Risk Factors Comparison 2024-02-21 to 2023-02-22 Form: 10-K

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

Business, Economic, Market and Operational Risks Our government contracts are subject to appropriation of funds, termination rights, audits and investigations, which, if exercised, could negatively impact our reputation and reduce our ability to compete for new contracts. A significant portion of our revenues is derived from contracts with U. S. federal, state and local governments and their agencies, and some of our revenues are derived from contracts with foreign governments and their agencies. Government entities typically finance projects through appropriated funds. While these projects are often planned and executed as multi- year projects, government entities usually reserve the right to change the scope of or terminate these projects for lack of approved funding and / or at their convenience. Changes in government or political developments, including budget deficits, shortfalls or uncertainties, failures to enact appropriation legislation (e. g., a government" shut- down"), government spending reductions or other debt or funding constraints, have resulted in, and in the future could result in, lower governmental sales and our projects being reduced in price or scope or terminated altogether, which also could limit our recovery of incurred costs, reimbursable expenses and profits on work completed prior to the termination. Additionally, if the government discovers what it considers to be improper or illegal activities or contractual non- compliance (including improper billing or non- compliant performance of contract requirements), we may be subject to various civil and criminal penalties and administrative sanctions, which has occurred in the past and may in the future include termination of contracts, forfeiture of profits, suspension of payments, contractual service penalties, fines and suspensions or debarment from doing business with the government. Any resulting penalties or sanctions could materially adversely affect our results of operations and financial condition. Moreover, government contracts are generally subject to audits and investigations by government agencies. If the government finds that we inappropriately charged any costs to a contract, the costs are not reimbursable or, if already reimbursed, the cost must be refunded to the government. Further, the negative publicity that could arise from any such penalties, sanctions or findings in such audits or investigations could have an adverse effect on our reputation in the industry and reduce our ability to compete for new contracts and could materially adversely affect our results of operations and financial condition. **The markets in which we operate are highly competitive, and we might not be able to compete effectively.** We **operate in a global marketplace in which competition in all areas of our portfolio is vigorous. Some of our competitors possess greater financial, marketing and sales resources, and larger geographic scope in certain parts of the world than we do, which, in turn, provides them with additional leverage in the competition for contracts. In certain niche, regional or metropolitan markets, we face smaller competitors with specialized capabilities who may be able to provide competing services with greater economic efficiency. Some of our competitors have more significant operations than we do in lower cost countries that can serve as a platform from which to provide services worldwide on terms that may be more favorable. Increased competition often results in corresponding pressure on prices and terms. There can be no assurance that we will succeed in providing competitively priced services at levels of service and quality that will enable us to maintain and grow our market share. Additionally, we** derive significant revenue ~~and profit~~ from ~~commercial and government~~ contracts awarded through competitive bidding processes, including renewals, which can impose substantial costs on us, and **may limit the Company' s ability** ~~we will not achieve revenue and profit objectives if we fail~~ to ~~accurately~~ **negotiate certain contractual terms** and **conditions** ~~effectively bid on such projects~~. Many of these contracts are extremely complex and require the investment of significant resources in order to prepare accurate bids and proposals. Competitive bidding imposes substantial costs and presents a number of risks, including: (i) the substantial cost and managerial time and effort that we spend to prepare bids and proposals for contracts that may or may not be awarded to us; (ii) the need to estimate accurately the resources and costs that will be required to implement and service any contracts we are awarded, sometimes in advance of the final determination of their full scope and design; (iii) the expense and delay that may arise if our competitors protest or challenge awards made to us pursuant to competitive bidding and the risk that such protests or challenges could result in the requirement to resubmit bids and in the termination, reduction or modification of the awarded contracts; and (iv) the opportunity cost of not bidding on and winning other contracts we might otherwise pursue. If our competitors protest or challenge an award made to us on a government contract, the costs to defend such an award may be significant and could involve subsequent litigation that could take years to resolve. ~~Our~~ **CNDT 2023 Annual Report15Our** ability to recover capital and other investments in connection with our contracts is subject to risk. To attract and retain large outsourcing contracts, we sometimes make significant capital and other investments to enable us to perform our services under those contracts, such as purchases of information technology equipment, facility costs, labor resources and costs incurred to develop and implement software. The net book value of certain assets recorded, including a portion of our intangible assets, could be impaired, and our results of operations and financial condition could be materially adversely affected in the event of the early termination of all or a part of such a contract or a reduction in volumes and services thereunder for reasons such as a customer' s or client' s merger or acquisition, divestiture of assets or businesses, business failure or deterioration or a customer' s or client' s exercise of contract termination rights. **Our** ~~CNDT 2022 Annual Report16Our~~ business may be adversely affected by geopolitical events and increasing geopolitical tensions, macroeconomic conditions, natural disasters and other factors that could directly impact certain of our employees, customers and vendors in countries or regions effected by such events and factors. We have a global workforce and global customers. Our employees and customers in a particular country or region in the world may be impacted as a result of a variety of diversions, including: geopolitical events and increasing geopolitical tensions, such as war, the threat of war, or terrorist activity; macroeconomic conditions **, such as the level of inflation, economic activity and interest rates** ; natural disasters or the effects of climate change (such as drought, flooding, wildfires, increased storm severity, and sea level rise); power shortages or outages, major public health issues, including pandemics (such as the coronavirus); and significant local, national or global events capturing the attention of a large part of the population. ~~As an example of a geopolitical event, in February 2022, Russian forces launched significant military action against Ukraine, which has resulted in conflict and disruptions in the region.~~ To date, while we do not believe ~~Russia' s military action in Ukraine and governmental actions in response thereto have had a material impact on~~ our business, financial position or operations **have been materially impacted by these factors** , we continue to monitor ~~the situation~~ **world events** closely. If any of these ~~, or any other~~ factors ~~,~~ disrupt a country or region where we have a significant workforce (such as the U. S., India or the Philippines) or customers (such as the U. S. or Europe), or vendors, our business could be materially adversely affected. Our results of operations and financial condition may be materially adversely affected by conditions abroad, including local economics, political environments, fluctuating foreign currencies and shifting regulatory schemes. Approximately **11** ~~10. 