re-prorated based on the actual bill and shall be entitled to receive, upon demand any amount owing to such Party based on such re-proration. This provision shall survive the Closing for a period of nine (9) months.

10.1.2. **Rent.** None.

10.1.3. **Other Charges.** All other income and all operating expenses of the Property for public utility charges and charges and/or payments with respect to the Property shall be prorated at the Closing effective as of the Proration Time, and appropriate cash adjustments shall be made by Buyer and Seller. Seller and Buyer shall cooperate to arrange for final utility readings as close to the Closing Date as possible and the issuance of a final bill to Seller with Buyer being designated the billing Party in lieu of Seller for all utilities that may be in the name of Seller from and after the Closing Date.

10.2. **Buyer's Closing Costs.** Buyer will pay:

10.2.1. One-half (1/2) of the cost of any closing escrow fees of the Title Company.

10.2.2. Any costs relating to any financing obtained by Buyer (including, without limitation, any mortgage taxes, and any additional title premiums) resulting from obtaining a loan title policy.

10.2.3. The cost of the extended coverage portion of the Title Policy, or endorsements to the Title Policy, is over and above what the Seller is to pay for the base premium cost of the Title Policy, and the costs of obtaining the Survey, if any, under **Section 5.1**.

10.3. **Seller's Closing Costs.** Seller will pay:

10.3.1. All transfer taxes, documentary stamps and recording fees relating to the conveyance of the Property to Buyer.

10.3.2. One-half (1/2) of the cost of any closing escrow fees of the Title Company.

10.3.3. The base premium cost of the Title Policy.

11. **DAMAGE OR DESTRUCTION BEFORE CLOSING AND CONDEMNATION.**

11.1. **Casualty.**

11.1.1. If at any time before the Closing Date a “material,” as defined below, portion of the Property is destroyed or damaged as a result of fire or any other casualty, then at Buyer’s option, to be exercised within fifteen (15) days after receipt of written notice from Seller of such destruction or damage, this Agreement shall terminate, the Deposit shall be returned to Buyer, and neither Party shall have any further liability or obligation to the other hereunder except for any right or obligation under any provision hereof which expressly survives the termination of this Agreement.

11.1.2. If less than a material portion of the Property is damaged or destroyed or if a material portion is damaged or destroyed and Buyer elects not to terminate this Agreement, the Parties shall proceed to the Closing without reduction in the Purchase Price, and all insurance proceeds paid or payable to Seller shall belong to Buyer and shall be paid over and assigned to Buyer at Closing. Except as set forth in this **Section 11.1**, Seller shall have no obligation to make any repairs to the Property in the event of damage or destruction, except to the extent such damage or destruction is caused by Seller or by the Tenant.

11.1.3. For purposes hereof, the term “**material**” shall be deemed to be any of (i) damage or destruction to the Improvements where the cost to repair the Improvements is more than \$250,000, as determined by Seller’s insurance carrier; or (ii) any damage or destruction which is not fully (other than deductibles) covered by Seller’s insurance.

11.2. **Condemnation.** In the event of a taking by, or commencement of, condemnation or eminent domain proceedings of all or any portion of the Property before the Closing Date, Seller shall promptly give written notice thereof to Buyer and, at Buyer’s option to be exercised within fifteen (15) days after receipt of written notice from Seller of such proceedings, this Agreement shall terminate, the Deposit shall be returned to Buyer, and neither Party shall have any further liability or obligation to the other hereunder except for any right or obligation under any provision hereof which expressly survives the termination of this Agreement. If Buyer does not terminate the Agreement pursuant to this **Section 11.2**, Seller shall pay over to Buyer on the Closing Date all condemnation awards payable to Seller by reason of such condemnation or eminent domain proceeding, and Seller shall further assign and transfer to Buyer all of Seller’s right, title and interest of, in and to any awards that have been or may be made for such condemnation or eminent domain proceedings and the additional money that may be payable when the same is and becomes assignable as a matter of law.

12. **REMEDIES.**

12.1. **BUYER'S DEFAULT.** BY PLACING THEIR INITIALS AT THE END OF THIS SECTION 12.1, BUYER AND SELLER AGREE THAT: (A) IF BUYER FAILS TO COMPLETE THE PURCHASE OF THE PROPERTY PURSUANT TO THIS AGREEMENT BY REASON OF BUYER'S BREACH OF THIS AGREEMENT, THEN SELLER'S SOLE AND EXCLUSIVE REMEDY AT LAW AND EQUITY SHALL BE TO TERMINATE THIS AGREEMENT AND RETAIN THE DEPOSIT PURSUANT TO THIS AGREEMENT AS LIQUIDATED DAMAGES AND NOT AS A PENALTY (SELLER HEREBY WAIVING ALL OTHER REMEDIES IT MAY HAVE AT LAW AND/OR EQUITY REGARDING SUCH BREACH); AND (B) BECAUSE OF THE NATURE OF THE TRANSACTION CONTEMPLATED BY THIS AGREEMENT, IT WOULD BE IMPRACTICAL AND EXTREMELY DIFFICULT TO FIX SELLER'S ACTUAL DAMAGES IF SUCH A BREACH OCCURS AND THAT THEREFORE THE AMOUNT OF LIQUIDATED DAMAGES SPECIFIED ABOVE SHALL BE PRESUMED TO BE THE AMOUNT OF DAMAGES SELLER WOULD SUSTAIN BY REASON OF SUCH A BREACH AND REPRESENTS A REASONABLE ESTIMATE OF THOSE DAMAGES PURSUANT TO CALIFORNIA CIVIL CODE SECTIONS 1671 THROUGH 1681.

Buyer's Initials Seller's Initials

NOTHING CONTAINED IN THIS SECTION 12.1 SHALL BE DEEMED TO LIMIT ANY OF THE INDEMNITIES OR AGREEMENTS OF BUYER WHICH SURVIVE THE TERMINATION OF THIS AGREEMENT WHICH ARE CONTAINED ELSEWHERE IN THIS AGREEMENT, INCLUDING, WITHOUT LIMITATION, THOSE PROVIDED FOR IN SECTION 4.2.3 ABOVE AND SECTION 15.3 BELOW.

THE PROVISIONS OF THIS SECTION 12.1 SHALL SURVIVE THE TERMINATION OF THIS AGREEMENT.

Seller's Initials Buyer's Initials

12.2. **Seller's Default.** If Seller fails to perform its obligations pursuant to this Agreement for any reason except failure by Buyer to perform hereunder, or if any one or more of Seller's Representations or warranties was untrue when made or before Closing are breached in any materially adverse respect, and any such failure or breach is not cured by Seller within ten (10) days after receipt of written notice from Buyer specifying the nature of any such failure and/or breach, Buyer shall elect, as its sole remedy, either to (a) terminate this Agreement by giving Seller timely written notice of such election before or at Closing, in which event Buyer shall recover the Deposit and Seller shall reimburse Buyer for all of Buyer's out-of-pocket expenses incurred in connection with this Agreement (as evidenced by copies of paid invoices delivered to Seller), including, without limitation, legal fees and consultant fees and expenses, all of which

shall not exceed \$100,000 in total, and neither Party shall have any further liability or obligation to the other hereunder, except for provisions of this Agreement that expressly state that they shall survive the termination of this Agreement, (b) bring an action for specific performance, or (c) waive said failure and/or breach and proceed to Close. THE REMEDY OF SPECIFIC PERFORMANCE SHALL NOT BE AVAILABLE TO ENFORCE ANY OTHER OBLIGATION OF SELLER HEREUNDER. BUYER EXPRESSLY WAIVES ITS RIGHTS TO SEEK DAMAGES IN THE EVENT OF SELLER'S DEFAULT HEREUNDER, EXCEPT AS SPECIFICALLY PROVIDED IN SECTION 6.4 OR THIS SECTION 12.2. Notwithstanding anything herein to the contrary, Buyer shall be deemed to have elected to terminate this Agreement if Buyer fails to either waive such failure and/or breach and proceed to Closing or to deliver to Seller written notice of its intent to file a claim or assert a cause of action for specific performance against Seller on or before ninety (90) days following the Scheduled Closing Date or, having given such notice, fails to file a lawsuit asserting such claim or cause of action in the county in which the Property is located within ninety (90) days following the Scheduled Closing Date.

