

## Risk Factors Comparison 2025-02-24 to 2024-02-23 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, 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 **IT 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 professional services firms, traditional consulting agencies, and specialized boutique industry or solutions - focused 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 **long- term** consulting projects **and as well as shorter- term** assignment contracts from clients and to fill them with our 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 IT services support**, we **are may be** unable to generate new work to replace lost revenues ~~the~~. **The** growth of our business could be adversely affected, and our revenues and results of operations could be harmed. **As a result Specifically with regards to our longer- term consulting contracts, it clients may delay or cancel bookings. This may cause expected revenues to be realized in a later period or not at all. In addition, if we are not able to comply with performance requirements laid out in the consultant contract, our revenues and client relationships may be adversely affected. It is therefore** imperative to our **business continued growth** 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 billable professionals, our business could be adversely affected. Our business is substantially dependent upon our ability to attract and retain billable professionals who possess the skills, experience, advanced degrees, certifications, licenses, and clearances which may be required to meet the specified requirements of our clients. We compete for such 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 temporary billable professionals is terminable at will and they are often hired to become regular employees of our clients. Attracting and retaining billable professionals depends on several factors, including our ability to provide billable professionals with desirable assignments and competitive wages and benefits. The cost of attracting and retaining billable professionals 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 professionals sought by our clients. If we are unable to attract and retain a sufficient number of 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, due to a large pool of available candidates, clients are able to directly hire and recruit qualified candidates without the involvement of 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 years, we have experienced revenue and earnings growth both organically and through acquisitions. There is no assurance that we will **resume be able to continue** this pace of growth in the future or meet our strategic objectives for growth **. Our revenues, and in fact our growth** declined this past year due to **adverse** macroeconomic conditions **, including an IT industry recession**. 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 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 **sell- side research** analysts. Our business strategy **is focused on** also includes continuing efforts to **integrate integrating** and **optimize optimizing** 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. Performance under contracts, including those on which we have partnered with third parties, may be adversely affected if we or the third parties fail to deliver on commitments or otherwise breach obligations to our clients. Our contracts are complex and, in some instances, may require that we partner with other parties, including software and hardware vendors, to provide the complex solutions required by our clients. Our ability to deliver the solutions and provide the services required by our clients is dependent on our and our partners' ability to meet our clients' delivery schedules and other expectations. Our partners may at times be impacted by global events, the changing macroeconomic environment and supply chain disruptions, as well as rapid increases in demand for their products and services, any of which may impact their ability to provide their products and services within our expected timeframes or at anticipated prices. If we or our partners fail to deliver services on time, our ability to 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 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 develop and utilize artificial intelligence, including generative artificial intelligence, machine learning, and similar tools and technologies that collect, aggregate, analyze, or generate data or other materials or content (collectively, "AI") in connection with our business.** AI, including GenAI, is a growing component of our business in both the commercial ~~market~~ and government ~~space~~ ~~markets~~. We work both internally and with our enterprise customer base to develop strategic use cases for GenAI technologies. For example, we recently announced a collaboration with Microsoft to invest in and pilot NextGen AI technologies, including Copilot for Microsoft 365 and Azure OpenAI Service. AI technologies are complex and rapidly evolving, and we face significant competition, including from our own clients, who may develop their own internal AI-related capabilities, which in each case, can lead to reduced demand for our services or solutions. As these technologies evolve, some services and tasks currently performed by our people will likely be replaced by automation. **There are significant risks involved in using AI; for example, AI algorithms may be flawed, insufficient, of poor quality, rely upon incomplete or inaccurate data, reflect unwanted forms of bias, or contain other errors or inadequacies, any of which may not be easily detectable despite internal policies and diligence efforts in place to mitigate such deficiencies. If the AI that we use produces deficient, inaccurate, unethical, or controversial results, or if public opinion of AI is adversely affected due to actual or perceived risks regarding the usage of AI, we could incur operational inefficiencies, competitive harm, legal liability, brand or reputational harm, or other adverse impacts on our business and results of operations. Although we conduct diligence on third-party AI developers, we will not be able to control the manner in which third-party AI technologies are developed or maintained. Legal and regulatory frameworks related to the use of AI are rapidly evolving worldwide, including due to the perceived or actual risks of bias, unfair discrimination, transparency, and information security. Furthermore, because AI technology itself is highly complex and rapidly developing, it is not possible to predict all of the legal, operational, or technological risks that may arise relating to the use of AI.