0~~ % of our ~~2022~~ **2023** revenues was generated from operations outside the United States. In addition, we maintain significant operations outside the United States. Our results of operations and financial condition could be materially adversely affected by changes in foreign currency exchange rates, as well as by several of other factors, including, without limitation, changes in economic conditions from country to country, changes in a country' s political conditions, trade controls and protection measures, financial sanctions, licensing requirements, local tax issues, capitalization and other related legal matters ~~. We generally hedge foreign currency denominated assets, liabilities and anticipated transactions primarily through the use of currency derivative contracts. The use of derivative contracts is intended to mitigate or reduce transactional level volatility in the results of foreign operations but does not eliminate volatility. We do not hedge the translation effect of international revenues and expenses, which are denominated in currencies other than our U. S. parent functional currency, within our Consolidated Financial Statements~~ . If we are unable to effectively hedge these risks, our results of operations and financial condition could be materially adversely affected. We rely to a significant extent on third- party providers, such as subcontractors, a relatively small number of primary software vendors, utility providers and network providers; if they cannot deliver or perform as expected or if our relationships with them are terminated or otherwise change, our results of operations and financial condition could be materially adversely affected. Our ability to service our customers and clients and deliver and implement solutions depends to a large extent on third- party providers such as subcontractors, a relatively small number of primary software vendors, software application developers, utility providers and network providers meeting their obligations to us and our expectations in a timely, quality manner. Our results of operations and financial condition have been and in the future may be materially adversely affected and we might incur significant additional liabilities if any of our third- party providers (i) do not meet their service level obligations, (ii) do not meet our or our clients' expectations, (iii) terminate or refuse to renew their relationships with us, or (iv) offer their products to us with less advantageous prices and other terms than previously offered. Failure to deliver on our contractual obligations properly and on time could materially adversely affect our results of operations and financial condition. Our business model depends in large part on our ability to retain existing and attract new work from our base of existing clients, as well as on relationships we develop with our clients so that we can understand our clients' needs and deliver solutions and services that are tailored to meet those needs. For our business to grow, we must successfully manage the provision of services under our contracts. If a client is not satisfied with the quality of work performed by us or a subcontractor, or with the type of services or solutions delivered, or if we or our subcontractors **CNDT 2023 Annual Report16** fail to perform in accordance with contract requirements, then we could incur additional costs to address the situation, the profitability of that work might be impaired and the client' s dissatisfaction with our services could damage our ability to obtain additional work from that client or obtain new work from other potential clients. Many of our contracts with non- government clients may be terminated by the client, without cause, upon specified advance ~~CNDT 2022 Annual Report17~~ notice. Accordingly, clients who are not satisfied might seek to terminate existing contracts prior to their scheduled expiration date, which may result in our inability to fully recover our up- front investments. In addition, clients could direct future business to our competitors. We could also trigger contractual credits to clients or a contractual default. Failure to properly transition new clients to our systems, properly budget transition costs or accurately estimate contract operational costs could result in delays in our contract performance, trigger service level penalties, impair fixed or intangible assets or result in contract profit margins that do not meet our expectations or our historical profit margins ~~. In addition, we incur significant expenditures for the development and construction of system software platforms needed to support our clients' needs. Our failure to fully understand client requirements or implement the appropriate operating systems or databases or solutions which enable the use of other supporting software may delay the project and result in cost overruns or potential impairment of the related software platforms, which could materially adversely affect our results of operations and financial condition~~ . Our business is dependent on continued interest in outsourcing. Our business and growth depend in large part on continued interest in outsourced business process services. Outsourcing means that an entity contracts with a third- party, such as us, to provide business process services rather than perform such services in- house. There can be no assurance that this interest will continue, as organizations may elect to perform such services themselves and / or the business process outsourcing industry could move to an as- a- service model, thereby eliminating traditional business process outsourcing tasks. A significant change in this interest in outsourcing could materially adversely affect our results of operations and financial condition. Additionally, there can be no assurance that our cross- selling efforts will cause clients to purchase additional services from us or adopt a single- source outsourcing approach. We may be subject to claims of infringement of third- party intellectual property rights which could adversely affect our results of operation and financial condition. We rely heavily on the use of intellectual property. We do not own all of the software that we use to run our business; instead we license this software from a small number of primary vendors. If these vendors assert claims that we or our clients are infringing on their software or related intellectual property, we could incur substantial costs to defend these claims, which could materially adversely affect our results of operations and financial condition. In addition, if any of our vendors' infringement claims are ultimately successful, our vendors could require us to (i) cease selling or using products or services that incorporate the challenged software or technology, (ii) obtain a license or additional licenses from our vendors or (iii) redesign our services which rely on the challenged software or technology. In addition, we may be exposed to claims for monetary damages. If we are unsuccessful in defending an infringement claim and our vendors require us to initiate any of the above actions, or we are required to pay monetary damages, then such actions could materially adversely affect our results of operations and financial condition. If we underestimate the scope of work or the costs entailed in performing our contracts, or if we do not fully perform our contracts, our results of operations and financial condition could be materially adversely affected. To stay competitive in our industry, we must keep pace with changing technologies and customer preferences. Many of our contracts require us to design, develop and implement new technological and operating systems for our customers. Many of these systems involve detailed and complex computer source code which must be created and integrated into a working system that meets contract specifications. The accounting for these contracts requires judgment relative to assessing risks, estimating costs to fulfill the contract and making assumptions for schedule and technical issues. To varying degrees, each contract type involves some risk that we could underestimate the costs and resources necessary to fulfill the contract. In each case, our failure to accurately estimate costs or the resources and technology needed to perform our contracts or to effectively manage and control our costs during the performance of our work could result, and in some instances has resulted, in reduced profits or in losses. In addition, many of our contracts contain complicated performance obligations, including, without limitation, designing and building new integrated computer systems. These contracts carry potential financial penalties or could result in financial damages or exposures if we fail to properly perform those obligations and have in the past resulted in and in the future could result in our results of operations and financial condition being materially adversely affected. ~~CNDT 2022 Annual Report18~~ The loss of key senior management or the failure to attract and retain necessary technical personnel and qualified subcontractors could materially adversely affect our results of operations and financial condition. Our success depends, in part, upon key managerial and technical personnel, including our ability to attract and retain additional qualified personnel, as well as qualified subcontractors. The loss of certain key personnel, such as **CNDT 2023 Annual Report17** our Chief Executive Officer (**"** CEO **"**), members of our executive team and other highly skilled employees, could materially adversely affect our results of operations and financial condition. There is no assurance that we can retain our key managerial personnel, or that we can attract similar employees, in the future. In addition, because we operate in intensely competitive markets, our success depends to a significant extent upon our ability to attract, retain and motivate highly skilled and qualified technical personnel and to subcontract with qualified, competent subcontractors. If we fail to attract, train and retain sufficient numbers of qualified engineers, technical staff and sales and marketing representatives, or if we are unable to contract with qualified, competent subcontractors, our results of operations and financial condition could be materially adversely affected. Experienced and capable personnel in the services industry remain in high