12.3. **Recoverable Damages.** Notwithstanding **Sections 12.1 and 12.2**, in no event shall the provisions of **Sections 12.1 or 12.2** limit the damages recoverable by either Party against the other Party due to the other Party's obligation to indemnify such Party in accordance with this Agreement or limit a Party's ability to recover attorneys' fees and expenses under **Section 15.3**.

12.4. **Matters that Survive Closing.** The provisions of **Sections 12.1 and 12.2** hereof shall not limit any rights or remedies that either Party may have against the other after the Closing with respect to those provisions of this Agreement that survive the Closing.

12.5. **Limitation on Damages for Breach of Warranty or Representations.** Seller and Buyer agree that following the Closing, each shall be liable for the direct, but not consequential, incidental, indirect, punitive, special, or exemplary damages or lost profits, resulting from any breach of its warranties and representations expressly set forth in **Section 6.1** (Seller's Representations) and **Section 6.2** (Representations and Warranties of Buyer) above.

13. **LIKE-KIND EXCHANGE.** At no cost or liability to the non-requesting Party, the non-requesting Party agrees to reasonably cooperate with the requesting Party by executing such documents or taking such action as the requesting Party may reasonably request in connection with any tax-deferred exchange pursuant to Section 1031 of the Tax Code, provided that (i) the transaction contemplated by this Agreement shall not be conditioned upon completion of such exchange; (ii) the non-requesting Party shall not be required to take title to any real property in connection with any such exchange; (iii) the non-requesting Party shall not incur any liability by reason of any such exchange; and (iv) the requesting Party shall not be relieved of any of its obligations under this Agreement, including the extension of any dates, as a result of any such exchange. The Party electing to engage in a tax-deferred exchange hereby agrees to indemnify, defend, and hold harmless the non-requesting Party from any claim, damage, liability, demand, cause of action, loss, cost, or expense (including, without limitation, reasonable attorney's fees) the non-requesting Party may suffer or incur as a result of the requesting Party's participation in

the aforesaid exchange(s). The covenants, obligations, and indemnity contained in **Article 13** shall survive the Closing hereunder and delivery of the Deed.

14. **BROKERAGE.** Seller and Buyer mutually represent and warrant to each other that there are no brokers involved in this transaction except Seller's Broker and Buyer's Broker. Conditioned expressly on the occurrence of the Closing, Seller shall pay a commission at Closing to each of the Seller's Broker and the Buyer's Broker with respect to the transaction contemplated herein pursuant to the terms of a separate written agreement. Seller and Buyer shall indemnify, defend, and hold harmless the other against any costs, claims, or expenses, including reasonable attorneys' fees, arising out of the breach of their respective representations and warranties set forth in **Article 14**.

15. **MISCELLANEOUS.**

15.1. **Notices.** All notices or other communications hereunder to either Party shall be (i) in writing and shall be deemed to be given on the earlier to occur of (a) actual receipt; or (b) the third (3rd) Business Day after deposit of both the original and copy as provided below in a regularly maintained receptacle for the United States mail, by registered or certified mail, return receipt requested, postage prepaid, addressed as provided below; (c) by a recognized overnight courier service, in which event, the notice shall be deemed delivered on the next Business Day hereinafter, and (d) by electronic mail, in which event, the notice shall be deemed delivered upon confirmation of delivery of said notice, provided a copy of such notice is deposited by the next Business Day with any nationally recognized airborne/overnight delivery service. A Party's legal counsel may give notices. Notice or other communication shall be addressed as follows:

If to Seller:	RGP Property LLC c/o Resources Connection, Inc. 17101 Armstrong Ave. Irvine, CA 92614 Attn: Chief Financial Officer Telephone: (714) 430-6400 Email: jennifer.ryu@rgp.com
With a copy to	Resources Connection LLC 17101 Armstrong Ave. Irvine, CA 92614 Attn: Chief Legal Officer Telephone: (714) 430-6400 Email: lauren.elkerson@rgp.com
With a copy to:	Daniel K. Winton 4685 MacArthur Court, Suite 450 Newport Beach, CA 92660 Telephone: (949) 252-0516 Fax: (949) 476-2477 E-mail: dwinton@wintonlaw.com

If to Buyer: City of Irvine
1 Civic Center Plaza
Irvine, CA 92606
Attention: Brian King
Telephone: (949) 724-7445
Email: bking@cityofirvine.org

With a copy to: Rutan & Tucker, LLP
18575 Jamboree Road, 9th Floor
Irvine, CA 92612
Attention: Jeffrey T. Melching
Telephone: (714) 641-3422
Email: jmelching@rutan.com

15.2. **Entire Agreement.** This Agreement constitutes the entire Agreement between the Parties and supersedes any other previous agreement, oral or written, between the Parties. This Agreement cannot be changed, modified, waived, or terminated orally but only by an agreement in writing signed by the Parties hereto. This Agreement shall be binding upon the Parties hereto and their respective heirs, executors, personal representatives and permitted successors and assigns.

15.3. **Attorneys' Fees.** If any Party institutes any legal suit, action, or proceeding against the other Party to enforce this Agreement or obtain any other remedy in respect of any breach of this Agreement, the prevailing Party in the suit, action, or proceeding shall be entitled to receive from the other Party, in addition to all other damages to which it may be entitled, the costs incurred by such Party in conducting the suit, action, or proceeding, including reasonable attorneys' fees and expenses and court costs. For purposes of this **Section 15.3**, a Party will be considered to be the "prevailing Party" if (a) such Party initiated the litigation and substantially obtained the relief which it sought (whether by judgment, voluntary agreement or action of the other Party, trial, or alternative dispute resolution process), (b) such Party did not initiate the litigation and either (i) received a judgment in its favor, or (ii) did not receive judgment in its favor, but the Party receiving the judgment did not substantially obtain the relief which it sought, or (c) the other Party to the litigation withdrew its claim or action without having substantially received the relief which it was seeking. The provision of this **Section 15.13** shall survive the Closing or the termination of this Agreement.

15.4. **Counterpart Execution; Electronic Signatures.** This Agreement may be executed in any number of counterparts, all of which taken together shall constitute the same original, and the execution of separate counterparts by Buyer and Seller shall bind Buyer and Seller as if they had each executed the same counterpart. The Parties agree that this Agreement shall be deemed validly executed and delivered by a Party if a Party executes this Agreement electronically and delivers a copy of the executed Agreement to the other Party by facsimile or electronic mail.

15.5. **Governing Law**. This Agreement shall be governed, construed, and enforced in accordance with the laws of California.

15.6. **Headings**. The headings used in this Agreement are for convenience only and do not constitute substantive matters to be considered in construing same.

15.7. **No Recordation of Agreement**. The Parties agree that neither this Agreement nor any memorandum or notice thereof shall be recorded.

15.8. **Assignment**. Subject to the provisions of this **Section 15.8**, the terms and provisions of this Agreement are to apply to and bind the permitted successors and assigns of the Parties hereto. Buyer may not assign its rights under this Agreement without first obtaining Seller's written approval, which approval may be given or withheld in Seller's sole discretion; provided, however, that Buyer shall have the right to assign all (but not less than all) of its rights and interest under this Agreement to an entity controlling, controlled by, or under common control with Buyer. For purposes of the immediately preceding sentence, the term "control" and similar terms shall mean the ownership of greater than fifty percent (50%) of the voting and economic interests of the applicable entity. If Buyer desires to assign its rights hereunder, (a) Buyer shall send Seller written notice of its request at least five (5) Business Days prior to Closing, which request shall include the legal name and structure of the proposed assignee, as well as any other information that Seller may reasonably request, (b) the assignee shall execute and deliver to Seller an assignment and assumption of this Agreement in form and substance reasonably satisfactory to Seller, and (c) in no event shall any assignment of this Agreement release or discharge Buyer from any liability or obligation hereunder. Any transfer, directly or indirectly, of greater than fifty percent (50%) of the stock, partnership interest or other ownership interest in Buyer shall constitute an assignment of this Agreement.

