Risk Factors Comparison 2024-02-23 to 2023-02-27 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text Moved Text Section

Our business is subject to various risks, including, but not limited to those described below, ~~all~~ **any** of which could adversely affect our results of operations and financial condition, and as a result, could cause a decline in the trading price of our common stock. Profitability and Operational Risks If we are not able to remain competitive in obtaining and retaining clients, our future growth will suffer. Many of our agreements may be terminated by clients at will and the termination of a significant number of such agreements would adversely affect our revenues and results of operations. The professional staffing and consulting services industry is highly competitive and fragmented with limited barriers to entry. We compete in national, regional **,** and local markets with full- service agencies and in regional and local markets with specialized contract staffing agencies and consulting businesses. The success of our business depends upon our ability to continually secure new ~~orders~~ **consulting projects and assignment contracts** from clients and to fill **them** ~~those orders~~ with our ~~contract~~ **billable** professionals. Most of our agreements with clients do not provide for exclusive use of our services and many of our agreements may be terminated at will. As such, clients are free to place orders with our competitors. If clients terminate a significant number of our staffing and consulting agreements or do not use us for future assignments and we are unable to generate new work to replace lost revenues, the growth of our business could be adversely affected, and our revenues and results of operations could be harmed. As a result, it is imperative to our business that we maintain positive relationships with our clients. In our consulting business, clients may delay or cancel bookings which may cause expected revenues to be realized in a later period or not at all. If we are not able to comply with performance requirements, our revenues and relationships with our clients may be adversely affected. To the extent that competitors seek to gain or retain market share by reducing prices or increasing marketing expenditures, we could lose revenues and our margins could decline, which could harm our operating results and cause the trading price of our stock to decline. We expect competition for clients to increase in the future, and the success and growth of our business depends on our ability to remain competitive. In addition, we participate in a number of third- party contracts as a subcontractor and that requires us to participate in vendor management contracts, which may subject us to greater risks or lower margins. If we are unable to attract and retain qualified ~~contract~~ **billable** professionals, our business could be adversely affected. Our business is substantially dependent upon our ability to attract and retain ~~contract~~ **billable** professionals who possess the skills, experience, advanced degrees, certifications, ~~and~~ licenses **, and clearances** which may be required to meet the specified requirements of our clients. We compete for such ~~contract~~ **billable** professionals with other staffing and consulting companies, government contractors, and our clients and potential clients. There can be no assurance that qualified professionals will be available to us in adequate numbers to staff our temporary assignments **or client projects** . Moreover, **the employment of** our ~~contract~~ **temporary billable** professionals ~~are often hired to become regular employees of our clients and their employment~~ is terminable at will **and they are often hired to become regular employees of our clients** . Attracting and retaining ~~contract~~ **billable** professionals depends on several factors, including our ability to provide ~~contract~~ **billable** professionals with desirable assignments and competitive wages and benefits. The cost of attracting and retaining ~~contract~~ **billable** professionals ~~in the future~~ may be higher than we anticipate if there is an increase in competitive wages and benefits and, as a result, if we are unable to pass these costs on to our clients, our likelihood of achieving or maintaining profitability could decline. In periods of low unemployment, there may be a shortage of **,** and significant competition for, the skilled ~~contract~~ professionals sought by our clients. If we are unable to attract and retain a sufficient number of ~~contract~~ **billable** professionals to meet client demand, we may be required to forgo revenue opportunities, which may hurt the growth of our business. In periods of high unemployment ~~, contract professionals frequently opt for full- time employment directly with clients and~~ , due to a large pool of available candidates, clients are able to directly hire and recruit qualified candidates without the involvement of ~~staffing agencies~~ **our services** . Sometimes we utilize subcontractors to provide us with qualified professionals. The subcontractors are generally small companies that may lack the resources or experience to comply with complex and fluid wage and hour and other laws. A subcontractor' s failure in this regard could adversely affect our ability to perform and subject us to additional legal liabilities, which could have a material adverse effect on our relationships with clients and on our results of operations. Our future performance depends on the Company' s effective execution of our business strategy. **In prior** ~~Over the past several~~ years, we have experienced revenue and earnings growth both organically and through acquisitions. There is no assurance that we will be able to continue this pace of growth in the future or meet our strategic objectives for growth **, and in fact our growth declined this past year due to macroeconomic conditions** . Our growth could be adversely affected by many **other** factors, including