** The failure to prevent a cybersecurity incident affecting our ~~or third-party~~ systems could result in the disruption of our services or the disclosure or misuse of sensitive information, which could harm our reputation, decrease demand for our services and products, expose us to liability, penalties, and remedial costs, or otherwise adversely affect our financial performance. Our daily business operations depend on our information technology systems ~~and third-party systems~~ for a wide variety of functions, including, among other things, identifying consulting and staffing resources, matching personnel with client assignments, and managing our accounting and financial reporting functions. In conducting our business, we ~~and certain of our third-party providers~~ routinely collect ~~and~~, retain, ~~and process data about customers, employees, business partners, and others, including personal~~ ~~personally identifiable~~ information (PII) on these systems about our employees and billing professionals and their dependents, ~~as well as sensitive and / or proprietary information belonging to our business such as trade secrets (collectively, "Confidential Information")~~. Any information ~~technology systems are at risk of being compromised, whether~~ ~~including~~ through malicious activity or human or technological error. Although we devote significant resources to maintain and regularly upgrade our information security technologies, and we have implemented security controls to help protect the security and privacy of our business information ~~on-premise and in the cloud~~, our ~~and third-party~~ information technology systems' ~~confidentiality, integrity, and availability~~ are subject to ~~cybersecurity risks from diverse threat actors, such as state-sponsored organizations, opportunistic hackers and hacktivists, as well as through diverse attack vectors, such as~~ potential security breaches through third-party service providers, employee negligence, fraud or misappropriation, business email compromise and cybersecurity threats, including denial of service attacks, viruses, ransomware, ~~or social engineering / phishing~~, other malicious software programs, and ~~as a result of malicious code embedded in open-source software, or misconfigurations, bugs or other vulnerabilities in commercial software that is integrated into our or our service providers' IT systems, products or services. Successful cyberattacks can result in~~ third parties gaining unauthorized access to our information technology systems for purposes of misappropriating assets or confidential information, corrupting data, or causing operational disruption. We are continuously exposed to unauthorized attempts to compromise ~~such sensitive~~ ~~the confidentiality, integrity, and availability of our IT systems and Confidential 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. **Moreover, we have acquired and continue to acquire companies with cybersecurity vulnerabilities and**

/ or unsophisticated security measures, which exposes us to significant cybersecurity, operational, and financial risks. Remote and hybrid working arrangements at our company (and at many third- party providers) also increase cybersecurity risks due to the challenges associated with managing remote computing assets and security vulnerabilities that are present in many non- corporate and home networks. Additionally, any integration of artificial intelligence in our or any service providers' operations, products or services is expected to pose new or unknown cybersecurity risks and challenges. Because our products and services are integrated with our customers' systems and processes, any circumvention or failure of our cybersecurity defenses or measures could compromise the confidentiality, integrity, and availability of our customers' own IT systems or Confidential Information as well. Any security incident that results in the compromise of personal ~~the confidentiality, integrity, and availability of our IT systems and Confidential information~~ **Information** we collect and retain, or that otherwise disrupts or negatively impacts our operations, could harm our reputation, lead to customer or employee attrition, and expose us to regulatory enforcement action or litigation (including class actions). Because the techniques used in cyber attacks change frequently and ~~may be difficult to~~ **threat actors are becoming increasingly sophisticated in using techniques and tools — including artificial intelligence — that circumvent security controls, evade detect- detection for periods of time and remove forensic evidence, despite maintaining robust detection and remediation efforts**, we may face difficulties in ~~anticipating and implementing adequate security measures detecting, investigating, remediating or recovering from future attacks or incidents, or to prevent security breaches avoid a material adverse impact to our IT systems, Confidential Information or business~~. In addition, our information technology systems are vulnerable to fire, storm, flood, power loss, computer and network failures, problems with transitioning to upgraded or replacement systems or platforms, flaws in third- party software or services, terrorist attacks, and similar events. All of these risks are also applicable wherever we rely on outside vendors to provide services. **We cannot guarantee that any costs and liabilities incurred in relation to an attack or incident will be covered by our existing insurance policies or that applicable insurance will be available to us in the future on economically reasonable terms or at all.