15.9. **Submission of Agreement**. Submission of this form of Agreement for examination shall not bind Seller or Buyer in any manner nor be construed as an offer to sell, and no contract or obligations of Seller or Buyer shall arise until this Agreement has been executed by both Seller and Buyer.

15.10. **Computation of Days**. If the final date of any period set forth herein (including, but not limited to, the Closing Date) falls on a Saturday, Sunday, or legal holiday under the laws of the State or the United States of America, the final date of such period shall be extended to the next day that is not a Saturday, Sunday, or legal holiday. The term "days" as used herein shall mean calendar days, except for "Business Days," which term shall mean each day except for any Saturday, Sunday, or legal holiday under the laws of the State or the United States of America.

15.11. **Reporting Requirements**. Buyer and Seller shall each deposit such other instruments required to close the escrow and consummate the purchase and sale of the Property in accordance with the terms hereof, including, without limitation, an agreement designating the Title Company as the "Reporting Person" for the transaction pursuant to Section 6045(e) of the Internal Revenue Code and the regulations promulgated thereunder, and executed by Seller, Buyer and the Title Company, but in no event shall such instruments impose, create or potentially create any liability for Seller or Buyer not expressly provided for herein. Such

agreement shall comply with the requirements of Section 6045(e) of the Internal Revenue Code and the regulations promulgated thereunder.

15.12. **Construction.** This Agreement is the result of negotiations between the Parties, neither of whom has acted under any duress or compulsion, whether legal, economic, or otherwise. Accordingly, the terms and provisions hereof shall be construed in accordance with their usual and customary meanings. Seller and Buyer hereby waive the application of any rule of law which otherwise would be applicable in connection with the construction of this Agreement that ambiguous or conflicting terms or provisions should be construed against the Party who (or whose attorney) prepared the executed Agreement or any earlier draft of the same.

15.13. **Interpretation.** If there is any specific and direct conflict between, or any ambiguity resulting from, the terms and provisions of this Agreement and the terms and provisions of any document, instrument or other agreement executed in connection herewith or in furtherance hereof, including any exhibits hereto, the same shall be consistently interpreted in such manner as to give effect to the general purposes and intention as expressed in this Agreement, which shall be deemed to prevail and control.

15.14. **Confidentiality.** Buyer and Buyer's agents and representatives hereby covenant with Seller that except to the extent disclosure is required by law, including, without limitation, the California Public Records Act, Buyer and Buyer's agents and representatives shall not, without the prior written consent of Seller (which consent may be withheld in Seller's sole and absolute discretion), disclose to any other person (other than Buyer's accountants and attorneys) or entity by any means whatsoever: (i) any information pertaining to Seller's Due Diligence Materials; (ii) any information pertaining to this Agreement; or (iii) any information or documentation (written or oral) provided by Seller or Seller's agents and representatives concerning Seller, Seller's business, Tenant, Tenant's business or the Property.

15.15. **Attorneys' and Consultants' Fees.** Seller and Buyer shall each pay the fees and disbursements of their respective attorneys and consultants relating to the transaction as set forth in this Agreement.

15.16. **Natural Hazard Disclosure.** Buyer and Seller acknowledge that Seller may be required to disclose if any of the Property lies within the following natural hazard areas or zones: (i) a special flood hazard area designated by the Federal Emergency Management Agency; (ii) an area of potential flooding; (iii) a very high fire hazard severity zone; (iv) a wild land area that may contain substantial forest fire risks and hazards; (v) an earthquake fault or special studies zone; or (vi) a seismic hazard zone. Buyer and Seller hereby instruct Escrow Holder, or an affiliate thereof (who, in such capacity, is herein called the "**Natural Hazard Expert**") to examine the maps and other information specifically made available to the public by government agencies and to report the results of its examination to Buyer and Seller in writing. Escrow Holder shall provide a written report prepared by the Natural Hazard Expert regarding the results of its examination no later than twenty (20) days prior to the expiration of the Due Diligence Period. The written report prepared by the Natural Hazard Expert fully and completely discharges Seller from its disclosure obligations referred to herein, and, for the purposes of this Agreement, the provisions of Civil Code Section 1103.4 regarding the non-liability of Seller for

errors and/or omissions not within its personal knowledge shall be deemed to apply, and the Natural Hazard Expert shall be deemed to be an expert dealing with matters within the scope of its expertise with respect to the examination and written report regarding the natural hazards referred to above.

1.17. **Limitation on Liability.** With the exception of Buyer's rights under **Section 12.2**, Seller's liability under this Agreement is explicitly limited to Seller's interest in the Property, including any proceeds thereof, and Buyer shall have no recourse against any other property or assets of Seller or to any of the Seller Related Parties or of any of the assets or property of any of the foregoing for the payment or collection of any amount, judgment, judicial process, arbitral award, fee, or cost or for any other obligation or claim arising out of or based upon this Agreement and requiring the payment of money by Seller. With the exception of Buyer's rights under **Section 12.2**, and except as otherwise expressly set forth in this **Section 15.17**, neither Seller nor any Seller Related Party shall be subject to levy, lien, execution, attachment, or other enforcement procedure for the satisfaction of any of Buyer's rights or remedies under or with respect to this Agreement, at law, in equity or otherwise. Except for Buyer's rights under **Section 12.2**, Buyer shall not seek enforcement of any judgment, award, right or remedy against any property or asset of Seller or any Seller Related Party other than Seller's interest in the Property or any proceeds thereof. The provisions of this **Section 15.17** shall survive termination of this Agreement.

1.18. **Seller's Right to Continue Marketing the Property.** Until the expiration of the Due Diligence Period, Seller shall have the right to maintain the sale of the Property on listing services (such as CoStar and LoopNet), but not to (a) actively market the Property for sale, (b) engage in any negotiations with any third party regarding the potential sale of the Property, or (c) enter into any agreements or other writings with any third party regarding the potential sale of the Property. After the expiration of the Due Diligence Period and the delivery of the Additional Deposit to Escrow Holder, Seller shall remove the Property from the listing services.

1.19. **Waiver of Jury Trial.** BUYER AND SELLER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY DOCUMENTS CONTEMPLATED TO BE EXECUTED IN CONNECTION HERewith, OR ANY COURSE OF CONDUCT, COURSE OF DEALINGS, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ANY ACTIONS OF EITHER PARTY ARISING OUT OF OR RELATED IN ANY MANNER WITH THIS AGREEMENT OR THE PROPERTY (INCLUDING WITHOUT LIMITATION, ANY ACTION TO RESCIND OR CANCEL THIS AGREEMENT OR ANY CLAIMS OR DEFENSES ASSERTING THAT THIS AGREEMENT WAS FRAUDULENTLY INDUCED OR IS OTHERWISE VOID OR VOIDABLE). THIS WAIVER IS A MATERIAL INDUCEMENT FOR SELLER TO ENTER INTO AND ACCEPT THIS AGREEMENT AND THE DOCUMENTS TO BE DELIVERED BY BUYER AT CLOSING AND SHALL SURVIVE THE CLOSING OR TERMINATION OF THIS AGREEMENT. Each Party hereby authorizes

and empowers the other to file this **Section 15.19** and this Agreement with the clerk or judge of any court of competent jurisdiction as a written consent to waiver of jury trial.

1.20. **Exhibits.** All Exhibits attached to this Agreement form an integral part of this Agreement and each Exhibit shall be deemed to be incorporated into this Agreement as fully as if its contents were set forth in full at each point in this Agreement.

IN WITNESS WHEREOF, this Agreement has been executed by Seller and Buyer as provided below.

