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

Form 10-Q

(Mark One)

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

For the quarterly period ended October 31, 2023

OR

o **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 001-14505

KORN FERRY

(Exact Name of Registrant as Specified in its Charter)

Delaware	**95-2623879**
(State or Other Jurisdiction of Incorporation or Organization)	*(I.R.S. Employer Identification No.)*

1900 Avenue of the Stars, Suite 1500, Los Angeles, California 90067
(Address of principal executive offices) (Zip Code)

(310) 552-1834
(Registrantâ€™s telephone number, including area code)

Securities Registered Pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, par value $0.01 per share	KFY	New York Stock Exchange

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 â˜‘ No o

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 (Â§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 â˜‘ No o

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 â€œlarge accelerated filer,â€ â€œaccelerated filer,â€ â€œsmaller reporting company,â€ and â€œemerging growth companyâ€ in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer â˜‘	Accelerated filer o
Non-accelerated filer o	Smaller reporting company â˜ Emerging growth company â˜

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. o

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

The number of shares outstanding of our common stock as of December 4, 2023 was 52,541,126 shares.

KORN FERRY

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Item 1. Consolidated Financial Statements

KORN FERRY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	October 31, 2023	April 30, 2023
	(unaudited)	
	(in thousands, except per share data)	
ASSETS		
Cash and cash equivalents	$ 620,836	$ 844,024
Marketable securities	26,149	44,837
Receivables due from clients, net of allowance for doubtful accounts of $47,574 and $44,377 at October 31, 2023 and April 30, 2023, respectively	592,208	569,601
Income taxes and other receivables	66,073	67,512
Unearned compensation	62,533	63,476
Prepaid expenses and other assets	53,741	49,219
Total current assets	1,421,540	1,638,669
Marketable securities, non-current	196,860	179,040
Property and equipment, net	165,815	161,876
Operating lease right-of-use assets, net	122,621	142,690
Cash surrender value of company-owned life insurance policies, net of loans	202,094	197,998
Deferred income taxes	101,099	102,057
Goodwill	907,563	909,491
Intangible assets, net	101,423	114,426
Unearned compensation, non-current	119,357	103,607
Investments and other assets	22,589	24,590
Total assets	$ 3,360,961	$ 3,574,444
LIABILITIES AND STOCKHOLDERSâ€™ EQUITY		
Accounts payable	$ 46,375	$ 53,386
Income taxes payable	19,446	19,969
Compensation and benefits payable	327,129	532,934
Operating lease liability, current	42,774	45,821
Other accrued liabilities	328,395	324,150
Total current liabilities	764,119	976,260
Deferred compensation and other retirement plans	406,220	396,534
Operating lease liability, non-current	100,321	119,220
Long-term debt	396,565	396,194
Deferred tax liabilities	6,629	5,352
Other liabilities	26,607	27,879
Total liabilities	1,700,461	1,921,439
Stockholders' equity		
Common stock: $0.01 par value, 150,000 shares authorized, 77,505 and 76,693 shares issued and 52,656 and 52,269 shares outstanding at October 31, 2023 and April 30, 2023, respectively	435,340	429,754
Retained earnings	1,336,686	1,311,081
Accumulated other comprehensive loss, net	(115,873)	(92,764)
Total Korn Ferry stockholders' equity	1,656,153	1,648,071
Noncontrolling interest	4,347	4,934
Total stockholders' equity	1,660,500	1,653,005
Total liabilities and stockholders' equity	$ 3,360,961	$ 3,574,444

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

KORN FERRY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Three Months Ended October 31,		Six Months Ended October 31,	
	2023	2022	2023	2022
	(in thousands, except per share data)			
Fee revenue	$ 704,003	$ 727,849	$ 1,403,192	$ 1,423,752
Reimbursed out-of-pocket engagement expenses	8,444	7,870	15,517	15,115
Total revenue	712,447	735,719	1,418,709	1,438,867
Compensation and benefits	453,859	464,766	933,740	930,392
General and administrative expenses	65,737	65,086	131,654	129,543
Reimbursed expenses	8,444	7,870	15,517	15,115
Cost of services	78,512	61,257	155,702	99,249
Depreciation and amortization	19,554	17,093	38,566	33,322
Restructuring charges, net	63,525	â€”	63,946	â€”
Total operating expenses	689,631	616,072	1,339,125	1,207,621
Operating income	22,816	119,647	79,584	231,246
Other loss, net	(13,835)	(9,048)	(258)	(8,273)
Interest expense, net	(6,596)	(7,098)	(11,336)	(14,710)
Income before provision for income taxes	2,385	103,501	67,990	208,263
Income tax provision	2,341	28,886	20,761	55,112
Net income	44	74,615	47,229	153,151
Net income attributable to noncontrolling interest	(1,755)	(1,074)	(2,335)	(2,363)
Net (loss) income attributable to Korn Ferry	$ (1,711)	$ 73,541	$ 44,894	$ 150,788
(Loss) earnings per common share attributable to Korn Ferry:				
Basic	$ (0.04)	$ 1.39	$ 0.86	$ 2.85
Diluted	$ (0.04)	$ 1.38	$ 0.86	$ 2.83
Weighted-average common shares outstanding:				
Basic	51,328	51,868	51,131	51,820
Diluted	51,328	52,005	51,401	52,143
Cash dividends declared per share:	$ 0.18	$ 0.15	$ 0.36	$ 0.30

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

KORN FERRY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME
(unaudited)

	Three Months Ended October 31,		Six Months Ended October 31,	
	2023	2022	2023	2022
	(in thousands)			
Net income	$ 44	$ 74,615	$ 47,229	$ 153,151
Other comprehensive (loss) income:				
Foreign currency translation adjustments	(25,684)	(27,774)	(23,218)	(44,079)
Deferred compensation and pension plan adjustments, net of tax	28	54	55	105
Net unrealized gain (loss) on marketable securities, net of tax	37	(258)	172	(311)
Comprehensive (loss) income	(25,575)	46,637	24,238	108,866
Less: comprehensive income attributable to noncontrolling interest	(1,538)	(1,317)	(2,453)	(2,558)
Comprehensive (loss) income attributable to Korn Ferry	$ (27,113)	$ 45,320	$ 21,785	$ 106,308

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

KORN FERRY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERSâ€™ EQUITY
(unaudited)

	Common Stock		Retained Earnings	Accumulated Other Comprehensive Loss, Net	Total Korn Ferry Stockholders' Equity	Noncontrolling Interest	Total Stockholder's Equity
	Shares	Amount					
				(in thousands)			
Balance as of April 30, 2023	52,269	$ 429,754	$ 1,311,081	$ (92,764)	$ 1,648,071	$ 4,934	$ 1,653,005
Net income	â€”	â€”	46,605	â€”	46,605	580	47,185
Other comprehensive income	â€”	â€”	â€”	2,293	2,293	335	2,628
Dividends paid to shareholders	â€”	â€”	(9,627)	â€”	(9,627)	â€”	(9,627)
Purchase of stock	(291)	(14,358)	â€”	â€”	(14,358)	â€”	(14,358)
Issuance of stock	727	5,217	â€”	â€”	5,217	â€”	5,217
Stock-based compensation	â€”	8,480	â€”	â€”	8,480	â€”	8,480
Balance as of July 31, 2023	52,705	429,093	1,348,059	(90,471)	1,686,681	5,849	1,692,530
Net (loss) income	â€”	â€”	(1,711)	â€”	(1,711)	1,755	44
Other comprehensive loss	â€”	â€”	â€”	(25,402)	(25,402)	(217)	(25,619)
Dividends paid to shareholders	â€”	â€”	(9,662)	â€”	(9,662)	â€”	(9,662)
Dividends paid to noncontrolling interest	â€”	â€”	â€”	â€”	â€”	(3,040)	(3,040)
Purchase of stock	(100)	(4,765)	â€”	â€”	(4,765)	â€”	(4,765)
Issuance of stock	51	â€”	â€”	â€”	â€”	â€”	â€”
Stock-based compensation	â€”	11,012	â€”	â€”	11,012	â€”	11,012
Balance as of October 31, 2023	52,656	$ 435,340	$ 1,336,686	$ (115,873)	$ 1,656,153	$ 4,347	$ 1,660,500

	Common Stock		Retained Earnings	Accumulated Other Comprehensive Loss, Net	Total Korn Ferry Stockholders' Equity	Noncontrolling Interest	Total Stockholder's Equity
	Shares	Amount					
				(in thousands)			
Balance as of April 30, 2022	53,190	$ 502,008	$ 1,134,523	$ (92,185)	$ 1,544,346	$ 5,243	$ 1,549,589
Net income	â€”	â€”	77,247	â€”	77,247	1,289	78,536
Other comprehensive loss	â€”	â€”	â€”	(16,259)	(16,259)	(48)	(16,307)
Dividends paid to shareholders	â€”	â€”	(8,703)	â€”	(8,703)	â€”	(8,703)
Purchase of stock	(735)	(44,276)	â€”	â€”	(44,276)	â€”	(44,276)
Issuance of stock	1,047	4,857	â€”	â€”	4,857	â€”	4,857
Stock-based compensation	â€”	7,538	â€”	â€”	7,538	â€”	7,538
Balance as of July 31, 2022	53,502	470,127	1,203,067	(108,444)	1,564,750	6,484	1,571,234
Net income	â€”	â€”	73,541	â€”	73,541	1,074	74,615
Other comprehensive (loss) income	â€”	â€”	â€”	(28,221)	(28,221)	243	(27,978)
Dividends paid to shareholders	â€”	â€”	(8,171)	â€”	(8,171)	â€”	(8,171)
Dividends paid to noncontrolling interest	â€”	â€”	â€”	â€”	â€”	(3,133)	(3,133)
Purchase of stock	(627)	(33,286)	â€”	â€”	(33,286)	â€”	(33,286)
Issuance of stock	34	â€”	â€”	â€”	â€”	â€”	â€”
Stock-based compensation	â€”	9,439	â€”	â€”	9,439	â€”	9,439
Balance as of October 31, 2022	52,909	$ 446,280	$ 1,268,437	$ (136,665)	$ 1,578,052	$ 4,668	$ 1,582,720

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

KORN FERRY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	Six Months Ended October 31,	
	2023	2022
	(in thousands)	
Cash flows from operating activities:		
Net income	$ 47,229	$ 153,151
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	38,566	33,322
Stock-based compensation expense	19,953	17,426
Provision for doubtful accounts	11,787	11,018
Gain on cash surrender value of life insurance policies	(3,947)	(4,890)
Impairment of right-of-use assets	1,629	â€”
Impairment of fixed assets	1,575	â€”
Loss on marketable securities	1,024	9,691
Deferred income taxes	1,225	(817)
Change in other assets and liabilities:		
Accounts payable and accrued liabilities	(216,582)	(235,729)
Receivables due from clients	(34,394)	(71,747)
Deferred compensation	15,866	18,871
Unearned compensation	(14,807)	(5,785)
Income taxes and other receivables	(7,791)	(12,220)
Prepaid expenses and other assets	(4,522)	(4,209)
Income taxes payable	384	(6,582)
Other	909	(218)
Net cash used in operating activities	(141,896)	(98,718)
Cash flows from investing activities:		
Proceeds from sales/maturities of marketable securities	29,731	37,186
Purchase of property and equipment	(31,538)	(36,867)
Purchase of marketable securities	(29,580)	(52,085)
Proceeds from life insurance policies	9,332	1,050
Premium on company-owned life insurance policies	(251)	(289)
Dividends received from unconsolidated subsidiaries	â€”	150
Cash paid for acquisitions, net of cash acquired	â€”	(99,322)
Net cash used in investing activities	(22,306)	(150,177)
Cash flows from financing activities:		
Dividends paid to shareholders	(19,289)	(16,874)
Payments of tax withholdings on restricted stock	(10,551)	(22,060)
Proceeds from issuance of common stock upon exercise of employee stock options and in connection with an employee stock purchase plan	4,696	4,371
Repurchases of common stock	(9,527)	(56,891)
Dividends - noncontrolling interest	(3,040)	(3,133)
Principal payments on finance leases	(938)	(814)
Payments on life insurance policy loans	â€”	(662)
Net cash used in financing activities	(38,649)	(96,063)
Effect of exchange rate changes on cash and cash equivalents	(20,337)	(39,212)
Net decrease in cash and cash equivalents	(223,188)	(384,170)
Cash and cash equivalents at beginning of period	844,024	978,070
Cash and cash equivalents at end of the period	$ 620,836	$ 593,900

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

1. Organization and Summary of Significant Accounting Policies

Nature of Business

Korn Ferry, a Delaware corporation, and its subsidiaries (the â€œCompanyâ€) is a global organizational consulting firm. The Company helps clients synchronize strategy and talent to drive superior performance. The Company works with organizations to design their structures, roles, and responsibilities. The Company helps organizations hire the right people to bring their strategy to life and advise them on how to reward, develop, and motivate their people.

The Company is pursuing a strategy designed to help Korn Ferry focus on clients and collaborate intensively across the organization. This approach is intended to build on the best of the Companyâ€™s past and give the Company a clear path to the future with focused initiatives to increase its client and commercial impact. Korn Ferry is transforming how clients address their talent management needs. The Company has evolved from a mono-line to a diversified business, giving its consultants more frequent and expanded opportunities to engage with clients.

The Company services its clients with a core set of solutions that are anchored around talent and talent management â€“ essentially touching every aspect of an employerâ€™s engagement with their employees. Our five core solutions are as follows: Organizational Strategy, Assessment and Succession, Leadership and Professional Development, Total Rewards, and Talent Acquisition. Our colleagues engage with our clients through the delivery of one of our core solutions as a point solution sale or through combining component parts of our core solutions into an integrated solution. In either case, we are solving our clientsâ€™ most challenging business and human capital issues.

Further differentiating our service offerings from our competitors is the unique combination of IP, content, and data sets that we have, which permeate all of our solution areas. For many years, we have been accumulating data around assessments of executives and professionals, pay, success profiles, organizational engagement and design, job architecture, and candidates. Integrating this unique collection of data into our service offerings provides our colleagues with differentiated points of view and solutions, as well as the ability to demonstrate the efficacy of all of our offerings.

Over the last three and a half years, we have seen more change in the workplace than we did in the previous 15 years. Today, we find ourselves doing different work and working differently. Employees want to and they are working remotely. People donâ€™t want to be tethered to a single company for their entire career. Rather, they want to have many new and unique experiences across many different employers â€“ a career nomad of sorts. There is growing demand for companies to have responsibilities that go beyond delivering profits to shareholders, covering areas such as Environmental, Social and Governance. The continual advancement of technologies like Generative AI creates a constant demand for workers to be upskilled or reskilled. All of these changes and disruptions lead to opportunities for Korn Ferry and make us more relevant than at any time in our history. We have core and integrated solutions that line up to these issues and help our clients solve their most pressing business and Human Capital challenges.

Leveraging the strong connection between our various service offering and our lines of business, we have an integrated go-to-market strategy. As we drive this strategy, a focal point for us is our Marquee and Regional account program which is comprised of about 340 of our top clients that generate approximately 35% of our consolidated fee revenue. These accounts have Global Account Leaders assigned who help to orchestrate the delivery of core and integrated solutions that cut across multiple lines of business â€“ effectively making all of the Firmâ€™s resources available as our clients tackle their business and Human Capital issues. Korn Ferry is poised for continued growth. We are capitalizing on the current and growing relevance of our core and integrated solutions which, in combination with the strong connections amongst all of our service offerings and our M&A activities, drives top-line synergies that have resulted in double digit fee revenue growth rates (CAGR) over the past twenty years.

The Company has eight reportable segments that operate through the following five lines of business:

1. **Consulting** aligns organizational structure, culture, performance and people to drive sustainable growth by addressing four fundamental needs: Organizational Strategy, Assessment and Succession, Leadership and Professional Development, and Total Rewards. This work is enabled by a comprehensive set of Digital Performance Management Tools, based on some of the worldâ€™s leading intellectual property (â€œIPâ€) and data. The Consulting teams employ an integrated approach across core capabilities and integrated solutions, each one intended to strengthen the work and thinking in the next, to help clients execute their strategy in a digitally enabled world.
2. **Digital** develops technology-enabled Performance Management Tools that empower our clients. The digital products give clients direct access to Korn Ferry proprietary data, client data and analytics to deliver clear insights with the training and tools needed to align organizational structure with business strategy.
3. **Executive Search** helps organizations recruit board level, chief executive and other senior executive and general management talent to deliver lasting impact. The Companyâ€™s approach to placing talent is bringing together

research-based IP, proprietary assessments and behavioral interviewing with practical experience to determine ideal organizational fit. Salary benchmarking then helps the Company build appropriate frameworks for compensation and retention. This business is managed and reported on a geographic basis and represents four of the Companyâ€™s reportable segments (Executive Search North America, Executive Search Europe, the Middle East and Africa (â€œEMEAâ€), Executive Search Asia Pacific and Executive Search Latin America).

4. **Professional Search & Interim** delivers enterprise talent acquisition solutions for professional level middle and upper management. The Company helps clients source high-quality candidates at speed and scale globally, covering single-hire to multi-hire permanent placements and interim contractors.

5. **Recruitment Process Outsourcing ("RPO")** offers scalable recruitment outsourcing solutions leveraging customized technology and talent insights. The Company's scalable solutions, built on science and powered by best-in-class technology and consulting expertise, enable the Company to act as a strategic partner in clientsâ€™ quest for superior recruitment outcomes and better candidate fit.

Basis of Consolidation and Presentation

The accompanying financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Annual Report on Form 10-K for the year ended April 30, 2023 for the Company and its wholly and majority owned/controlled domestic and international subsidiaries. All intercompany balances and transactions have been eliminated in consolidation. The preparation of the consolidated financial statements conform with United States (â€œU.S.â€) generally accepted accounting principles (â€œGAAPâ€) and prevailing practice within the Company's different industries. The accompanying consolidated financial statements include all adjustments consisting of normal recurring accruals and any other adjustments that management considers necessary for a fair presentation of the results for these periods. The results of operations for the interim period are not necessarily indicative of the results for the entire fiscal year or any other period.

The Company has control of a Mexican subsidiary and consolidates the operations of this subsidiary. Noncontrolling interest, which represents the Mexican partnersâ€™ 51% interest in the Mexican subsidiary, is reflected on the Companyâ€™s consolidated financial statements.

The Company considers events or transactions that occur after the balance sheet date but before the consolidated financial statements are issued to provide additional evidence relative to certain estimates or to identify matters that require additional disclosures.

Use of Estimates and Uncertainties

The preparation of the consolidated 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 consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could materially differ from these estimates, and changes in estimates are reported in current operations as new information is learned or upon the amounts becoming fixed or determinable.

Revenue Recognition

Substantially all fee revenue is derived from talent and organizational consulting services and digital sales, stand-alone or as part of a solution, fees for professional services related to executive and professional recruitment performed on a retained basis, interim services and RPO, either stand-alone or as part of a solution.

Revenue is recognized when control of the goods and services are transferred to the customer in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods and services. Revenue contracts with customers are evaluated based on the five-step model outlined in Accounting Standards Codification (â€œASCâ€) 606 (â€œASC 606â€), Revenue from Contracts with Customers: 1) identify the contract with a customer; 2) identify the performance obligation(s) in the contract; 3) determine the transaction price; 4) allocate the transaction price to the separate performance obligation(s); and 5) recognize revenue when (or as) each performance obligation is satisfied.

Consulting fee revenue is primarily recognized as services are rendered, measured by total hours incurred as a percentage of the total estimated hours at completion. 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.

Digital fee revenue is generated from IP platforms enabling large-scale, technology-based talent programs for pay, talent development, engagement, and assessment and is consumed directly by an end user or indirectly through a consulting engagement. Revenue is recognized as services are delivered and the Company has a legally enforceable right to payment. Revenue also comes from the sale of the Companyâ€™s proprietary IP subscriptions, which are considered symbolic IP due to the dynamic nature of the content. As a result, revenue is recognized over the term of the contract. Functional IP licenses grant customers the right to use IP content via the delivery of a flat file. Because the IP content license has significant stand-alone functionality, revenue is recognized upon delivery and when an enforceable right to payment exists. Revenue for tangible and digital products sold by the Company, such as books and digital files, is recognized when these products are shipped.

Fee revenue from executive and professional search activities is generally one-third of the estimated first-year cash compensation of the placed candidate, plus a percentage of the fee to cover indirect engagement-related expenses. In addition to the search retainer, an uptick fee is billed when the actual compensation awarded by the client for a placement is higher than the estimated compensation. In the aggregate, upticks have been a relatively consistent percentage of the original estimated fee; therefore, the Company estimates upticks using the expected value method based on historical data on a portfolio basis. In a standard search engagement, there is one performance obligation, which is the promise to undertake a search. The Company generally recognizes such revenue over the course of a search and when it is legally entitled to payment as outlined in the billing terms of the contract. Any revenues associated with services that are provided on a contingent basis are recognized once the contingency is resolved, as this is when control is transferred to the customer. These assumptions determine the timing of revenue recognition for the reported period. In addition to talent acquisition for permanent placement roles, the Professional Search & Interim segment also offers recruitment services for interim roles. Interim roles are short term in duration, generally less than 12 months. Generally, each interim role is a separate performance obligation. The Company recognizes fee revenue over the duration that the interim resourcesâ€™ services are provided which also aligns to the contracted invoicing plan and enforceable right to payment.

RPO fee revenue is generated through two distinct phases: 1) the implementation phase and 2) the post-implementation recruitment phase. The fees associated with the implementation phase are recognized over the period that the related implementation services are provided. The post-implementation recruitment phase represents end-to-end recruiting services to clients for which there are both fixed and variable fees, which are recognized over the period that the related recruiting services are performed.

Reimbursements

The Company incurs certain out-of-pocket expenses that are reimbursed by its clients, which are accounted for as revenue in the consolidated statements of operations.

Allowance for Doubtful Accounts

An allowance is established for doubtful accounts by taking a charge to general and administrative expenses. The Companyâ€™s expected credit loss allowance methodology for accounts receivable is developed using historical collection experience, current and future economic and market conditions and a review of the current status of customersâ€™ trade accounts receivable. Due to the short-term nature of such receivables, the estimate of the amount of accounts receivable that may not be collected is primarily based on historical loss-rate experience. When required, the Company adjusts the loss-rate methodology to account for current conditions and reasonable and supportable expectations of future economic and market conditions. The Company generally assesses future economic condition for a period of sixty to ninety days, which corresponds with the contractual life of its accounts receivables. After the Company exhausts all collection efforts, the amount of the allowance is reduced for balances written off as uncollectible.

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less from the date of purchase to be cash equivalents. As of October 31, 2023 and April 30, 2023, the Company's investments in cash equivalents consisted of money market funds and as of October 31, 2023 also consisted of commercial paper and U.S. Treasury and Agency securities. The Company maintains its cash and cash equivalents in bank accounts that exceed federally insured FDIC limits. The Company has not experienced any losses in such accounts.