** For information on our cybersecurity risk management, strategy, and governance, see Item 1C. Cybersecurity. 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, **including the acquisition of TopBloc, LLC, which we announced on February 4, 2025, subject to regulatory approval**. We compete with other companies 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. 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, ~~2023-2024~~, we had \$ 1. 9 billion of goodwill and \$ ~~497-439. 9-8~~ 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, ~~2023-2024~~ included a term loan of \$ ~~498-493~~. 8 million under our senior secured credit facility due 2030, and \$ 550. 0 million of 4. 625 ~~percent-%~~ unsecured senior notes due 2028. We have a \$ 500. 0 million senior secured revolving credit facility due 2028, which is fully available as of December 31, ~~2023-2024~~. Our term loan has a variable interest rate, making us vulnerable to increases in interest rates. Additionally, we use a portion of our cash 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 provided by operations to pay our expenses and repay our debt. If we do not have enough 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 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 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, severe weather, power shortages, pandemics 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 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, any of which could materially increase our costs and expenses, delay or decrease revenue from our customers, disrupt our ability to maintain business continuity, or otherwise have a material adverse effect on our business, results of operations, financial condition, and prospects. Further, our insurance may not be sufficient to cover losses or additional expenses that we may sustain. In addition, we could incur significant costs to improve the climate-related resiliency of our infrastructure and otherwise prepare for, respond to, and mitigate the effects of climate changes. Our business relies heavily on the health and safety of our employees, billable professionals, and customers. The impact of a health crisis such as a 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. We, as with other companies, **face** ~~are facing increasing~~ scrutiny related to our environmental, social and governance (“ ESG ”) practices and disclosures ~~from~~ **required or made by** certain **customers, employees,** investors, shareholder advocacy groups, ~~customers, employees,~~ federal, state, and local governments, and other stakeholders. With this increased focus, public reporting ~~regarding of~~ ESG practices **has become commonplace** ~~is becoming more broadly expected~~. Such increased scrutiny **Requirements to report on our ESG practices** may **therefore** result in increased costs, enhanced compliance or disclosure obligations, or other adverse impacts on our business, financial condition, or results of operations. ~~Further,~~ **At the request of** our **clients, we have reported on** ~~brand and reputation are associated with our public commitments to various corporate ESG initiatives, including our goals relating to sustainability. 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 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~~ **our clients,** investors or other stakeholders. ~~Our~~ **Furthermore, 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 **various** ~~the SEC, European, and other~~ regulators. 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 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. ~~0-1~~ billion at December 31, ~~2023-2024~~, 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. 5 billion at December 31, ~~2023-2024~~) 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. ~~5-6~~ billion at December 31, ~~2023-2024~~). 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 / ML, digital transformation, and other programs that we support. During ~~2023-2024~~, revenues from contracts directly with U. S. federal government agencies were ~~approximately~~ **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, the award of contracts or task orders under contracts, or by a government shutdown. Considerable uncertainty exists regarding how future budget and program decisions will unfold, including the spending priorities of the U. S. government **and the uncertainty related to the administration's efforts to improve efficiency**. Because the U. S. Congress did not complete a budget before the end of the **2023-2024** 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 funded at lower levels which could adversely impact our operations, cash flows, and financial results. Failure to complete a budget for fiscal year **2024-2025** or to provide for another continuing resolution by applicable deadlines may result in a federal government shutdown, which could cause us to incur labor or other costs without reimbursement under customer contracts or the delay or cancellation of key programs, and could adversely impact our operations, cash flows, and financial results. We derive significant revenues from contracts and task orders awarded through a competitive bidding process. Our revenues and profitability may be adversely impacted if we fail to compete effectively in such processes. Our contracts and task orders with the federal government are awarded through a competitive bidding process, which creates significant competition and pricing pressure. We spend time and resources to prepare bids and proposals for contracts. Some of these contracts may not be awarded to us or, if awarded, we may not receive meaningful task orders under these contracts. We may encounter delays and additional expenses if our competitors protest or challenge contracts awarded to us in competitive bidding, and any such protest or challenge could result in the resubmission of bids on modified specifications, or in the termination, reduction, or modification of the awarded contract. If we are unable to win particular contracts, we may be prevented from providing services to customers that are purchased under those contracts for a number of years. In addition, upon