SELLER:

RGP PROPERTY LLC, a
Delaware limited liability company

By: _____
Name: _____ Title:

BUYER:

CITY OF IRVINE, a
California municipal corporation and charter city

By: _____
Name: _____
Title: _____

JOINDER BY ESCROW HOLDER

The undersigned Escrow Holder hereby (1) acknowledges receipt, as of the date set forth below, of the foregoing Agreement executed by Seller and Buyer, and (2) agrees to (i) accept the foregoing Agreement, (ii) be Escrow Holder under said Agreement, (iii) to make all filings required under Section 6045 of the Internal Revenue Code of 1986, as amended, and (iv) be bound by said Agreement in the performance of its duties as Escrow Holder; provided, however, the undersigned shall have no obligations, liability or responsibility under (a) this Joinder or otherwise, unless and until said Agreement, fully signed by the Parties, has been delivered to the undersigned, or (b) any amendment to said Agreement unless and until the same is delivered to the undersigned.

Dated: May __, 2024

**COMMONWEALTH LAND TITLE,
NATIONAL COMMERCIAL
SERVICES**

By: _____
Name: _____ Its: _____

EXHIBIT A TO PURCHASE AND SALE AGREEMENT
LEGAL DESCRIPTION OF LAND

All that certain real property situated in the County of Orange, State of California, described as follows:

LOTS 9 AND 10 OF TRACT NO. 6901, IN THE CITY OF IRVINE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS SHOWN ON A MAP RECORDED IN BOOK 280, PAGES 36 THROUGH 38 INCLUSIVE OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT ALL OIL, OIL RIGHTS, MINERALS, MINERAL RIGHTS, NATURAL GAS, NATURAL GAS RIGHTS, AND OTHER HYDROCARBONS BY WHATSOEVER NAME KNOWN THAT MAY BE WITHIN OR UNDER THE PARCEL OF LAND HEREINABOVE DESCRIBED, TOGETHER WITH THE PERPETUAL RIGHT OF DRILLING, MINING, EXPLORING, AND OPERATING THEREFOR, AND STORING IN AND REMOVING THE SAME FROM SAID LAND OR ANY OTHER LAND, INCLUDING THE RIGHT TO WHIPSTOCK OR DIRECTIONALLY DRILL AND MINE FROM LANDS OTHER THAN THOSE HEREINABOVE DESCRIBED, OIL OR GAS WELLS, TUNNELS, AND SHAFTS INTO, THROUGH, OR ACROSS THE SUBSURFACE OF THE LAND HEREINABOVE DESCRIBED, AND TO BOTTOM SUCH WHIPSTOCKED OR DIRECTIONALLY DRILLED WELLS, TUNNELS, AND SHAFTS UNDER AND BENEATH OR BEYOND THE EXTERIOR LIMITS THEREOF, AND TO REDRILL, RETUNNEL, EQUIP, MAINTAIN, REPAIR, DEEPEN, AND OPERATE ANY SUCH WELLS OR MINES, WITHOUT, HOWEVER, THE RIGHT TO DRILL MINE, STORE, EXPLORE, AND OPERATE THROUGH THE SURFACE OR THE UPPER 500 FEET OF THE SUBSURFACE OF THE LAND HEREINABOVE DESCRIBED, AS RESERVED IN THE DEED FROM IRVINE INDUSTRIAL COMPLEX, A CALIFORNIA CORPORATION, RECORDED OCTOBER 01, 1971 IN BOOK 9827, PAGE 412 OF OFFICIAL RECORDS.

APN: 430-142-0

EXHIBIT B TO PURCHASE AND SALE AGREEMENT

FORM OF GRANT DEED

RECORDING REQUESTED BY,
WHEN RECORDED MAIL TO AND
MAIL TAX STATEMENTS TO:

CITY OF IRVINE
1 CIVIC CENTER PLAZA
IRVINE, CALIFORNIA 92606
ATTENTION: CITY CLERK

(Space Above Line for Recorder's Use Only)

The undersigned declares that this document is exempt from the payment of the Documentary Transfer Tax pursuant to Revenue and Taxation Code §11922 (Grantee is a public agency and is exempt from transfer tax).

APN: 430-142-0

FOR VALUE RECEIVED, **RGP PROPERTY LLC**, a Delaware limited liability company ("**Grantor**") grants to CITY OF IRVINE, a California municipal corporation and charter city ("**Grantee**"), all that certain real property situated at 17101 Armstrong Avenue in the City of Irvine, Orange County, California, as described on attached **Exhibit A**, which is attached hereto and incorporated herein by reference.

TOGETHER WITH all easements, rights, rights of way, privileges, and appurtenances thereto or in any way appertaining, all improvements thereon and all the estate, right, title, interest, and claim, either at law or in equity, of Grantor in the subject property,

SUBJECT TO: As of the date of recording of this Grant Deed, (i) all real property taxes and assessments not delinquent; (ii) all easements, covenants, conditions, restrictions, rights, and other matters of record or which are apparent by inspection or which would be disclosed by an accurate survey of the subject property; and (iii) all applicable laws, ordinances, rules and governmental regulations (including, without limitation, those relating to building, zoning and land use) affecting the development, use, occupancy or enjoyment of the subject property.

IN WITNESS WHEREOF, Grantor has executed this Grant Deed as of _____, 2024.

GRANTOR: RGP PROPERTY LLC,
a Delaware limited liability company

By: _____
Name: _____
Title: _____

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT CIVIL CODE § 1189

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of CALIFORNIA

County of ORANGE

On _____, 2024, before me, _____, Notary Public,
(insert name and title of the officer)

personally appeared _____ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature

Notary Public, State of California

EXHIBIT A TO GRANT DEED

LEGAL DESCRIPTION OF PROPERTY

LOTS 9 AND 10 OF TRACT NO. 6901, IN THE CITY OF IRVINE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS SHOWN ON A MAP RECORDED IN BOOK 280, PAGES 36 THROUGH 38 INCLUSIVE OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT ALL OIL, OIL RIGHTS, MINERALS, MINERAL RIGHTS, NATURAL GAS, NATURAL GAS RIGHTS, AND OTHER HYDROCARBONS BY WHATSOEVER NAME KNOWN THAT MAY BE WITHIN OR UNDER THE PARCEL OF LAND HEREINABOVE DESCRIBED, TOGETHER WITH THE PERPETUAL RIGHT OF DRILLING, MINING, EXPLORING, AND OPERATING THEREFOR, AND STORING IN AND REMOVING THE SAME FROM SAID LAND OR ANY OTHER LAND, INCLUDING THE RIGHT TO WHIPSTOCK OR DIRECTIONALLY DRILL AND MINE FROM LANDS OTHER THAN THOSE HEREINABOVE DESCRIBED, OIL OR GAS WELLS, TUNNELS, AND SHAFTS INTO, THROUGH, OR ACROSS THE SUBSURFACE OF THE LAND HEREINABOVE DESCRIBED, AND TO BOTTOM SUCH WHIPSTOCKED OR DIRECTIONALLY DRILLED WELLS, TUNNELS, AND SHAFTS UNDER AND BENEATH OR BEYOND THE EXTERIOR LIMITS THEREOF, AND TO REDRILL, RETUNNEL, EQUIP, MAINTAIN, REPAIR, DEEPEN, AND OPERATE ANY SUCH WELLS OR MINES, WITHOUT, HOWEVER, THE RIGHT TO DRILL MINE, STORE, EXPLORE, AND OPERATE THROUGH THE SURFACE OR THE UPPER 500 FEET OF THE SUBSURFACE OF THE LAND HEREINABOVE DESCRIBED, AS RESERVED IN THE DEED FROM IRVINE INDUSTRIAL COMPLEX, A CALIFORNIA CORPORATION, RECORDED OCTOBER 01, 1971 IN BOOK 9827, PAGE 412 OF OFFICIAL RECORDS.