future technology industry conditions, macroeconomic events such as inflation, recession, and interest rate increases, competition, and labor market trends or regulations. If our growth rate ~~slows~~ **continues to decline** , or we fail to grow at the pace anticipated and we are unsuccessful in our growth initiatives and strategies, our financial results could be less than our expectations or those of investors or analysts. Our business strategy also includes continuing efforts to integrate and optimize our organization, programs, technology **,** and delivery of services to make us a more agile and effective competitor, to reduce the cost of operating our business **,** and to increase our operating profit and operating profit margin. We may not be successful in our continuing integration and optimization efforts, which may cause us to fail to achieve the cost savings we anticipate or limit our ability to scale growth. Further, we may fail to prevent the return of costs eliminated in these efforts. If we are not successful in implementing our integration and optimization efforts, our business, financial condition **,** and results of operations could be adversely affected ~~, our ability~~ **risks are also applicable wherever we rely on outside vendors** to **provide services** ~~complete the contracts may be adversely affected~~ .Our results of operations could be adversely affected if we cannot successfully keep pace with technological changes in the development and implementation of our services.Our success depends on our ability to keep pace with rapid technological changes in the development and implementation of our services.We rely on a variety of technologies to support important functions in our business,including the recruitment,placement and monitoring of our ~~billable~~ **contract** professionals,our billings,and candidate and client data analytics.If we do not sufficiently invest in new technology and industry developments ~~(~~ **,** such as emerging job and resume posting services ~~)~~ ,appropriately implement new technologies,or evolve our business at sufficient speed and scale in response to such developments,or if we do not make the right strategic investments to respond to these developments,our services,results of operations ~~,~~ and ability to develop and maintain our business could be adversely affected . We may not successfully make or integrate acquisitions, which could harm our business and growth. As part of our growth strategy, we have made numerous acquisitions, and we intend to continue to pursue select acquisitions in the future. We compete with other companies ~~in the professional staffing and consulting industries~~ for acquisition opportunities and there can be no assurance that we will be able to successfully identify suitable acquisition candidates or be able to complete future acquisitions on favorable terms, if at all. In making acquisitions, we may pay substantial amounts of cash, incur debt **,** or issue securities to finance our acquisitions, which would adversely affect our liquidity or capital resources or result in dilution to our stockholders. There also can be no assurance that we will realize the benefits expected from any transaction or receive a favorable return on investment from our acquisitions ~~. All of our acquisitions have been integrated into the business~~ . The integration of an acquisition involves a number of factors that may affect our operations. These factors include diversion of management' s attention from other business concerns, difficulties or delay in the integration of acquired operations, retention of key personnel, significant unanticipated costs or legal liabilities, and tax and accounting issues. Furthermore, once we have integrated an acquired business, the business may not achieve anticipated levels of revenue, profitability or productivity, or otherwise perform as expected. Any of these factors may have a material adverse effect on our results of operations and financial condition. An impairment in the carrying amount of goodwill and other intangible assets could require a write- down that materially and adversely affects our results of operations and net worth. As of December 31, ~~2022~~ **2023** , we had $ 1. 9 billion of goodwill and $ ~~569~~ **497** . ~~6~~ **9** million of net acquired intangible assets. We review goodwill and indefinite- lived intangible assets (consisting entirely of trademarks) for impairment at least annually **,** and when events or changes in circumstances indicate that the carrying amount may not be recoverable. Intangible assets having finite lives are amortized over their useful lives and are tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. We may be required to record a charge, which could be material, in our financial statements during the period in which we determine an impairment has occurred. Impairment charges could materially and adversely affect our results of operations in the periods that such charges are recorded. Failure to comply with the terms of our debt agreements could affect our operating flexibility. Our outstanding debt at December 31, ~~2022~~ **2023** included a term loan of $ ~~490~~ **498** . 8 million under our senior secured credit facility due ~~2025~~ **2030** , **and** $ 550. 0 million of 4. 