demand, and there is continual competition for their talents. Our ability to renegotiate certain of our legacy third- party contracts which we view as unfavorable, or to improve the service levels we expect from these contracts and third- party providers, is key to our ability to timely, efficiently and profitably deliver our services to our customers. Additionally, we have increased and expect to continue to increase our hiring in geographic areas outside of the United States, which could subject us to increased geopolitical and exchange rate risk. The loss of any key technical employee, the loss of a key subcontractor relationship or our inability to renegotiate or obtain required service levels from legacy and other third- party providers, could materially adversely affect our results of operations and financial condition. If we fail to successfully develop new service offerings, including new technology components, and protect our intellectual property rights, we may be unable to retain current customers and gain new customers and our revenues would decline. The process of developing new service offerings, including new technology components, is inherently complex and uncertain. It requires accurate anticipation of customers’ changing needs and emerging technological trends. We must make long- term investments and commit significant resources before knowing whether these investments will eventually result in service offerings that achieve customer acceptance and generate the revenues required to provide desired returns. For example, establishing internal automation processes to help us develop new service offerings will require significant up- front costs and resources, which, if not monetized effectively, could materially adversely affect our revenues. In addition, some of our service offerings rely on technologies developed by and licensed from third- parties. We may not be able to obtain or continue to obtain licenses and technologies from these third- parties at all or on reasonable terms, or such third- parties may demand cross- licenses to our intellectual property. It is also possible that our intellectual property rights could be challenged, invalidated or circumvented, allowing others to use our intellectual property to our competitive detriment. We also must ensure that all of our service offerings comply with both existing and newly enacted regulatory requirements in the countries in which they are sold. If we fail to accurately anticipate and meet our customers’ needs through the development of new service offerings (including technology components) or if we fail to adequately protect our intellectual property rights or if our new service offerings are not widely accepted or if our current or future service offerings fail to meet applicable worldwide regulatory requirements, we could lose market share and customers to our competitors and that could materially adversely affect our results of operations and financial condition. The Company’ s business, operating results and reputation may be negatively impacted by failures or delays in our efforts to modernize our information technology infrastructure and to consolidate to fewer data centers. We have experienced certain disruptions in our operations and service delivery performance issues because of some of our information technology infrastructure that is outdated and that needs to be enhanced and updated, which disruptions have adversely impacted client and delivery performance. As a result, we embarked on a long- term project to modernize a significant portion of our information technology infrastructure with new systems and processes and to consolidate our data centers. ~~This project also includes investments in our data centers and networks, enhancement, modernization and consolidation of our IT infrastructure and customer- facing technologies, enhanced cybersecurity and movement to cloud- based technology. This project is ongoing and we expect that these changes will provide greater strategic and operational flexibility and efficiency and better control of our systems and processes.~~ There is a risk, however, that our modernization efforts and data center consolidations could materially and adversely disrupt our operations and our service delivery to customers, could result in contractual penalties or damage claims from customers, could occur over a period longer than planned, and could require greater than ~~CNDT 2022 Annual Report19~~ expected investment and other internal and external resources. It may also take longer to realize the intended favorable benefits from an enhanced technology infrastructure than we expected, or that disruptions may continue to occur while we enhance this infrastructure. ~~The process of consolidating our data center involves inherent risks and may cause disruptions to our operations. We are in the process of undertaking several data center migrations now and in the future and, during these data migrations, could potentially experience significant service outages.~~ Future service disruptions could hinder our ability to attract new customers, cause us to incur legal liability, contractual penalties or issue service credits to our customers and cause us to lose current customers, each of which could have a material adverse effect on our business, results of operations and financial condition. ~~Our business has been and will continue to be negatively impacted by the ongoing coronavirus pandemic. As a result of the COVID- 19 pandemic, we have experienced and can be expected to continue to experience disruptions to our business, our operations, the delivery of our services and customer demand for our services and business offerings, including: • Work- from- home concerns: The COVID- 19 pandemic has led to the shifting of substantial services being performed by us for our customers to work- from- home alternatives, which have created added burdens, risks and costs, including but not limited to: the added cost and uncertainty created by a significant change in our delivery model; delays and disruptions resulting from organizing and implementing work- from- home solutions; customer protocols not allowing, without express customer waiver or permission, work- from- home alternatives, due to sensitivity of customer data, inclusion of personally identifiable information, cybersecurity and data security concerns, and other factors; delays and disruptions in providing customer services which may adversely affect our reputation and may in the future result in failure to satisfy customer contract requirements and other noncompliance issues; challenges in and cost of equipping work- from- home solutions with appropriate technology equipment and software, with suitable security protections; potential for increased cybersecurity and other data security issues; compliance with legal, regulatory, industry and customer standards and specifications; and increased logistical issues resulting from unexpected shift in service delivery model. As a result of these and other factors related to work- from- home solutions, we have experienced and can be expected to continue to experience delays and disruptions and an adverse impact on our business, operations, costs, satisfaction of customer requirements and operating results and financial condition. • Customer performance and demand: The COVID- 19 pandemic has impacted and may be expected to continue to adversely impact customer demand for our services and business offerings. Many of our customers have experienced and will continue to experience substantial disruption in their own operations and the COVID- 19 pandemic has also resulted in greater customer uncertainty in their short- term and longer- term needs. In addition, under certain contracts we earn revenues based on the number of transactions processed, such as, for example, certain transportation and credit card processing arrangements where the number of transactions has decreased due to the COVID- 19 pandemic. These and other pandemic- related factors have and will continue to adversely impact revenues, sales, new business opportunities, pricing and our sales pipeline. • If we fail to satisfy a customer' s requirements or specifications, we could incur additional costs to address such dissatisfaction or on account of such deficiency as well as receive notice of termination. The COVID- 19 pandemic has had and can be expected to continue to have an impact on compliance and non- interruption of service under certain customer contractual requirements, and certain customer relationships can be expected to be adversely impacted, in addition to our incurring added costs in response to any deficiency. • We rely on third parties to provide technology, other services and products we need to operate our business. Delays or interruption in the operations of third parties on which we rely may result in disruptions in our own operations and fulfillment of our customers' requirements. We continue to monitor the latest developments regarding the pandemic. We are unable to predict the extent of any continued impact of the pandemic on our business, operations, and financial condition due to the uncertainty of future developments. Any future impacts will depend on, among other things, the further spread and duration of COVID- 19, including the impact of variants and resurgences, the requirements to take action to help limit the spread of the illness, the availability, widespread distribution, and acceptance of vaccines and treatments for COVID- 19 and the economic impacts of the pandemic, including recession and inflationary pressures. Even in those regions where~~ CNDT ~~2022~~ **2023** Annual ~~Report20~~ **Report18** ~~we have experienced business recovery, should those regions fail to fully contain COVID- 19 or suffer a COVID- 19 relapse, those markets may not recover as quickly or at all, which could have a material adverse effect on our business and results of operations. The impact of COVID- 19 has also exacerbated and may continue to exacerbate other risks discussed herein, any of which could have a material effect on us. We do not yet know and cannot predict the full extent of potential impacts on our business, our services and business offerings or our operating results and financial condition.