APN: 430-142-0

EXHIBIT C TO PURCHASE AND SALE AGREEMENT

FORM OF SELLER'S LEASE

[Form to be Attached]

EXHIBIT D TO PURCHASE AND SALE AGREEMENT

BILL OF SALE, ASSIGNMENT AND ASSUMPTION OF INTANGIBLE PROPERTY

THIS BILL OF SALE, ASSIGNMENT AND ASSUMPTION INTANGIBLE PROPERTY, dated for reference purposes _____, 2024, between RGP PROPERTY LLC, a California limited liability company (“**Assignor**”), and CITY OF IRVINE, a California municipal corporation and charter city (“**Assignee**”) based on following facts, intentions, and understandings:

1. Assignor and Assignee. entered into that certain Purchase and Sale Agreement dated as of May 15, 2024 (the "**Purchase Agreement**") for the sale by Assignor to Assignee of that certain improved real property located at 17101 Armstrong Avenue in the City of Irvine, Orange County, California, and more particularly described in the Purchase Agreement (the "**Real Property**").

2. Assignor owns (i) certain tangible personal property as described on **Schedule 1** attached hereto, which schedule does not contain (and therefore has excluded) any items of personal property leased by Assignee or otherwise owned by third parties including Tenant (as defined in the Purchase Agreement) (the "**Tangible Personal Property**"), and (ii) certain Intangible Personal Property (as defined in the Purchase Agreement) which Assignor desires to convey and assign to Assignee and which Assignee desires to accept.

NOW THEREFORE, for good and valuation consideration, the receipt, adequacy, and sufficiency of which is acknowledged, Assignor and Assignee agree as follows:

1. **Bill of Sale.** As of the Effective Date, Assignor grants, sells, transfers, assigns, conveys, and delivers to Assignee all of Assignor's right, title, and interest in and to the Tangible Personal Property; provided, however, Assignor shall disclaim any representation or warranty of any kind with respect to the Personal Property which is being conveyed to Assignee hereunder "AS IS".

2. **Intangible Property.**

1.1. As of the Effective Date, Assignor hereby assigns to Assignee all Assignor's rights, title, and interest in and to the Intangible Property (if Assignor has any such right and only to the extent transferable). This Assignment is given pursuant to the Purchase

Agreement and is subject to the terms, covenants, representations, warranties, and limitations set forth in the Purchase Agreement.

1.2. As of the Effective Date, Assignee hereby assumes all of Assignor's rights, title, and interest in and to the Intangible Property.

3. **Effective Date.** As used in this Assignment, the term "**Effective Date**" shall mean the Closing Date for Assignee's purchase of the Real Property under the terms of the Purchase Agreement.

4. **Attorneys' Fees.** The prevailing Party in any action or proceeding between the Parties hereto with respect to this Assignment shall be entitled to have and recover all costs, expenses and reasonable attorneys' fees incurred in connection therewith, including any such fees and costs incurred upon any appeals.

5. **Governing Law.** This Assignment shall be governed by and interpreted in accordance with the internal laws of the State of California.

6. **Binding Effect.** This Assignment shall be binding upon and inure to the benefit of the Parties hereto and their respective heirs, executors, administrators, successors, and assigns.

7. **Counterparts.** This Assignment may be executed in one or more counterparts, each of which shall be deemed an original, but all of which, together, shall constitute the same instrument. Signatures may be by facsimile or by pdf electronic signature.

WITH RESPECT TO ALL MATTERS TRANSFERRED, WHETHER TANGIBLE OR INTANGIBLE, PERSONAL OR REAL, SELLER EXPRESSLY DISCLAIMS A WARRANTY OF MERCHANTABILITY AND WARRANTY FOR FITNESS FOR A PARTICULAR USE OR ANY OTHER WARRANTY EXPRESSED OR IMPLIED THAT MAY ARISE BY OPERATION OF LAW OR UNDER THE UNIFORM COMMERCIAL CODE FOR THE STATE OF CALIFORNIA (OR ANY OTHER STATE).

[Signatures follow on next Page]

IN WITNESS WHEREOF, Assignor and Assignee have executed this instrument as of the day and year first above written.

Assignor: RGP PROPERTY LLC, a
Delaware limited liability company

By: _____
Name: _____
Title: _____

Assignee: CITY OF IRVINE, a California municipal corporation and charter city

By: _____
Name: Oliver C. Chi
Title: City Manager

SCHEDULE I TO BILL OF SALE AND ASSIGNMENT

THE TANGIBLE PERSONAL PROPERTY

The Personal Property as defined in Section 2.24 of the Purchase Agreement, excepting the Personal Property to be retained by Seller as described in Schedule 2.24 to the Purchase Agreement

SCHEDULE 2.12

LIST OF DUE DILIGENCE MATERIALS

The following documents pertaining to the Property shall be made available by Seller to Buyer as the Due Diligence Materials for Buyer's inspection and review of Property provided such documents exist and are in Seller's possession.

- (1) The Preliminary Report.
- (2) Copy of the Tenant Lease and all amendments to the Tenant Lease.
- (3) Current property tax bill.
- (4) Three (3) years of utility bills.
- (5) Fire alarm inspection certificates.
- (6) All plans, maps, and surveys.
- (7) Any soil, seismic, engineering, asbestos, lead, PCB, environmental, including, without limitation a Phase 1, (if completed) a Phase 2, and any other third-party reports and/or surveys relating to the Property.
- (8) Operating budget and statements for the last three (3) years.
- (9) Any agreements with adjoining landowners.
- (10) Plans and specifications, including CAD drawings (if available) for the Building, including as-built plans and specifications.
- (11) Casualty insurance policies.
- (12) All Service Contracts.

SCHEDULE 2.24

**LIST OF PERSONAL PROPERTY
BEING RETAINED BY SELLER**

[Attached]

**FIRST AMENDMENT TO PURCHASE AND SALE AGREEMENT
(17101 Armstrong Ave., Irvine, CA 92614)**

THIS FIRST AMENDMENT TO PURCHASE AND SALE AGREEMENT (“**First Amendment**”), dated for reference purposes only as of May 20, 2024, is by and between **RGP PROPERTY LLC**, a Delaware limited liability company (“**Seller**”), and **CITY OF IRVINE**, a California municipal corporation and charter city (“**Buyer**”), and is made based on following facts intentions and understandings:

A. Seller and Buyer entered into that certain Purchase and Sale Agreement dated May 15, 2024 (the “**Purchase Agreement**”) for the sale by Seller to Buyer of certain real property located at 17101 Armstrong Avenue in Irvine, California, more described therein (the “**Property**”), on the terms and conditions set forth in the Purchase Agreement.

B. Seller and Buyer have agreed to amend and modify the Purchase Agreement to reduce the Purchase Price by \$500,000 from \$13,500,000 to \$13,000,000, in consideration for Buyer approving the condition of the Property and waiving its right to terminate the Purchase Agreement under Article 4 of the Purchase Agreement.

NOW, THEREFORE, in consideration of the recitals, the mutual covenants hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby mutually acknowledged, it is hereby agreed by and between the parties as follows:

1. **Recitals; Capitalized Terms.** The above recitals are true and correct and are incorporated herein by this reference. All capitalized terms not defined herein shall have the meanings given to them in the Purchase Agreement.

2. **Purchase Price.** Section 2.25 of the Purchase Agreement is hereby amended to provide that the Purchase Price for the Property shall be Thirteen Million Dollars (\$13,000,00.00).

3. **Buyer’s Approval of Condition of Property; Waiver of Right to Terminate Purchase Agreement.** Buyer hereby approves the condition of the Property, in all respects, and waives its right to terminate the Purchase Agreement as provided under Article 4 of the Purchase Agreement.

4. **Authority.** Seller and Buyer represent and warrant to the other that such party has the full right, power, and lawful authority to enter, execute, and perform under this Amendment and that such actions do not violate any other agreement, covenant, or restriction placed upon such party. Seller and Buyer further represent and warrant to the other that the person signing this Amendment on its behalf has been duly authorized to sign this Amendment.

5. **Counterparts, PDF.** Signatures to this Amendment transmitted by electronic format will have the same effect as physical delivery of the paper document bearing the original signature. This Amendment may be executed in any number of counterparts, each of which shall be effective only upon delivery and thereafter shall be deemed an original, and all of which shall be taken to be one and the same instrument, with the same effect as if all parties hereto had signed the same signature page.