Marketable Securities

The Company currently has investments in marketable securities and mutual funds that are classified as either equity securities or available-for-sale debt securities. The classification of the investments in these marketable securities and mutual funds is assessed upon purchase and reassessed at each reporting period. These investments are recorded at fair value and are classified as marketable securities in the accompanying consolidated balance sheets. The investments that the Company may sell within the next 12 months are carried as current assets.

The Company invests in mutual funds (for which market prices are readily available) that are held in trust to satisfy obligations under the Companyâ€™s deferred compensation plans. Such investments are classified as equity securities and mirror the employeesâ€™ investment elections in their deemed accounts in the Executive Capital Accumulation Plan and similar plans in Asia Pacific and Canada (â€œECAPâ€) from a pre-determined set of securities. Realized gains (losses) on marketable securities are determined by specific identification. Interest is recognized on an accrual basis; dividends are recorded as earned on the ex-dividend date. Interest, dividend income and the changes in fair value in marketable securities are recorded in the accompanying consolidated statements of operations in other loss, net.

The Company also invests cash in excess of its daily operating requirements and capital needs primarily in marketable fixed income (debt) securities in accordance with the Companyâ€™s investment policy, which restricts the type of investments that can be made. The Companyâ€™s investment portfolio includes commercial paper, corporate notes/bonds and U.S Treasury and Agency securities. These marketable fixed income (debt) securities are classified as available-for-sale securities based on managementâ€™s decision, at the date such securities are acquired, not to hold these securities to maturity or actively trade them. The Company carries these marketable debt securities at fair value based on the market prices for these marketable debt securities or similar debt securities whose prices are readily available. The changes in fair values, net of applicable taxes, are recorded as unrealized gains or losses as a component of comprehensive (loss) income unless the change is due to credit loss. A credit loss is recorded in the statements of operations in other loss, net; any amount in excess of the credit loss is recorded as unrealized losses as a component of comprehensive (loss) income. Generally, the amount of the loss is the difference between the cost or amortized cost and its then current fair value; a credit loss is the difference between the discounted expected future cash flows to be collected from the debt security and the cost or amortized cost of the debt security. During the three and six months ended October 31, 2023 and 2022, no amount was recognized as a credit loss for the Companyâ€™s available for sale debt securities.

Fair Value of Financial Instruments

Fair value is the price the Company would receive to sell an asset or transfer a liability (exit price) in an orderly transaction between market participants. For those assets and liabilities recorded or disclosed at fair value, the Company determines the fair value based upon the quoted market price, if available. If a quoted market price is not available for identical assets, the fair value is based upon the quoted market price of similar assets. The fair values are assigned a level within the fair value hierarchy as defined below:

â€¢ ***Level 1:*** Observable inputs such as quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

â€¢ ***Level 2:*** Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.

â€¢ ***Level 3:*** Unobservable inputs that reflect the reporting entityâ€™s own assumptions.

As of October 31, 2023 and April 30, 2023, the Company held certain assets that are required to be measured at fair value on a recurring basis. These included cash equivalents, accounts receivable, marketable securities and foreign currency forward contracts. The carrying amount of cash equivalents and accounts receivable approximates fair value due to the short-term maturity of these instruments. The fair values of marketable securities classified as equity securities are obtained from quoted market prices, and the fair values of marketable securities classified as available-for-sale and foreign currency forward contracts are obtained from a third party, which are based on quoted prices or market prices for similar assets and financial instruments.

Foreign Currency Forward Contracts Not Designated as Hedges

The Company has established a program that primarily utilizes foreign currency forward contracts to offset the risks associated with the effects of certain foreign currency exposures primarily originating from intercompany balances due to cross border work performed in the ordinary course of business. These foreign currency forward contracts are neither used for trading purposes nor are they designated as hedging instruments pursuant to ASC 815, *Derivatives and Hedging*. Accordingly, the fair value of these contracts is recorded as of the end of the reporting period in the accompanying consolidated balance sheets, while the change in fair value is recorded to the accompanying consolidated statements of operations.

Business Acquisitions

Business acquisitions are accounted for under the acquisition method. The acquisition method requires the reporting entity to identify the acquirer, determine the acquisition date, recognize and measure the identifiable assets acquired, the liabilities assumed and any noncontrolling interest in the acquired entity, and recognize and measure goodwill or a gain from the purchase. The acquireeâ€™s results are included in the Companyâ€™s consolidated financial statements from the date of acquisition. Assets acquired and liabilities assumed are recorded at their fair values and the excess of the purchase price over the amounts assigned is recorded as goodwill, or if the fair value of the assets acquired exceeds the purchase price consideration, a bargain purchase gain is recorded. Adjustments to fair value assessments are generally recorded to goodwill over the measurement period (not longer than 12 months). The acquisition method also requires that acquisition-related transaction and post-acquisition restructuring costs be charged to expense as committed and requires the Company to recognize and measure certain assets and liabilities including those arising from contingencies and contingent consideration in a business combination.

Leases

The Company determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (â€œROUâ€) assets and current and non-current operating lease liability, in the consolidated balance sheets. Finance leases are included in property and equipment, net, other accrued liabilities and other liabilities in the consolidated balance sheets.

ROU assets represent the Company's right to use an underlying asset for the lease term, and the lease liabilities represent the Company's obligation to make lease payments arising from the lease. Operating lease ROU assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term on the commencement date. As most of the Companyâ€™s leases do not provide an implicit rate, the Company uses its estimated incremental borrowing rate based on the information available at the commencement date in determining the present value of future payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives and initial direct costs incurred. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term, with variable lease payments recognized in the periods in which they are incurred.

The Company has lease agreements with lease and non-lease components. For all leases with non-lease components the Company accounts for the lease and non-lease components as a single lease component.

Impairment of Long-Lived Assets

Long-lived assets include property, equipment, ROU assets and software developed or obtained for internal use. In accordance with ASC 360, *Property, Plant and Equipment*, management reviews the Companyâ€™s recorded long-lived assets for impairment annually or whenever events or changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. Events relating to recoverability may include significant unfavorable changes in business conditions, recurring losses, or a forecasted inability to achieve break-even operating results over an extended period. The Company determines the extent to which an asset may be impaired based upon its expectation of the assetâ€™s future usability, as well as on a reasonable assurance that the future cash flows associated with the asset will be in excess of its carrying amount. If the total of the expected undiscounted future cash flows is less than the carrying amount of the asset, a loss is recognized for the difference between fair value and the carrying value of the asset. During the six months ended October 31, 2023, the Company reduced its real estate footprint and as a result, the Company recognized an impairment charge of ROU assets of $1.6 million and an impairment of leasehold improvements and furniture and fixtures of $0.1 million, both recorded in the consolidated statements of operations in general and administrative expenses. During the three and six months ended October 31, 2023, the Company also recognized a $1.5 million software impairment charge in Digital segment which was recorded in the consolidated statements of operations in general and administrative expenses. During the three and six months ended October 31, 2022, there were no impairment charges recorded.

Goodwill and Intangible Assets

Goodwill represents the excess of the purchase price over the fair value of assets acquired. Goodwill is tested for impairment annually and more frequently if events or changes in circumstances indicate that it is more likely than not that the asset is impaired. Results of the annual qualitative impairment test performed as of January 31, 2023, indicated that the fair value of each of the reporting units exceeded its carrying amount. As a result, no impairment charge was recognized. As of October 31, 2023 and April 30, 2023, there were no indicators of potential impairment with respect to the Companyâ€™s goodwill that would require further testing.

Intangible assets primarily consist of customer lists, non-compete agreements, proprietary databases and IP. Intangible assets are recorded at their estimated fair value at the date of acquisition and are amortized in a pattern in which the asset is consumed, if that pattern can be reliably determined, or using the straight-line method over their estimated useful lives, which range from one to 24 years. For intangible assets subject to amortization, an impairment loss is recognized if the carrying amount of the intangible assets is not recoverable and exceeds fair value. The carrying amount of the intangible assets is considered not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from use of the asset. The Company reviewed its intangible assets and did not identify any impairment as of October 31, 2023 and April 30, 2023.

Compensation and Benefits Expense

Compensation and benefits expense in the accompanying consolidated statements of operations consist of compensation and benefits paid to consultants (employees who originate business), executive officers and administrative and support personnel. The most significant portions of this expense are salaries and the amounts paid under the annual performance-related bonus plan to employees. The portion of the expense applicable to salaries is comprised of amounts earned by employees during a reporting period. The portion of the expenses applicable to annual performance-related bonuses refers to the Companyâ€™s annual employee performance-related bonus with respect to a fiscal year, the amount of which is communicated and paid to each eligible employee following the completion of the fiscal year.

Each quarter, management makes its best estimate of its annual performance-related bonuses, which requires management to, among other things, project annual consultant productivity (as measured by engagement fees billed and collected by Executive Search and Professional Search consultants and revenue and other performance/profitability metrics for Consulting, Digital, Interim and RPO consultants), the level of engagements referred by a consultant in one line of business to a different line of business, and Company performance, including profitability, competitive forces and future economic conditions and their impact on the Companyâ€™s results. At the end of each fiscal year, annual performance-related bonuses take into account final individual consultant productivity (including referred work), Company/line of business results, including profitability, the achievement of strategic objectives, the results of individual performance appraisals and the current economic landscape. Accordingly, each quarter the Company reevaluates the assumptions used to estimate annual performance-related bonus liability and adjusts the carrying amount of the liability recorded on the consolidated balance sheet and reports any changes in the estimate in current operations.

Because annual performance-based bonuses are communicated and paid only after the Company reports its full fiscal year results, actual performance-based bonus payments may differ from the prior yearâ€™s estimate. Such changes in the bonus estimate historically have not been significant and are recorded in current operations in the period in which they are determined. The performance-related bonus expense was $97.2 million and $189.3 million during the three and six months ended October 31, 2023, respectively, included in compensation and benefits expense in the consolidated statements of operations. The performance-related bonus expense was $99.8 million and $201.6 million during the three and six months ended October 31, 2022, respectively, included in compensation and benefits expense in the consolidated statements of operations.

Other expenses included in compensation and benefits expense are due to changes in deferred compensation and pension plan liabilities, changes in cash surrender value (â€œCSVâ€) of company-owned life insurance (â€œCOLIâ€) contracts, amortization of stock-based compensation awards, commissions, payroll taxes and employee insurance benefits. Unearned compensation on the consolidated balance sheets includes long-term retention awards that are generally amortized over four-to-five years.

Restructuring Charges, Net

The Company accounts for its restructuring charges as a liability when the obligations are incurred and records such charges at fair value. Changes in the estimates of the restructuring charges are recorded in the period the change is determined.

Stock-Based Compensation

The Company has employee compensation plans under which various types of stock-based instruments are granted. These instruments principally include restricted stock units, restricted stock and an Employee Stock Purchase Plan (â€œESPPâ€). The Company recognizes compensation expense related to restricted stock units, restricted stock and the estimated fair value of stock purchases under the ESPP on a straight-line basis over the service period for the entire award.

Recently Adopted Accounting Standards

In October 2021, the Financial Accounting Standards Board issued an amendment in accounting for contract assets and contract liabilities from contracts with customers, which clarifies that an acquirer of a business should recognize and measure contract assets and contract liabilities in a business combination in accordance with ASC 606, Revenue from Contracts with Customers. The amendment of this standard became effective for fiscal years beginning after December 15, 2022 and is to be applied prospectively to business combinations that occur after the effective date. The Company adopted this guidance in its fiscal year beginning May 1, 2023 and the adoption of this guidance did not have a material impact on the consolidated financial statements.

Recently Proposed Accounting Standards - Not Yet Adopted

In November 2023, the Financial Accounting Standards Board issued an amendment in accounting update for all public entities that are required to report segment information in accordance with Topic 280, Segment Reporting. The amendments in this update improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expense. The amendment of this update are effective for fiscal years beginning after December 15, 2023, and interim periods with fiscal years beginning after December 15, 2024. The Company will adopt this guidance in its fiscal year beginning May 1, 2024. The adoption of this guidance is not anticipated to have material impact on the consolidated financial statements.

2. Basic and Diluted (Loss) Earnings Per Share

ASC 260, *Earnings Per Share*, requires companies to treat unvested share-based payment awards that have non-forfeitable rights to dividends prior to vesting as a separate class of securities in calculating (loss) earnings per share. The Company has granted and expects to continue to grant to certain employees under its restricted stock agreements, grants that contain non-forfeitable rights to dividends. Such grants are considered participating securities. Therefore, the Company is required to apply the two-class method in calculating (loss) earnings per share. The two-class method of computing (loss) earnings per share is an earnings allocation formula that determines (loss) earnings per share for each class of common stock and participating security according to dividends declared (or accumulated) and participation rights in undistributed earnings. The dilutive effect of participating securities is calculated using the more dilutive of the treasury method or the two-class method.

Basic (loss) earnings per common share was computed using the two-class method by dividing basic net (loss) earnings attributable to common stockholders by the weighted-average number of common shares outstanding. Diluted (loss) earnings per common share was computed using the two-class method by dividing diluted net (loss) earnings attributable to common stockholders by the weighted-average number of common shares outstanding plus dilutive common equivalent shares. Dilutive common equivalent shares include all in-the-money outstanding options or other contracts to issue common stock as if they were exercised or converted. Financial instruments that are not in the form of common stock, but when converted into common stock increase earnings per share or decrease loss per share, are anti-dilutive and are not included in the computation of diluted (loss) earnings per share. For the three months ended October 31, 2023, the Company is in a net loss position and diluted net loss per share therefore excludes the effects of common equivalents consisting of restricted awards, which are all antidilutive.

During the three and six months ended October 31, 2023, restricted stock awards of 2.1 million shares and 1.2 million shares, respectively, were outstanding but not included in the computation of diluted (loss) earnings per share because they were anti-dilutive. During the three and six months ended October 31, 2022, restricted stock awards of 1.6 million shares and 1.2 million shares, respectively, were outstanding but not included in the computation of diluted (loss) earnings per share because they were anti-dilutive.

The following table summarizes basic and diluted (loss) earnings per common share attributable to common stockholders:

	Three Months Ended October 31,		Six Months Ended October 31,	
	2023	2022	2023	2022
	(in thousands, except per share data)			
Net (loss) income attributable to Korn Ferry	$ (1,711)	$ 73,541	$ 44,894	$ 150,788
Less: distributed and undistributed earnings to nonvested restricted stockholders	169	1,615	843	3,295
Basic net (loss) earnings attributable to common stockholders	(1,880)	71,926	44,051	147,493
Add: undistributed earnings to nonvested restricted stockholders	â€”	1,436	459	2,945
Less: reallocation of undistributed earnings to nonvested restricted stockholders	â€”	1,432	457	2,927
Diluted net (loss) earnings attributable to common stockholders	$ (1,880)	$ 71,930	$ 44,053	$ 147,511
Weighted-average common shares outstanding:				
Basic weighted-average number of common shares outstanding	51,328	51,868	51,131	51,820
Effect of dilutive securities:				
Restricted stock	â€”	134	262	319
ESPP	â€”	3	8	4
Diluted weighted-average number of common shares outstanding	51,328	52,005	51,401	52,143
Net (loss) earnings per common share:				
Basic (loss) earnings per share	$ (0.04)	$ 1.39	$ 0.86	$ 2.85
Diluted (loss) earnings per share	$ (0.04)	$ 1.38	$ 0.86	$ 2.83

3. Comprehensive (Loss) Income

Comprehensive (loss) income is comprised of net (loss) income and all changes to stockholdersâ€™ equity, except those changes resulting from investments by stockholders (changes in paid in capital) and distributions to stockholders (dividends) and is reported in the accompanying consolidated statements of comprehensive (loss) income. Accumulated other comprehensive loss, net of taxes, is recorded as a component of stockholdersâ€™ equity.

The components of accumulated other comprehensive loss, net were as follows:

	October 31, 2023	April 30, 2023
	(in thousands)	
Foreign currency translation adjustments	$ (120,196)	$ (96,860)
Deferred compensation and pension plan adjustments, net of tax	4,436	4,381
Marketable securities unrealized loss, net of tax	(113)	(285)
Accumulated other comprehensive loss, net	$ (115,873)	$ (92,764)

The following table summarizes the changes in each component of accumulated other comprehensive loss, net for the three months ended October 31, 2023:

	Foreign Currency Translation	Deferred Compensation and Pension Plan	Unrealized Losses on Marketable Securities	Accumulated Other Comprehensive Loss
		(in thousands)		
Balance as of July 31, 2023	$ (94,729)	$ 4,408	$ (150)	$ (90,471)
Unrealized (losses) gains arising during the period	(25,467)	â€"	37	(25,430)
Reclassification of realized net losses to net income	â€"	28	â€"	28
Balance as of October 31, 2023	$ (120,196)	$ 4,436	$ (113)	$ (115,873)

The following table summarizes the changes in each component of accumulated other comprehensive loss, net for the six months ended October 31, 2023:

	Foreign Currency Translation	Deferred Compensation and Pension Plan	Unrealized Losses on Marketable Securities (1)	Accumulated Other Comprehensive Loss
		(in thousands)		
Balance as of April 30, 2023	$ (96,860)	$ 4,381	$ (285)	$ (92,764)
Unrealized (losses) gains arising during the period	(23,336)	â€"	172	(23,164)
Reclassification of realized net losses to net income	â€"	55	â€"	55
Balance as of October 31, 2023	$ (120,196)	$ 4,436	$ (113)	$ (115,873)

(1) The tax effect on the unrealized gains was $0.1 million for the six months ended October 31, 2023.

The following table summarizes the changes in each component of accumulated other comprehensive loss, net for the three months ended October 31, 2022:

	Foreign Currency Translation	Deferred Compensation and Pension Plan	Unrealized Losses on Marketable Securities [(2)]	Accumulated Other Comprehensive Loss
		(in thousands)		
Balance as of July 31, 2022	$ (108,974)	$ 1,012	$ (482)	$ (108,444)
Unrealized losses arising during the period	(28,017)	â€”	(258)	(28,275)
Reclassification of realized net losses to net income	â€”	54	â€”	54
Balance as of October 31, 2022	$ (136,991)	$ 1,066	$ (740)	$ (136,665)

The following table summarizes the changes in each component of accumulated other comprehensive loss, net for the six months ended October 31, 2022:

	Foreign Currency Translation	Deferred Compensation and Pension Plan [(1)]	Unrealized Losses on Marketable Securities [(2)]	Accumulated Other Comprehensive Loss
		(in thousands)		
Balance as of April 30, 2022	$ (92,717)	$ 961	$ (429)	$ (92,185)
Unrealized losses arising during the period	(44,274)	â€”	(311)	(44,585)
Reclassification of realized net losses to net income	â€”	105	â€”	105
Balance as of October 31, 2022	$ (136,991)	$ 1,066	$ (740)	$ (136,665)

(1) The tax effect on the reclassifications of realized net losses was $0.1 million for the six months ended October 31, 2022.
(2) The tax effect on the unrealized losses were $0.1 million and $0.1 million for the three and six months ended October 31, 2022.

4. Employee Stock Plans

Stock-Based Compensation

The following table summarizes the components of stock-based compensation expense recognized in the Companyâ€™s consolidated statements of operations for the periods indicated:

	Three Months Ended October 31,		Six Months Ended October 31,	
	2023	2022	2023	2022
		(in thousands)		
Restricted stock	$ 11,012	$ 9,439	$ 19,492	$ 16,977
ESPP	213	230	461	449
Total stock-based compensation expense	$ 11,225	$ 9,669	$ 19,953	$ 17,426

Stock Incentive Plan

At the Companyâ€™s 2022 Annual Meeting of Stockholders, held on September 22, 2022, the Companyâ€™s stockholders approved the Korn Ferry 2022 Stock Incentive Plan (the "2022 Plan"), which, among other things, increased the total number of shares of the Companyâ€™s common stock available for stock-based awards by 1,700,000 shares, leaving 2,248,284 shares available for issuance, subject to certain changes in the Companyâ€™s capital structure and other extraordinary events. The 2022 Plan requires a minimum one-year vesting for all future awards, and provides for the grant of awards to eligible participants, designated as either nonqualified or incentive stock options, restricted stock and restricted stock units, any of which are market-based, and incentive bonuses, which may be paid in cash or stock or a combination thereof.

Restricted Stock

The Company grants time-based restricted stock awards to executive officers and other senior employees that generally vest over a four-year period. In addition, certain key management members typically receive time-based restricted stock awards upon commencement of employment and may receive them annually in conjunction with the Companyâ€™s performance review. Time-based restricted stock awards are granted at a price equal to fair value, which is determined based on the closing price of the Companyâ€™s common stock on the grant date. The Company recognizes compensation expense for time-based restricted stock awards on a straight-line basis over the vesting period.

The Company also grants market-based restricted stock units to executive officers and other senior employees. The market-based units vest after three years depending upon the Companyâ€™s total stockholder return over the three-year performance period relative to other companies in its selected peer group. The fair value of these market-based restricted stock units are determined by using extensive market data that is based on historical Company and peer group information. The Company recognizes compensation expense for market-based restricted stock units on a straight-line basis over the vesting period.

Restricted stock activity during the six months ended October 31, 2023 is summarized below:

	Shares	Weighted-Average Grant Date Fair Value
	(in thousands, except per share data)	
Non-vested, April 30, 2023	2,063	$ 50.12
Granted	854	$ 51.32
Vested	(673)	$ 39.97
Forfeited/expired	(147)	$ 53.82
Non-vested, October 31, 2023	2,097	$ 53.61

As of October 31, 2023, there were 0.7 million shares outstanding relating to market-based restricted stock units with total unrecognized compensation totaling $26.5 million.

As of October 31, 2023, there was $86.2 million of total unrecognized compensation cost related to all non-vested awards of restricted stock, which is expected to be recognized over a weighted-average period of 2.5 years. During the three and six months ended October 31, 2023, 7,848 shares and 209,289 shares of restricted stock totaling $0.4 million and $10.6 million, respectively, were repurchased by the Company, at the option of employees, to pay for taxes related to the vesting of restricted stock. During the three and six months ended October 31, 2022, 3,969 shares and 369,433 shares of restricted stock totaling $0.2 million and $22.1 million, respectively, were repurchased by the Company, at the option of employees, to pay for taxes related to the vesting of restricted stock.