625 percent unsecured senior notes due 2028 ~~, and~~ **. We have a** $ ~~31~~ **500** . ~~5~~ **0** million ~~outstanding on our~~ senior secured revolving credit facility due ~~2024~~ **2028 , which is fully available as of December 31, 2023** . Our term loan has a variable interest rate, making us ~~more~~ vulnerable to increases in interest rates. Additionally, we use a portion of our cash ~~flow from~~ **provided by** operations for interest payments on our debt rather than for our operations. Our failure to comply with restrictive covenants under our debt instruments could result in an event of default, which, if not cured or waived, could result in the requirement to repay such borrowings before their due date. Some covenants are tied to our operating results and thus may be breached if we do not perform as expected. We expect to use cash on hand and cash ~~flows from~~ **provided by** operations to pay our expenses and repay our debt. If we do not have enough ~~money~~ **cash** , we may be required to refinance all or part of our existing debt, sell assets or borrow additional funds. The lenders may require fees and expenses to be paid or other changes to terms in connection with waivers or amendments. If we refinance these borrowings on less favorable terms or our costs and / or the interest rates on our outstanding debt increase, our results of operations and financial condition could be adversely affected by increased costs and / or rates. U. S. and global market and economic developments could adversely affect our business, financial condition **,** and results of operations. Demand for the **IT** ~~professional staffing and consulting~~ services **and solutions** that we provide is significantly affected by global market and economic conditions, including recessions, inflation, interest rates, tax rates, and economic uncertainty. Our business is particularly susceptible to economic conditions in the United States where our clients or operations are concentrated. As economic activity slows, many clients or potential clients reduce their use of and reliance upon ~~contract~~ **billable** professionals, which reduces the demand for the Company' s services and could significantly decrease the Company' s revenues and profits. During periods of reduced economic activity, we may also be subject to increased competition for market share and pricing pressure. As a result, any significant economic downturn in the United States or other countries in which we operate could have a material adverse effect on our business, financial condition, and results of operations. Natural disasters, the effects of climate change, pandemics, and other events beyond our control could harm our business. Natural disasters or other catastrophic events may cause damage or disruption to our operations, international commerce, and the global economy, and thus could have a negative effect on us. Our business operations are subject to interruption from earthquakes, hurricanes, tornadoes, floods, fires, ~~extreme~~ **severe** weather ~~events~~ , power shortages, pandemics ~~such as COVID- 19~~ **and other public health concerns** , terrorism, political unrest, telecommunications failure, vandalism, cyber- attacks, geopolitical instability, war **and other actual or threatened military conflicts** , the effects of climate change **, actions taken by the U. S. or other governments in response to any of the foregoing** , and other events beyond our control. Although we maintain disaster recovery plans, such events could disrupt our operations or those of our customers and suppliers, including through the inability of employees and ~~contract~~ **billable** professionals to work, destruction of facilities, loss of life, and adverse effects on supply chains, power, infrastructure and the integrity of information technology systems, ~~all~~ **any** of which could materially increase our costs and expenses, delay or decrease revenue from our customers ~~and~~ **,** disrupt our ability to maintain business continuity **,** ~~. We could incur significant costs to improve the climate- related resiliency of our~~ - **or** ~~infrastructure and~~ otherwise **have a material**

adverse ~~prepare for, respond to, and mitigate the effects~~ - **effect on our business, results** of ~~climate changes~~ **operations, financial condition, and prospects** . ~~Our~~ **Further, our** insurance may not be sufficient to cover losses or additional expenses that we may sustain. ~~A~~ **In addition, we could incur** significant ~~natural disaster~~ **costs to improve the climate- related resiliency of** ~~or~~ **our infrastructure and otherwise prepare** ~~other event that disrupts our operations or~~ **for , respond to, and mitigate** ~~those~~ -- **the** ~~of our customers or suppliers could have a material adverse effect~~ **effects** ~~on our business, results~~ of **climate changes** ~~operations, financial condition, and prospects~~ . Our business relies heavily on the health and safety of our employees, ~~contract~~ **billable** professionals **,** and customers. The impact of a health crisis such as **a** ~~the COVID- 19~~ pandemic on our business, operations, and future financial performance could include, but is not limited to, adverse impacts to our operating income, operating margin, net income, earnings per share and operating cash flows, as expenses may not decrease at the same rate as revenues decline. In addition, our quarterly and annual revenue growth rates and expenses as a percentage of our revenues may differ significantly from our historical rates, and our future operating results may fall below expectations. Our environmental, social and governance (ESG) commitments and disclosures may expose us to reputational risks and legal liability. ~~Our~~ **We, as with other companies, are facing increasing scrutiny related to our environmental, social and governance (“ ESG ”) practices and disclosures from certain investors, shareholder advocacy groups, customers, employees, federal, state, and local governments, and other stakeholders. With this increased focus, public reporting regarding ESG practices is becoming more broadly expected. Such increased scrutiny may result in increased costs, enhanced compliance or disclosure obligations, or other adverse impacts on our business, financial condition, or results of operations. Further, our** brand and reputation are associated with our public commitments to various corporate ~~environmental, social and governance (~~ ESG ~~)~~ initiatives, including our goals relating to sustainability ~~and diversity and inclusion~~ . Our disclosures on these matters and any failure or perceived failure to achieve or accurately report on our commitments, could harm our reputation and adversely affect our client