the expiration of a contract, if the customer requires further services of the type provided by the contract, there is frequently a competitive rebidding process. There can be no assurance that we will win any particular bid, or that we will be able to replace business lost upon expiration or completion of a contract, and the termination or non- renewal of any of our significant contracts could cause our actual results to differ materially and adversely from those anticipated. Our earnings and profitability may vary based on the mix of our contracts and may be adversely affected by our failure to accurately estimate and manage costs, time, and resources. Our Federal Government Segment generates revenues under various types of contracts: firm- fixed- price, cost reimbursable, and time and materials. Our earnings and profitability may vary materially depending on changes in the proportionate amount of revenues derived from each type of contract. Under firm- fixed- price contracts, we perform specific tasks and services for a fixed price. Compared with cost reimbursable, firm- fixed- price contracts generally offer higher margin opportunities, but involve greater financial risk because we bear the impact of cost overruns. Failure to accurately estimate costs, resources, and technology needed to perform our contracts or to effectively manage and control our costs during the performance of work could result in reduced profits or in losses. Under cost reimbursable contracts, we are reimbursed for allowable costs plus a profit margin or fee. These contracts generally have lower profitability and less financial risk. Under time and materials contracts, we are reimbursed for labor at negotiated hourly billing rates and for certain expenses. We assume financial risk on time and materials contracts because we assume the risk of performing those contracts at negotiated hourly rates. 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. 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. 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 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 our performance on contracts, pricing practices, cost structure, and compliance with applicable laws, regulations, and standards. Any costs found to be improperly allocated to a specific contract will not be reimbursed, while such costs already reimbursed must be refunded. If a government audit uncovers improper or illegal activities, we may 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 in the future. Legal and Regulatory Risks Significant legal actions, 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 billable professionals, we incur a risk of liability due to the actions of our billable professionals at client sites or 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 billable professionals in clients' workplaces, to observe our policies and guidelines intended to reduce these risks could result in negative publicity, injunctive relief, 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 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 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 IT consulting and staffing services and solutions 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 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 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 receive, store, use and otherwise process information that relates to individuals and / or constitutes "personal information" or similar terms under applicable data privacy laws, including from and about our employees and business contacts. We also depend on a number of third-party vendors in relation to the operation of our business, a number of which process personal information on our behalf. We and our vendors are subject to data privacy, protection, and security laws and, rules, regulations, industry standards and the other requirements, including 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 **such as California** have also enacted data privacy laws **requiring imposing requirements including** security measures for personal information. **The application and interpretation of data privacy laws are constantly evolving and are subject to change, creating a complex compliance environment. In some cases, these requirements may be either unclear in their interpretation and application or they may have inconsistent or conflicting requirements with each other.** **Further, there has been a substantial increase in legislative activity and regulatory focus on data privacy and security in the United States and elsewhere, including in relation to cybersecurity incidents.** Any non- compliance or perceived non-compliance with the data privacy laws applicable to our business could result in **legal claims or proceedings (including class actions)**, governmental enforcement actions **and investigations**, 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 represented approximately two percent of our consolidated revenues in **2023-2024**, 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 **, as well as failure to develop the next generation of future leaders,** 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 **maintaining** good succession plans for their retirement or other departure. ~~If~~ **As the Company continues to expect to have key personnel retire, 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. **Additionally, we must continue to recruit, train, and develop management team members in order to achieve our current business objectives and execute on our succession plans. A failure to support leadership excellence through adequate resources, expectations and training required for growth or in the event of the loss of key members of our senior management team could jeopardize our ability to meet our business performance expectations and adversely affect our financial results.** Failure of internal controls may leave us susceptible to errors and fraud. Management 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; **announcements of changes in government priorities**; 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 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.