Employee Stock Purchase Plan

The Company has an ESPP that, in accordance with Section 423 of the Internal Revenue Code, allows eligible employees to authorize payroll deductions of up to 15% of their salary to purchase shares of the Companyâ€™s common stock. On June 3, 2020, the Company amended the plan so that the purchase price of the shares purchased could not be less than 85% or more than 100% of the fair market price of the common stock on the last day of the enrollment period. This amendment became effective July 1, 2020. At the Companyâ€™s 2022 Annual Meeting of Stockholders, held on September 22, 2022, the Companyâ€™s stockholders approved the Korn Ferry Amended and Restated Employee Stock Purchase Plan, which, among other things, increased the total number of shares of the Companyâ€™s common stock that may be purchased thereunder by 1,500,000 shares. Employees may not purchase more than $25,000 in stock during any calendar year. The maximum number of shares that may be issued under the ESPP is 4.5 million shares. No shares were purchased under the ESPP during the three months ended October 31, 2023 and 2022. During the six months ended October 31, 2023 and 2022, employees purchased 105,311 shares at $44.59 per share and 83,704 shares at $55.22 per share, respectively. As of October 31, 2023, the ESPP had approximately 1.7 million shares remaining available for future issuance.

Common Stock

During the three and six months ended October 31, 2023, the Company repurchased (on the open market or through privately negotiated transactions) 92,500 shares and 182,500 shares of the Companyâ€™s common stock for $4.4 million and $8.6 million, respectively. During the three and six months ended October 31, 2022, the Company repurchased (on the open market or through privately negotiated transactions) 622,500 shares and 992,367 shares of the Company's common stock for $33.1 million and $55.5 million, respectively.

5. Financial Instruments

The following tables show the Companyâ€™s financial instruments and balance sheet classification as of October 31, 2023 and April 30, 2023:

	October 31, 2023							
	Fair Value Measurement				Balance Sheet Classification			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value	Cash and Cash Equivalents	Marketable Securities, Current	Marketable Securities, Non-current	Other Accrued Liabilities
	(in thousands)							
Changes in Fair Value Recorded in Other Comprehensive (Loss) Income								
Level 2:								
Commercial paper	$ 8,264	$ â€”	$ (5)	$ 8,259	$ 3,889	$ 4,370	$ â€”	$ â€”
Corporate notes/bonds	21,622	â€”	(136)	21,486	â€”	11,727	9,759	â€”
U.S. Treasury and Agency Securities	8,093	â€”	(14)	8,079	4,299	â€”	3,780	â€”
Total debt investments	$ 37,979	$ â€”	$ (155)	$ 37,824	$ 8,188	$ 16,097	$ 13,539	$ â€”
Changes in Fair Value Recorded in Net Income (Loss)								
Level 1:								
Mutual funds [(1)]				$ 193,373	$ â€”	$ 10,052	$ 183,321	$ â€”
Total equity investments				$ 193,373	$ â€”	$ 10,052	$ 183,321	$ â€”
Cash				$ 499,666	$ 499,666	$ â€”	$ â€”	$ â€”
Money market funds				112,982	112,982	â€”	â€”	â€”
Level 2:								
Foreign currency forward contracts				(1,460)	â€”	â€”	â€”	(1,460)
Total				$ 842,385	$ 620,836	$ 26,149	$ 196,860	$ (1,460)

	April 30, 2023							
	Fair Value Measurement				Balance Sheet Classification			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value	Cash and Cash Equivalents	Marketable Securities, Current	Marketable Securities, Non-current	Income Taxes & Other Receivables
	(in thousands)							
Changes in Fair Value Recorded in Other Comprehensive Loss								
Level 2:								
Commercial paper	$ 11,751	$ â€”	$ (30)	$ 11,721	$ â€”	$ 11,721	$ â€”	$ â€”
Corporate notes/bonds	24,754	â€”	(355)	24,399	â€”	21,492	2,907	â€”
Total debt investments	$ 36,505	$ â€”	$ (385)	$ 36,120	$ â€”	$ 33,213	$ 2,907	$ â€”
Changes in Fair Value Recorded in Net Income								
Level 1:								
Mutual funds [(1)]				$ 187,757	$ â€”	$ 11,624	$ 176,133	$ â€”
Total equity investments				$ 187,757	$ â€”	$ 11,624	$ 176,133	$ â€”
Cash				$ 696,180	$ 696,180	$ â€”	$ â€”	$ â€”
Money market funds				147,844	147,844	â€”	â€”	â€”
Level 2:								
Foreign currency forward contracts				2,133	â€”	â€”	â€”	2,133
Total				$ 1,070,034	$ 844,024	$ 44,837	$ 179,040	$ 2,133

(1) These investments are held in trust for settlement of the Companyâ€™s vested obligations of $177.8 million and $172.2 million as of October 31, 2023 and April 30, 2023, respectively, under the ECAP (see Note 6 â€” Deferred Compensation and Retirement Plans). Unvested obligations under the deferred compensation plans totaled $21.4 million and $21.9 million as of October 31, 2023 and April 30, 2023, respectively. During the three and six months ended October 31, 2023, the fair value of the investments decreased; therefore, the Company recognized a loss of $13.8 million and $1.0 million, respectively, which was recorded in other loss, net. During the three and six months ended October 31, 2022, the fair value of the investments decreased; therefore, the Company recognized a loss of $9.7 million and $9.7 million, respectively, which was recorded in other loss, net.

As of October 31, 2023, available-for-sale marketable securities had remaining maturities ranging from 1 month to 24 months. During the three and six months ended October 31, 2023, there were $9.0 million and $26.2 million in sales/maturities of available-for-sale marketable securities, respectively. During the three and six months ended October 31, 2022, there were $18.6 million and $33.0 million in sales/maturities of available-for-sale marketable securities, respectively. Investments in marketable securities that are held in trust for settlement of the Companyâ€™s vested obligations under the ECAP are equity securities and are based upon the investment selections the employee elects from a pre-determined set of securities in the ECAP and the Company invests in equity securities to mirror these elections. As of October 31, 2023 and April 30, 2023, the Companyâ€™s investments in equity securities consisted of mutual funds for which market prices are readily available. Unrealized gains recorded for the period that relate to equity securities still held as of October 31, 2023 were $0.4 million. Unrealized losses recorded for the period that relate to equity securities still held as of October 31, 2022 were $10.7 million.

Foreign Currency Forward Contracts Not Designated as Hedges

The fair value of derivatives not designated as hedge instruments are as follows:

	October 31, 2023	April 30, 2023
	(in thousands)	
Derivative assets:		
Foreign currency forward contracts	$ 546	$ 2,813
Derivative liabilities:		
Foreign currency forward contracts	$ 2,006	$ 680

As of October 31, 2023, the total notional amounts of the forward contracts purchased and sold were $107.4 million and $29.9 million, respectively. As of April 30, 2023, the total notional amounts of the forward contracts purchased and sold were $112.7 million and $41.1 million, respectively. The Company recognizes forward contracts as a net asset or net liability on the consolidated balance sheets as such contracts are covered by master netting agreements. During the three and six months ended October 31, 2023, the Company incurred losses of $3.2 million and $1.5 million, respectively, related to forward contracts which are recorded in general and administrative expenses in the accompanying consolidated statements of operations. During the three and six months ended October 31, 2022, the Company incurred losses of $1.5 million and $2.1 million, respectively, related to forward contracts which are recorded in general and administrative expenses in the accompanying consolidated statements of operations. These foreign currency losses related to forward contracts offset foreign currency gains that result from transactions denominated in a currency other than the Companyâ€™s functional currency. The cash flows related to foreign currency forward contracts are included in cash flows from operating activities.

6. Deferred Compensation and Retirement Plans

The Company has several deferred compensation and retirement plans for eligible consultants and vice presidents that provide defined benefits to participants based on the deferral of current compensation or contributions made by the Company subject to vesting and retirement or termination provisions. Among these plans is a defined benefit pension plan for certain employees in the U.S. The assets of this plan are held separately from the assets of the sponsor in self-administered funds. All other defined benefit obligations from other plans are unfunded.

The components of net periodic benefit costs are as follows:

	Three Months Ended October 31,		Six Months Ended October 31,	
	2023	2022	2023	2022
	(in thousands)			
Service cost	$ 11,346	$ 10,484	$ 21,179	$ 19,627
Interest cost	3,436	2,437	6,793	4,824
Amortization of actuarial loss	183	218	367	436
Expected return on plan assets [(1)]	(272)	(289)	(544)	(578)
Net periodic service credit amortization	(102)	(102)	(203)	(203)
Net periodic benefit costs [(2)]	$ 14,591	$ 12,748	$ 27,592	$ 24,106

(1) The expected long-term rate of return on plan assets was 6.00% and 5.50% for October 31, 2023 and 2022, respectively.

(2) The service cost, interest cost and the other components of net periodic benefit costs are included in compensation and benefits expense, interest expense, net and other loss, net, respectively, on the consolidated statements of operations.

The Company purchased COLI contracts insuring the lives of certain employees eligible to participate in the deferred compensation and pension plans as a means of setting aside funds to cover such plans. The gross CSV of these contracts of $279.2 million and $275.1 million as of October 31, 2023 and April 30, 2023, respectively, was offset by outstanding policy loans of $77.1 million and $77.1 million in the accompanying consolidated balance sheets as of October 31, 2023 and April 30, 2023, respectively. The CSV value of the underlying COLI investments increased by $2.0 million and $3.9 million during the three and six months ended October 31, 2023, respectively, and was recorded as a decrease in compensation and benefits expense in the accompanying consolidated statements of operations. The CSV value of the underlying COLI investment increased by $2.9 million and $4.9 million during the three and six months ended October 31, 2022, respectively, and was recorded as a decrease in compensation and benefits expense in the accompanying consolidated statements of operations.

The Companyâ€™s ECAP is intended to provide certain employees an opportunity to defer their salary and/or bonus on a pre-tax basis. In addition, the Company, as part of its compensation philosophy, makes discretionary contributions into the ECAP and such contributions may be granted to key employees annually based on the employeeâ€™s performance. Certain key members of management may also receive Company ECAP contributions upon commencement of employment. The Company amortizes these contributions on a straight-line basis over the service period, generally a five year period. Participants have the ability to allocate their deferrals among a number of investment options and may receive their benefits at termination, retirement or â€˜in serviceâ€™ either in a lump sum or in quarterly installments over one-to-15 years. The ECAP amounts that are expected to be paid to employees over the next 12 months are classified as a current liability included in compensation and benefits payable on the accompanying consolidated balance sheets.

The ECAP is accounted for whereby the changes in the fair value of the vested amounts owed to the participants are adjusted with a corresponding charge (or credit) to compensation and benefits costs. During the three months ended October 31, 2023, deferred compensation liability decreased; therefore, the Company recognized a reduction in compensation expense of $12.3 million. Offsetting the decrease in compensation and benefits expense was a decrease in the fair value of marketable securities (held in trust to satisfy obligations of the ECAP liabilities) of $13.8 million during the three months ended October 31, 2023, recorded in other loss, net on the consolidated statements of operations. During the three and six months ended October 31, 2022, deferred compensation liability decreased; therefore, the Company recognized a reduction in compensation expense of $9.5 million and $8.6 million, respectively. Offsetting the decreases in compensation and benefits expense was a decrease in the fair value of marketable securities (held in trust to satisfy obligations of the ECAP liabilities) of $9.7 million during both the three and six months ended October 31, 2022, recorded in other loss, net on the consolidated statements of operations. (see Note 5â€”*Financial Instruments*).

7. Fee Revenue

Contract Balances

A contract asset (unbilled receivables) is recorded when the Company transfers control of products or services before there is an unconditional right to payment. A contract liability (deferred revenue) is recorded when cash is received in advance of performance of the obligation. Deferred revenue represents the future performance obligations to transfer control of products or services for which we have already received consideration. Deferred revenue is presented in other accrued liabilities on the consolidated balance sheets.

The following table outlines the Companyâ€™s contract asset and liability balances as of October 31, 2023 and April 30, 2023:

	October 31, 2023	April 30, 2023
	(in thousands)	
Contract assets-unbilled receivables	$ 133,565	$ 99,442
Contract liabilities-deferred revenue	$ 223,232	$ 257,067

During the six months ended October 31, 2023, we recognized revenue of $143.9 million that was included in the contract liabilities balance at the beginning of the period.

Performance Obligations

The Company has elected to apply the practical expedient to exclude the value of unsatisfied performance obligations for contracts with a duration of one year or less, which applies to all executive search, professional search and to most of the fee revenue from the interim business. As of October 31, 2023, the aggregate transaction price allocated to the performance obligations that are unsatisfied for contracts with an expected duration of greater than one year at inception was $1,050.0 million. Of the $1,050.0 million of remaining performance obligations, the Company expects to recognize approximately $362.0 million in the remainder of fiscal 2024, $406.3 million in fiscal 2025, $173.5 million in fiscal 2026 and the remaining $108.2 million in fiscal 2027 and thereafter. However, this amount should not be considered an indication of the Companyâ€™s future revenue as contracts with an initial term of one year or less are not included. Further, our contract terms and conditions allow for clients to increase or decrease the scope of services and such changes do not increase or decrease a performance obligation until the Company has an enforceable right to payment.

Disaggregation of Revenue

The Company disaggregates its revenue by line of business and further by region for Executive Search. This information is presented in Note 10â€”*Segments*.

The following table provides further disaggregation of fee revenue by industry:

	Three Months Ended October 31,			
	2023		2022	
	Dollars	%	Dollars	%
	(dollars in thousands)			
Industrial	$ 204,931	29.1 %	$ 206,448	28.4 %
Life Sciences/Healthcare	123,865	17.6	133,595	18.4
Financial Services	122,048	17.3	131,199	18.0
Technology	98,129	13.9	124,605	17.1
Consumer Goods	96,996	13.8	99,280	13.6
Education/Nonâ€“Profit/General	58,034	8.3	32,722	4.5
Fee Revenue	$ 704,003	100.0 %	$ 727,849	100.0 %

	Six Months Ended October 31,			
	2023		2022	
	Dollars	%	Dollars	%
	(dollars in thousands)			
Industrial	$ 406,849	29.0 %	$ 402,357	28.3 %
Financial Services	250,372	17.9	249,998	17.5
Life Sciences/Healthcare	243,219	17.3	266,799	18.7
Technology	213,902	15.2	247,257	17.4
Consumer Goods	193,423	13.8	195,228	13.7
Education/Nonâ€“Profit/General	95,427	6.8	62,113	4.4
Fee Revenue	$ 1,403,192	100.0 %	$ 1,423,752	100.0 %

8. Credit Losses

The Company is exposed to credit losses primarily through the services it provides. The Companyâ€™s expected credit loss allowance methodology for accounts receivable is developed using historical collection experience, current and future economic and market conditions and a review of the current status of customers' trade accounts receivables. Due to the short-term nature of such receivables, the estimate of the amount of accounts receivable that may not be collected is primarily based on historical loss-rate experience. When required, the Company adjusts the loss-rate methodology to account for current conditions and reasonable and supportable expectations of future economic and market conditions. The Company generally assesses future economic conditions for a period of sixty to ninety days, which corresponds with the contractual life of its accounts receivables. Additionally, specific allowance amounts are established to record the appropriate provision for customers that have a higher probability of default. The Companyâ€™s monitoring activities include timely account reconciliation, dispute resolution, payment confirmation, consideration of customers' financial condition and macroeconomic conditions. Balances are written off when determined to be uncollectible.

The activity in the allowance for credit losses on the Company's trade receivables is as follows:

	(in thousands)
Balance at April 30, 2023	$ 44,377
Provision for credit losses	11,787
Write-offs	(8,025)
Recoveries of amounts previously written off	29
Foreign currency translation	(594)
Balance at October 31, 2023	$ 47,574

The fair value and unrealized losses on available for sale debt securities, aggregated by investment category and the length of time the security has been in an unrealized loss position, are as follows:

	Less Than 12 Months		12 Months or longer		Balance Sheet Classification		
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Cash and Cash Equivalent	Marketable Securities, Current	Marketable Securities, Non-Current
			(in thousands)				
Balance at October 31, 2023							
Commercial paper	$ 8,259	$ 5	$ â€”	$ â€”	$ 3,889	$ 4,370	$ â€”
Corporate notes/bonds	$ 10,886	$ 32	$ 10,235	$ 104	$ â€”	$ 11,727	$ 9,394
U.S. Treasury and Agency Securities	$ 8,079	$ 14	$ â€”	$ â€”	$ 4,299	$ â€”	$ 3,780
Balance at April 30, 2023							
Commercial paper	$ 8,229	$ 26	$ 3,492	$ 4	$ â€”	$ 11,721	$ â€”
Corporate notes/bonds	$ 9,581	$ 123	$ 13,815	$ 232	$ â€”	$ 20,489	$ 2,907

The Company only purchases high grade bonds that have a maturity from the date of purchase of no more than two years. The Company monitors the credit worthiness of its investments on a quarterly basis. The Company does not intend to sell the investments and does not believe it will be required to sell the investments before the investments mature and therefore recover the amortized cost basis.

9. Income Taxes

The provision for income tax was an expense of $2.3 million and $20.8 million in the three and six months ended October 31, 2023, with an effective tax rate of 98.2% and 30.5%, respectively, compared to an expense of $28.9 million and $55.1 million in the three and six months ended October 31, 2022, with an effective tax rate of 27.9% and 26.5%, respectively. The effective tax rate for the three months ended October 31, 2023 was elevated due to lower earnings primarily resulting from restructuring charges recorded in the three months ended October 31, 2023. Also, in addition to the impact of U.S. state income taxes and the jurisdictional mix of earnings, which generally create variability in our effective tax rate over time, the tax benefit recorded in connection with the windfall from stock-based awards that vested during the three and six months ended October 31, 2023 was less than the benefit recorded in connection with the windfall from stock-based awards that vested in the three and six months ended October 31, 2022. The windfall is the amount by which the Company's tax deduction for these awards, based on the fair market value of the awards on the date of vesting, is greater than the expense recorded in the Company's financial statements over the awards' vesting period.

10. Segments

The Company has eight reportable segments: Consulting, Digital, Executive Search North America, Executive Search EMEA, Executive Search Asia Pacific, Executive Search Latin America, Professional Search & Interim and RPO.

The Companyâ€™s eight reportable segments operate through the following five lines of business:

1. **Consulting** aligns organizational structure, culture, performance and people to drive sustainable growth by addressing four fundamental needs: Organizational Strategy, Assessment and Succession, Leadership and Professional Development and Total Rewards. This work is enabled by a set of Digital Performance Management Tools, based on some of the worldâ€™s leading IP and data. The Consulting teams employ an integrated approach across our core capabilities and integrated solutions, each one intended to strengthen the work and thinking in the next, to help clients execute their strategy in a digitally enabled world.
2. **Digital** develops technology-enabled Performance Management Tools that empower our clients. The digital products give clients direct access to Korn Ferry proprietary data, client data, and analytics to deliver clear insights with the training and tools needed to align organizational structure with business strategy.
3. **Executive Search** helps organizations recruit board level, chief executive and other senior executive and general management talent to deliver lasting impact. The Companyâ€™s approach to placing talent is bringing together research-based IP, proprietary assessments and behavioral interviewing with practical experience to determine the ideal organizational fit. Salary benchmarking then helps the Company build

appropriate frameworks for compensation and retention. This business is managed and reported on a geographic basis and represents four of the Companyâ€™s reportable segments (Executive Search North America, Executive Search EMEA, Executive Search Asia Pacific and Executive Search Latin America).

4. **Professional Search & Interim** delivers enterprise talent acquisition solutions for professional level middle and upper management. The Company helps clients source high-quality candidates at speed and scale globally, covering single-hire to multi-hire permanent placements and interim contractors.

5. **RPO** offers scalable recruitment outsourcing solutions leveraging customized technology and talent insights. The Company's scalable solutions, built on science and powered by best-in-class technology and consulting expertise, enables the Company to act as a strategic partner in clientsâ€™ quest for superior recruitment outcomes and better candidate fit.

Executive Search is managed by geographic regional leaders. Worldwide operations for Consulting, Professional Search & Interim and RPO are managed by their Chief Executive Officers. Beginning in the second quarter of fiscal 2024, Digital is led by the President of Technology. The Executive Search geographic regional leaders, the Chief Executive Officers of Consulting, Professional Search & Interim and RPO and the President of Technology report directly to the Chief Executive Officer of the Company. The Company also operates Corporate to record global expenses.

The Company evaluates performance and allocates resources based on the Companyâ€™s chief operating decision maker (â€œCODMâ€) review of 1) fee revenue and 2) adjusted earnings before interest, taxes, depreciation and amortization (â€œAdjusted EBITDAâ€). To the extent that such costs or charges occur, Adjusted EBITDA excludes restructuring charges, integration/acquisition costs, certain separation costs and certain non-cash charges (goodwill, intangible asset and other impairment charges). The CODM is not provided asset information by reportable segment.

Financial highlights are as follows:

	Three Months Ended October 31,		Six Months Ended October 31,	
	2023	**2022**	**2023**	**2022**
		Consolidated		
		(in thousands)		
Fee revenue	$ 704,003	$ 727,849	$ 1,403,192	$ 1,423,752
Total revenue	$ 712,447	$ 735,719	$ 1,418,709	$ 1,438,867
Net (loss) income attributable to Korn Ferry	$ (1,711)	$ 73,541	$ 44,894	$ 150,788
Net income attributable to noncontrolling interest	1,755	1,074	2,335	2,363
Other loss, net	13,835	9,048	258	8,273
Interest expense, net	6,596	7,098	11,336	14,710
Income tax provision	2,341	28,886	20,761	55,112
Operating income	22,816	119,647	79,584	231,246
Depreciation and amortization	19,554	17,093	38,566	33,322
Other loss, net	(13,835)	(9,048)	(258)	(8,273)
Integration/acquisition costs	5,030	3,411	9,158	7,016
Impairment of fixed assets	1,452	â€”	1,575	â€”
Impairment of right-of-use assets	â€”	â€”	1,629	â€”
Restructuring charges, net	63,525	â€”	63,946	â€”
Adjusted EBITDA [1]	$ 98,542	$ 131,103	$ 194,200	$ 263,311

(1) Adjusted EBITDA refers to earnings before interest, taxes, depreciation and amortization, and further excludes integration/acquisition costs, impairment of fixed assets, impairment of right-of-use assets, and restructuring charges, net.