relationships or our recruitment and retention efforts, as well as expose us to potential legal liability. Increasing focus on ESG matters has resulted in, and is expected to continue to result in, the adoption of legal and regulatory requirements designed to mitigate the effects of climate change on the environment, as well as legal and regulatory requirements requiring climate- related disclosures. If new laws or regulations are more stringent than current legal or regulatory requirements, we may experience increased compliance burdens and costs to meet such obligations. Our selection **or application** of ~~voluntary~~ disclosure frameworks and standards, and the interpretation or application of those frameworks and standards, may change from time to time or may not meet the expectations of investors or other stakeholders. Our processes and controls for reporting ESG matters across our operations and supply chain are evolving along with multiple disparate standards for identifying, measuring, and reporting ESG metrics, including ESG- related disclosures that may be required by the SEC, European **,** and other regulators **.** ~~, and such~~ **Such** standards may change over time, which could result in significant revisions to our current goals, reported progress in achieving such goals, or ability to achieve such goals in the future. Risks Related to Government Contracts We derive significant revenues from contracts and task...... contracts at negotiated hourly rates. We may not realize the full value of our Federal Government Segment contract backlog, which may result in lower revenues than anticipated. Contract backlog, which was $ 3. ~~3~~ **0** billion at December 31, ~~2022~~ **2023** , is a useful measure of potential future revenues for our Federal Government Segment. Contract backlog consists of contracts for which funding has been formally awarded (funded backlog of $ 0. ~~6~~ **5** billion at December 31, ~~2022~~ **2023**) and unfunded backlog, which represents the estimated future revenues to be earned from negotiated contract awards for which funding has not been awarded **,** and from unexercised contract options (unfunded backlog of $ 2. ~~7~~ **5** billion at December 31, ~~2022~~ **2023**). The U. S. government ~~'~~ **’** s ability to not exercise contract options, to reduce orders, or to modify, curtail or terminate our contracts **,** makes the calculation of our Federal Government Segment contract backlog subject to numerous uncertainties. Due to the uncertain nature of our contracts with the U. S. government, we may never realize revenue from some of the contracts that are included in our contract backlog. **.** Changes in U.S.government spending or budgetary priorities,the failure of government budgets to be approved on a timely basis,or delays in contract awards and other procurement activity may significantly and adversely affect our future financial results.Our business depends upon continued U.S.government expenditures on cybersecurity,cloud and enterprise IT, ~~AI~~ **artificial intelligence** / ~~ML~~ **machine learning** ,digital transformation,and other programs that we support.During ~~2023~~ **2022** ,revenues from contracts directly with U.S.federal government agencies were approximately **21** ~~24.3~~ percent of consolidated revenues.All of our government contracts can be terminated by the U.S.government either for its convenience or if we default by failing to perform under the contract.The U.S.government conducts periodic reviews of U.S.defense strategies and priorities,which may shift Department of Defense budgetary priorities,reduce overall spending,or delay contract or task order awards for defense- related programs from which we would otherwise expect to derive a significant portion of our future revenues.Any of these changes could impair our ability to obtain new contracts or contract renewals.Any new contracting requirements or procurement methods could be costly or administratively difficult for us to implement.Our revenues,cash flows ~~,~~ and operating results could be adversely affected by spending caps or changes in budgetary priorities,as well as by delays in the government budget process,program starts ~~,~~ **or** the award of contracts or task orders under contracts ~~,or~~ **.Audits** by **U.S.government agencies for contracts with federal government clients could result in unfavorable audit results that could subject us to** a **variety** ~~government shutdown.Considerable uncertainty exists regarding how future budget and program decisions will unfold,including the spending priorities~~ of **penalties and sanctions and could harm** ~~the U.S.government.Because the U.S.Congress did not complete a budget before the end of the 2023 fiscal year,government operations are currently being funded through short- term continuing resolutions.These continuing resolutions authorize agencies of the U.S.government to continue to operate,but do not authorize new spending initiatives.When the U.S.government operates under a continuing resolution,contract awards may be delayed,canceled,or~~ **our** ~~funded at lower levels which could~~ **reputation and relationships with our customers and** adversely impact ~~our~~ **results of** operations ~~,cash flows,and financial results~~ . ~~Failure~~ **Federal government agencies,including the**