~~ Expectations relating to environmental, social and governance considerations expose the Company to potential liabilities, increased costs, reputational harm, and other adverse effects on the Company' s business. Many governments, regulators, investors, associates, clients and other stakeholders are increasingly focused on environmental, social and governance considerations relating to businesses, including climate change and greenhouse gas emissions, human rights, and diversity, equity and inclusion. In addition, the Company makes statements about its environmental, social and governance goals and initiatives through its corporate social responsibility report, its other non- financial reports, information provided on its website, press releases and other communications. Responding to these environmental, social and governance considerations and implementation of these goals and initiatives involves risks and uncertainties, requires capital and operating investments, and depends in part on third- party performance, or data and changing regulatory schemes that are outside the Company' s control. The Company cannot guarantee that it will achieve its announced environmental, social and governance goals and initiatives. In addition, some stakeholders may disagree with the Company' s goals and initiatives. Any failure, or perceived failure, by the Company to achieve its goals, further its initiatives, adhere to its public statements, comply with federal, state or international environmental, social and governance laws and regulations, or meet evolving and varied stakeholder expectations and standards could result in legal and regulatory proceedings against the Company and could materially adversely affect the Company' s business, ability to recruit and retain associates, reputation, results of operations, financial condition and stock price. **We cannot guarantee that our stock repurchase program will be utilized to the full value approved or that it will enhance long- term stockholder value. Repurchases we consummate could increase the volatility of the price of our common stock and could have a negative impact on our available cash balance. In May 2023, our Board of Directors authorized a three- year stock repurchase program for up to $ 75 million of our common stock. Under the repurchase program, repurchases can be made from time to time using open market transactions, and may include Rule 10b5- 1 trading plans, all in accordance with the rules of the SEC and other applicable legal requirements. The specific timing, price and size of the purchases will depend on prevailing stock prices, general economic and market conditions, and other considerations consistent with our capital allocation strategy. Stock repurchases could have an impact on our common stock trading prices, increase the volatility of the price of our common stock, or reduce our available cash balance such that we will be required to seek financing to support our operations. The repurchase program does not obligate us to acquire a particular amount of common stock, and the repurchase program may be suspended or discontinued at any time at our discretion, which may result in a decrease in the trading prices of our common stock. Even if our share repurchase program is fully implemented, it may not enhance long- term stockholder value.** Legal, Compliance and Data Security Risks We are subject to laws of the United States and foreign jurisdictions relating to individually identifiable information and personal health information, and failure to comply with those laws, whether or not inadvertent, could subject us to legal actions and negatively impact our operations. We receive, process, transmit and store information relating to identifiable individuals, both in our role as a service provider and as an employer. As a result, we are subject to numerous laws and regulations in the United States (both federal and state) and foreign laws and regulations designed to protect both individually identifiable information and personal health information, including the Health Insurance Portability and Accountability Act of 1996, as amended (**"** HIPAA **"**), and the regulations promulgated under HIPPA governing, among other things, the privacy, security and electronic transmission of individually identifiable health information, and the European Union General Data Protection Regulation (**"** GDPR **"** ~~) (effective May 25, 2018~~), which imposes stringent data protection requirements and significant penalties for non- compliance and has had a significant impact on how we process and handle certain data. Additional laws of the United States and foreign jurisdictions apply to our processing of individually identifiable information. These laws have been subject to frequent changes, and new legislation in this area may be enacted at any time. For example, the GDPR and the invalidation of the U. S.- EU Safe Harbor regime have required us to implement alternative mechanisms for some of our data flows from Europe to the United States to comply with applicable law. Changes to existing laws, the introduction of new laws in this area or our failure to comply with existing laws that are applicable to us may subject us to, among other things, additional costs or changes to our business practices, liability for monetary damages, fines and / or criminal prosecution, unfavorable publicity, **CNDT 2023 Annual Report19** restrictions on our ability to obtain and process information and allegations by our customers and clients that we have not performed our contractual obligations, any of which could materially adversely affect our results of operations and financial condition. ~~CNDT 2022 Annual Report21~~ We are subject to laws of the United States and foreign jurisdictions relating to processing certain financial transactions, including payment card transactions and debit or credit card transactions, and failure to comply with those laws, whether or not inadvertent, could subject us to legal actions and materially adversely affect our results of operations and financial condition. We process, support and execute financial transactions, and disburse funds, on behalf of both government and commercial customers, often in partnership with financial institutions. This activity includes receiving debit and credit card information, processing payments for and due to our customers and disbursing funds on payment or debit cards to payees of our customers. As a result, we are subject to numerous laws and regulations in the United States (both federal and state) and in foreign jurisdictions, including the Electronic Fund Transfer Act, as amended, the Currency and Foreign Transactions Reporting Act of 1970 (commonly known as the **"** Bank Secrecy Act **"**), as amended, the Dodd- Frank Wall Street Reform and Consumer Protection Act of 2010 (including the so- called Durbin Amendment), as amended, the Gramm- Leach- Bliley Act (also known as the **"** Financial Modernization Act of 1999 **"**), as amended, and the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (**"** USA PATRIOT ACT **"**), as amended. Other United States (both federal and state) and foreign jurisdiction laws apply to our processing of certain financial transactions and related support services. These laws are subject to frequent changes, and new statutes and regulations in this area may be enacted at any time. Changes to existing laws, the introduction of new laws in this area or our failure to comply with existing laws that are applicable to us may subject us to, among other things, additional costs or changes to our business practices, liability for monetary damages, fines and civil and / or criminal prosecution, unfavorable publicity, restrictions on our ability to process and support financial transactions and allegations by our customers, partners and clients that we have not performed our contractual obligations. Any of these could materially adversely affect our results of operations and financial condition. Our data systems, information systems and network infrastructure may be subject to hacking or other cybersecurity threats and other service interruptions, which could expose us to liability, impair our reputation or temporarily render us unable to fulfill our service obligations under our contracts. **As** ~~We are~~ a **leader in** ~~leading provider of~~ business ~~processing~~ --- **process solutions** ~~services concentrated in transaction- intensive processing~~ , **we leverage cloud computing, artificial intelligence, machine learning and advanced** analytics ~~and automation~~ . We act as a trusted business partner in both front- office and back- office platforms, providing interactions