Financial highlights by reportable segments are as follows:

	Three Months Ended October 31,					
	2023			2022		
	Fee revenue	Total revenue	Adjusted EBITDA	Fee revenue	Total revenue	Adjusted EBITDA
	(in thousands)					
Consulting	$ 177,795	$ 180,953	$ 28,928	$ 173,092	$ 175,845	$ 31,089
Digital	97,092	97,157	28,983	94,329	94,577	27,524
Executive Search:						
North America	132,512	133,933	29,436	142,485	144,147	37,969
EMEA	43,098	43,315	5,619	44,645	44,919	8,081
Asia Pacific	19,304	19,460	3,875	23,408	23,523	5,834
Latin America	8,079	8,085	805	7,821	7,822	2,607
Professional Search & Interim	138,384	139,455	25,622	134,743	135,762	32,457
RPO	87,739	90,089	8,855	107,326	109,124	16,004
Corporate	â€”	â€”	(33,581)	â€”	â€”	(30,462)
Consolidated	$ 704,003	$ 712,447	$ 98,542	$ 727,849	$ 735,719	$ 131,103

	Six Months Ended October 31,					
	2023			2022		
	Fee revenue	Total revenue	Adjusted EBITDA	Fee revenue	Total revenue	Adjusted EBITDA
	(in thousands)					
Consulting	$ 345,883	$ 351,746	$ 54,108	$ 339,576	$ 344,580	$ 60,639
Digital	185,078	185,169	53,308	178,090	178,392	51,702
Executive Search:						
North America	260,010	263,346	58,192	294,029	297,031	81,718
EMEA	89,874	90,450	11,257	91,701	92,248	16,596
Asia Pacific	43,843	44,070	10,190	49,789	49,975	13,185
Latin America	14,500	14,507	2,546	15,629	15,631	5,224
Professional Search & Interim	280,563	282,524	49,951	233,690	235,814	61,618
RPO	183,441	186,897	19,326	221,248	225,196	33,713
Corporate	â€”	â€”	(64,678)	â€”	â€”	(61,084)
Consolidated	$ 1,403,192	$ 1,418,709	$ 194,200	$ 1,423,752	$ 1,438,867	$ 263,311

11. Long-Term Debt

4.625% Senior Unsecured Notes due 2027

On December 16, 2019, the Company completed a private placement of 4.625% Senior Unsecured Notes due 2027 (the â€œNotesâ€) with a $400 million principal amount pursuant to Rule 144A and Regulation S under the Securities Act of 1933, as amended. The Notes were issued with a $4.5 million discount and will mature December 15, 2027, with interest payable semi-annually in arrears on June 15 and December 15 of each year, commencing on June 15, 2020. The Notes represent senior unsecured obligations that rank equally in right of payment to all existing and future senior unsecured indebtedness. The Company may redeem the Notes prior to maturity, subject to certain limitations and premiums defined in the indenture governing the Notes. The Company may redeem the Notes at the applicable redemption prices set forth in the table below, plus accrued and unpaid interest, if redeemed during the 12-month period beginning on December 15 of each of the years indicated:

Year	Percentage
2022	102.313%
2023	101.156%
2024 and thereafter	100.000%

The Notes allow the Company to pay $25 million of dividends per fiscal year with no restrictions, plus an unlimited amount of dividends so long as the Companyâ€™s consolidated total leverage ratio is not greater than 3.50 to 1.00, and the Company is not in default under the indenture governing the Notes. The Notes are guaranteed by each of the Company's existing and future wholly owned domestic subsidiaries to the extent such subsidiaries guarantee the Company's credit facilities. The indenture governing the Notes requires that, upon the occurrence of both a Change of Control and a Rating Decline (each as defined in the indenture), the Company shall make an offer to purchase all of the Notes at 101% of their principal amount, plus accrued and unpaid interest. The Company used the proceeds from the offering of the Notes to repay $276.9 million outstanding under the Companyâ€™s prior revolving credit facility and to pay expenses and fees in connection therewith. The remainder of the proceeds were used for general corporate requirements. The effective interest rate on the Notes was 4.86% as of October 31, 2023. As of October 31, 2023 and April 30, 2023, the fair value of the Notes was $365.5 million and $381.5 million, respectively, based on borrowing rates then required of notes with similar terms, maturity and credit risk. The fair value of the Notes was classified as a Level 2 measurement in the fair value hierarchy.

Long-term debt, at amortized cost, consisted of the following:

In thousands	October 31, 2023	April 30, 2023
Senior Unsecured Notes	$ 400,000	$ 400,000
Less: Unamortized discount and issuance costs	(3,435)	(3,806)
Long-term borrowings, net of unamortized discount and debt issuance costs	$ 396,565	$ 396,194

Credit Facilities

On June 24, 2022, the Company entered into an amendment (the â€œAmendmentâ€) to its December 16, 2019 Credit Agreement (the â€œCredit Agreementâ€ ; as amended by the Amendment, the â€œAmended Credit Agreementâ€) with a syndicate of banks and Bank of America, National Association as administrative agent, to, among other things, (i) extend the existing maturity date of the revolving facility to June 24, 2027, (ii) provide for a new delayed draw term loan facility as described below, (iii) replace the London interbank offered rate with forward-looking Secured Overnight Financing Rate ("SOFR") term rate (â€œTerm SOFRâ€) as described below, and (iv) replace the existing financial covenants with the financial covenant described below. The Amended Credit Agreement provides for five-year senior secured credit facilities in an aggregate amount of $1,150.0 million comprised of a $650.0 million revolving credit facility (the â€œRevolverâ€) and a $500.0 million delayed draw term loan facility (the â€œDelayed Draw Facilityâ€ , and together with the Revolver, the â€œCredit Facilitiesâ€). The Delayed Draw Facility expired on June 24, 2023. The Amended Credit Agreement also provides that, under certain circumstances, the Company may incur term loans or increase the aggregate principal amount of revolving commitments by an aggregate amount up to $250.0 million plus an unlimited amount subject to a consolidated secured net leverage ratio of 3.25 to 1.00.

The Amended Credit Agreement contains certain customary affirmative and negative covenants that, among other things, restrict the Companyâ€™s ability to incur additional indebtedness, grant liens and make certain acquisitions, investments, asset dispositions and restricted payments. In addition, the Amended Credit Agreement contains a covenant that requires the Company to maintain a maximum consolidated secured leverage ratio of 3.50 to 1.00 (which may be temporarily increased to 4.00 following certain material acquisitions under certain circumstances) (the â€œFinancial Covenantâ€).

The principal balance of the Revolver, if any, is due at maturity. The Credit Facilities mature on June 24, 2027 and any unpaid principal balance is payable on this date. The Credit Facilities may also be prepaid and terminated early by the Company at any time without premium or penalty (subject to customary breakage fees).

Amounts outstanding under the Amended Credit Agreement will bear interest at a rate equal to, at the Companyâ€™s election, either Term SOFR plus a SOFR adjustment of 0.10%, plus an interest rate margin between 1.125% per annum and 2.00% per annum, depending on the Companyâ€™s consolidated net leverage ratio, or base rate plus an interest rate margin between 0.125% per annum and 1.00% per annum depending on the Companyâ€™s consolidated net leverage ratio. In addition, the Company will be required to pay to the lenders a quarterly commitment fee ranging from 0.175% to 0.300% per annum on the actual daily unused amount of the Revolver, based upon the Companyâ€™s consolidated net leverage ratio at such time, and fees relating to the issuance of letters of credit.

As of October 31, 2023 and April 30, 2023, there was no outstanding liability under the Credit Facilities. The unamortized debt issuance costs associated with the Amended Credit Agreement was $3.7 million and $4.2 million as of October 31, 2023 and April 30, 2023, respectively. The debt issuance costs were included in other current assets and other non-current assets on the consolidated balance sheets. As of October 31, 2023, the Company was in compliance with its debt covenants.

The Company had a total of $645.4 million and $1,145.4 million available under the Credit Facilities after $4.6 million and $4.6 million of standby letters of credit were issued as of October 31, 2023 and April 30, 2023, respectively. Of the amount available under the Credit Facilities as of April 30, 2023, $500.0 million was under the Delayed Draw Facility that expired on June 24, 2023. The Company had a total of $10.8 million and $11.5 million of standby letters with other financial institutions as of October 31, 2023 and April 30, 2023, respectively. The standby letters of credit were generally issued as a result of entering into office premise leases.

12. Leases

The Companyâ€™s lease portfolio is comprised of operating leases for office space and equipment and finance leases for equipment. Equipment leases are comprised of vehicles and office equipment. The majority of the Companyâ€™s leases include both lease and non-lease components. Non-lease components primarily include maintenance, insurance, taxes and other utilities. The Company combines fixed payments for non-lease components with its lease payments and accounts for them as a single lease component, which increases its ROU assets and lease liabilities. Some of the leases include one or more options to renew or terminate the lease at the Companyâ€™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 has elected not to recognize a ROU asset or lease liability for leases with an initial term of 12 months or less.

As most of the Companyâ€™s leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available at the commencement date in determining the present value of the future minimum lease payments. The Company applies the portfolio approach when determining the incremental borrowing rate since it has a centrally managed treasury function. The Companyâ€™s incremental borrowing rate is estimated to approximate the interest rate on a collateralized basis with similar terms and payments in a similar economic environment.

Operating leases contain both office and equipment leases and have remaining terms that range from less than one year to nine years, some of which also include options to extend or terminate the lease. Finance leases are comprised of equipment leases and have remaining terms that range from less than one year to five years. Finance lease assets are included in property and equipment, net while finance lease liabilities are included in other accrued liabilities and other liabilities.

During the six months ended October 31, 2023, the Company reduced its real estate footprint and as a result recorded an impairment charge of the ROU assets of $1.6 million in the consolidated statements of operations. No impairment charge of the ROU assets was recorded during the three months ended October 31, 2023 and the three and six months ended October 31, 2022.

The components of lease expense were as follows:

	Three Months Ended October 31,		Six Months Ended October 31,	
	2023	2022	2023	2022
	(in thousands)			
Finance lease cost				
Amortization of ROU assets	$ 448	$ 365	$ 850	$ 738
Interest on lease liabilities	54	46	108	94
	502	411	958	832
Operating lease cost	11,389	12,203	23,086	24,618
Short-term lease cost	222	270	491	433
Variable lease cost	3,724	1,583	6,915	4,238
Lease impairment cost	â€”	â€”	1,629	â€”
Sublease income	(1,051)	(738)	(2,114)	(1,245)
Total lease cost	$ 14,786	$ 13,729	$ 30,965	$ 28,876

Supplemental cash flow information related to leases was as follows:

	Six Months Ended October 31, 2023	Six Months Ended October 31, 2022
	(in thousands)	
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 26,635	$ 29,114
Financing cash flows from finance leases	$ 938	$ 814
ROU assets obtained in exchange for lease obligations:		
Operating leases	$ 4,109	$ 9,589
Finance leases	$ 714	$ 2,497

Supplemental balance sheet information related to leases was as follows:

	October 31, 2023	April 30, 2023
	(in thousands)	
Finance Leases:		
Property and equipment, at cost	$ 7,253	$ 7,103
Accumulated depreciation	(3,149)	(2,741)
Property and equipment, net	$ 4,104	$ 4,362
Other accrued liabilities	$ 1,373	$ 1,372
Other liabilities	2,810	3,053
Total finance lease liabilities	$ 4,183	$ 4,425
Weighted average remaining lease terms:		
Operating leases	4.2 years	4.5 years
Finance leases	3.5 years	3.8 years
Weighted average discount rate:		
Operating leases	4.9 %	4.5 %
Finance leases	5.1 %	4.7 %

Maturities of lease liabilities were as follows:

Year Ending April 30,	Operating	Financing
	(in thousands)	
2024 (excluding the six months ended October 31, 2023)	$ 25,365	$ 793
2025	44,791	1,467
2026	40,004	1,108
2027	21,325	712
2028	10,274	472
Thereafter	15,967	7
Total lease payments	157,726	4,559
Less: imputed interest	14,631	376
Total	$ 143,095	$ 4,183

13. Restructuring Charges, Net

In light of the challenging macroeconomic business environment arising from persistent inflationary pressures, rising interest rates and global economic and geopolitical uncertainty, on October 23, 2023, the Company initiated a plan (the â€œPlanâ€) intended to align its workforce with its current business realities through position eliminations. Due to the implementation of the Plan, the Company recorded restructuring charges of $63.5 million in the three months ended October 31, 2023 across all lines of business related to severance for positions that were eliminated. During the six months ended October 31, 2023, the Company also made adjustments to previously recorded restructuring accruals resulting in additional restructuring charges of $0.4 million. There were no restructuring charges for the three and six months ended October 31, 2022.

Changes in the restructuring liability during the three months ended October 31, 2023 were as follows:

	Restructuring Liability
	(in thousands)
As of July 31, 2023	$ 4,300
Restructuring charges, net	63,525
Reductions for cash payments	(3,608)
Reductions for non-cash payments	(15,421)
Exchange rate fluctuations	(143)
As of October 31, 2023	$ 48,653

Changes in the restructuring liability during the six months ended October 31, 2023 were as follows:

	Restructuring Liability
	(in thousands)
As of April 30, 2023	$ 8,004
Restructuring charges, net	63,946
Reductions for cash payments	(7,717)
Reductions for non-cash payments	(15,421)
Exchange rate fluctuations	(159)
As of October 31, 2023	$ 48,653

As of October 31, 2023 and April 30, 2023, the restructuring liability is included in the current portion of other accrued liabilities on the consolidated balance sheets.

Restructuring charges incurred by segment were as follows:

	October 31, 2023	
	Three Months Ended	Six Months Ended
	(in thousands)	
Consulting	$ 17,571	$ 17,820
Digital	8,851	8,851
Executive Search:		
North America	7,427	7,427
EMEA	16,238	16,410
Asia Pacific	1,963	1,963
Latin America	110	110
Professional Search & Interim	3,778	3,778
RPO	7,195	7,195
Corporate	392	392
Consolidated	$ 63,525	$ 63,946

14. Subsequent Event

Quarterly Dividend Declaration

On December 5, 2023, the Board of Directors of the Company approved an increase of 83% in the Company's quarterly dividend policy to $0.33 per share and declared a $0.33 per share dividend with a payment date of January 12, 2024 to holders of the Companyâ€™s common stock of record at the close of business on December 21, 2023. The declaration and payment of future dividends under the quarterly dividend policy will be at the discretion of the Board of Directors and will depend upon many factors, including the Companyâ€™s earnings, capital requirements, financial condition, the terms of the Companyâ€™s indebtedness and other factors that the Board of Directors may deem to be relevant. The Board of Directors may amend, revoke, or suspend the dividend policy at any time and for any reason.

Item 2. Managementâ€™s Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

This Quarterly Report on Form 10-Q may contain certain statements that we believe are, or may be considered to be, â€œforward-lookingâ€ 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 â€œExchange Actâ€). These forward-looking statements generally can be identified by use of statements that include phrases such as â€œbelieve,â€ â€œexpect,â€ â€œanticipate,â€ â€œintend,â€ â€œplan,â€ â€œforesee,â€ â€œmay,â€ â€œwill,â€ â€œlikely,â€ â€œestimates,â€ â€œpotential,â€ â€œcontinueâ€ or other similar words or phrases. Similarly, statements that describe our objectives, plans or goals, including the timing and anticipated impacts of our work force realignment plan and business strategy, are also forward-looking statements. These forward-looking statements are subject to risks and uncertainties that could cause our actual results to differ materially from those contemplated by the relevant forward-looking statement. The principal risk factors that could cause actual performance and future actions to differ materially from the forward-looking statements include, but are not limited to, those relating to global and local political and or economic developments in or affecting countries where we have operations, such as inflation, interest rates, global slowdowns, or recessions, competition, geopolitical tensions, shifts in global trade patterns, changes in demand for our services as a result of automation, dependence on and costs of attracting and retaining qualified and experienced consultants, impact of inflationary pressures on our profitability, maintaining our relationships with customers and suppliers and retaining key employees, maintaining our brand name and professional reputation, potential legal liability and regulatory developments, portability of client relationships, consolidation of or within the industries we serve, changes and developments in governmental laws and regulations, evolving investor and customer expectations with regard to environmental, social and governance matters, currency fluctuations in our international operations, risks related to growth, alignment of our cost structure, including as a result of recent workforce, real estate, and other restructuring initiatives, restrictions imposed by off-limits agreements, reliance on information processing systems, cyber security vulnerabilities or events, changes to data security, data privacy, and data protection laws, dependence on third parties for the execution of critical functions, limited protection of our intellectual property (â€œIPâ€), our ability to enhance, develop and respond to new technology, including artificial intelligence, our ability to successfully recover from a disaster or other business continuity problems, employment liability risk, an impairment in the carrying value of goodwill and other intangible assets, treaties, or regulations on our business and our Company, deferred tax assets that we may not be able to use, our ability to develop new products and services, changes in our accounting estimates and assumptions, the utilization and billing rates of our consultants, seasonality, the expansion of social media platforms, the ability to effect acquisitions and integrate acquired businesses, including Salo LLC ("Salo"), resulting organizational changes, our indebtedness, those relating to the ultimate magnitude and duration of any pandemic, and the matters disclosed under the heading â€œRisk Factorsâ€ in the Companyâ€™s Exchange Act reports, including Item 1A included in the Annual Report on Form 10-K for the fiscal year ended April 30, 2023 (the â€œForm 10-Kâ€). Readers are urged to consider these factors carefully in evaluating the forward-looking statements. The forward-looking statements included in this Quarterly Report on Form 10-Q are made only as of the date of this Quarterly Report on Form 10-Q, and we undertake no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.

The following presentation of managementâ€™s discussion and analysis of our financial condition and results of operations should be read together with our consolidated financial statements and related notes included in this Quarterly Report on Form 10-Q. We also make available on the Investor Relations portion of our website earnings slides and other important information, which we encourage you to review.

Executive Summary

Korn Ferry (referred to herein as the â€œCompanyâ€ or in the first-person notations â€œwe,â€ â€œourâ€ and â€œusâ€) is a global organizational consulting firm. We help clients synchronize strategy, operations and talent to drive superior business performance. We work with organizations to design their structures, roles and responsibilities. We help them hire the right people to bring their strategy to life. And we advise them on how to reward, develop and motivate their people.

We are pursuing a strategy to help Korn Ferry focus on clients and collaborate intensively across the organization. This approach is intended to build on the best of our past and give us a clear path to the future with focused initiatives to increase our client and commercial impact. Korn Ferry is transforming how clients address their talent management needs. We have evolved from a mono-line business to a multi-faceted consultancy business, giving our consultants more frequent and expanded opportunities to engage with clients.

The Company services its clients with a core set of solutions that are anchored around talent and talent management â€“ essentially touching every aspect of an employerâ€™s engagement with their employees. Our five core solutions are as follows: Organizational Strategy, Assessment and Succession, Leadership and Professional Development, Total Rewards, and Talent Acquisition. Our colleagues engage with our clients through the delivery of one of our core solutions as a point solution sale or through combining component parts of our core solutions into an integrated solution. In either case, we are solving our clientsâ€™ most challenging business and human capital issues.

Further differentiating our service offerings from our competitors is the unique combination of IP, content, and data sets that we have, which permeate all of our solution areas. For many years, we have been accumulating data around assessments of executives and professionals, pay, success profiles, organizational engagement and design, job architecture, and candidates. Integrating this unique collection of data into our service offerings provides our colleagues with differentiated points of view and solutions, as well as the ability to demonstrate the efficacy of all of our offerings.

Over the last three and a half years, we have seen more change in the workplace than we did in the previous 15 years. Today, we find ourselves doing different work and working differently. Employees want to and they are working remotely. People donâ€™t want to be tethered to a single company for their entire career. Rather, they want to have many new and unique experiences across many different employers â€“ a career nomad of sorts. There is growing demand for companies to have responsibilities that go beyond delivering profits to shareholders, covering areas such as Environmental, Social and Governance. The continual advancement of technologies like Generative AI creates a constant demand for workers to be upskilled or reskilled. All of these changes and disruptions lead to opportunities for Korn Ferry and make us more relevant than at any time in our history. We have core and integrated solutions that line up to these issues and help our clients solve their most pressing business and Human Capital challenges.

Leveraging the strong connection between our various service offering and our lines of business, we have an integrated go-to-market strategy. As we drive this strategy, a focal point for us is our Marquee and Regional account program which is comprised of about 340 of our top clients that generate approximately 35% of our consolidated fee revenue. These accounts have Global Account Leaders assigned who help to orchestrate the delivery of core and integrated solutions that cut across multiple lines of business â€“ effectively making all of the Firmâ€™s resources available as our clients tackle their business and Human Capital issues. Despite near-term headwinds, we believe Korn Ferry is poised for continued growth. We are capitalizing on the current and growing relevance of our core and integrated solutions which, in combination with the strong connections amongst all of our service offerings and our M&A activities, drives top-line synergies that have resulted in double digit fee revenue growth rates (CAGR) over the past twenty years.

Our eight reportable segments operate through the following five lines of business:

1. **Consulting** aligns organizational structure, culture, performance and people to drive sustainable growth by addressing four fundamental needs: Organizational Strategy, Assessment and Succession, Leadership and Professional Development, and Total Rewards. We enable this work with a comprehensive set of Digital Performance Management Tools, based on some of the worldâ€™s leading IP and data. The Consulting teams employ an integrated approach across core solutions, each one intended to strengthen our work and thinking in the next, to help clients execute their strategy in a digitally enabled world.

2. **Digital** develops technology-enabled Performance Management Tools that empower our clients. Our digital products give clients direct access to our proprietary data, client data and analytics to deliver clear insights with the training and tools needed to align organizational structure with business strategy.

3. **Executive Search** helps organizations recruit board level, chief executive and other senior executive and general management talent to deliver lasting impact. Our approach to placing talent brings together research-based IP, proprietary assessments, and behavioral interviewing with our practical experience to determine the ideal organizational fit. Salary benchmarking then builds appropriate frameworks for compensation and retention. This business is managed and reported on a geographical basis and represents four of the Companyâ€™s reportable segments (Executive Search North America, Executive Search Europe, the Middle East and Africa (â€œEMEAâ€), Executive Search Asia Pacific (â€œAPACâ€), and Executive Search Latin America).

4. **Professional Search & Interim** delivers enterprise talent acquisition solutions for professional level middle and upper management. We help clients source high-quality candidates at speed and scale globally, covering single-hire to multi-hire permanent placements and interim contractors.

5. **Recruitment Process Outsourcing (â€œRPOâ€)** offers scalable recruitment outsourcing solutions leveraging customized technology and talent insights. Our scalable solutions, built on science and powered by best-in-class technology and consulting expertise, enable us to act as a strategic partner in clientsâ€™ quest for superior recruitment outcomes and better candidate fit.

Highlights of our performance in fiscal 2023 included:

â€¢ Approximately 78% of the executive searches we performed in fiscal 2023 were for board level, chief executive and other senior executive and general management positions. Our more than 4,000 search engagement clients in fiscal 2023 included many of the worldâ€™s largest and most prestigious public and private companies.

â€¢ We have built strong client loyalty, with nearly 80% of the assignments performed during fiscal 2023 having been on behalf of clients for whom we had conducted assignments in the previous three fiscal years.

â€¢ Approximately 80% of our revenues were generated from clients that have utilized multiple lines of our business.