Defense Contract Audit Agency and the Defense Contract Management Agency,routinely audit and investigate government contracts and government contractors' administrative processes and systems.These agencies review our performance on contracts,pricing practices,cost structure and compliance with applicable laws,regulations and standards.Any costs found to ~~complete~~ **be improperly allocated to** a ~~budget~~ **specific contract will not be reimbursed,while such costs already reimbursed must be refunded.If a government audit uncovers improper** ~~for~~ - **or illegal activities,we** ~~fiscal year 2024 or to provide for another continuing resolution by applicable deadlines~~ may ~~result in a~~ **be subject to civil and criminal penalties and administrative sanctions,including termination of contracts,forfeiture of profits,suspension of payments,fines and suspension or debarment from doing business with** federal government **agencies** ~~shutdown,which could cause us to incur labor or other costs without reimbursement under customer contracts or the delay or~~ A significant loss or suspension of our facility **or employee** security clearances with the federal government could lead to a reduction in our revenues, cash flows **,** and operating results. We act as a contractor and a subcontractor to the U. S. federal government and many of its agencies. Some government contracts require us to maintain facility security clearances and require some of our employees to have advanced degrees and / or to maintain individual security clearances. If we are unable to attract or retain qualified employees, our employees lose or are unable to timely obtain security clearances, or we lose a facility clearance, a government agency client may terminate the contract or decide not to renew it upon its expiration. In addition, a security breach by us could cause serious harm to our business, damage our reputation, and prevent us from being eligible for further work on sensitive or classified systems for federal government clients. We are required to comply with numerous laws and regulations related to government contracts, some of which are complex, and our failure to comply could result in fines or civil or criminal penalties, or suspension or debarment, which could materially and adversely affect our results of operations. We must comply with laws and regulations relating to the formation, administration **,** and performance of federal government contracts. These laws and regulations affect how we conduct business with our federal government customers. Such laws and regulations may potentially impose added costs on our business and our failure to comply with them may lead to civil or criminal penalties, termination of our U. S. government contracts **,** and / or suspension or debarment from contracting with U. S. government agencies. All of our U. S. government contracts can be terminated by the U. S. government either for its convenience or if we default by failing to perform under the contract. Termination for convenience provisions provide only for our recovery of costs incurred or committed settlement expenses and profit on the work completed prior to termination. Termination for default provisions provide for the contractor to be liable for excess costs incurred by the U. S. government in procuring undelivered items from another source and could damage our reputation and impair our ability to compete for future contracts. Failure to comply with regulations and required practices and procedures could harm our reputation or influence the award of new contracts . Changes in U. S....... from doing business with federal government agencies . We depend on our teaming arrangements and relationships with other contractors and subcontractors. If we are not able to maintain these relationships, or if these parties fail to satisfy their obligations to us or the customer, our revenues, profitability, and growth prospects could be adversely affected. We rely on teaming relationships with other prime contractors and subcontractors in order to submit bids for large procurements or other opportunities where we believe the combination of services, products **,** and solutions provided by us and our teammates will help us to win and perform the contract. Our future revenues and growth prospects could be adversely affected if other contractors eliminate or reduce their contract relationships with us, or if the U. S. government terminates or reduces these other contractors' programs, does not award them new contracts **,** or refuses to pay under a contract. We may have disputes with our subcontractors arising from, among other things, the quality and timeliness of work performed by the subcontractor, customer concerns about the subcontractor, our failure to extend existing task orders or issue new task orders under a subcontract, our hiring of a subcontractor' s personnel **,** or the subcontractor' s failure to comply with applicable law. If any of our subcontractors fail to satisfactorily perform the agreed- upon services or have regulatory compliance or other problems, our ability to fulfill our obligations as a prime contractor or higher tier subcontractor may be jeopardized. When we are in the role of a subcontractor, we often lack control over fulfillment of a contract, and poor performance on the contract could impact our customer relationship, even when we perform as required. Moreover, our revenues and operating results could be adversely affected if any prime contractor chose to offer directly to the customer services of the type that we provide, or if they team with other companies to provide those services. ~~Cybersecurity and Technology Risks The failure~~ **Audits by U. S. government agencies for contracts with federal government clients could result in unfavorable audit results that could subject us** to ~~prevent~~ a ~~cybersecurity incident affecting~~ **variety of penalties and sanctions and could harm** our **reputation and relationships with our customers and adversely impact results of operations. Federal government agencies, including the Defense Contract Audit Agency and the Defense Contract Management Agency, routinely audit and investigate government contracts and government contractors' administrative processes and** systems **. These agencies review** ~~could result in the disruption of our services or~~ **our performance on contracts** ~~the disclosure or misuse of sensitive information~~ , ~~which could harm our~~ **pricing practices, cost structure, and compliance with applicable laws,** ~~reputation~~ **regulations** , ~~decrease demand for our services~~ and **standards. Any** ~~products, expose us to liability, penalties and remedial~~ costs **found to be improperly