6. **Conflict.** In the event of any direct conflict between the terms and provisions of this Amendment and the terms and provisions of the Purchase Agreement, the terms and provisions of this Amendment shall control. To the extent that there shall be no such direct conflict, the Purchase Agreement shall remain in full force and effect and the parties hereto hereby ratify same. All rules of contract interpretation included in the Purchase Agreement are applicable to this Amendment.

IN WITNESS WHEREOF, this Amendment has been executed by Seller and Buyer as provided below.

SELLER:

RGP PROPERTY LLC, a
Delaware limited liability company

By: _____
Name: _____ Title:

BUYER:

CITY OF IRVINE, a
California municipal corporation and charter city

By: _____
Name: _____
Title: _____

MEMORANDUM

TO: All Directors, Officers and Employees
FROM: Lauren A. Elkerson, Chief Legal Officer
RE: Insider Trading Policy
REVISED: April 2023

In the normal course of business, as an officer, director or employee of Resources Connection, Inc. (“RGP”) or one of its wholly-owned subsidiaries, you may come into possession of significant, sensitive information. This information is considered the property of RGP; you have been entrusted with it. In particular, you may not seek to profit from it by buying or selling securities yourself or passing on the information to others to enable them to profit. The purpose of this policy statement (see attachment) is both to inform you of your legal responsibilities and to make clear to you that the misuse of sensitive information is contrary to company policy.

Insider trading is a crime in the United States, penalized by fines of up to \$5,000,000 and 20 years in prison for individuals. In addition, the Securities & Exchange Commission (the “SEC”) may seek the imposition of a civil penalty of up to three times the profits made or losses avoided from the trading. Insider traders must also disgorge any profits made and are often subjected to an injunction against future violations. Finally, insider traders may be subjected to civil liability in private lawsuits.

Employers and other controlling persons (including supervisory personnel) are also at risk under federal law. Controlling persons may, among other things, face penalties of the greater of the amount of civil monetary penalties set by the SEC (currently \$2,479,282) or three times the profits made or losses avoided by the trader if they recklessly fail to take preventive steps to control insider trading.

Thus, it is important both to you and RGP that insider trading violations not occur. You should be aware that stock market surveillance techniques are becoming more sophisticated all the time, and the chance federal or other regulatory authorities will detect and prosecute even small-level trading is significant. The risk is simply not worth taking.

RESOURCES CONNECTION, INC.

INSIDER TRADING POLICY

SUMMARY OF POLICY

The following Policy applies to all directors, officers and employees worldwide of Resources Connection, Inc. (“RGP” or the “Company”) and to other persons, such as contractors or consultants, whom the Chief Executive Officer (“CEO”), the Chief Financial Officer (“CFO”) or the Chief Legal Officer (“CLO”) has designated as subject to this Policy because they have access to material, non-public information relating to RGP (each, an “insider contractor”):

If you have material, non-public information relating to RGP, RGP’s policy is that neither you, nor any Related Party (as hereinafter defined), may buy or sell securities of RGP or engage in any other action to take advantage of, or pass on to others, that information. This Policy also applies to trading in the securities of any other company, including our customers, clients, other vendors, or suppliers, if you have material, non-public information about that company which you obtained in the course of your employment with RGP.

Transactions that may be necessary or justifiable for independent reasons, including emergency expenditures and transactions planned before you learned the material information, are not exceptions. Even the appearance of an improper transaction must be avoided to prevent any potential prosecution of RGP or the individual trader.

Besides your obligation to refrain from trading while in possession of material, non-public information, you are also prohibited from “tipping” others. The concept of unlawful tipping includes passing on information to friends or family members under circumstances that suggest you were trying to help them make a profit or avoid a loss. Besides being considered a form of insider trading, of course, tipping is also a serious breach of corporate confidentiality. For this reason, you should be careful to avoid discussing sensitive information in any place (such as at lunch, on public transportation, or in elevators) where others may overhear you.

The restrictions in this Policy also apply to (i) your spouse or domestic partner, (ii) any parent, child, sibling or in-law living in your household, (iii) any other family members who do not live in your household but whose transactions in RGP securities are directed by you or are subject to your influence or control, (iv) any corporation, partnership or other entity that is controlled or managed by you; and (v) any trust for which you are trustee or have a beneficial pecuniary interest (each, a “Related Party” and, collectively, the “Related Parties”). You are responsible for the transactions of these Related Parties and should treat all such transactions for purposes of this Policy and applicable securities laws as if the transactions were for your own account. Notwithstanding the foregoing, this Policy does not apply to personal securities transactions of a Related Party where the purchase or sale decision is made by a third party not controlled by, influenced by or related to you or the Related Party.

DEFINITIONS AND DETAILS

“Material” information is information a reasonable investor would consider important in a decision to buy, sell or hold RGP securities. Chances are, if you learn something that leads you to want to buy or sell stock, that information is material. It is important to keep in mind that material information can be any kind of information: information that something is likely to happen, or even just that it may happen, can be considered material. In short, any information which could reasonably affect the price of the stock is “material.” **IF YOU ARE IN DOUBT AS TO THE MATERIALITY OF NON-PUBLIC INFORMATION, YOU SHOULD PRESUME THE INFORMATION IS MATERIAL UNTIL YOU SPEAK WITH THE CFO OR THE CLO.**

Examples of material information include:

- dates of future significant events in the Company’s development (i.e., launch of new services or offices)
- quarterly or annual financial results
- projections of earnings information or changes to previously announced earnings guidance
- unanticipated changes in the level of sales or expenses
- contract negotiations with a potentially significant new client or partner or the loss of a significant existing client or partner
- stock splits, dividend information or the establishment of a repurchase program for RGP securities
- major financings, including bank borrowings and securities offerings
- significant personnel changes
- significant operational changes
- significant acquisitions or dispositions of assets
- significant litigation or the resolution of such litigation
- a significant cybersecurity incident, such as a data breach, or any other significant disruption in the company’s operations
- significant transactions, including a pending or proposed joint venture or a pending or proposed merger, acquisition or tender offer
- a significant restructuring, impending bankruptcy or the existence of severe liquidity problems
- a change in auditors or notification that the auditor’s report may no longer be relied upon

“Non-public” information is any information not reasonably accessible to the investing public. Keep in mind that once the Company releases information through public channels (for instance, a press release), it may take additional time for it to be broadly disseminated (such as in the form of publication in a print media, typically The Wall Street Journal). A speech to an audience, a TV or radio appearance or an article in a trade magazine does not qualify as full public disclosure. As a general rule, information should not be considered fully absorbed by the marketplace until the second trading day after the day on which the information is released.

1. All RGP directors, officers and internal employees are considered insiders (“Insiders”). Except as provided in paragraph 11 below, an Insider is permitted to trade stock only during certain specified periods (the “trading window”) and only if the Insider is not at the time in possession of material, non-public information. The trading window will be opened only upon written notification from the CEO, CFO or CLO, or their designee, the Company’s equity plan administrator. In general, the trading window opens (i.e., trading is permissible) on the second trading day following RGP’s provision of information to the financial community about the prior quarter results, and closes (i.e., trading is prohibited) fifteen (15) days prior to the end of the current quarter.

2. Insiders who wish to exercise their outstanding stock options under the Company’s stock option plan must abide by the following guidelines:

- If the option is being exercised with a cash payment without the concurrent sale of any of the purchased shares, then the exercise may occur at any time and is not restricted to one of the quarterly window periods for open-market transactions.
- If the option is being exercised with shares of RGP stock, then the exercise must occur during one of the quarterly window periods specified for open-market transactions and only if the Insider is not at the time in possession of material, non-public information.
- If the option is being exercised in connection with a same-day sale program, where all or part of the purchased shares are to be sold immediately on the open-market, the exercise and sale must occur during one of the quarterly window periods specified for open-market transactions and only if the Insider is not at the time in possession of material, non-public information.