â€¢ In fiscal 2023, we acquired Infinity Consulting Solutions ("ICS") and Salo. ICS is a provider of senior-level IT interim professional solutions with additional expertise in the area of compliance and legal, accounting and finance, and human resources. Salo is a leading provider of finance, accounting and human resources ("HR") interim talent.

Performance Highlights

In light of the challenging macroeconomic business environment arising from persistent inflationary pressures, rising interest rates, and global economic and geopolitical uncertainty, which we expect to result in near-term slowing or declines in fee revenue, on October 23, 2023, we initiated a plan (the "Plan") intended to align our workforce with our current business realities through position eliminations, which affected approximately eight percent of the Company's employees. The Plan is expected to reduce the Company's annualized cost base by approximately $110 million to $120 million and resulted in restructuring charges, net of $63.5 million during the three months ended October 31, 2023.

The Company evaluates performance and allocates resources based on the chief operating decision makerâ€™s review of (1) fee revenue and (2) adjusted earnings before interest, taxes, depreciation and amortization (â€œAdjusted EBITDAâ€). To the extent that such charges occur, Adjusted EBITDA excludes restructuring charges, integration/acquisition costs, certain separation costs and certain non-cash charges (goodwill, intangible asset and other impairments charges). For the three months ended October 31, 2023, Adjusted EBITDA excluded $63.5 million of restructuring charges, net, $5.0 million of integration/acquisition costs, and $1.5 million impairment of fixed assets. For the six months ended October 31,2023, Adjusted EBITDA excluded $63.9 million of restructuring charges, net, $9.2 million of integration/acquisition costs, $1.6 million of impairment of right-of-use assets, and $1.6 million impairment of fixed assets. For the three and six months ended October 31, 2022, Adjusted EBITDA excluded $3.4 million and $7.0 million of integration/acquisition costs, respectively.

Consolidated and the subtotals of Executive Search Adjusted EBITDA and Adjusted EBITDA margin are non-GAAP financial measures and have limitations as analytical tools. They should not be viewed as a substitute for financial information determined in accordance with United States (â€œU.S.â€) generally accepted accounting principles (â€œGAAPâ€) and should not be considered in isolation or as a substitute for analysis of the Companyâ€™s results as reported under GAAP. In addition, they may not necessarily be comparable to non-GAAP performance measures that may be presented by other companies.

Management believes the presentation of these non-GAAP financial measures provides meaningful supplemental information regarding Korn Ferryâ€™s performance by excluding certain charges, items of income and other items that may not be indicative of Korn Ferryâ€™s ongoing operating results. The use of these non-GAAP financial measures facilitates comparisons to Korn Ferryâ€™s historical performance and the identification of operating trends that may otherwise be distorted by the factors discussed above. Korn Ferry includes these non-GAAP financial measures because management believes it is useful to investors in allowing for greater transparency with respect to supplemental information used by management in its evaluation of Korn Ferryâ€™s ongoing operations and financial and operational decision-making. The accounting policies for the reportable segments are the same as those described in the summary of significant accounting policies in the accompanying consolidated financial statements, except that the above noted items are excluded to arrive at Adjusted EBITDA. Management further believes that Adjusted EBITDA is useful to investors because it is frequently used by investors and other interested parties to measure operating performance among companies with different capital structures, effective tax rates and tax attributes and capitalized asset values, all of which can vary substantially from company to company.

Fee revenue was $704.0 million during the three months ended October 31, 2023, a decrease of $23.8 million, or 3%, compared to $727.8 million in the three months ended October 31, 2022. Fee revenue decreased in Executive Search, RPO, and the permanent placement portion of Professional Search & Interim primarily due to a decline in customer demand driven by global economic slowdown and other factors. This was partially offset by an increase in fee revenue in the interim portion of the Professional Search & Interim segment as a result of the acquisition of Salo (the "acquisition") and increases in fee revenue in Consulting and Digital. Exchange rates favorably impacted fee revenue by $11.9 million, or 2%, in the three months ended October 31, 2023 compared to the year-ago quarter. Net loss attributable to Korn Ferry in the three months ended October 31, 2023 was $1.7 million, as compared to net income attributable to Korn Ferry of $73.5 million in the year-ago quarter. The net loss attributable to Korn Ferry was primarily due to restructuring charges, net recorded as a result of implementing the Plan in the three months ended October 31, 2023, the decrease in fee revenue discussed above, and an increase in cost of services expense. These changes were partially offset by decreases in compensation and benefits expense and income tax provision. Adjusted EBITDA in the three months ended October 31, 2023 was $98.5 million, which decreased by $32.6 million as compared to $131.1 million in the year-ago quarter. During the three months ended October 31, 2023, the Executive Search, Digital, Consulting, Professional Search & Interim and RPO lines of business contributed $39.7 million, $29.0 million, $28.9 million, $25.6 million and $8.9 million, respectively, to Adjusted EBITDA, which was partially offset by Corporate expenses net of other loss of $33.6 million.

Our cash, cash equivalents and marketable securities decreased by $224.1 million to $843.8 million at October 31, 2023, compared to $1,067.9 million at April 30, 2023. This decrease was mainly due to annual bonuses earned in fiscal 2023 and paid during the first quarter of fiscal 2024, long-term retention awards, the semi-annual interest payment on the 4.625% Senior Unsecured Notes due 2027 (the â€œNotesâ€), capital expenditures, stock repurchases and dividends paid to stockholders during the six months ended October 31, 2023. As of October 31, 2023, we held marketable securities to settle obligations under our Executive Capital Accumulation Plan (â€œECAPâ€) with a cost value of $192.2 million and a fair value of $193.4 million. Our vested obligations for which these assets were held in trust totaled $177.8 million as of October 31, 2023 and our unvested obligations totaled $21.4 million.

Our working capital decreased by $5.0 million to $657.4 million as of October 31, 2023, as compared to $662.4 million at April 30, 2023. We believe that cash on hand and funds from operations and other forms of liquidity will be sufficient to meet our anticipated working capital, capital expenditures, general corporate requirements, repayment of debt obligations and dividend payments under our dividend policy in the next 12 months. We had a total of $645.4 million and $1,145.4 million available under the Credit Facilities (defined in Liquidity and Capital Resources) after $4.6 million and $4.6 million of standby letters of credit issued as of October 31, 2023 and April 30, 2023, respectively. Of the amount available under the Credit Facilities as of April 30, 2023, $500.0 million was under the Delayed Draw Facility that expired on June 24, 2023 and is no longer available as a source of liquidity. We had a total of $10.8 million and $11.5 million of standby letters of credit with other financial institutions as of October 31, 2023 and April 30, 2023, respectively. The standby letters of credit were generally issued as a result of entering into office premise leases.

Results of Operations

The following table summarizes the results of our operations as a percentage of fee revenue:
(Numbers may not total exactly due to rounding)

	Three Months Ended October 31,		Six Months Ended October 31,	
	2023	**2022**	**2023**	**2022**
Fee revenue	100.0 %	100.0 %	100.0 %	100.0 %
Reimbursed out-of-pocket engagement expenses	1.2	1.1	1.1	1.1
Total revenue	101.2	101.1	101.1	101.1
Compensation and benefits	64.5	63.9	66.5	65.3
General and administrative expenses	9.3	8.9	9.4	9.1
Reimbursed expenses	1.2	1.1	1.1	1.1
Cost of services	11.2	8.4	11.1	7.0
Depreciation and amortization	2.8	2.3	2.7	2.3
Restructuring charges, net	9.0	â€”	4.6	â€”
Operating income	3.2	16.4	5.7	16.2
Net income	â€” %	10.3 %	3.4 %	10.8 %
Net (loss) income attributable to Korn Ferry	(0.2)%	10.1 %	3.2 %	10.6 %

The following tables summarize the results of our operations:
(Numbers may not total exactly due to rounding)

	Three Months Ended October 31,				Six Months Ended October 31,			
	2023		2022		2023		2022	
	Dollars	%	Dollars	%	Dollars	%	Dollars	%
	(dollars in thousands)							
Fee revenue								
Consulting	$ 177,795	25.3 %	$ 173,092	23.8 %	$ 345,883	24.6 %	$ 339,576	23.9 %
Digital	97,092	13.8	94,329	13.0	185,078	13.2	178,090	12.5
Executive Search:								
North America	132,512	18.8	142,485	19.6	260,010	18.6	294,029	20.7
EMEA	43,098	6.1	44,645	6.1	89,874	6.4	91,701	6.4
Asia Pacific	19,304	2.7	23,408	3.2	43,843	3.1	49,789	3.5
Latin America	8,079	1.1	7,821	1.1	14,500	1.0	15,629	1.1
Total Executive Search	202,993	28.7	218,359	30.0	408,227	29.1	451,148	31.7
Professional Search & Interim	138,384	19.7	134,743	18.5	280,563	20.0	233,690	16.4
RPO	87,739	12.5	107,326	14.7	183,441	13.1	221,248	15.5
Total fee revenue	704,003	100.0 %	727,849	100.0 %	1,403,192	100.0 %	1,423,752	100.0 %
Reimbursed out-of-pocket engagement expense	8,444		7,870		15,517		15,115	
Total revenue	$ 712,447		$ 735,719		$ 1,418,709		$ 1,438,867	

In the tables that follow, the Company presents a subtotal for Executive Search Adjusted EBITDA and a single percentage for Executive Search Adjusted EBITDA margin, which reflects the aggregate of all of the individual Executive Search Regions. These figures are non-GAAP financial measures and are presented as they are consistent with the Companyâ€™s lines of business and are financial metrics used by the Companyâ€™s investor base.

	Three Months Ended October 31,		Six Months Ended October 31,	
	2023	2022	2023	2022
	Consolidated			
	(in thousands)			
Fee revenue	$ 704,003	$ 727,849	$ 1,403,192	$ 1,423,752
Total revenue	$ 712,447	$ 735,719	$ 1,418,709	$ 1,438,867
Net (loss) income attributable to Korn Ferry	$ (1,711)	$ 73,541	$ 44,894	$ 150,788
Net income attributable to noncontrolling interest	1,755	1,074	2,335	2,363
Other loss, net	13,835	9,048	258	8,273
Interest expense, net	6,596	7,098	11,336	14,710
Income tax provision	2,341	28,886	20,761	55,112
Operating income	22,816	119,647	79,584	231,246
Depreciation and amortization	19,554	17,093	38,566	33,322
Other loss, net	(13,835)	(9,048)	(258)	(8,273)
Integration/acquisition costs	5,030	3,411	9,158	7,016
Impairment of fixed assets	1,452	â€”	1,575	â€”
Impairment of right-of-use assets	â€”	â€”	1,629	â€”
Restructuring charges, net	63,525	â€”	63,946	â€”
Adjusted EBITDA	$ 98,542	$ 131,103	$ 194,200	$ 263,311
Adjusted EBITDA margin	14.0 %	18.0 %	13.8 %	18.5 %

	Three Months Ended October 31,							
	2023				2022			
	Fee revenue	Total revenue	Adjusted EBITDA	Adjusted EBITDA margin	Fee revenue	Total revenue	Adjusted EBITDA	Adjusted EBITDA margin
	(dollars in thousands)							
Consulting	$ 177,795	$ 180,953	$ 28,928	16.3 %	$ 173,092	$ 175,845	$ 31,089	18.0 %
Digital	97,092	97,157	28,983	29.9 %	94,329	94,577	27,524	29.2 %
Executive Search:								
North America	132,512	133,933	29,436	22.2 %	142,485	144,147	37,969	26.6 %
EMEA	43,098	43,315	5,619	13.0 %	44,645	44,919	8,081	18.1 %
Asia Pacific	19,304	19,460	3,875	20.1 %	23,408	23,523	5,834	24.9 %
Latin America	8,079	8,085	805	10.0 %	7,821	7,822	2,607	33.3 %
Total Executive Search	202,993	204,793	39,735	19.6 %	218,359	220,411	54,491	25.0 %
Professional Search & Interim	138,384	139,455	25,622	18.5 %	134,743	135,762	32,457	24.1 %
RPO	87,739	90,089	8,855	10.1 %	107,326	109,124	16,004	14.9 %
Corporate	â€”	â€”	(33,581)		â€”	â€”	(30,462)	
Consolidated	$ 704,003	$ 712,447	$ 98,542	14.0 %	$ 727,849	$ 735,719	$ 131,103	18.0 %

	Six Months Ended October 31,							
	2023				2022			
	Fee revenue	Total revenue	Adjusted EBITDA	Adjusted EBITDA margin	Fee revenue	Total revenue	Adjusted EBITDA	Adjusted EBITDA margin
	(dollars in thousands)							
Consulting	$ 345,883	$ 351,746	$ 54,108	15.6 %	$ 339,576	$ 344,580	$ 60,639	17.9 %
Digital	185,078	185,169	53,308	28.8 %	178,090	178,392	51,702	29.0 %
Executive Search:								
North America	260,010	263,346	58,192	22.4 %	294,029	297,031	81,718	27.8 %
EMEA	89,874	90,450	11,257	12.5 %	91,701	92,248	16,596	18.1 %
Asia Pacific	43,843	44,070	10,190	23.2 %	49,789	49,975	13,185	26.5 %
Latin America	14,500	14,507	2,546	17.6 %	15,629	15,631	5,224	33.4 %
Total Executive Search	408,227	412,373	82,185	20.1 %	451,148	454,885	116,723	25.9 %
Professional Search & Interim	280,563	282,524	49,951	17.8 %	233,690	235,814	61,618	26.4 %
RPO	183,441	186,897	19,326	10.5 %	221,248	225,196	33,713	15.2 %
Corporate	â€”	â€”	(64,678)		â€”	â€”	(61,084)	
Consolidated	$ 1,403,192	$ 1,418,709	$ 194,200	13.8 %	$ 1,423,752	$ 1,438,867	$ 263,311	18.5 %

Three Months Ended October 31, 2023 Compared to Three Months Ended October 31, 2022

Fee Revenue

Fee Revenue. Fee revenue was $704.0 million in the three months ended October 31, 2023, a decrease of $23.8 million, or 3% compared to $727.8 million in the year-ago quarter. Exchange rates favorably impacted fee revenue by $11.9 million, or 2%, in the three months ended October 31, 2023 compared to the year-ago quarter. Fee revenue decreased primarily due to decreases in our permanent placement talent acquisition offerings, which includes Executive Search, Professional Search Permanent Placement and RPO, due to a decline in demand driven by global economic slowdown and other factors. This decrease was partially offset by an increase in the interim portion of Professional Search & Interim fee revenue, resulting from the acquisition, and increases in fee revenue in Consulting and Digital.

Consulting. Consulting reported fee revenue of $177.8 million, an increase of $4.7 million, or 3%, in the three months ended October 31, 2023 compared to $173.1 million in the year-ago quarter. The increase in Consulting fee revenue was driven by growth in our organizational strategy and assessment and succession solutions. Exchange rates favorably impacted fee revenue by $2.8 million, or 2%, in the three months ended October 31, 2023 compared to the year-ago quarter.

Digital. Digital reported fee revenue of $97.1 million, an increase of $2.8 million, or 3%, in the three months ended October 31, 2023 compared to $94.3 million in the year-ago quarter. The increase in fee revenue was driven by increases in sales of total rewards, organizational strategy and sales effectiveness offerings. Exchange rates favorably impacted fee revenue by $1.7 million, or 2%, in the three months ended October 31, 2023 compared to the year-ago quarter.

Executive Search North America. Executive Search North America reported fee revenue of $132.5 million, a decrease of $10.0 million, or 7%, in the three months ended October 31, 2023 compared to $142.5 million in the year-ago quarter driven by a decline in executive search activity as a result of clients being affected by the uncertain economic environment. North Americaâ€™s fee revenue was lower due to a 14% decrease in the number of engagements billed, partially offset by a 9% increase in the weighted-average fee billed per engagement (calculated using local currency) during the three months ended October 31, 2023 compared to the year-ago quarter.

Executive Search EMEA. Executive Search EMEA reported fee revenue of $43.1 million, a decrease of $1.5 million, or 3%, in the three months ended October 31, 2023 compared to $44.6 million in the year-ago quarter. Exchange rates favorably impacted fee revenue by $3.4 million, or 8%, in the three months ended October 31, 2023 compared to the year-ago quarter. The decrease in fee revenue was due to a 12% decrease in the number of engagements billed, partially offset by a 2% increase in the weighted-average fee billed per engagement (calculated using local currency) during the three months ended October 31, 2023 compared to the year-ago quarter. Performance in Germany, France and United Arab Emirates were the primary contributors to the decrease in fee revenue in the three months ended October 31, 2023 compared to the year-ago quarter, partially offset by an increase in fee revenue in Ireland and Denmark.

Executive Search Asia Pacific. Executive Search Asia Pacific reported fee revenue of $19.3 million, a decrease of $4.1 million, or 18%, in the three months ended October 31, 2023 compared to $23.4 million in the year-ago quarter. Exchange rates unfavorably impacted fee revenue by $0.3 million, or 1%, in the three months ended October 31, 2023 compared to the year-ago quarter. The decrease in fee revenue was due to a 14% decrease in the number of engagements billed, and 3% decrease in the weighted-average fee billed per engagement (calculated using local currency) during the three months ended October 31, 2023 compared to the year-ago quarter. The performance in China, Singapore, Hong Kong and India were the primary contributors to the decrease in fee revenue in the three months ended October 31, 2023 compared to the year-ago quarter, partially offset by an increase in fee revenue in Korea and Malaysia.

Executive Search Latin America. Executive Search Latin America reported fee revenue of $8.1 million, an increase of $0.3 million, or 4%, in the three months ended October 31, 2023 compared to $7.8 million in the year-ago quarter. Exchange rates favorably impacted fee revenue by $0.6 million, or 8%, in the three months ended October 31, 2023 compared to the year-ago quarter. The slight increase in fee revenue was due to a 17% increase in the weighted-average fees billed per engagement (calculated using local currency), partially offset by an 18% decrease in the number of engagements billed during the three months ended October 31, 2023 compared to the year-ago quarter. The performance in Colombia and Chile were the primary contributors to the increase in fee revenue in the three months ended October 31, 2023 compared to the year-ago quarter, partially offset by a decrease in fee revenue in Mexico.

Professional Search & Interim. Professional Search & Interim reported fee revenue of $138.4 million, an increase of $3.7 million, or 3%, in the three months ended October 31, 2023 compared to $134.7 million in the year-ago quarter. Exchange rates favorably impacted fee revenue by $0.9 million, or 1%, in the three months ended October 31, 2023 compared to the year-ago quarter. The increase in fee revenue was due to an increase in interim fee revenue of $26.6 million primarily due to the acquisition. This increase was partially offset by a decrease in permanent placement fee revenue of $23.0 million.

RPO. RPO reported fee revenue of $87.7 million, a decrease of $19.6 million, or 18%, in the three months ended October 31, 2023 compared to $107.3 million in the year-ago quarter. Exchange rates favorably impacted fee revenue by $2.9 million, or 3%, in the three months ended October 31, 2023 compared to the year-ago quarter. The decrease in fee revenue was primarily due to reduced demand in the number of placements being requested by existing clients as a result of the challenging economic environment.

Compensation and Benefits

Compensation and benefits expense decreased by $10.9 million, or 2%, to $453.9 million in the three months ended October 31, 2023 from $464.8 million in the year-ago quarter. Exchange rates unfavorably impacted compensation and benefits by $9.3 million, or 2%, in the three months ended October 31, 2023 compared to the year-ago quarter. The decrease in compensation and benefits expense was primarily due to a decrease in salaries and related payroll taxes of $10.4 million due to a decrease in average headcount in the three months ended October 31, 2023 compared to the year-ago quarter. Also contributing to the lower compensation and benefits expense were decreases in commission expense of $4.2 million, lower performance-related bonus expense of $2.6 million, and a decrease in cost associated with use of outside contractors of $1.6 million in the three months ended October 31, 2023 compared to the year-ago quarter. The decrease in compensation and benefits expense was partially offset by an increase in severance expense of $2.6 million combined with increases in integration/acquisition cost of $2.5 million, employee insurance of $1.9 million, and amortization of long-term awards of $1.0 million in the three months ended October 31, 2023 compared to the year-ago quarter. Compensation and benefits expense, as a percentage of fee revenue, was 64% for both the three months ended October 31, 2023 and 2022.

Consulting compensation and benefits expense increased by $3.7 million, or 3%, to $122.5 million in the three months ended October 31, 2023 from $118.8 million in the year-ago quarter. Exchange rates unfavorably impacted compensation and benefits by $2.5 million, or 2%, in the three months ended October 31, 2023 compared to the year-ago quarter. The increase in compensation and benefits expense was primarily due to increases in salaries and related payroll taxes of $1.6 million, amortization of long-term incentive awards of $0.7 million and employee insurance of $0.5 million in the three months ended October 31, 2023 compared to the year-ago quarter. Consulting compensation and benefits expense, as a percentage of fee revenue, was 69% for both the three months ended October 31, 2023 and 2022.

Digital compensation and benefits expense increased by $0.6 million, or 1%, to $49.5 million in the three months ended October 31, 2023 compared to $48.9 million in the year-ago quarter. Exchange rates unfavorably impacted compensation and benefits by $0.8 million, or 2%, in the three months ended October 31, 2023 compared to the year-ago quarter. The increase in compensation and benefits expense was primarily due to an increase in performance-related bonus expense of $2.8 million driven by the higher fee revenue in the segment in the three months ended October 31, 2023 compared to the year-ago quarter. The increase was partially offset by decreases in commission expense of $0.5 million, salaries and related payroll taxes of $0.5 million due to lower average headcount, stock-based compensation expense of $0.5 million and deferred compensation expense of $0.3 million due to a decrease in the fair value of participants' accounts. Digital compensation and benefits expense, as a percentage of fee revenue, decreased to 51% in the three months ended October 31, 2023 from 52% in the year-ago quarter.

Executive Search North America compensation and benefits expense decreased by $3.3 million, or 4%, to $83.7 million in the three months ended October 31, 2023 compared to $87.0 million in the year-ago quarter. Exchange rates did not have a significant impact on compensation and benefits expense in the three months ended October 31, 2023 compared to the year-ago quarter. The decrease in compensation and benefits expense was primarily due to a decrease in performance-related bonus expense of $1.3 million driven by lower segment fee revenue. Also contributing to the decrease in compensation and benefits expense were decreases in the amortization of long-term incentive awards of $0.9 million and lower salaries and related payroll taxes of $0.9 million due to the decrease in average headcount in the three months ended October 31, 2023 compared to the year-ago quarter. Executive Search North America compensation and benefits expense, as a percentage of fee revenue, increased to 63% in the three months ended October 31, 2023 from 61% in the year-ago quarter.