on a substantial scale with our customers and other third- parties. Our customers include global commercial clients and government clients who depend upon our operational efficiency, non- interruption of service, and accuracy and security of information. We also use third- party providers such as subcontractors, software vendors, utility providers and network providers, upon whom we rely ~~for~~ **to support** our business ~~processing~~ --- **process** ~~services~~ **solutions** , to deliver uninterrupted, secure service. As part of our business ~~processing~~ --- **process** ~~services~~ **solutions** , we also develop system software platforms necessary to support our customers' needs, with significant ongoing investment in developing and operating customer- appropriate operating systems, databases and system software solutions. We also receive, process, transmit and store substantial volumes of information relating to identifiable individuals, both in our role as a ~~service~~ **solution** provider and as an employer, and we are subject to numerous laws, rules and regulations in the United States (both federal and state) and foreign jurisdictions designed to protect both individually identifiable information as well as personal health information. We also receive, process and implement financial transactions, and disburse funds, on behalf of both commercial and government customers, which activity includes receiving debit and credit card information to process payments due to our customers as well as disbursing funds to payees of our customers. As a result of these and other business ~~processing~~ --- **process** ~~services~~ **solutions** , the integrity, security, accuracy and non- interruption of our systems and information technology and that of our third- party providers and our interfaces with our customers are extremely important to our business, operating results, growth, prospects and reputation. We ~~have implemented security systems and controls, both directly and with third- party subcontractors and service providers, with the intent of maintaining both the physical security of our facilities and the data security of our customers', clients' and suppliers' confidential information and information related to identifiable individuals (including payment card and debit and credit card information and health information) against unauthorized access through our information systems or by other electronic transmission or through the misdirection, theft or loss of physical media. These include, for example, the appropriate encryption of information. Despite such efforts, we~~ are susceptible to breach of security systems which may result in unauthorized access to our facilities and those of our customers and / or the information we and our customers are trying to protect. Cybersecurity failure might be caused by computer hacking, malware, computer viruses, worms and other destructive software, " cyber- attacks " and other malicious activity, as well as natural disasters, power outages, terrorist attacks and similar events. Operational or business delays may also result from the disruption of network or information systems and subsequent remediation activities. ~~CNDT 2022 Annual Report22~~ Because the techniques used to obtain unauthorized access are constantly changing and becoming increasingly more sophisticated and often are not recognized until launched against a target, we or our third- party service providers may be unable to anticipate these techniques or implement sufficient preventative measures. Hacking, **CNDT 2023 Annual Report20** malware, phishing, viruses and other " cyber- attacks " have become more prevalent, have occurred in our systems in the past, and may occur in our systems in the future. **Our** ~~Although we have implemented and intend to continue to implement what we believe to be appropriate~~ cyber practices and cybersecurity ~~systems, these~~ systems may prove to be inadequate and result in the disruption, failure, misappropriation or corruption of our network and information systems ~~. Notwithstanding the preventative~~ and ~~protective measures we have in place,~~ it may not be possible for us to fully or timely know if or when such incidents arise, or the full business impact of any cybersecurity breach. Additionally, with advances in computer capabilities and data protection requirements to address ongoing threats, we may be required to expend significant capital and other resources to protect against potential security breaches or to alleviate problems caused by security breaches. Moreover, employee error or malfeasance, faulty password management or other irregularities may result in a defeat of our or our third- party service providers' security measures and a breach of our or our third- party service providers' information systems (whether digital, cloud- based or otherwise). In addition, the increased use of employee- owned devices for communications as well as work- from- home arrangements, present additional operational risks to our information technology systems, including, but not limited to, increased risks of cyber- attacks. If unauthorized parties gain physical access to one of our or one of our third- party service providers' facilities or gain electronic access to our or one of our third- party service providers' information systems, such access could result in, among other things, unfavorable publicity and significant damage to our brand, governmental inquiry, oversight and possible regulatory action, difficulty in marketing our services, loss of existing and potential customers, allegations by our customers that we have not performed our contractual obligations, litigation by affected parties and possible financial obligations for substantial damages related to the theft or misuse of such information, any of which could materially adversely affect our results of operations and financial condition. Similar consequences may arise if sensitive or confidential information is misdirected, lost or stolen during transmission or transport, or is stolen or misused. Moreover, a security breach could require us to devote significant management resources to address the problems created by the security breach and to expend significant additional resources to upgrade further the security measures that we employ to guard such personal information against" cyber- attacks" and to maintain various systems and data centers for our customers. Often these systems and data centers must be maintained worldwide and on a 24 / 7 basis. **We** ~~Although we endeavor to ensure that there is adequate backup and maintenance of these systems and centers, we~~ have in the past experienced and in the future could experience service interruptions that could result in curtailed operations and loss of existing and potential customers, which could significantly reduce our revenues and profits in addition to significantly impairing our reputation. If our information systems and our back- up systems are damaged, breached or cease to function properly, we may have to make a significant investment to repair or replace them, and we may suffer interruptions in our operations in the interim, each of which could materially adversely affect our results of operations and financial condition. In addition, our and our customers' systems and networks are subject to continued threats of terrorism, which could disrupt our operations as well as disrupt the utilities and telecommunications infrastructure on which our business depends. To the extent any such disruptions were to occur, our business, operating results and financial condition could be materially adversely affected. In addition, our liability insurance, which includes cyber insurance, might not be sufficient in type or amount to cover us against claims related to security incidents, cyberattacks and other related incidents. If we fail to meet industry data security standards, our ability to meet contractual obligations may be impaired and result in contractual damage or contract breach claims. In some of our services lines, we are contractually subject to industry data security standards. These industry data security standards include Card Brand (Visa, Mastercard, American Express, Discover and JCB) operating rules, certification requirements and rules governing electronic funds transfers, including the Payment Card Industry Data Security Standard (**"** PCI DSS **"**), a data security standard applicable to companies that collect, store or transmit payment card data. Another industry standard is the Health Information Trust Alliance (**"** HITRUST **"**) which applies to aspects of the healthcare industry in addition to other industries ~~. We take steps to achieve compliance and / or certification for our systems~~ . In the future we may not be able to maintain compliance with PCI DSS, HITRUST and other applicable industry standards. Any failure to comply fully or materially with PCI DSS, HITRUST and other applicable industry standards now or at any point in the future may provide customers the right to terminate contracts with us or to enforce provisions obligating us to reimburse them for any penalties or costs incurred by ~~CNDT 2022 Annual Report23~~ them as a result of our non- compliance, or subject us to other fines, penalties, damages or civil liability, each of which could have a material adverse effect on our business, financial condition and results of operations. **CNDT 2023 Annual Report21** Our results of