allocated to** ~~, or otherwise adversely affect our financial performance. Our daily business operations depend on our information technology systems for~~ a **specific** ~~wide variety of functions, including, among other things, identifying staffing resources, matching personnel with client assignments and managing our accounting and financial reporting functions. In conducting our business, we routinely collect and retain personal information on these systems about our employees and~~ contract **will not be reimbursed** ~~professionals and their dependents including~~ , **while** without limitation, full names, social...... continuously exposed to unauthorized attempts to compromise such **costs already reimbursed must be refunded** ~~sensitive information through cyber- attacks, insider threats and other information security threats, including physical break- ins and malicious insiders, and we have, from time to time, experienced security incidents~~ . **If a government audit uncovers improper** ~~Any security incident that results in the compromise of personal information we collect and retain, or that otherwise disrupts or~~

~~negatively impacts our~~ - **or** ~~operations~~ **illegal activities** , **we** ~~could harm our reputation, lead to customer attrition, and expose us to regulatory enforcement action or litigation. Because the techniques used in cyber attacks change frequently and~~ may be ~~difficult~~ **subject** to ~~detect~~ **civil and criminal penalties and administrative sanctions, including termination of contracts, forfeiture of profits, suspension of payments, fines, and suspension** ~~for~~ - **or debarment from doing business** ~~periods of time, we may face difficulties in anticipating and implementing adequate security measures to prevent security breaches. In addition, our information technology systems are vulnerable to fire, storm, flood, power loss, computer and network failures, problems~~ with **federal government agencies** ~~transitioning to upgraded or replacement systems or platforms, flaws~~ in ~~third-party software or services, terrorist attacks and similar events. All of these~~ -- **the future** risks are also applicable wherever we rely...... maintain our business could be adversely affected . Legal and Regulatory Risks Significant legal actions ~~and~~ **,** claims **or investigations** could subject us to substantial uninsured liabilities, result in damage to our business reputation, result in the discontinuation of our client relationships, and adversely affect our recruitment and retention efforts. We employ people internally and in the workplaces of other businesses. Our ability to control or influence the workplace environment of our clients is limited. Further, many of the individuals that we place with our clients have access to client information systems and confidential information. As the employer of record of our ~~contract~~ **billable** professionals, we incur a risk of liability **due** to **the actions of our billable professionals at client sites** ~~our~~ - **or** ~~contract~~ **with client information and systems, and to our billable** professionals for various workplace events, including claims of physical injury, discrimination, harassment **,** or failure to protect confidential personal information. Other inherent risks include possible claims of errors and omissions, claims related to acquisitions and their earn- outs, intentional misconduct, release, misuse or misappropriation of client intellectual property, criminal activity, torts, or other claims. We have been and could **,** in the future **,** be subject to large collective, class **,** or Private Attorneys General Act (" PAGA") actions alleging violation of wage and hour laws. These types of actions typically involve substantial claims and significant defense costs. We also have been subject to legal actions alleging vicarious liability, negligent hiring, discrimination, sexual harassment, retroactive entitlement to employee benefits or pay, retaliation **,** and related legal theories. We may be subject to liability in such cases even if the contribution to the alleged injury was minimal. Moreover, in most instances, we are required to indemnify clients against some or all of these risks **if they are caused by us or our employees,** and we could be required to pay substantial sums to fulfill our indemnification obligations. A failure of any of our employees internally, or ~~contract~~ **billable** professionals in clients' workplaces, to observe our policies and guidelines intended to reduce these risks could result in negative publicity, injunctive relief, ~~criminal~~ investigations and / or charges, payment of monetary damages or fines, or other material adverse impacts on our business. Claims raised by clients stemming from the improper actions of our ~~contract~~ **billable** professionals, even if without merit, could cause us to incur significant expense associated with the costs or damages related to such claims. Further, such claims by clients could damage our business reputation and result in the discontinuation of client relationships. Any associated negative publicity could adversely affect our ability to attract and retain **clients and** qualified ~~contract~~ **billable** professionals in the future. We proactively address many of these issues with our robust compliance program. Further, to protect ourselves from the costs and damages of significant legal actions and claims, we maintain workers' compensation, errors and omissions, cybersecurity, employment practices **,** and general liability insurance coverage in amounts and with deductibles that we believe are appropriate for our operations. Our insurance policies include a retention amount and may not cover all claims against us or continue to be available to us at a reasonable cost. In addition, we face various employment- related risks not covered by insurance, such as wage and hour laws and employment tax responsibility. If we do not maintain adequate insurance coverage or are