Executive Search EMEA compensation and benefits expense decreased by $0.2 million, or 1%, to $33.3 million in the three months ended October 31, 2023 compared to $33.5 million in the year-ago quarter. Exchange rates unfavorably impacted compensation and benefits by $2.3 million, or 7%, in the three months ended October 31, 2023 compared to the year-ago quarter. The decrease in compensation and benefits expense was primarily due to a decrease in performance-related bonus expense of $2.3 million driven by lower segment fee revenue, partially offset by increases in salaries and related payroll taxes of $1.7 million, and amortization of long-term incentive awards of $0.7 million in the three months ended October 31, 2023 compared to the year-ago quarter. Executive Search EMEA compensation and benefits expense, as a percentage of fee revenue, increased to 77% in the three months ended October 31, 2023 from 75% in the year-ago quarter.

Executive Search Asia Pacific compensation and benefits expense decreased by $1.7 million, or 11%, to $13.3 million in the three months ended October 31, 2023 compared to $15.0 million in the year-ago quarter. Exchange rates did not have a significant impact on compensation and benefits expense in the three months ended October 31, 2023 compared to the year-ago quarter. The decrease in compensation and benefits expense was primarily due to a decrease in performance-related bonus expense of $2.0 million in the three months ended October 31, 2023 compared to the year-ago quarter due to lower segment fee revenue, partially offset by an increase in salaries and related payroll taxes of $0.5 million. Executive Search Asia Pacific compensation and benefits expense, as a percentage of fee revenue, increased to 69% in the three months ended October 31, 2023 from 64% in the year-ago quarter.

Executive Search Latin America compensation and benefits expense was $4.8 million in both the three months ended October 31, 2023 and 2022. Exchange rates unfavorably impacted compensation and benefits by $0.4 million, or 8% in the three months ended October 31, 2023 compared to the year-ago quarter. Executive Search Latin America compensation and benefits expense, as a percentage of fee revenue, decreased to 59% in the three months ended October 31, 2023 from 61% in the year-ago quarter.

Professional Search & Interim compensation and benefits expense decreased by $2.1 million, or 4%, to $57.1 million in the three months ended October 31, 2023 from $59.2 million in the year-ago quarter. Exchange rates unfavorably impacted compensation and benefits by $0.5 million, or 1%, in the three months ended October 31, 2023 compared to the year-ago quarter. The decrease in compensation and benefits expense was primarily due to decreases in commission expense of $3.8 million and performance-related bonus expense of $1.4 million in the three months ended October 31, 2023 compared to the year-ago quarter. The decrease in compensation and benefits expense was partially offset by an increase in integration/acquisition costs of $2.5 million. Professional Search & Interim compensation and benefits expense, as a percentage of fee revenue, decreased to 41% in the three months ended October 31, 2023 from 44% in the year-ago quarter.

RPO compensation and benefits expense decreased by $10.3 million, or 12%, to $72.4 million in the three months ended October 31, 2023 from $82.7 million in the year-ago quarter. Exchange rates unfavorably impacted compensation and benefits by $2.7 million, or 3%, in the three months ended October 31, 2023 compared to the year-ago quarter. The decrease was primarily due to a decrease in salaries and related payroll taxes of $12.5 million as a result of the decrease in average headcount in the three months ended October 31, 2023 compared to the year-ago quarter, combined with lower cost associated with the use of outside contractors of $1.2 million. This decrease was partially offset by increases in severance expense of $2.1 million and performance-related bonus expense of $1.8 million. RPO compensation and benefits expense, as a percentage of fee revenue, increased to 83% in the three months ended October 31, 2023 from 77% in the year-ago quarter.

Corporate compensation and benefits expense increased by $2.5 million, or 17%, to $17.3 million in the three months ended October 31, 2023 from $14.8 million in the year-ago quarter. The increase in compensation and benefits expense was primarily due to an increase of $1.3 million in stock-based compensation expense in the three months ended October 31, 2023 compared to the year-ago quarter. Also contributing to the increase in compensation and benefits expense was a decrease in the cash surrender value (â€œCSVâ€) of company-owned life insurance (â€œCOLIâ€) of $0.9 million as a result of less death benefits recorded in the three months ended October 31, 2023 compared to the year-ago quarter.

General and Administrative Expenses

General and administrative expenses increased by $0.6 million, or 1%, to $65.7 million in the three months ended October 31, 2023 from $65.1 million in the year-ago quarter. Exchange rates unfavorably impacted general and administrative expenses by $0.8 million, or 1%, in the three months ended October 31, 2023 compared to the year-ago quarter. The increase in general and administrative expenses was primarily due to an impairment of fixed assets of $1.5 million associated with an impairment of capitalized software in the three months ended October 31, 2023. Further contributing to the increase in general and administrative expenses was an increase in marketing and business development expense of $1.1 million and a change to a foreign exchange loss of $0.7 million in the three months ended October 31, 2023 from a foreign exchange gain of $0.1 million in the year-ago quarter. These increases were partially offset by a decrease in legal and other professional fees of $2.6 million. General and administrative expenses, as a percentage of fee revenue, were 9% for both the three months ended October 31, 2023 and 2022.

Consulting general and administrative expenses decreased by $0.2 million, or 2%, to $12.7 million in the three months ended October 31, 2023 compared to $12.9 million in the year-ago quarter. Consulting general and administrative expenses, as a percentage of fee revenue, were 7% for both the three months ended October 31, 2023 and 2022.

Digital general and administrative expenses increased by $1.8 million, or 19%, to $11.3 million in the three months ended October 31, 2023 from $9.5 million in the year-ago quarter. The increase in general and administrative expenses was primarily due to an impairment of fixed assets of $1.5 million associated with the impairment of capitalized software coupled with an increase in computer license expense of $0.5 million in the three months ended October 31, 2023 compared to the year-ago quarter. Digital general and administrative expenses, as a percentage of fee revenue, increased to 12% in the three months ended October 31, 2023 from 10% in the year-ago quarter.

Executive Search North America general and administrative expenses decreased by $1.0 million, or 12%, to $7.6 million in the three months ended October 31, 2023 compared to $8.6 million in the year-ago quarter. The decrease in general and administrative expenses was primarily due to a change to a foreign exchange gain of $0.4 million in the three months ended October 31, 2023 from a foreign exchange loss of $0.3 million in the year-ago quarter, combined with a decrease in legal and other professional fees of $0.4 million. Executive Search North America general and administrative expenses, as a percentage of fee revenue, were 6% for both the three months ended October 31, 2023 and 2022.

Executive Search EMEA general and administrative expenses increased by $0.9 million, or 30%, to $3.9 million in the three months ended October 31, 2023 from $3.0 million in the year-ago quarter. The increase in general and administrative expenses was primarily due to a change to a foreign exchange loss of $0.1 million in the three months ended October 31, 2023 from a foreign exchange gain of $0.7 million in the year-ago quarter. Executive Search EMEA general and administrative expenses, as a percentage of fee revenue, increased to 9% in the three months ended October 31, 2023 from 7% in the year-ago quarter.

Executive Search Asia Pacific general and administrative expenses decreased by $0.4 million, or 17%, to $1.9 million in the three months ended October 31, 2023 compared to $2.3 million in the year-ago quarter. The decrease in general and administrative expenses was primarily driven by a lower bad debt expense of $0.2 million and a decrease in legal and other professional fees of $0.1 million in the three months ended October 31, 2023 compared to the year-ago quarter. Executive Search Asia Pacific general and administrative expenses, as a percentage of fee revenue, were 10% for both the three months ended October 31, 2023 and 2022.

Executive Search Latin America general and administrative expenses increased by $1.9 million, or 475%, to $2.3 million in the three months ended October 31, 2023 compared to $0.4 million in the year-ago quarter. The increase in general and administrative expenses was primarily due to a change to a foreign exchange loss of $1.4 million in the three months ended October 31, 2023 from a foreign exchange gain of $0.2 million in the year-ago quarter. Executive Search Latin America general and administrative expenses, as a percentage of fee revenue, increased to 29% in the three months ended October 31, 2023 from 5% in the year-ago quarter.

Professional Search & Interim general and administrative expenses decreased by $0.4 million, or 6%, to $6.7 million in the three months ended October 31, 2023 compared to $7.1 million in the year-ago quarter. The decrease in general and administrative expense was primarily due to a decrease in legal and other professional fees of $0.2 million and an increase of $0.3 million in foreign exchange gain in the three months ended October 31, 2023 compared to the year-ago quarter. Professional Search & Interim general and administrative expenses, as a percentage of fee revenue, were 5% for both the three months ended October 31, 2023 and 2022.

RPO general and administrative expenses decreased by $1.9 million, or 35%, to $3.5 million in the three months ended October 31, 2023 compared to $5.4 million in the year-ago quarter. The decrease in general and administrative expenses was primarily due to a change in foreign exchange gain of $1.0 million in the three months ended October 31, 2023 compared to a foreign exchange loss of $0.2 million in the year-ago quarter. Also contributing to the decrease in general and administrative expense were decreases in marketing and business development expense of $0.3 million, and premise and office expense of $0.3 million in the three months ended October 31, 2023 compared to the year-ago quarter. RPO general and administrative expenses, as a percentage of fee revenue, decreased to 4% in the three months ended October 31, 2023 from 5% in the year-ago quarter.

Corporate general and administrative expenses decreased by $0.3 million, or 2%, to $15.7 million in the three months ended October 31, 2023 compared to $16.0 million in the year-ago quarter. The decrease was primarily due to decreases in legal and other professional fees of $2.2 million and integration/acquisition costs of $0.8 million. The decrease was partially offset by a change to a foreign exchange loss of $0.6 million in the three months ended October 31, 2023 from a foreign exchange gain of $0.7 million in the year-ago quarter, and increases in marketing and business development expense of $1.0 million and premise and office expense of $0.4 million.

Cost of Services Expense

Cost of services expense consists of contractor and product costs related to delivery of various services and products through Consulting, Digital, Professional Search & Interim and RPO. Cost of services expense increased by $17.2 million, or 28%, to $78.5 million in the three months ended October 31, 2023 compared to $61.3 million in the year-ago quarter. Professional Search & Interim accounts for $15.1 million of the increase due to the acquisition, which performs a significant portion of interim services. Interim services have a higher cost of service expense as compared to the Company's other segments. Cost of services expense, as a percentage of fee revenue, increased to 11% in the three months ended October 31, 2023 from 8% in the year-ago quarter.

Depreciation and Amortization Expenses

Depreciation and amortization expenses increased by $2.5 million, or 15%, to $19.6 million in the three months ended October 31, 2023 compared to $17.1 million in the year-ago quarter. The increase was primarily due to the technology investments made in the current and prior year, and an increase in amortization of intangible assets due to the acquisition.

Restructuring Charges, Net

During the second quarter of fiscal 2024, we implemented the Plan to eliminate excess capacity resulting from the challenging macroeconomic business environment impacting demand. As a result, we recorded restructuring charges, net of $63.5 million during the three months ended October 31, 2023. There were no restructuring charges, net during the three months ended October 31, 2022.

Net (Loss) Income Attributable to Korn Ferry

Net loss attributable to Korn Ferry was $1.7 million in the three months ended October 31, 2023, as compared to net income attributable to Korn Ferry of $73.5 million in the year-ago quarter. The change to a net loss attributable to Korn Ferry was primarily due to restructuring charges, net recorded during the three months ended October 31, 2023 in order to align our workforce to the challenging macroeconomic business environment. Also contributing to the net loss was a decrease in fee revenue, coupled with increases in cost of services expense and other loss, net in the three months ended October 31, 2023 compared to the year-ago quarter. Partially offsetting the net loss was a decrease in compensation and benefits expense and lower income tax provision. Net loss attributable to Korn Ferry, as a percentage of fee revenue was less than 1% in the three months ended October 31, 2023 compared to net income attributable to Korn Ferry, as a percentage of fee revenue of 10% in the three months ended October 31, 2022.

Adjusted EBITDA

Adjusted EBITDA decreased by $32.6 million, or 25%, to $98.5 million in the three months ended October 31, 2023 as compared to $131.1 million in the year-ago quarter. The decrease in Adjusted EBITDA was primarily driven by a decrease in fee revenue, and increases in cost of services expense and other loss, net. This decrease was partially offset by a decrease in compensation and benefits expense (excluding integration/acquisition costs). Adjusted EBITDA, as a percentage of fee revenue, was 14% in the three months ended October 31, 2023 compared to 18% in the year-ago quarter. Adjusted EBITDA margin decreased primarily due to a change in fee revenue mix, with a decrease in Executive Search and Permanent Placement, which have higher margins, being replaced with fee revenue from Interim, which has lower margins.

Consulting Adjusted EBITDA was $28.9 million in the three months ended October 31, 2023, a decrease of $2.2 million, or 7%, as compared to $31.1 million in the year-ago quarter. This decrease in Adjusted EBITDA was primarily driven by increases in compensation and benefits expense and cost of services expense, partially offset by an increase in fee revenue. Consulting Adjusted EBITDA, as a percentage of fee revenue, was 16% and 18% in the three months ended October 31, 2023 and 2022, respectively.

Digital Adjusted EBITDA was $29.0 million in the three months ended October 31, 2023, an increase of $1.5 million, or 5%, as compared to $27.5 million in the year-ago quarter. This increase in Adjusted EBITDA was mainly driven by higher segment fee revenue, partially offset by an increase in compensation and benefits expense during the three months ended October 31, 2023 compared to the year-ago quarter. Digital Adjusted EBITDA, as a percentage of fee revenue, was 30% and 29% in the three months ended October 31, 2023 and 2022, respectively.

Executive Search North America Adjusted EBITDA decreased by $8.6 million, or 23%, to $29.4 million in the three months ended October 31, 2023 compared to $38.0 million in the year-ago quarter. The decrease was mainly driven by lower fee revenue in the segment and an increase in other loss, net, partially offset by the decreases in compensation and benefits expense and general and administrative expense in the three months ended October 31, 2023 compared to the year-ago quarter. Executive Search North America Adjusted EBITDA, as a percentage of fee revenue, was 22% and 27% in the three months ended October 31, 2023 and 2022, respectively.

Executive Search EMEA Adjusted EBITDA decreased by $2.5 million, or 31%, to $5.6 million in the three months ended October 31, 2023 compared to $8.1 million in the year-ago quarter. The decrease was primarily driven by a decrease in segment fee revenue, and an increase in general and administrative expenses in the three months ended October 31, 2023 compared to the year-ago quarter. Executive Search EMEA Adjusted EBITDA, as a percentage of fee revenue, was 13% and 18% in the three months ended October 31, 2023 and 2022, respectively.

Executive Search Asia Pacific Adjusted EBITDA decreased by $1.9 million, or 33%, to $3.9 million in the three months ended October 31, 2023 compared to $5.8 million in the year-ago quarter. The decrease in Adjusted EBITDA was driven by lower fee revenue in the segment, partially offset by decreases in compensation and benefits expense and general and administrative expenses. Executive Search Asia Pacific Adjusted EBITDA, as a percentage of fee revenue, was 20% and 25% in the three months ended October 31, 2023 and 2022, respectively.

Executive Search Latin America Adjusted EBITDA decreased by $1.8 million, or 69%, to $0.8 million in the three months ended October 31, 2023 compared to $2.6 million in the year-ago quarter. The decrease was mainly driven by an increase in general and administrative expenses, partially offset by higher fee revenue in the three months ended October 31, 2023 compared to the year-ago quarter. Executive Search Latin America Adjusted EBITDA, as a percentage of fee revenue, was 10% and 33% in the three months ended October 31, 2023 and 2022, respectively.

Professional Search & Interim Adjusted EBITDA was $25.6 million in the three months ended October 31, 2023, a decrease of $6.9 million, or 21%, as compared to $32.5 million in the year-ago quarter. The decrease in Adjusted EBITDA was mainly driven by an increase in cost of services expense, partially offset by higher fee revenue in the segment as a result of the acquisition, and decreases in compensation and benefits expense (excluding integration/acquisition costs), and general and administrative expenses (excluding integration/acquisition costs) in the three months ended October 31, 2023 compared to the year-ago quarter. Professional Search & Interim Adjusted EBITDA, as a percentage of fee revenue, was 19% and 24% in the three months ended October 31, 2023 and 2022, respectively.

RPO Adjusted EBITDA was $8.9 million in the three months ended October 31, 2023, a decrease of $7.1 million, or 44%, as compared to $16.0 million in the year-ago quarter. The decrease in Adjusted EBITDA was mainly driven by lower fee revenue, partially offset by decreases in compensation and benefits expense and general and administrative expenses. RPO Adjusted EBITDA, as a percentage of fee revenue, was 10% and 15% in the three months ended October 31, 2023 and 2022, respectively.

Other Loss, Net

Other loss, net was $13.8 million in the three months ended October 31, 2023 compared to $9.0 million in the year-ago quarter. The difference was primarily due to greater losses from the decrease in the fair value of our marketable securities that are held in trust to for the settlement of the Company's obligation under the ECAP during the three months ended October 31, 2023 compared to the year-ago quarter.

Interest Expense, Net

Interest expense, net primarily relates to the Notes issued in December 2019, borrowings under COLI policies and interest cost related to our deferred compensation plans, which are partially offset by interest earned on cash and cash equivalent balances. Interest expense, net was $6.6 million in the three months ended October 31, 2023 compared to $7.1 million in the year-ago quarter. Interest expense, net decreased due to an increase in interest income earned on cash and cash equivalent balances as a result of higher interest rates in the three months ended October 31, 2023 compared to the year-ago quarter.

Income Tax Provision

The provision for income tax was $2.3 million in the three months ended October 31, 2023, with an effective tax rate of 98.2%, compared to $28.9 million in the three months ended October 31, 2022, with an effective rate of 27.9%. In addition to the impact of U.S. state income taxes and the jurisdictional mix of earnings, which generally create variability in our effective tax rate over time, the effective tax rate in the three months ended October 31, 2023 was elevated due to lower earnings resulting from restructuring charges recorded in the three months ended October 31, 2023.

Net Income Attributable to Noncontrolling Interest

Net income attributable to noncontrolling interest represents the portion of a subsidiaryâ€™s net earnings that are attributable to shares of such subsidiary not held by Korn Ferry that are included in the consolidated results of operations. Net income attributable to noncontrolling interest for the three months ended October 31, 2023 was $1.8 million, as compared to $1.1 million in the three months ended October 31, 2022.

Six Months Ended October 31, 2023 Compared to Six Months Ended October 31, 2022

Fee Revenue

Fee Revenue. Fee revenue was $1,403.2 million, a decrease of $20.6 million, or 1%, in the six months ended October 31, 2023 compared to $1,423.8 million in the year-ago period. Exchange rates favorably impacted fee revenue by $12.9 million, or 1%, in the six months ended October 31, 2023 compared to the year-ago period. Fee revenue decreased primarily due to decreases in our permanent placement talent acquisition offerings, which includes Executive Search, Professional Search Permanent Placement and RPO, due to a decline in demand driven by the global economic slowdown and other factors. This decrease was partially offset by an increase in fee revenue in the interim portion of the Professional Search & Interim segment resulting from the acquisitions of Infinity Consulting Solutions and Salo (collectively "the Acquired Companies"), which were effective on August 1, 2022 and February 1, 2023, respectively, and increases in fee revenue in Consulting and Digital.

Consulting. Consulting reported fee revenue of $345.9 million, an increase of $6.3 million, or 2%, in the six months ended October 31, 2023 compared to $339.6 million in the year-ago period. The increase in fee revenue was mainly driven by growth in our organizational strategy and assessment & succession solutions. Exchange rates favorably impacted fee revenue by $3.0 million, or 1%, in the six months ended October 31, 2023 compared to the year-ago period.

Digital. Digital reported fee revenue of $185.1 million, an increase of $7.0 million, or 4%, in the six months ended October 31, 2023 compared to $178.1 million in the year-ago period. The increase in fee revenue was driven by increases in sales of total rewards, organizational strategy and sales effectiveness offerings. Exchange rates favorably impacted fee revenue by $1.6 million, or 1%, in the six months ended October 31, 2023 compared to the year-ago period.

Executive Search North America. Executive Search North America reported fee revenue of $260.0 million, a decrease of $34.0 million, or 12%, in the six months ended October 31, 2023 compared to $294.0 million in the year-ago period. North Americaâ€™s fee revenue was lower due to a 15% decrease in the number of engagements billed, partially offset by a 4% increase in the weighted-average fee billed per engagement (calculated using local currency) during the six months ended October 31, 2023 compared to the year-ago period, driven by a decline in demand for executive searches as a result of clients being affected by the uncertain economic environment.

Executive Search EMEA. Executive Search EMEA reported fee revenue of $89.9 million, a decrease of $1.8 million, or 2%, in the six months ended October 31, 2023 compared to $91.7 million in the year-ago period. Exchange rates favorably impacted fee revenue by $4.9 million, or 5%, in the six months ended October 31, 2023 compared to the year-ago period. The decrease in fee revenue was due to a 5% decrease in the number of engagements billed, combined with a 2% decrease in the weighted-average fee billed per engagement (calculated using local currency) during the six months ended October 31, 2023 compared to the year-ago period. Performance in France, United Arab Emirates, and Germany were the primary contributors to the decrease in fee revenue in the six months ended October 31, 2023 compared to the year-ago period, partially offset by an increase in fee revenue in Denmark, United Kingdom, and Ireland.

Executive Search Asia Pacific. Executive Search Asia Pacific reported fee revenue of $43.8 million, a decrease of $6.0 million, or 12%, in the six months ended October 31, 2023 compared to $49.8 million in the year-ago period. Exchange rates unfavorably impacted fee revenue by $1.2 million, or 2%, in the six months ended October 31, 2023 compared to the year-ago period. The decrease in fee revenue was due to a 19% decrease in the number of engagements billed, partially offset by an 11% increase in the weighted-average fee billed per engagement (calculated using local currency) during the six months ended October 31, 2023 compared to the year-ago period. The performance in China, Singapore, and Hong Kong were the primary contributors to the decrease in fee revenue in the six months ended October 31, 2023 compared to the year-ago period.

Executive Search Latin America. Executive Search Latin America reported fee revenue of $14.5 million, a decrease of $1.1 million, or 7%, in the six months ended October 31, 2023 compared to $15.6 million in the year-ago period. Exchange rates favorably impacted fee revenue by $1.2 million, or 8%, in the six months ended October 31, 2023 compared to the year-ago period. The decrease in fee revenue was due to a 19% decrease in the number of engagements billed, partially offset by a 7% increase in the weighted-average fees billed per engagement (calculated using local currency) during the six months ended October 31, 2023 compared to the year-ago period. The performance in Brazil and Mexico were the primary contributors to the decrease in fee revenue in the six months ended October 31, 2023 compared to the year-ago period, partially offset by an increase in fee revenue in Colombia.