operations and financial condition could be materially adversely affected by legal and regulatory matters. We are potentially subject to various contingent liabilities that are not reflected on our balance sheet, including those arising as a result of being involved in a variety of claims, lawsuits, investigations and proceedings concerning: securities laws; governmental and non- governmental entity contracting, servicing and governmental entity procurement laws; intellectual property laws; environmental laws; employment laws; the Employee Retirement Income Security Act of 1974 (**"** ERISA **"**); and other laws, regulations and contractual undertakings, as discussed under Note 16 – Contingencies and Litigation to the Consolidated Financial Statements. If developments in any of these matters cause a change in our determination as to an unfavorable outcome and result in the need to recognize a material accrual or materially increase an existing accrual, or if any of these matters result in an adverse judgment or are settled for significant amounts above any existing accruals, it could materially adversely affect our results of operations and financial condition in the period or periods in which such change in determination, judgment or settlement occurs. There can be no assurances as to the favorable outcome of any claim, lawsuit, investigation or proceeding. It is possible that a resolution of one or more such proceedings, through judgment, settlement or otherwise, could require us to make substantial payments to satisfy judgments, fines or penalties or settlement amounts, any of which could materially adversely affect our results of operations and financial condition. Additionally, the terms of dismissal, settlement, release or other resolution may permit certain claims to be reopened under certain conditions. Claims, lawsuits investigations and proceedings involving the Company could also result in reputational harm, criminal sanctions, consent decrees or orders preventing us from offering certain services, requiring a change in our business practices in costly ways or requiring development of non- infringing or otherwise altered products or technologies, or make it more difficult to obtain adequate insurance in the future. In addition, it can be very costly to defend litigation and these costs could materially adversely affect our results of operations and financial condition. Refer to Note 16 – Contingencies and Litigation to the Consolidated Financial Statements. **Our** ~~While we maintain insurance for certain potential liabilities, such~~ insurance does not cover all types and amounts of potential liabilities and is subject to various exclusions as well as caps on amounts recoverable. Even if we believe a claim is covered by insurance, insurers may dispute our entitlement to recovery for a variety of potential reasons, which may affect the timing and, if they prevail, the amount of our recovery. **We have made and may continue to make divestitures, as well as acquisitions, investments and joint ventures, all of which involve numerous risks and uncertainties. We have divested and may in the future divest certain assets or businesses, including businesses that are no longer a part of our ongoing strategic plan. Divestitures require a significant investment of time and resources and involve significant risks and uncertainties, including: • inability to find potential buyers on favorable terms; • failure to effectively transfer liabilities, contracts, facilities and employees to buyers; • requirements that we retain or indemnify buyers against certain liabilities and obligations; • the possibility that we will become subject to third- party claims arising out of such divestiture; • challenges in identifying and separating the intellectual property, systems and data to be divested from the intellectual property, systems and data that we wish to retain; • inability to reduce fixed costs previously associated with the divested assets or business; • challenges in collecting the proceeds from any divestiture; • disruption of our ongoing business and distraction of management; • loss of key employees who leave us as a result of a divestiture; and • if customers or partners of the divested business do not receive the same level of service from the new owners, or the new owners do not handle the customer data with the same level of care, our other businesses may be adversely affected, to the extent that these customers or partners also purchase other products offered by us or otherwise conduct business with our retained business. Divestitures may result in losses on disposal or continued financial involvement in the divested business, including through indemnification, guarantee or other financial arrangements, for a period of time following the transaction, which would adversely affect our financial results. Refer to Note 4 – Assets / Liabilities Held for Sale and Divestitures to our Consolidated Financial Statements for additional information about our divestitures. CNDT 2023 Annual Report22 Additionally, we may selectively pursue strategic acquisitions, investments and joint ventures. We also may enter into relationships with other businesses to expand our products or our ability to provide services. Acquisitions, investments and joint ventures similarly pose a number of risks and potential disruptions that could adversely affect our reputation, operations or financial results, including: expansion into new markets and business ventures; the diversion of management' s attention to the acquisition and integration of acquired operations and personnel; being bound by acquired customer or vendor contracts with unfavorable terms; and potential adverse effects on a company' s operating results for various reasons, including, but not limited to, the following items: the inability to achieve financial targets; the inability to achieve certain integration expectations, operating goals, and synergies; costs incurred to exit current or acquired contracts or restructuring activities; costs incurred to service acquisition debt, if any; and the amortization or impairment of acquired intangible assets.** Financial Risks We have recorded significant goodwill impairment charges and may be required to record additional charges to future earnings if our goodwill or intangible assets become impaired. We are required under generally accepted accounting principles to review our intangible assets for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Goodwill is required to be tested for impairment at least annually. Factors that may be considered a change in circumstances indicating that the carrying value of our intangible assets and / or goodwill may not be recoverable include a decline in stock price and market capitalization, slower growth rates in our industry or our own operations, and / or other materially adverse events that have implications on the profitability of our business or business segments. ~~After completing~~ **We**

may be required to record additional charges to earnings during the ~~annual~~ **period in which any** impairment ~~test, the Commercial reporting unit experienced lower than expected new customer contract signings (all subsequent to November 1, 2022), and an unexpected softening~~ of **our** ~~the future business pipeline for certain solutions. Management believed these were driven by macroeconomic conditions present in the fourth quarter of 2022. The combination of these factors led management, in December 2022, to review the Commercial reporting unit and further evaluate the portfolio. These factors triggered the need for management to perform a~~ goodwill ~~impairment assessment for~~ - **or** ~~this reporting unit as~~ **other intangible assets is determined which could adversely impact our results of operations. As** of December 31, ~~2022~~ **2023 , our goodwill balance was $ 651 million** , which **represented 20. 6 %** ~~resulted in a pre- tax impairment charge~~ of ~~$ 358 million~~ **total consolidated assets** . Refer to Note 8 – Goodwill and Intangible Assets, Net to our Consolidated Financial Statements for additional information about our ~~2022~~ goodwill ~~impairment. While no additional~~ impairments ~~were identified in 2022, we may be required to record additional charges to earnings during the period in which any impairment of our goodwill or other intangible assets is determined which could adversely impact our results of operations~~ . ~~As of December 31, 2022, our goodwill balance was $ 955 million, which represented 26. 