made party to significant uninsured claims, we may be exposed to substantial liabilities that could have a material adverse impact on our results of operations and financial condition. Our business is subject to government regulation, which in the future could restrict the types of employment services we are permitted to offer or result in additional or increased costs that reduce our revenues and earnings. The ~~professional~~ **IT consulting and** staffing ~~and IT~~ services industry is regulated in the United States and other countries in which we operate. We are subject to federal, state **,** and local laws and regulations governing the employer / employee relationship, such as those related to payment of federal, state **,** and local payroll and unemployment taxes for our corporate employees and ~~contractor~~ **billable** professional employees, tax withholding, social security or retirement benefits, licensing, wage and hour requirements, paid sick leave, paid family leave and other leaves, employee benefits, pay equity, non-discrimination, sexual harassment **,** and workers' compensation; and we must further comply with immigration laws and a wide variety of notice and administrative requirements, such as record keeping, written contracts, notification **,** and reporting. We are also subject to U. S. laws and regulations relating to government contracts with federal agencies. In certain other countries, we may not be considered the legal ~~employers~~ - **employer** of our temporary personnel, however we are still responsible for collecting taxes and social security deductions and transmitting these amounts to the taxing authorities. In addition, we are subject to data privacy, protection **,** and security laws and regulations, the most significant of which are the European General Data Protection Act (" GDPR") and the U. K.' s Data Protection Act 2018 (which implements the GDPR into U. K. law). These laws impose stringent data protection requirements on personal information and provide for significant penalties for noncompliance. These laws impact our U. S. operations as well as our European operations as they apply not only to third- party transactions, but also to transfers of information among the Company and its subsidiaries. Certain U. S. states have also enacted data privacy laws requiring security measures for personal information. Any non- compliance with the data privacy laws applicable to our business could result in governmental enforcement actions, fines **,** and other penalties that could potentially have an adverse effect **on** our operations and reputation. Future changes in the laws or governmental regulations affecting our business may result in the prohibition or restriction of certain types of employment services that we are permitted to offer, or the imposition of new or additional compliance requirements that could increase our costs and reduce our revenues and earnings. Due to the substantial number of state and local jurisdictions in which we operate, there also is a risk that we may be unable to adequately monitor actual or proposed changes in, or the interpretation of, the laws or governmental regulations of such states and localities. Any delay in our compliance with changes in such laws or governmental regulations could result in potential fines, penalties, or other sanctions for non- compliance. In addition, although we may elect to bill some or all of any additional costs to our customers, there can be no assurances that we will be able to increase the fees charged to our customers in a timely manner and in a sufficient amount to fully cover any increased costs as a result of future changes in laws or government regulations **. Our development and use of emerging AI services and solutions involves risks and uncertainties that could expose us to legal, reputational, and financial harm. Applicable laws and regulations, both existing and forthcoming, often focus on AI use when that technology is used to influence outcomes or make inferences about individuals, groups, or communities. These new and emerging technologies require use- case- specific governance, with oversight that adequately addresses AI- specific areas of concern, such as transparency, explainability, fairness, harmful bias mitigation, and unique third- party privacy and security risks. If we fail to establish and maintain sufficient oversight, which evolves at the rapid pace with which AI technology is changing, we could be subject to sanctions under the relevant laws, breach of contract claims, contract termination, class action, or individual lawsuits from affected parties, negative press articles, reputational damage, and a loss of confidence from our clients, all of which could adversely affect our existing business, future opportunities, and financial condition** . Our business may be materially affected by changes to fiscal and tax policies that could adversely affect our results of operations and cash flows. Our business is subject to taxation in the United States and the foreign jurisdictions where we operate. Due to economic and political conditions, tax rates in various jurisdictions may be subject to significant change. Our future effective tax rates could be affected by changes made by the current administration in the United States and in the mix of earnings in countries with differing statutory tax rates or by changes in the tax laws or their interpretation. Various levels of government also are increasingly focused on tax reform and other legislative action to increase tax revenue. Further changes in tax laws in the United States or foreign jurisdictions where we operate, or in the interpretation of such laws, could have a material adverse effect on our business, results of operations, financial condition **,** or cash flows. We are subject to various business and regulatory risks associated with international operations, which could increase our costs, cause our results of operations to fluctuate, and adversely affect our business. We conduct business