Professional Search & Interim. Professional Search & Interim reported fee revenue of $280.6 million, an increase of $46.9 million, or 20%, in the six months ended October 31, 2023 compared to $233.7 million in the year-ago period. Exchange rates favorably impacted fee revenue by $1.1 million in the six months ended October 31, 2023 compared to the year-ago period. The increase in fee revenue was due to an increase in interim fee revenue of $85.7 million, mainly driven by the Acquired Companies. This increase was partially offset by a decrease in permanent placement fee revenue of $38.8 million.

RPO. RPO reported fee revenue of $183.4 million, a decrease of $37.8 million, or 17%, in the six months ended October 31, 2023 compared to $221.2 million in the year-ago period. Exchange rates favorably impacted fee revenue by $2.8 million, or 1% in the six months ended October 31, 2023 compared to the year-ago period. The decrease in fee revenue was primarily due to a decline in the number of placements being requested by existing clients.

Compensation and Benefits

Compensation and benefits expense increased by $3.3 million to $933.7 million in the six months ended October 31, 2023 from $930.4 million in the year-ago period. Exchange rates unfavorably impacted compensation and benefits by $10.4 million, or 1%, in the six months ended October 31, 2023 compared to the year-ago period. The increase in compensation and benefits expense was primarily due to higher deferred compensation expenses of $12.0 million as a result of an increase in the fair value of participants' accounts in the six months ended October 31, 2023 compared to the year-ago period. Further contributing to the increase in compensation and benefits expense was an increase in severance expense of $7.8 million due to the lay-offs that took place during the six months ended October 31, 2023, higher integration/acquisition costs of $5.1 million and increases in employee insurance of $2.9 million and stock-based compensation expense of $2.5 million. These increases were partially offset by decreases in performance-related bonus expense of $12.3 million, commission expense of $4.7 million resulting from lower fee revenue in the six months ended October 31, 2023 compared to the year-ago period, salaries and related payroll taxes of $5.9 million driven by the decrease in average headcount, and cost associated with the use of outside contractors of $2.9 million. Compensation and benefits expense, as a percentage of fee revenue, increased to 67% in the six months ended October 31, 2023 from 65% in the year-ago period.

Consulting compensation and benefits expense increased by $10.9 million, or 5%, to $243.6 million in the six months ended October 31, 2023 from $232.7 million in the year-ago period. Exchange rates unfavorably impacted compensation and benefits by $2.9 million, or 1%, in the six months ended October 31, 2023 compared to the year-ago period. The increase in compensation and benefits expense was primarily due to increases in salaries and related payroll taxes of $3.6 million, performance-related bonus expense of $1.7 million due to the segment's revenue growth in the six months ended October 31, 2023 compared to the year-ago period and employee insurance of $0.7 million. Also contributing to the increase in compensation and benefits expense was an increase in deferred compensation expense of $1.6 million as a result of an increase in the fair value of participants' accounts during the six months ended October 31, 2023 compared to the year-ago period. Consulting compensation and benefits expense, as a percentage of fee revenue, increased to 70% in the six months ended October 31, 2023 from 69% in the year-ago period.

Digital compensation and benefits expense increased by $3.6 million, or 4%, to $96.2 million in the six months ended October 31, 2023 from $92.6 million in the year-ago period. Exchange rates unfavorably impacted compensation and benefits by $1.0 million, or 1%, in the six months ended October 31, 2023 compared to the year-ago period. The increase in compensation and benefits expense was primarily due to an increase in performance-related bonus expense of $5.4 million driven by the segment's revenue growth during the six months ended October 31, 2023 compared to the year-ago period. The increase in compensation and benefits expense was partially offset by the decreases in stock-based compensation expense of $1.2 million, commission expense of $0.5 million and the amortization of long-term incentive awards of $0.5 million. Digital compensation and benefits expense, as a percentage of fee revenue, was 52% for both the six months ended October 31, 2023 and 2022.

Executive Search North America compensation and benefits expense decreased by $2.7 million, or 1%, to $182.3 million in the six months ended October 31, 2023 compared to $185.0 million in the year-ago period. Exchange rates favorably impacted compensation and benefits by $0.3 million, in the six months ended October 31, 2023 compared to the year-ago period. The decrease in compensation and benefits expense was primarily due to decreases in performance-related bonus expense of $9.1 million due to lower segment revenue and amortization of long-term incentive awards of $2.1 million in the six months ended October 31, 2023 compared the year-ago period. This decrease was partially offset by higher deferred compensation expense of $8.5 million as a result of an increase in the fair value of participants' accounts in the six months ended October 31, 2023 compared to the year-ago period. Executive Search North America compensation and benefits expense, as a percentage of fee revenue, increased to 70% in the six months ended October 31, 2023 from 63% in the year-ago period.

Executive Search EMEA compensation and benefits expense increased by $2.6 million, or 4%, to $70.7 million in the six months ended October 31, 2023 compared to $68.1 million in the year-ago period. Exchange rates unfavorably impacted compensation and benefits by $3.1 million, or 5%, in the six months ended October 31, 2023 compared to the year-ago period. The increase in compensation and benefits expense was primarily due to increases in severance expense of $4.0 million due to the lay-offs that took place during the six months ended October 31, 2023, salaries and payroll related taxes of $3.1 million and amortization of long-term incentive awards of $2.5 million in the six months ended October 31, 2023 compared to the year-ago period. This increase was partially offset by a decrease in performance-related bonus expense of $5.8 million. Executive Search EMEA compensation and benefits expense, as a percentage of fee revenue, increased to 79% in the six months ended October 31, 2023 from 74% in the year-ago period.

Executive Search Asia Pacific compensation and benefits expense decreased by $2.2 million, or 7%, to $29.5 million in the six months ended October 31, 2023 compared to $31.7 million in the year-ago period. Exchange rates favorably impacted compensation and benefits by $0.5 million, or 2%, in the six months ended October 31, 2023 compared to the year-ago period. The decrease in compensation and benefits expense was primarily due to a decrease in performance-related bonus expense of $2.4 million in the six months ended October 31, 2023 compared to the year-ago period due to lower segment fee revenue. Executive Search Asia Pacific compensation and benefits expense, as a percentage of fee revenue, increased to 67% in the six months ended October 31, 2023 from 64% in the year-ago period.

Executive Search Latin America compensation and benefits expense increased by $0.2 million, or 2%, to $9.7 million in the six months ended October 31, 2023 compared to $9.5 million in the year-ago period. Exchange rates unfavorably impacted compensation and benefits by $0.7 million, or 7% in the six months ended October 31, 2023 compared to the year-ago period. The increase in compensation and benefits expense was primarily due to increases in deferred compensation expense of $0.4 million and salaries and related payroll taxes of $0.3 million, partially offset by a decrease in performance related bonus expense of $0.2 million due to lower segment fee revenue in the six months ended October 31, 2023 compared to the year-ago period. Executive Search Latin America compensation and benefits expense, as a percentage of fee revenue, increased to 67% in the six months ended October 31, 2023 from 61% in the year-ago period.

Professional Search & Interim compensation and benefits expense increased by $7.3 million, or 7%, to $116.5 million in the six months ended October 31, 2023 from $109.2 million in the year-ago period. Exchange rates unfavorably impacted compensation and benefits by $0.6 million, or 1%, in the six months ended October 31, 2023 compared to the year-ago period. The increase was primarily due to higher integration/acquisition costs of $5.1 million due to the Acquired Companies and increases in salaries and payroll-related taxes of $4.8 million, employee insurance of $1.0 million and deferred compensation expense of $0.9 million in the six months ended October 31, 2023 compared to the year-ago period. The increase in compensation and benefits expense was partially offset by a decrease in commission expense of $4.2 million. Professional Search & Interim compensation and benefits expense, as a percentage of fee revenue, decreased to 42% in the six months ended October 31, 2023 from 47% in the year-ago period.

RPO compensation and benefits expense decreased by $21.2 million, or 12%, to $150.0 million in the six months ended October 31, 2023 from $171.2 million in the year-ago period. Exchange rates unfavorably impacted compensation and benefits by $2.9 million, or 2%, in the six months ended October 31, 2023 compared to the year-ago period. The decrease was primarily due to decreases in salaries and related payroll taxes of $19.6 million driven by the decrease in average headcount in the six months ended October 31, 2023 compared to the year-ago period. Also contributing to the decrease in compensation and benefits expense was a decrease in costs associated with the use of outside contractors of $2.7 million and performance-related bonus expense of $1.4 million as a result of lower segment fee revenue. These decreases were partially offset by a $3.1 million increase in severance expense due to the layoffs that took place in the six months ended October 31, 2023. RPO compensation and benefits expense, as a percentage of fee revenue, increased to 82% in the six months ended October 31, 2023 from 77% in the year-ago period.

Corporate compensation and benefits expense increased by $4.9 million, or 16%, to $35.4 million in the six months ended October 31, 2023 from $30.5 million in the year-ago period. The increase was primarily due to an increase in stock-based compensation expense of $2.3 million in the six months ended October 31, 2023 compared to the year-ago period. Also contributing to the increase was a decrease in the CSV of COLI of $0.9 million as a result of recording less death benefits, and higher deferred compensation expense of $0.6 million due to an increase in the fair value of participants' accounts in the six months ended October 31, 2023 compared to the year-ago period.

General and Administrative Expenses

General and administrative expenses increased by $2.2 million, or 2%, to $131.7 million in the six months ended October 31, 2023 from $129.5 million in the year-ago period. Exchange rates unfavorably impacted general and administrative expenses by $0.3 million in the six months ended October 31, 2023 compared to the year-ago period. The increase in general and administrative expenses was primarily due to higher marketing and business development expenses of $2.9 million and increases in computer license expenses of $2.5 million and bad debt expense of $0.8 million in the six months ended October 31, 2023 compared to the year-ago period. Further contributing to the increase in general and administrative expenses were the impairment of right-of-use assets of $1.6 million associated with the reduction of the Company's real estate footprint, and the impairment of capitalized software of $1.5 million during the six months ended October 31, 2023. The increase in general and administrative expenses was partially offset by decreases in legal and other professional fees of $4.0 million, and integration/acquisition costs of $3.0 million in the six months ended October 31, 2023 compared to year-ago period. General and administrative expenses, as a percentage of fee revenue, were 9% for both the six months ended October 31, 2023 and 2022.

Consulting general and administrative expenses increased by $1.6 million, or 6%, to $27.3 million in the six months ended October 31, 2023 compared to $25.7 million in the year-ago period. The increase in general and administrative expenses was primarily due to a higher bad debt expense of $1.2 million and an increase in legal and other professional fees of $1.1 million. Further contributing to the increase in general and administrative expenses was an impairment of right-of-use assets of $0.6 million as a result of the reduction of the Company's real estate footprint. The increase was partially offset by a decrease in foreign exchange loss of $0.6 million and a decrease in premise and office expense of $0.6 million in the six months ended October 31, 2023, compared to the year-ago period. Consulting general and administrative expenses, as a percentage of fee revenue, were 8% for both the six months ended October 31, 2023 and 2022.

Digital general and administrative expenses increased by $2.2 million, or 12%, to $20.8 million in the six months ended October 31, 2023 from $18.6 million in the year-ago period. The increase in general and administrative expenses was primarily due to the impairment of capitalized software of $1.5 million during the six months ended October 31, 2023 and an increase in computer license expenses of $1.1 million in the six months ended October 31, 2023, compared to the year-ago period. Digital general and administrative expenses, as a percentage of fee revenue, increased to 11% in the six months ended October 31, 2023 from 10% in the year-ago period.

Executive Search North America general and administrative expenses decreased by $0.4 million, or 2%, to $16.6 million in the six months ended October 31, 2023 compared to $17.0 million in the year-ago period. The decrease in general and administrative expenses was primarily due to a change to a foreign exchange gain of $0.3 million in the six months ended October 31, 2023, from a foreign exchange loss of $0.5 million in the year-ago period. The decrease in general and administrative expenses was partially offset by the impairment of right-of-use assets of $0.5 million associated with the reduction of the Company's real estate footprint during the six months ended October 31, 2023. Executive Search North America general and administrative expenses, as a percentage of fee revenue, were 6% for both the six months ended October 31, 2023 and 2022.

Executive Search EMEA general and administrative expenses increased by $1.2 million, or 18%, to $8.0 million in the six months ended October 31, 2023 from $6.8 million in the year-ago period. The increase in general and administrative expenses was primarily due to the impairment of right-of-use assets of $0.4 million associated with the reduction of the Company's real estate footprint during the six months ended October 31, 2023, an increase in marketing and business development expenses of $0.3 million and a decrease in foreign exchange gain of $0.5 million in the six months ended October 31, 2023 compared to the year-ago period. Executive Search EMEA general and administrative expenses, as a percentage of fee revenue, increased to 9% in the six months ended October 31, 2023 from 7% in the year-ago period.

Executive Search Asia Pacific general and administrative expenses decreased by $0.5 million, or 10%, to $4.3 million in the six months ended October 31, 2023 compared to $4.8 million in the year-ago period. The decrease in general and administrative expenses was primarily due to decreases in bad debt expense of $0.3 million and legal and other professional fees of $0.2 million in the six months ended October 31, 2023 compared to the year-ago period. Executive Search Asia Pacific general and administrative expenses, as a percentage of fee revenue, were 10% for both the six months ended October 31, 2023 and 2022.

Executive Search Latin America general and administrative expenses increased by $1.2 million, or 133%, to $2.1 million in the six months ended October 31, 2023 compared to $0.9 million in the year-ago period. The increase in general and administrative expenses was primarily due to a change to a foreign exchange loss of $0.6 million in the six months ended October 31, 2023 from a foreign exchange gain of $0.5 million in the year-ago period. Executive Search Latin America general and administrative expenses, as a percentage of fee revenue, increased to 15% in the six months ended October 31, 2023 from 6% in the year-ago period.

Professional Search & Interim general and administrative expenses remained relatively flat with $13.5 million in the six months ended October 31, 2023 compared to $13.4 million in the year-ago period. Professional Search & Interim general and administrative expenses, as a percentage of fee revenue, decreased to 5% in the six months ended October 31, 2023 from 6% in the year-ago period.

RPO general and administrative expenses decreased by $1.0 million, or 10%, to $9.2 million in the six months ended October 31, 2023 compared to $10.2 million in the year-ago period. The decrease in general and administrative expenses was primarily due to decreases in premise and office expense of $0.7 million, marketing and business development expenses of $0.2 million and lower bad debt expense of $0.2 million in the six months ended October 31, 2023 compared to the year-ago period. RPO general and administrative expenses, as a percentage of fee revenue, were 5% for both the six months ended October 31, 2023 and 2022.

Corporate general and administrative expenses decreased by $2.4 million, or 7%, to $29.8 million in the six months ended October 31, 2023 compared to $32.2 million in the year-ago period. The decrease was primarily due to lower legal and other professional fees of $4.7 million and a decrease in integration/acquisition costs of $1.8 million. These decreases were partially offset by increases in marketing and business development expenses of $2.0 million, computer license expenses of $0.7 million and a change to a foreign exchange loss of $0.3 million in the six months ended October 31, 2023 from a foreign exchange gain of $1.2 million in the year-ago period.

Cost of Services Expense

Cost of services expense consists of contractor and product costs related to delivery of various services and products through Consulting, Digital, Professional Search & Interim and RPO. Cost of services expense increased by $56.5 million, or 57%, to $155.7 million in the six months ended October 31, 2023 compared to $99.2 million in the year-ago period. Professional Search & Interim accounts for $55.1 million of the increase due to the Acquired Companies, which perform a significant amount of interim services. Interim services have a higher cost of service expense as compared to the Company's other segments. The rest of the increase was from the Consulting and Digital segment due to an increase in fee revenue in the segment. Cost of services expense, as a percentage of fee revenue, increased to 11% in the six months ended October 31, 2023 from 7% in the six months ended October 31, 2022.

Depreciation and Amortization Expenses

Depreciation and amortization expenses were $38.6 million, an increase of $5.3 million, or 16% in the six months ended October 31, 2023 compared to $33.3 million in the year-ago period. The increase was primarily due to technology investments made in the current and prior year, and an increase in amortization of intangible assets due to the Acquired Companies.

Restructuring Charges, Net

During the second quarter of fiscal 2024, we implemented the Plan to eliminate excess capacity resulting from challenging macroeconomic business environment. As a result, during the six months ended October 31, 2023, the Company recorded restructuring charges, net of $63.5 million and made adjustments to the previously recorded restructuring accruals of $0.4 million for total restructuring charges of $63.9 million during the six months ended October 31, 2023. There were no restructuring charges, net during the six months ended October 31, 2022.

Net Income Attributable to Korn Ferry

Net income attributable to Korn Ferry decreased by $105.9 million, or 70%, to $44.9 million in the six months ended October 31, 2023, as compared to $150.8 million in the year-ago period. The decrease in net income attributable to Korn Ferry was primarily driven by the restructuring charges, net recorded during the six months ended October 31, 2023 in order to align our workforce to the challenging macroeconomic business environment. Further contributing to the decrease in net income was a decrease in fee revenue and an increase in cost of services in the six months ended October 31, 2023 compared to the year ago period. The decrease in net income was partially offset by a decrease in income tax provision. Net income attributable to Korn Ferry, as a percentage of fee revenue, was 3% and 11% in the six months ended October 31, 2023 and 2022, respectively.

Adjusted EBITDA

Adjusted EBITDA decreased by $69.1 million, or 26%, to $194.2 million in the six months ended October 31, 2023 as compared to $263.3 million in the year-ago period. The decrease in Adjusted EBITDA was mainly driven by a decrease in fee revenue combined with an increase in cost of services expense, partially offset by a decrease in other loss, net in the six months ended October 31, 2023 compared to the year-ago period. Adjusted EBITDA, as a percentage of fee revenue, was 14% and 18% in the six months ended October 31, 2023 and 2022, respectively.

Consulting Adjusted EBITDA was $54.1 million in the six months ended October 31, 2023, a decrease of $6.5 million, or 11%, as compared to $60.6 million in the year-ago period. This decrease in Adjusted EBITDA was driven by increases in compensation and benefits expense, cost of services expense and general and administrative expense (excluding impairment charges), partially offset by an increase in fee revenue in the six months ended October 31, 2023 compared to the year-ago period. Consulting Adjusted EBITDA, as a percentage of fee revenue, was 16% and 18% in the six months ended October 31, 2023 and 2022, respectively.

Digital Adjusted EBITDA was $53.3 million in the six months ended October 31, 2023, an increase of $1.6 million, or 3%, as compared to $51.7 million in the year-ago period. This increase in Adjusted EBITDA was mainly driven by an increase in fee revenue, partially offset by increases in compensation and benefits expense, cost of services expense and general and administrative expenses (excluding impairment charges) during the six months ended October 31, 2023 compared to the year-ago period. Digital Adjusted EBITDA, as a percentage of fee revenue, was 29% in both the six months ended October 31, 2023 and 2022.

Executive Search North America Adjusted EBITDA decreased by $23.5 million, or 29%, to $58.2 million in the six months ended October 31, 2023 compared to $81.7 million in the year-ago period. The decrease was primarily driven by a decrease in the segment's fee revenue, partially offset by decreases in other loss, net, compensation and benefits expense and general and administrative expenses (excluding impairment charges) in the six months ended October 31, 2023 compared to the year-ago period. Executive Search North America Adjusted EBITDA, as a percentage of fee revenue, was 22% in the six months ended October 31, 2023 as compared to 28% in the six months ended October 31, 2022.

Executive Search EMEA Adjusted EBITDA decreased by $5.3 million, or 32%, to $11.3 million in the six months ended October 31, 2023 compared to $16.6 million in the year-ago period. The decrease in Adjusted EBITDA was driven by lower fee revenue in the segment coupled with increases in compensation and benefits expense and general and administrative expenses (excluding impairment charges) in the six months ended October 31, 2023 compared to the year-ago period. Executive Search EMEA Adjusted EBITDA, as a percentage of fee revenue, was 13% in the six months ended October 31, 2023 as compared to 18% in the six months ended October 31, 2022

Executive Search Asia Pacific Adjusted EBITDA decreased by $3.0 million, or 23%, to $10.2 million in the six months ended October 31, 2023 compared to $13.2 million in the year-ago period. The decrease in Adjusted EBITDA was driven by lower fee revenue in the segment, partially offset by decreases in compensation and benefits expense and general and administrative expenses. Executive Search Asia Pacific Adjusted EBITDA, as a percentage of fee revenue, was 23% in the six months ended October 31, 2023 as compared to 26% in the six months ended October 31, 2022.

Executive Search Latin America Adjusted EBITDA decreased by $2.7 million, or 52%, to $2.5 million in the six months ended October 31, 2023 compared to $5.2 million in the year-ago period. The decrease in Adjusted EBITDA was driven by lower fee revenue in the segment, combined with increases in compensation and benefits and general and administrative expenses. Executive Search Latin America Adjusted EBITDA, as a percentage of fee revenue, was 18% in the six months ended October 31, 2023 as compared to 33% in the six months ended October 31, 2022.

Professional Search & Interim Adjusted EBITDA was $50.0 million in the six months ended October 31, 2023, a decrease of $11.6 million, or 19%, as compared to $61.6 million in the year-ago period. The decrease in Adjusted EBITDA was mainly driven by higher cost of services expense and increases in compensation and benefits expense (excluding integration/acquisition cost) and general and administrative expenses (excluding integration/acquisition costs), partially offset by higher fee revenue in the segment driven by the Acquired Companies. Professional Search & Interim Adjusted EBITDA, as a percentage of fee revenue, was 18% in the six months ended October 31, 2023 compared to 26% in the year-ago period.

RPO Adjusted EBITDA was $19.3 million in the six months ended October 31, 2023, a decrease of $14.4 million, or 43%, as compared to $33.7 million in the year-ago period. The decrease in Adjusted EBITDA was mainly driven by lower fee revenue in the segment, partially offset by decreases in compensation and benefits expense, general and administrative expenses (excluding impairment charges) and cost of services expenses. RPO Adjusted EBITDA, as a percentage of fee revenue, was 11% in the six months ended October 31, 2023 compared to 15% in the year-ago period.

Other Loss, Net

Other loss, net was $0.3 million in the six months ended October 31, 2023 compared to $8.3 million in the year-ago period. The difference was primarily due to smaller losses from the decrease in the fair value of our marketable securities that are held in trust for the settlement of the Company's obligation under the ECAP during the six months ended October 31, 2023 compared to the year-ago period.

Interest Expense, Net

Interest expense, net primarily relates to the Notes issued in December 2019, borrowings under COLI policies and interest cost related to our deferred compensation plans, which are partially offset by interest earned on cash and cash equivalent balances. Interest expense, net was $11.3 million in the six months ended October 31, 2023 compared to $14.7 million in the year-ago period. Interest expense, net decreased due to an increase in interest income earned on cash and cash equivalent balances as a result of higher interest rates in the six months ended October 31, 2023 compared to the year-ago period.