3. Gifts of RGP stock may, in certain circumstances, subject an Insider to potential insider trading liability if the Insider gifts the shares while in possession of material, non-public information about the Company or its securities and the Insider knew or was reckless in not knowing that the recipient would sell the shares while such material information was still non-public. Without limiting the foregoing, if the recipient of the gifted shares is a Related Party, the gifted shares may not be sold by the recipient in an open-market transaction outside of one of the quarterly window periods specified for open-market transactions. In addition, in no event may any material, non-public information be disclosed to the recipient of the gifted shares. Please refer to paragraph 10 for further guidance regarding gifts of RGP shares by Section 16 individuals. If you have any questions about a proposed gift transaction, please contact the CLO.

4. Even when the trading window is open, all directors, officers, employees and insider contractors must abstain from trading stock while in possession of material, non-public information (except for trades made pursuant to a “Rule 10b5-1” trading plan as described in paragraph 11 below). Except as provided in paragraph 11 below, RGP’s directors, officers, employees and insider contractors who acquire material, non-public information may not buy or sell RGP stock, including stock obtained by option exercises or upon the vesting of restricted stock or stock units, from the time they obtain such information until notified by the equity plan administrator or the CLO that they may resume trading.

5. All directors, officers, employees and insider contractors are prohibited from revealing material, non-public information to third parties who may engage in trading activities and from making buy or sell recommendations to third parties based upon such information. If you are in possession of material, non-public information, your Related Parties may also be deemed to be in possession of such information, regardless of whether they have actual knowledge of the information. Consequently, they could also be liable for violations of the insider trading laws if they trade during a time in which you are prohibited from trading, regardless of whether they actually knew the material, non-public information at that time.

6. In order to avoid placing directors, officers, employees and insider contractors in a position in which they are prevented from trading, material, non-public information should be limited to those who need to know such information in order to perform their jobs. If, however, RGP’s management becomes aware that material, non-public information may have been widely disseminated within RGP, then management may impose a ban on trading for specified Insiders or other employees or insider contractors for a specific time.

7. In order to avoid disclosure of material information to parties outside of RGP, all inquiries regarding RGP’s financial performance, operating results, projections or other requests for financial information should be referred to the CFO. This includes requests by analysts or others, including research firms, to corroborate or comment upon their financial projections for RGP. Refrain from answering any questions regarding Company performance, trends, new offices, etc. Again, refer all such inquiries to the CFO.

8. If you have any concerns about whether you are in possession of material, non- public information, or if you learn potentially sensitive information, you must contact the CFO or the CLO before you buy

or sell RGP stock, including stock obtained by option exercises or upon the vesting of restricted stock or stock units. This will help ensure you do not create the appearance of improperly trading in RGP stock.

9. Any director, officer or employee who knowingly trades RGP stock while in possession of material, non-public information (except for trades made pursuant to a “Rule 10b5-1” trading plan as described in paragraph 11 below) or who provides such information to others will be subject to significant disciplinary action, including immediate dismissal. No exceptions will be made to this Policy, even where the transaction is very small or where the individual planned to make the transaction before learning the information. If you know or suspect an RGP employee has violated this Policy, we encourage you to call the Company’s Corporate Integrity Hotline at (866) 588-5733 or the CFO or CLO. You are free to do so on an anonymous basis.

10. If you are member of the Board of Directors or an executive officer of RGP, as designated by the Board of Directors, you may be required to file a Form 144 Notice with the SEC at the time you intend to sell shares of RGP stock on the open market and must comply with the requirements of Rule 144. You will also be bound by the short-swing profit rules of Section 16(b) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), which will require you to pay over to the Company any profit you realize from the purchase and sale, or sale and purchase, of specified transactions in RGP stock occurring within a period of less than six (6) months. Finally, as such a Board member or executive officer, you must report your stock ownership to the SEC by filing a Form 3 report within ten (10) business days of the date you become a director or executive officer, and any changes in your stock ownership position, including the award of restricted stock or restricted stock units under the Company’s equity incentive plan, shares of RGP stock acquired upon the exercise of stock options, or, in some circumstances, the vesting of restricted stock unit awards granted to you under the Company’s equity incentive plan, by filing a Form 4 within two (2) business days of the date on which your ownership position changed. Any gifts you make of RGP stock and other transactions in RGP stock must comply with this policy (see paragraph 3 above) and also be reported on a Form 4 or Form 5 filed with the SEC on a timely basis. For this reason, and to prevent trading on material, non-public information, all directors and executive officers **MUST** pre-clear any transaction or any gift transactions with the equity plan administrator or the CLO **IN ADVANCE** of the transaction or gift. For its directors and executive officers, RGP will prepare the appropriate documentation reporting transactions in RGP securities.

11. Exception for Trades Made Pursuant to Certain Trading Plans.

(a) If you know in advance you want to trade in RGP securities, RGP may authorize trades made pursuant to a “Rule 10b5-1” plan. (Such authorization is part of RGP’s compliance program; it does not constitute personal, financial or legal advice.) Rule 10b5-1 provides an affirmative defense to liability for insider trading. When a person, at a time when he or she does not possess material, non-public information, enters into a binding contract, instruction, or written plan under specified terms and conditions for the purchase or sale of securities, the person is afforded an affirmative defense against a later claim that the person traded those securities at a time he or she was aware of (and consequently traded on the basis of) material, non-public information, if the purchase or sale occurs pursuant to the contract, instruction or plan. The contract, instruction, or plan must comply with Rule 10b-5 under the Exchange Act, be approved by the CLO, and meet the requirements of the Company’s guidelines or policy related to Rule 10b5-1 plans then in effect, if any. Any Rule 10b5-1 plan must be pre-cleared with the CLO prior to the entry into the Rule 10b5-1 plan.

(b) In general, a Rule 10b5-1 plan must be entered into at a time when the person entering into the plan is not aware of material nonpublic information. Once the plan is adopted, the person must not exercise any influence over the amount of securities to be traded, the price at which they are to be traded or the date of the trade. The plan must either specify the amount, pricing and timing of transactions in advance or delegate discretion on these matters to an independent third party. The plan must include a cooling-off period before trading can commence, which ends on the later of ninety (90) days after the adoption of the Rule 10b5-1 plan or two (2) business days following the disclosure of the Company’s financial results in an SEC periodic report for the fiscal quarter in which the plan was adopted (but in any event, the required cooling-off period is subject to a maximum of one hundred twenty (120) days after adoption of the plan). A person may not enter into overlapping Rule 10b5-1 plans (subject to certain exceptions) and may only enter into one single-trade Rule 10b5-1 plan during any twelve

(12)-month period (subject to certain exceptions). The person adopting the plan must include a representation in their Rule 10b5-1 plan certifying that: (i) they are not aware of any material nonpublic information; and (ii) they are adopting the plan in good faith and not as part of a plan or scheme to evade the prohibitions in Rule 10b-5. All persons entering into a Rule 10b5-1 plan must act in good faith with respect to that plan.

(c) A purchase or sale under Rule 10b5-1 is not protected from liability if the person alters or deviates from the trading plan (whether by changing the amount, price, or timing of the purchase or sale), or enters into or alters a corresponding or hedging transaction or position with respect to those securities.

(d) Trading plans pursuant to Rule 10b5-1 must still comply with all other disclosure, reporting and other requirements under federal and state securities laws. Additionally, RGP may require all trading plans to include additional safeguards for the benefit of RGP (such as appropriate waiting period prior to the first trade under the trading plan or to satisfy customary lockup commitments associated with underwritings of RGP securities). RGP may also publicly announce trading plans. Any director, officer or employee must pre-clear with the CLO any such Rule 10b5-1 trading plan prior to entering into the plan.

12. Additional Trading Restrictions.

(a) Short Sales. Short sales of RGP securities (generally, the sale of a security the seller does not own) may evidence an expectation on the part of the seller that the securities will decline in value, and therefore signal to the market that the seller lacks confidence in RGP's prospects. Additionally, short sales may reduce a seller's incentive to seek to improve RGP's performance. For these reasons, directors, officers and employees are prohibited from engaging in short sales of RGP securities, which are illegal for Section 16 officers and directors. For the sake of clarity, please note short sales arising from certain types of hedging transactions are governed by paragraph 12(c), Hedging Transactions, below.