outside the United States primarily in Canada and Europe **,** and we have delivery centers in Mexico and India. Our international operations, which ~~in the aggregate~~ represented approximately two percent of our consolidated revenues in ~~2022~~ **2023** , expose us to, among other things, operational, regulatory **,** and political risks in the countries in which we operate. General Risks The loss of key members of our senior management team could adversely affect the execution of our business strategy and our financial results. We believe that the successful execution of our business strategy and our ability to build upon our business and acquisitions of new businesses depends on the continued employment of key members of our senior management team and good succession plans for their retirement or other departure. As the Company ~~is~~ **continues to** ~~expecting~~ --- **expect** to have key personnel retire ~~over the next few years~~ , we need to implement appropriate succession plans, and if we cannot attract and retain qualified personnel or effectively implement appropriate succession plans, it could have a material adverse impact to our business, financial condition **,** and / or results of operations. We have provided short- term and long- term incentive compensation to our key management in an effort to retain them, and have prepared succession plans at such time **as** their employment ends. However, if members of our senior management team become unable or unwilling to continue in their present positions **,** or our succession plans are not adequate, we could incur significant costs and experience business disruption related to time spent on efforts to replace them, and our financial results and our business could be adversely affected. Failure of internal controls may leave us susceptible to errors and fraud. ~~Our management~~ **Management** ~~, including our Chief Executive Officer and Chief Financial Officer,~~ does not expect that our disclosure controls and internal controls will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable assurance that the objectives of the control system are met. Furthermore, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, would be detected, particularly in our newly acquired companies and international operations. If our internal controls are unsuccessful, our business and results of operations could be adversely affected. The trading price of our common stock has experienced significant volatility. The market price of our stock has fluctuated substantially in the past and could fluctuate substantially in the future, based on a variety of factors, including our operating results ~~,~~ **;** changes in general conditions in the economy ~~,~~ and **/ or** the staffing and consulting industries ~~,~~ **;** announcements by our competitors ~~,~~ **;** involvement in a significant litigation matter ~~,~~ **;** a major change in our management **; and** ~~or Board of Directors,~~ short sales, hedging **,** and other derivative transactions in shares of our common stock. In addition, the stock market in general has experienced historical volatility that is unrelated to the operating performance of our Company. Broad market and industry fluctuations may adversely affect the market price of our common stock, regardless of our operating results. Among other things, volatility in our stock price could mean that investors will not be able to sell their shares at or above the prices they pay. The volatility also could impair our ability in the future to offer common stock as a source of additional capital or as consideration in the acquisition of other businesses, or as compensation for our key employees. Provisions in our corporate documents and Delaware law may delay or prevent a change in control that our stockholders consider favorable. Provisions in our certificate of incorporation and bylaws could have the impact of delaying or preventing a change of control or changes in our management. These provisions include the following: • Our Board has the right to elect directors to fill a vacancy in the Board upon the resignation, death **,** or removal of a director, which prevents stockholders from being able to fill vacancies on our Board until the next applicable annual meeting of stockholders. • Stockholders must provide advance notice to nominate individuals for election to the Board or to propose matters that can be acted upon at a stockholders' meeting. Further, our Board is divided into three classes and only one class is up for election each year. These provisions may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer' s own slate of directors or otherwise attempting to obtain control of us. • Our Board may issue, without stockholder approval, up to one million shares of undesignated or" blank check" preferred stock. The ability to issue undesignated or" blank check" preferred stock makes it possible for our Board to issue preferred stock with voting or other rights or preferences that could impede the success of any attempt by, or make it more difficult for, a third –party to acquire us. As a Delaware corporation, we are also subject to certain Delaware anti- takeover provisions, including Section 203 of the Delaware General Corporation Law. Under these provisions, a corporation may not engage in a business combination with any large stockholders who hold 15 percent or more of our outstanding voting capital stock in a merger or business combination unless the holder has held the stock for three years, the Board has expressly approved the merger or business transaction, or at least two- thirds of the outstanding voting capital stock not owned by such large stockholder approves the merger or the transaction. These provisions of Delaware law may have the impact of delaying, deferring, or preventing a change of control and may discourage bids for our common stock at a premium over its market price. In addition, our Board could rely on these provisions of Delaware law to discourage, prevent, or delay an acquisition of us.