Income Tax Provision

The provision for income tax was $20.8 million in the six months ended October 31, 2023, with an effective tax rate of 30.5%, compared to $55.1 million in the six months ended October 31, 2022, with an effective rate of 26.5%. In addition to the impact of U.S. state income taxes and the jurisdictional mix of earnings, which generally create variability in our effective tax rate over time, the tax benefit recorded in connection with the windfall from stock-based awards that vested during the six months ended October 31, 2023 was less than the benefit recorded in connection with the windfall from stock-based awards that vested in the six months ended October 31, 2022. The windfall is the amount by which the Company's tax deduction for these awards, based on the fair market value of the awards on the date of vesting, is greater than the expense recorded in the Company's financial statements over the awards' vesting period.

Net Income Attributable to Noncontrolling Interest

Net income attributable to noncontrolling interest represents the portion of a subsidiaryâ€™s net earnings that are attributable to shares of such subsidiary not held by Korn Ferry that are included in the consolidated results of operations. Net income attributable to noncontrolling interest for the six months ended October 31, 2023 was $2.3 million, as compared to $2.4 million in the six months ended October 31, 2022.

Liquidity and Capital Resources

The Company and its Board of Directors endorse a balanced approach to capital allocation. The Companyâ€™s long-term priority is to invest in growth initiatives, such as the hiring of consultants, the continued development of IP and derivative products and services and the investment in synergistic, accretive merger and acquisition transactions that are expected to earn a return that is superior to the Company's cost of capital. Next, the Companyâ€™s capital allocation approach contemplates the return of a portion of excess capital to stockholders, in the form of a regular quarterly dividend, subject to the factors discussed below and in the â€œRisk Factorsâ€ section of the Form 10-K. Additionally, the Company considers share repurchases on an opportunistic basis and subject to the terms of our Amended Credit Agreement (defined below), as well as using excess cash to repay the Notes.

On December 16, 2019, we completed a private placement of the Notes with a $400 million principal amount pursuant to Rule 144A and Regulation S under the Securities Act of 1933, as amended. The Notes were issued with a $4.5 million discount and will mature December 15, 2027, with interest payable semi-annually in arrears on June 15 and December 15 of each year, that commenced on June 15, 2020. The Notes represent senior unsecured obligations that rank equally in right of payment to all existing and future senior unsecured indebtedness. We may redeem the Notes prior to maturity, subject to certain limitations and premiums defined in the indenture governing the Notes. The Notes are guaranteed by each of our existing and future wholly owned domestic subsidiaries to the extent such subsidiaries guarantee our obligations under the Amended Credit Agreement (defined below). The indenture governing the Notes requires that, upon the occurrence of both a Change of Control and a Rating Decline (each as defined in the indenture), we shall make an offer to purchase all of the Notes at 101% of their principal amount, and accrued and unpaid interest. We used the proceeds from the offering of the Notes to repay $276.9 million outstanding under our prior revolving credit facility and to pay expenses and fees in connection therewith. As of October 31, 2023, the fair value of the Notes was $365.5 million, which is based on borrowing rates currently required of notes with similar terms, maturity and credit risk.

On June 24, 2022, we entered into an amendment (the "Amendment") to our December 16, 2019 Credit Agreement (the "Credit Agreement"; as amended by the Amendment, the â€œAmended Credit Agreementâ€) with the lenders party thereto and Bank of America, National Association as administrative agent, to, among other things (i) extend the existing maturity date of the revolving facility to June 24, 2027, (ii) provide for a new delayed draw term loan facility as described below, (iii) replace the London interbank offered rate with Term SOFR, and (iv) replace the existing financial covenants with financial covenants described below. The Amended Credit Agreement provides for five-year senior secured credit facilities in an aggregate amount of $1,150 million comprised of a $650.0 million revolving credit facility (the â€œRevolverâ€) and a $500 million delayed draw term loan facility with the delayed draw having expired on June 23, 2023 (the â€œDelayed Draw Facilityâ€ , and together with the Revolver, the â€œCredit Facilitiesâ€). The Amended Credit Agreement also provides that, under certain circumstances, the Company may incur term loans or increase the aggregate principal amount of revolving commitments by an aggregate amount of up to $250 million plus an unlimited amount subject to a consolidated secured net leverage ratio of 3.25 to 1.00. See Note 11 â€”*Long-Term Debt* for a further description of the Amended Credit Agreement. The Company has a total of $645.4 million and $1,145.4 million available under the Credit Facilities after $4.6 million and $4.6 million of standby letters of credit have been issued as of October 31, 2023 and April 30, 2023. Of the amount available under the Credit Facilities as of April 30, 2023, $500.0 million was under the Delayed Draw Facility that expired on June 24, 2023. The Company had a total of $10.8 million and $11.5 million of standby letters with other financial institutions as of October 31, 2023 and April 30, 2023, respectively. The standby letters of credit were generally issued as a result of entering into office premise leases.

On December 8, 2014, the Board of Directors adopted a dividend policy to distribute to our stockholders a regular quarterly cash dividend of $0.10 per share. Every quarter since the adoption of the dividend policy, the Company has declared a quarterly dividend. On June 21, 2021 and 2022, the Board of Directors increased the quarterly dividend to $0.12 per share and $0.15 per share, respectively. On June 26, 2023, the Board of Directors approved an increase of 20% in the quarterly dividend, which increased the quarterly dividend to $0.18 per share. On December 5, 2023, the Board of Directors approved an increase of 83% in the quarterly dividend, which increased the quarterly dividend to $0.33 per share. The Amended Credit Agreement permits us to pay dividends to our stockholders and make share repurchases so long as there is no default under the Amended Credit Agreement, our total funded debt to adjusted EBITDA ratio (as set forth in the Amended Credit Agreement, the â€œconsolidated net leverage ratioâ€) is no greater than 5.00 to 1.00, and we are in pro forma compliance with our financial covenant. Furthermore, our Notes allow us to pay $25 million of dividends per fiscal year with no restrictions plus an unlimited amount of dividends so long as our consolidated total leverage ratio is not greater than 3.50 to 1.00, and there is no default under the indenture governing the Notes. The declaration and payment of future dividends under the quarterly dividend program will be at the discretion of the Board of Directors and will depend upon many factors, including our earnings, capital requirements, financial conditions, the terms of our indebtedness and other factors our Board of Directors may deem to be relevant. Our Board of Directors may, however, amend, revoke or suspend our dividend policy at any time and for any reason.

On June 21, 2022, our Board of Directors approved an increase to the share repurchase program of approximately $300 million, which at the time brought our available capacity to repurchase shares in the open market or privately negotiated transactions to $318 million. The Company repurchased approximately $8.6 million and $55.5 million of the Companyâ€™s stock during the six months ended October 31, 2023 and 2022, respectively. As of October 31, 2023, $226.7 million remained available for common stock repurchases under our share repurchase program. Any decision to continue to execute our currently outstanding share repurchase program will depend on our earnings, capital requirements, financial condition and other factors considered relevant by our Board of Directors.

Our primary source of liquidity is the fee revenue generated from our operations, supplemented by our borrowing capacity under our Amended Credit Agreement. Our performance is subject to the general level of economic activity in the geographic regions and the industries we service. We believe, based on current economic conditions, that our cash on hand and funds from operations and the Amended Credit Agreement will be sufficient to meet anticipated working capital, capital expenditures, general corporate requirements, debt repayments, share repurchases and dividend payments under our dividend policy during the next 12 months and thereafter for the foreseeable future. However, if the national or global economy, credit market conditions and/or labor markets were to deteriorate in the future, including as a result of ongoing macroeconomic uncertainty due to inflation and a potential recession, such changes have and could put further negative pressure on demand for our services and affect our operating cash flows. If these conditions were to persist over an extended period of time, we may incur negative cash flows and it might require us to access additional borrowings under the Amended Credit Agreement to meet our capital needs and/or discontinue our share repurchases and dividend policy.

Cash and cash equivalents and marketable securities were $843.8 million and $1,067.9 million as of October 31, 2023 and April 30, 2023, respectively. Net of amounts held in trust for deferred compensation plans and accrued bonuses, cash and marketable securities were $464.0 million and $488.2 million at October 31, 2023 and April 30, 2023, respectively. As of October 31, 2023 and April 30, 2023, we held $334.1 million and $395.2 million, respectively of cash and cash equivalents in foreign locations, net of amounts held in trust for deferred compensation plans and to pay accrued bonuses. Cash and cash equivalents consist of cash and highly liquid investments purchased with original maturities of three months or less. Marketable securities consist of mutual funds and investments in commercial paper, corporate notes/bonds and U.S. Treasury and Agency securities. The primary objectives of our investment in mutual funds are to meet the obligations under certain of our deferred compensation plans, while the commercial paper, corporate notes/bonds and U.S. Treasury and Agency securities are available for general corporate purposes.

As of October 31, 2023 and April 30, 2023, marketable securities of $223.0 million and $223.9 million, respectively, included equity securities of $193.4 million (net of gross unrealized gains of $7.4 million and gross unrealized losses of $6.2 million) and $187.8 million (net of gross unrealized gains of $9.5 million and gross unrealized losses of $8.7 million), respectively, were held in trust for settlement of our obligations under certain deferred compensation plans, of which $183.3 million and $176.1 million, respectively, are classified as non-current. These marketable securities were held to satisfy vested obligations totaling $177.8 million and $172.2 million as of October 31, 2023 and April 30, 2023, respectively. Unvested obligations under the deferred compensation plans totaled $21.4 million and $21.9 million as of October 31, 2023 and April 30, 2023, respectively.

The net decrease in our working capital of $5.0 million as of October 31, 2023 compared to April 30, 2023 is primarily attributable to decreases in cash and cash equivalents and marketable securities, partially offset by a decrease in compensation and benefits payable combined with an increase in account receivables. The decrease in cash and cash equivalents and compensation and benefits payable was primarily due to payments of annual bonuses earned in fiscal 2023 and paid during the first quarter of fiscal 2024. The increase in accounts receivable was due to an increase in days of sales outstanding, which went from 56 days to 65 days (which is consistent with historical experience) from April 30, 2023 to October 31, 2023. Cash used in operating activities was $141.9 million in the six months ended October 31, 2023, an increase of $43.2 million, compared to the cash used in operating activities of $98.7 million in the six months ended October 31, 2022.

Cash used in investing activities was $22.3 million in the six months ended October 31, 2023 compared to $150.2 million in the year-ago period. A decrease in cash used in investing activities was primarily due to $99.3 million in cash paid for the acquisition of Infinity Consulting Solutions in the six months ended October 31, 2022 compared to no acquisition in the six months ended October 31, 2023. Further contributing to this decrease was a decrease in the purchase of marketable securities of $22.5 million, $5.3 million less in the purchase of property and equipment and higher proceeds received from life insurance policies of $8.3 million during the six months ended October 31, 2023 compared to year-ago period. The decrease was partially offset by a decrease in proceeds received from sales/maturities of marketable securities of $7.5 million during the six months ended October 31,2023 compared to year-ago period.

Cash used in financing activities was $38.6 million in the six months ended October 31, 2023 compared to $96.1 million in the six months ended October 31, 2022. The decrease in cash used in financing activities was primarily due to decreases in repurchases of the Companyâ€™s common stock and cash used to repurchase shares of common stock to satisfy tax withholding requirements upon the vesting of restricted stock of $47.4 million and $11.5 million, respectively, in the six months ended October 31, 2023 compared to the year-ago period.

Cash Surrender Value of Company-Owned Life Insurance Policies, Net of Loans

We purchased COLI policies or contracts insuring the lives of certain employees eligible to participate in the deferred compensation and pension plans as a means of funding benefits under such plans. As of October 31, 2023 and April 30, 2023, we held contracts with gross cash surrender value of $279.2 million and $275.1 million, respectively. Total outstanding borrowings against the CSV of COLI contracts was $77.1 million as of both October 31, 2023 and April 30, 2023. Such borrowings do not require annual principal repayments, bear interest primarily at variable rates and are secured by the CSV of COLI contracts. At October 31, 2023 and April 30, 2023, the net cash surrender value of these policies was $202.1 million and $198.0 million, respectively.

Other than the factors discussed in this section, we are not aware of any other trends, demands or commitments that would materially affect liquidity or those that relate to our resources as of October 31, 2023.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements and have not entered into any transactions involving unconsolidated, special purpose entities. We had no material changes in contractual obligations as of October 31, 2023, as compared to those disclosed in our table of contractual obligations included in our Annual Report.

Critical Accounting Policies

Preparation of this Quarterly Report on Form 10-Q requires us to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of our financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates and assumptions and changes in the estimates are reported in current operations as new information is learned or upon the amounts becoming fixed or determinable. In preparing our interim consolidated financial statements and accounting for the underlying transactions and balances, we apply our accounting policies as disclosed in the notes to our consolidated financial statements. There have been no material changes in our critical accounting policies since the end of fiscal 2023.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

As a result of our global operating activities, we are exposed to certain market risks, including foreign currency exchange fluctuations and fluctuations in interest rates. We manage our exposure to these risks in the normal course of our business as described below.

Foreign Currency Risk

Substantially all our foreign subsidiariesâ€™ operations are measured in their local currencies. Assets and liabilities are translated into U.S. dollars at the rates of exchange in effect at the end of each reporting period and revenue and expenses are translated at daily rates of exchange during the reporting period. Resulting translation adjustments are reported as a component of accumulated other comprehensive loss, net on our consolidated balance sheets.

Transactions denominated in a currency other than the reporting entityâ€™s functional currency may give rise to foreign currency gains or losses that impact our results of operations. Historically, we have not realized significant foreign currency gains or losses on such transactions. During the six months ended October 31, 2023 and 2022, we recorded foreign currency losses of $1.5 million and $0.2 million, respectively, in general and administrative expenses in the consolidated statements of operations.

Our exposure to foreign currency exchange rates is primarily driven by fluctuations involving the following currencies â€” U.S. Dollar, Canadian Dollar, Pound Sterling, Euro, Swiss Franc, Polish Zloty, Danish Krone, Swedish Krona, Singapore Dollar, South Korea Won and Mexican Peso. Based on balances exposed to fluctuation in exchange rates between these currencies as of October 31, 2023, a 10% increase or decrease in the value of these currencies could result in a foreign exchange gain or loss of $11.3 million. We have a program that primarily utilizes foreign currency forward contracts to offset the risks associated with the effects of certain foreign currency exposures. These foreign currency forward contracts are neither used for trading purposes nor are they designated as hedging instruments pursuant to Accounting Standards Codification 815, *Derivatives and Hedging*.

Interest Rate Risk

Our exposure to interest rate risk is limited to our Credit Facilities, borrowings against the CSV of COLI contracts and to a lesser extent our fixed income debt securities. As of October 31, 2023, there were no amounts outstanding under the Credit Facilities. At our option, loans issued under the Amended Credit Agreement bear interest at either Term Secured Overnight Financing Rate ("SOFR") or an alternate base rate, in each case plus the applicable interest rate margin. The interest rate applicable to loans outstanding under the Amended Credit Agreement may fluctuate between Term SOFR plus a SOFR adjustment of 0.10%, plus 1.125% per annum to 2.00% per annum, in the case of Term SOFR borrowings (or between the alternate base rate plus 0.125% per annum and the alternate base rate plus 1.00% per annum, in the alternative), based upon our total funded debt to adjusted EBITDA ratio (as set forth in the Amended Credit Agreement, the â€œconsolidated net leverage ratioâ€) at such time. In addition, we are required to pay the lenders a quarterly commitment fee ranging from 0.175% to 0.300% per annum on the average daily unused amount of the Revolver, based upon our consolidated net leverage ratio at such time, a ticking fee of 0.20% per annum on the actual daily unused portion of the Delayed Draw Facility during the availability period of the Delayed Draw Facility (the availability of this facility expired on June 24, 2023), and fees relating to the issuance of letters of credit.

We had $77.1 million of borrowings against the CSV of COLI contracts as of both October 31, 2023 and April 30, 2023, bearing interest primarily at variable rates. We have sought to minimize the risk of fluctuations in these variable rates by the fact that we receive a corresponding adjustment to our borrowed funds crediting rate, which has the effect of increasing the CSV on our COLI contracts.

Item 4. Controls and Procedures

a) Evaluation of Disclosure Controls and Procedures.

As of the end of the period covered by this Quarterly Report on Form 10-Q, management, our Chief Executive Officer and Chief Financial Officer evaluated the effectiveness of the design and operation of our disclosure controls and procedures and internal controls over financial reporting. Based on their evaluation of our disclosure controls and procedures conducted as of the end of the period covered by this Quarterly Report on Form 10-Q, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act of 1934 (the â€œExchange Actâ€)) were effective as of October 31, 2023.

b) Changes in Internal Control over Financial Reporting.

There were no changes in our internal control over financial reporting during the three months ended October 31, 2023 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, we are involved in litigation both as a plaintiff and a defendant, relating to claims arising out of our operations. As of the date of this report, we are not engaged in any legal proceedings that are expected, individually or in the aggregate, to have a material adverse effect on our business, financial condition or results of operations.

Item 1A. Risk Factors

In our Form 10-K, we described the material factors, events, and uncertainties that make an investment in our securities risky. Those risk factors should be considered carefully, together with all other information in that Form 10-K and our subsequent filings with the SEC. It does not address all of the risks that we face, and additional risks not presently known to us or that we currently deem immaterial may also arise and impair our business operations. As of the date of this report, there have been no material changes to the risk factors described in our Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

The following table summarizes common stock repurchased by us during the quarter ended October 31, 2023:

	Total Number of Shares Purchased [1]	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly-Announced Programs	Approximate Dollar Value of Shares That May Yet be Purchased Under the Programs [2]
August 1, 2023â€" August 31, 2023	â€"	$ â€"	â€"	$231.0 million
September 1, 2023â€" September 30, 2023	7,615	$ 47.92	â€"	$231.0 million
October 1, 2023â€" October 31, 2023	92,733	$ 47.45	92,500	$226.7 million
Total	100,348	$ 47.48	92,500	

(1) Represents withholding of 7,848 shares to cover taxes on vested restricted shares, in addition to shares purchased as part of a publicly announced program.

(2) On June 21, 2022, our Board of Directors approved an increase to the share repurchase program of $300 million. The shares can be repurchased in open market transactions or privately negotiated transactions at the Companyâ€™s discretion. The share repurchase program has no expiration date. We repurchased approximately $4.4 million of the Companyâ€™s common stock under the program during the second quarter of fiscal 2024.

The Amended Credit Agreement permits us to pay dividends to our stockholders and make share repurchases so long as there is no default under our Amended Credit Agreement, the Company's total funded debt to adjusted EBITDA ratio (as set forth in the Amended Credit Agreement, the "consolidated net leverage ratio"), is no greater than 5.00 to 1.00, and we are in pro forma compliance with our financial covenant. Furthermore, our Notes allow the Company to pay $25.0 million of dividends per fiscal year with no restrictions plus an unlimited amount of dividends so long as the Companyâ€™s consolidated total leverage ratio is not greater than 3.50 to 1.00 and the Company is not in default under the indenture governing the Notes.

Item 5. Other Information

(a) None

(b) Not applicable

(c) Trading Plans

Our directors and Section 16 officers may from time to time enter into plans or other arrangements for the purchase or sale of our shares that are intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or may represent a non-Rule 10b5-1 trading arrangement under the Exchange Act. During the quarter ended October 31, 2023, no director or Section 16 officer adopted or terminated any Rule 10b5-1 trading arrangements or non-Rule 10b5-1 trading arrangements (in each case, as defined in Item 408(a) of Regulation S-K).

Item 6. Exhibits

Exhibit Number	Description
3.1*	Restated Certificate of Incorporation of the Company, dated January 7, 2019, filed as Exhibit 3.3 to the Company's Quarterly Report on Form 10-Q, filed March 11, 2019.
3.2*	Eighth Amended and Restated Bylaws, effective May 26, 2023, filed as Exhibit 3.1 to the Companyâ€™s Report on Form 8-K, filed May 30, 2023.
31.1	Chief Executive Officer Certification pursuant to Rule 13a-14(a) under the Exchange Act.
31.2	Chief Financial Officer Certification pursuant to Rule 13a-14(a) under the Exchange Act.
32.1	Chief Executive Officer and Chief Financial Officer Certification pursuant to 18 U.S.C. Section 1350.
101.INS	Inline XBRL Instance Document â€“ the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	The cover page from the Companyâ€™s Quarterly Report on Form 10-Q for the quarter ended October 31, 2023, has been formatted in Inline XBRL and included as Exhibit 101.

* Incorporated herein by reference.

SIGNATURES

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

Korn Ferry

Date: December 8, 2023

By: /s/ Robert P. Rozek

Robert P. Rozek

Executive Vice President, Chief Financial Officer and Chief Corporate Officer (Duly Authorized Officer, Principal Financial Officer and Principal Accounting Officer)

EXHIBIT 31.1

CERTIFICATIONS

I, Gary D. Burnison, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Korn Ferry;
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 registrantâ€™s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. Evaluated the effectiveness of the registrantâ€™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 registrantâ€™s internal control over financial reporting that occurred during the registrantâ€™s most recent fiscal quarter (the registrantâ€™s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrantâ€™s internal control over financial reporting; and
5. The registrantâ€™s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrantâ€™s auditors and the audit committee of the registrantâ€™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 registrantâ€™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 registrantâ€™s internal control over financial reporting.

Date: December 8, 2023

By:	/s/ GARY D. BURNISON
Name:	**Gary D. Burnison**
Title:	**Chief Executive Officer and President**

EXHIBIT 31.2

CERTIFICATIONS

I, Robert P. Rozek, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Korn Ferry;

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

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

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

   c. Evaluated the effectiveness of the registrantâ€™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 registrantâ€™s internal control over financial reporting that occurred during the registrantâ€™s most recent fiscal quarter (the registrantâ€™s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrantâ€™s internal control over financial reporting; and

5. The registrantâ€™s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrantâ€™s auditors and the audit committee of the registrantâ€™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 registrantâ€™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 registrantâ€™s internal control over financial reporting.

Date: December 8, 2023

By:	/s/ ROBERT P. ROZEK
Name:	**Robert P. Rozek**
Title:	**Executive Vice President, Chief Financial Officer, and Chief Corporate Officer**

EXHIBIT 32.1

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

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned Chief Executive Officer and Chief Financial Officer of Korn Ferry, a Delaware corporation (the â€œCompanyâ€), hereby certify that, to the best of their knowledge:

(a) the Quarterly Report on Form 10-Q for the quarter ended October 31, 2023 (the â€œReportâ€) of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

Dated: December 8, 2023

By:	/s/ GARY D. BURNISON
Name:	Gary D. Burnison
Title:	Chief Executive Officer and President

By:	/s/ ROBERT P. ROZEK
Name:	Robert P. Rozek
Title:	Executive Vice President, Chief Financial Officer, and Chief Corporate Officer