7 % of total consolidated assets. CNDT 2022 Annual Report24~~ Our significant indebtedness could materially adversely affect our results of operations and financial condition. We have and will continue to have a significant amount of debt and other obligations. Our substantial debt and other obligations could have important consequences. For example, it could (i) increase our vulnerability to general adverse economic and industry conditions; (ii) limit our ability to obtain additional financing for future working capital, capital expenditures, acquisitions and other general corporate requirements; (iii) require us to dedicate a substantial portion of our cash flows from operations to service debt and other obligations thereby reducing the availability of our cash flows from operations for other purposes; (iv) limit our flexibility in planning for, or reacting to, changes in our businesses and the industries in which we operate; (v) place us at a competitive disadvantage compared to our competitors that have less debt; and (vi) become due and payable upon a change in control. If new debt is added to our current debt levels, these related risks could increase. Our ability to make payments on and to refinance our indebtedness, as well as any future debt that we may incur, will depend on our ability to generate cash in the future from operations, financings or asset sales. Our ability to generate cash is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. The terms of our indebtedness may restrict our current and future operations, particularly our ability to incur debt that we may need to fund initiatives in response to changes in our business, the industries in which we operate, the economy and governmental regulations. The terms of our indebtedness include several restrictive covenants that impose significant operating and financial restrictions on us and our subsidiaries and limit our ability to engage in actions that may be in our long- term best interests. These may restrict our and our subsidiaries' ability to take some or all of the following actions: • incur or guarantee additional indebtedness or sell disqualified or preferred stock; • pay dividends on, make distributions in respect of, repurchase or redeem capital stock; • make investments or acquisitions; **CNDT 2023 Annual Report23** • sell, transfer or otherwise dispose of certain assets; • create liens; • enter into sale / leaseback transactions; • enter into agreements restricting the ability to pay dividends or make other intercompany transfers; • consolidate, merge, sell or otherwise dispose of all or substantially all of our or our subsidiaries' assets; • enter into transactions with affiliates; • prepay, repurchase or redeem certain kinds of indebtedness; • issue or sell stock of our subsidiaries; and / or • significantly change the nature of our business. As a result of all of these restrictions, we may be: • limited in how we conduct our business and pursue our strategy; • unable to raise additional debt financing to operate during general economic or business downturns; or • unable to compete effectively or to take advantage of new business opportunities. A breach of any of the restrictive covenants, if applicable, could result in an event of default under the terms of this indebtedness. If an event of default occurs, the lenders would have the right to accelerate the repayment of such debt and the event of default or acceleration may result in the acceleration of the repayment of any other of our debt to which a cross- default or cross- acceleration provision applies. Furthermore, under this indebtedness we have pledged our assets as collateral as security for our repayment obligations. If we were unable to repay any amount of this indebtedness when due and payable, the lenders could proceed against the collateral that secures this ~~CNDT 2022 Annual Report25~~ indebtedness. In the event our creditors accelerate the repayment of our borrowings, we may not have sufficient assets to repay such indebtedness, which could materially adversely affect our results of operations and financial condition ~~. In addition, the Term Loan A, the Term Loan B, the Revolving Credit Facility and other borrowings under the Credit Agreement (as defined below) bear interest at a rate that varies depending on LIBOR. On March 5, 2021, the Financial Conduct Authority of the U. K., which regulates LIBOR, announced (the" FCA Announcement") that all LIBOR tenors will cease to be published or will no longer be representative after June 30, 2023. The FCA Announcement coincides with the March 5, 2021 announcement of LIBOR' s administrator, the ICE Benchmark Administration Limited (the" IBA"), indicating that, as a result of not having access to input data necessary to calculate LIBOR tenors on a representative basis after June 30, 2023, the IBA would have to cease publication of such LIBOR tenors immediately after the last publication on June 30, 2023. The United States Federal Reserve has also advised banks to cease entering into new contracts that use USD LIBOR as a reference rate. The Federal Reserve, in conjunction with the Alternative Reference Rate Committee (the" ARRC"), a committee convened by the Federal Reserve that includes major market participants, has identified the Secured Overnight Financing Rate (" SOFR "), a new index calculated by short- term repurchase agreements, backed by Treasury securities, as its preferred alternative rate for LIBOR. On July 29, 2021, the ARRC formally recommended SOFR as its preferred alternative replacement rate for LIBOR. On July 29, 2021, the ARRC also recommended a forward- looking term rate based on SOFR published by CME Group. Although SOFR appears to be the preferred replacement rate for U. S. dollar LIBOR, at this time, it is not possible to predict the effect of any such changes, any establishment of alternative reference rates or other reforms to LIBOR that may be enacted in the United States, United Kingdom or elsewhere. Alternative reference rates that may replace LIBOR, including SOFR for USD transactions, may not yield the same or similar economic results as LIBOR over the lives of such transactions. There can be no guarantee that SOFR will become the dominant alternative to USD LIBOR or that SOFR will be widely used and other alternatives may or may not~~

~~be developed and adopted with additional consequences. There are significant differences between LIBOR and SOFR, such as LIBOR being an unsecured lending rate while SOFR is a secured lending rate. Pursuant to the terms of the Credit Agreement, on June 30, 2023, we expect that the LIBOR interest rate applicable to Term Loan A, Term Loan B, the Revolving Credit Facility and other borrowings thereunder will be replaced by a new interest rate benchmark equal to the sum of (i) Term SOFR (the ARRC- recommended, SOFR- based forward- looking term rate for any period that is approximately as long as the related interest period) plus (ii) for each tenor of LIBOR being replaced, the fixed spread adjustment recommended by the ARRC. There is no assurance that such a successor reference rate will be similar to, or produce the same value or economic equivalence of, LIBOR and the new rates may not be as favorable to us as those in effect prior to any LIBOR phase- out. LIBOR related changes, including unforeseen effects, may negatively impact costs of borrowings under our credit facilities or future financing efforts, which could have an adverse effect on our results of operations, cash flow and liquidity~~ . The failure to obtain or maintain a satisfactory credit rating and financial performance could adversely affect our liquidity, capital position, borrowing costs, access to capital markets and our need or ability to post surety or performance bonds to support clients' contracts. Any future downgrades to our credit rating or perceived or actual weakness in our financial performance could negatively impact our ability to renew contracts with our existing clients and vendors, limit our ability to compete for new clients, result in increased premiums for surety or performance bonds and letters of credit to support our clients' contracts, reduce our ability to obtain surety bonds, performance bonds and letters of credit and / or result in a requirement that we provide collateral to secure our surety or performance bonds and letters of credit. Further, certain of our commercial outsourcing contracts provide that, in the event our credit ratings are downgraded to specified levels, the client may elect to terminate its contract with us and either pay a reduced termination fee or, in some limited instances, no termination fee. Such a credit rating downgrade or perceived or actual weakness in our financial performance could adversely affect these client relationships. There can be no assurance that we will be able to maintain our credit ratings or financial performance. Any additional actual or anticipated downgrades of our credit ratings, including any announcement that our ratings are under review for a downgrade, or perceived or actual weak financial performance may have a negative impact on our liquidity, capital position, access to capital markets and ability to obtain surety bonds, performance bonds and letters of credit sufficient to support our existing and future business needs. ~~CNDT 2022 Annual Report26~~ Our profitability is dependent upon our ability to obtain adequate pricing for our services and to improve our cost structure. Our success depends on our ability to obtain adequate pricing for our services that will provide a reasonable return to our shareholders. Depending on competitive market factors, future prices we obtain for our services may decline from previous levels. If we are unable to obtain adequate pricing for our services, it could materially adversely affect our results of operations and financial condition. In addition, our contracts are increasingly requiring tighter timelines for implementation as well as more stringent service level metrics. This makes the bidding process for new **CNDT 2023 Annual Report24** contracts much more difficult and requires us to adequately consider these requirements in the pricing of our services. To meet the service requirements of our customers, which often includes 24 / 7 service, and to optimize our employee cost base, including our back-office support, we often locate our delivery service and back- office support centers