(b) Publicly Traded Options. Given the relatively short term of publicly- traded options, any purchase or sale of such options by a director, officer or employee may create the appearance such person is trading based on material, non-public information and focus attention on short-term performance at the expense of RGP's long-term objectives. Accordingly, directors, officers and employees are prohibited from engaging in transactions in put options, call options or other derivative securities, on an exchange or in any other organized market. For the sake of clarity, please note option positions arising from certain types of hedging transactions are governed by paragraph 12(c), Hedging Transactions, below.

(c) Hedging Transactions. The use of certain financial instruments, such as prepaid variable forwards, equity swaps, collars and exchange funds, designed to hedge or offset any decrease in the market value of RGP securities may allow a person to continue to own RGP securities, but without the full risks and rewards of ownership. When this occurs, the person may no longer have the same objectives as RGP's other stockholders. For this reason, directors, officers and employees are prohibited from purchasing these financial instruments or otherwise engaging in transactions that hedge or offset, or are designed to hedge or offset, any decrease in the market value of RGP securities.

(d) Pledging Transactions. Securities held in a margin account may be sold by the broker without the customer's consent if the customer fails to meet a margin call. Similarly, securities pledged (or hypothecated) as collateral for a loan may be sold in foreclosure if the borrower defaults on the loan. Because a margin sale or foreclosure sale may occur at a time when the pledgor is aware of material non-public information or otherwise is not permitted to trade in RGP securities, directors and officers are prohibited from margining RGP securities in an account or pledging RGP securities as collateral for a loan.

Thank you for your attention to these matters. If you have any questions about the scope or application of this Policy, please contact me.

L.A.E.

I have carefully reviewed the foregoing Insider Trading Policy, and knowingly and voluntarily accept each of its provisions.

Signature: ___

Printed Name: ___

Dated: ___

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
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)
CloudGo Pte. Ltd.	Singapore
CloudGo Pty Ltd.	Australia
CloudGo Private Limited	India
Names under which Resources Connection (UK) Ltd. does business:	
Resources Global Professionals (UK)	

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 Form S-8 of Resources Connection, Inc. of our report dated July 22, 2024, 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 Form 10-K of Resources Connection, Inc. for the year ended May 25, 2024.

/s/ RSM US LLP

Irvine, CA
July 22, 2024

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 22, 2024

/s/ KATE W. DUCHENE

Kate W. Duchene
President and Chief Executive Officer

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 22, 2024

/s/ JENNIFER RYU

Jennifer Ryu

Chief Financial Officer and Executive Vice President

**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 25, 2024 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.

Date: July 22, 2024

/s/ KATE W. DUCHENE

Kate W. Duchene

President and Chief Executive Officer

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

**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 25, 2024 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.

Date: July 22, 2024

/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.

Policy Regarding the Recoupment of Certain Compensation Payments

As adopted by the Board of Directors on October 19, 2023

In the event Resources Connection, Inc. (the "Company") is required to prepare an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws (including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period), the Company shall recover reasonably promptly the amount of any erroneously awarded Incentive-Based Compensation from each Covered Individual (as such terms are defined below), unless an exception as set forth below applies.

Incentive-Based Compensation shall be considered "erroneously awarded" under this policy to the extent such Incentive-Based Compensation (1) is received by the Covered Individual on or after the effective date of Rule 5608 of The Nasdaq Stock Market LLC ("Nasdaq") Rules and while the Company has a class of securities listed on a national securities exchange or a national securities association, (2) is received by the Covered Individual during the three completed fiscal years immediately preceding the date that the Company is required to prepare the accounting restatement (and any transition period applicable to a change in the Company's fiscal year as required by Nasdaq listing rules), and (3) the amount of such received Incentive-Based Compensation exceeds the amount of the Incentive-Based Compensation that would have been received by the Covered Individual had it been determined based on the restated financial results (with such Incentive-Based Compensation computed in each case without regard to any taxes paid). For purposes of this policy, the date that the Company is required to prepare the accounting restatement is the earlier to occur of (A) the date the Company's Board of Directors (the "Board"), or a committee of the Board, or the officer or officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare such accounting restatement, or (B) the date a court, regulator, or other legally authorized body directs the Company to prepare such accounting restatement.

For purposes of this policy, Incentive-Based Compensation is considered "received" by a Covered Individual in the Company's fiscal period during which the Financial Reporting Measure applicable to the Incentive-Based Compensation is attained, even if the payment or grant of the Incentive-Based Compensation occurs after the end of that fiscal period. For Incentive-Based Compensation based on stock price or total stockholder return, where the amount of erroneously awarded compensation is not subject to mathematical recalculation directly from the information in an accounting restatement, the amount of erroneously awarded compensation will be determined by the Compensation Committee of the Board (the "Committee") based on a reasonable estimate of the effect of the accounting restatement on the stock price or total stockholder return upon which the Incentive-Based Compensation was received. The Company must maintain documentation of the determination of that reasonable estimate and provide such documentation to Nasdaq as required by Nasdaq listing rules. If the erroneously awarded Incentive-Based Compensation consists of shares (including share-denominated equity awards) or options that are still held by the Covered Individual at the time of recovery, the recoverable amount is the number of shares or options received in excess of the number of shares or options that would have been received based on the accounting restatement (or the value of that excess number). If the options have been exercised but the underlying shares have not been sold, the recoverable amount is the number of shares underlying the excess options based on the restatement (or the value thereof). If the shares have been sold, the recoverable amount is the proceeds that were received in connection with the sale of the excess number of shares. Amounts credited under plans (other than tax-qualified plans for which the exception set forth below applies) based on erroneously awarded Incentive-Based Compensation and any accrued earnings thereon are also recoverable under this policy.

The Company shall not be required under this policy to recover erroneously awarded Incentive-Based Compensation if the Committee has made a determination that recovery would be impracticable and either of the following conditions are met: (1) after making a reasonable attempt to recover such erroneously awarded Incentive-Based Compensation, the Committee determines that the direct expense paid to a third party to assist in enforcing this policy would exceed the amount to be recovered (documentation evidencing the reasonable attempt to recover

the erroneously awarded Incentive-Based Compensation must be maintained and provided to Nasdaq as required by Nasdaq listing rules), or (2) the recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of Internal Revenue Code Section 401(a)(13) or Internal Revenue Code Section 411(a) and the regulations thereunder.

For purposes of this policy, the following definitions will apply:

- “Covered Individual” means any current or former officer of the Company who is or was subject to Section 16 of the Securities Exchange Act of 1934, as amended, at any time during the applicable performance period for the relevant Incentive-Based Compensation, regardless of whether such individual continues to hold such position or continues to be employed by the Company or any of its subsidiaries.
- “Incentive-Based Compensation” means any compensation that is granted, earned, or vested based wholly or in part upon the attainment of a Financial Reporting Measure.
- “Financial Reporting Measures” means measures that are determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements, and any measures that are derived wholly or in part from such measures (including, for purposes of this policy, stock price and total shareholder return). A Financial Reporting Measure need not be presented within the Company’s financial statements or included in a filing with the Securities and Exchange Commission.

This policy is intended to comply with the requirements of Rule 10D-1 promulgated by the Securities and Exchange Commission and the related listing rules of Nasdaq, and the terms hereof shall be construed consistent with that intent. This policy does not limit any other remedies the Company may have available to it in the circumstances, which may include, without limitation, dismissing an employee or initiating other disciplinary procedures. The provisions of this policy are in addition to (and not in lieu of) any rights to repayment the Company may have under Section 304 of the Sarbanes-Oxley Act of 2002 (applicable to the Chief Executive Officer and Chief Financial Officer only) and other applicable laws. The Company shall not indemnify any Covered Individual against the loss of erroneously-awarded Incentive-Based Compensation that is recovered by the Company pursuant to this policy.

The Committee shall have the sole authority to construe and interpret this policy and to make all determinations required to be made pursuant to this policy. Any such construction, interpretation or determination by the Committee shall be final and binding.

The Committee may revise this policy from time to time.