in lower- cost locations, including several developing countries. Concentrating our centers in these locations presents several operational risks, many of which are beyond our control, including the risks of political instability, natural disasters, safety and security risks, labor disruptions, excessive employee turnover and rising labor rates. Additionally, a change in the political environment in the United States or the adoption and enforcement of legislation and regulations curbing the use of such centers outside of the United States could materially adversely affect our results of operations and financial condition. These risks could impair our ability to effectively provide services to our customers and keep our costs aligned to our associated revenues and market requirements. Our ability to sustain and improve profit margins is dependent on a number of factors, including our ability to continue to improve the cost efficiency of our operations through such programs as robotic process automation, to absorb the level of pricing pressures on our services through cost improvements, our ability to hire and retain employees in the current global labor markets and to successfully complete information technology initiatives. If any of these factors adversely materialize or if we are unable to achieve and maintain productivity improvements through restructuring actions or information technology initiatives, our ability to offset labor cost inflation and competitive price pressures would be impaired, each of which could materially adversely affect our results of operations and financial condition. If we are unable to collect our receivables for billed or unbilled services, our results of operations and financial condition could be materially adversely affected. The profitability of certain of our large contracts depends on our ability to successfully obtain payment from our clients of the amounts they owe us for work performed. Actual losses on client balances could differ from current estimates and, as a result, may require adjustment of our receivables for unbilled services. Our receivables include long- term contracts. Over the course of a long- term contract, our customers' financial condition may change such that their ability to pay their obligations, and our ability to collect our fees for services rendered, is adversely affected. Additionally, we may perform work for the federal, state and local governments, with respect to which we must file requests for equitable adjustment or claims with the proper agency to seek recovery in whole or in part, for out- of- scope work directed or caused by the government customer in support of its project, and the amounts of such recoveries may not meet our expectations or cover our costs. Timely collection of client balances also depends on our ability to complete our contractual commitments (such as our ability to achieve specified milestones in percentage- of- completion contracts) and bill and collect our contracted revenues. If we are unable to meet our contractual requirements, we might experience delays in collection of and / or be unable to collect our client balances, and if this occurs, our results of operations and financial condition could be adversely affected. In addition, if we experience an increase in the time to bill and collect for our services, our results of operations and financial condition could be materially adversely affected. A decline in revenues from or a loss or failure of significant clients could materially adversely affect our results of operations and financial condition. Our results of operations and financial condition could be materially adversely affected by the loss or failure of significant clients or any significant reduction in revenue volumes from our significant clients, which has occurred in the past and could occur in the future. Some of our clients are in business sectors which have experienced significant financial difficulties or consolidation, and / or the reduction of volumes or their inability to make payments to us, as a result of, among other things, their merger or acquisition, divestiture of assets or businesses, contract expiration, nonrenewal or early termination (including termination for convenience) or business or financial failure or deterioration. Economic and political conditions could affect our clients' businesses and the markets they serve. ~~CNDT 2022 Annual Report27 Competition from other service providers and bringing these services in-house could also be expected to adversely impact our revenues.~~ We have non- recurring revenue, which subjects us to a risk that our revenues and cash flows from operations may fluctuate from period to period. Revenue generated from our non- recurring services may fluctuate due to factors both within and outside of our control. Our mix of non- recurring and recurring revenues is impacted by acquisitions as well as growth in our non- recurring lines of business, as well as our strategic decisions to exit or reduce our services in particular service areas. There is less predictability and certainty in the timing and amount of revenues generated by our non- recurring services and, accordingly, our results of operations and financial condition could be materially adversely affected by the timing and amount of revenues generated from our non- recurring services. **CNDT 2023 Annual Report25** Increases in the cost of voice and data services or significant interruptions in such services could materially adversely affect our results of operations and financial condition. Our business is significantly dependent on voice and data services provided by various communication and data service providers around the world. Accordingly, any disruption of these services could materially adversely affect our results of operations and financial condition. ~~We have taken steps to mitigate our exposure to service disruptions by investing in redundant circuits, although there is no assurance that the redundant circuits would not also suffer disruption.~~ Any inability to obtain voice or data services at favorable rates could materially adversely affect our results of operations and financial condition. Where possible, we have entered into long ~~-~~ term contracts with various providers to ~~mitigate~~ **have price certainty and avoid** short ~~-~~ term rate increases and fluctuations. There is no obligation ~~, however,~~ for ~~the~~ **our** vendors to renew their **long term** contracts with us, or to offer the same or lower rates in the future, and such contracts are subject to termination or modification for various reasons outside of our control. A significant increase in the cost of voice or data services that is not recoverable through an increase in the price of our services could materially adversely affect our results of operations and financial condition. In addition, a number of our facilities are located in jurisdictions outside of the United States where the provision of utility services, including electricity and water, may not be consistently reliable, and ~~while there are backup systems in many of our operating facilities,~~ an extended outage of utility or network services could materially adversely affect our results of operations and financial condition. We are a holding company and, therefore, may not be able to receive dividends or other payments in needed amounts from our subsidiaries. Our principal assets are the shares of capital stock and indebtedness of our subsidiaries. We rely on dividends, interest and other payments from these subsidiaries to meet our obligations for paying principal and interest on outstanding debt obligations, paying corporate expenses and, if determined by our Board of Directors, paying dividends to shareholders and repurchasing common shares. Certain of our subsidiaries are subject to regulatory requirements of the jurisdictions in which they operate or other restrictions that may limit the amounts that these subsidiaries can pay in dividends or other payments to us. No assurance can be given that there will not be further changes in law, regulatory actions or other circumstances that could restrict the ability of our subsidiaries to pay dividends to us. In addition, due to differences in tax rates, repatriation of funds from certain countries into the United States could have unfavorable tax ramifications for us. **We operate globally and changes in tax laws could adversely affect our results. We monitor U. S. and non- U. S. tax law changes that may adversely impact our overall tax costs. From time to time, proposals have been made and / or legislation has been introduced to change tax rates, as well as related tax laws, regulations or interpretations thereof, by various jurisdictions, or to limit tax treaty benefits which, if enacted or implemented, could materially increase our tax costs and / or our effective tax rate and could have a material adverse impact on our financial condition and results of operations. In addition, we are subject to the examination of our income tax returns by the United States Internal Revenue Service and other tax authorities around the world. The company regularly assesses the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of its provision for income taxes. There can be no assurance that the outcomes from these examinations will not have an adverse effect on the company' s provision for income taxes and cash tax liability.** CNDT ~~2022~~ **2023** Annual ~~Report28~~ **Report26**