Risk Factors Comparison 2024-03-04 to 2023-02-27 Form: 10-K

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In addition to other information in this Form 10- K, the following risk factors should be carefully considered in evaluating our business because such factors may have a material impact on our business, operating results, cash flows and financial condition. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties of which we are unaware, or that we currently believe are not material, may also become important factors that adversely affect our business. Company Risks Operational Risks ~~We depend on~~ **Any failure to** ~~attracting~~ --- **attract** , ~~integrating~~ **integrate** , ~~developing~~ --- **develop** , ~~managing~~ **manage** , ~~and retaining~~ --- **retain and motivate** qualified consultants and senior leaders **could cause our business, financial condition and results of operations to suffer** . Our success depends upon our ability to attract, develop, integrate, manage ~~and~~ **,** retain **and motivate** quality consultants with the skills and experience necessary to fulfill our clients' needs and achieve our operational and financial goals. **We must be able to successfully hire, develop, retain and motivate appropriate numbers of talented people with diverse skills in order to serve clients across the globe, respond quickly to rapid and ongoing changes in demand, technology, industry and the macroeconomic environment, and continuously innovate to grow our business.** Our ability to hire ~~and~~ **, develop,** retain **and motivate** qualified consultants could be impaired by any diminution of our reputation, disparity in compensation relative to our competitors, modifications to our total compensation philosophy or competitor hiring programs. If we cannot attract, hire, develop and retain qualified consultants, our business, financial condition and results of operations may suffer. Our future success also depends upon our ability to integrate newly hired consultants successfully into our operations, to manage the performance of our consultants, and to train and incentivize them to introduce new services and solutions to clients. Failure to successfully integrate newly hired consultants or to manage the performance of our consultants could affect our profitability by causing operating inefficiencies that could increase operating expenses and reduce operating income **. Our ability to integrate, train and motivate our consultants and senior leaders in a manner that protects and enhances our culture could be negatively impacted by the Company' s current hybrid work arrangements, and hybrid and remote working arrangements have also expanded the pool of other firms that may compete with us for our consultants and consultant candidates** . There is also a risk that unanticipated turnover in senior leadership could stall Company activity, interrupt strategic vision or lower productive output, any of which may adversely affect our business, financial condition and results of operations. **As a result, any failure to attract, integrate,** We may not be able to prevent our consultants from taking our clients with them to another firm **, which could adversely affect our business, financial condition and results of operations** . Our success depends upon our ability to develop and maintain strong, long-term relationships with our clients. Although we work on building these relationships between our firm and our clients, in many cases one or two consultants have primary responsibility for a client relationship. When a consultant leaves one executive search firm and joins another, clients who have established relationships with the departing consultant may move, and in the past have moved, their business to the consultant' s new employer. We may also lose, and in the past have lost, clients if the departing consultant has widespread name recognition or a reputation as a specialist in executing searches in a specific industry or management function. If we fail to retain important client relationships when a consultant departs our firm, our business, financial condition and results of operations may be adversely affected. **Any** ~~Our success depends on our ability~~ **inability** to maintain our professional reputation and brand name **could adversely affect our business, financial condition and results of operations** . We depend on our overall professional reputation and brand name recognition to secure new engagements and hire qualified consultants. Our success also depends on the individual reputations of our consultants. We obtain many of our new engagements from existing clients or from referrals by those clients. A client who is dissatisfied with our work can adversely affect our ability to secure new engagements. **In turn, the clients with which we choose to work can impact our reputation.** If any factor, including **the** poor performance **of** ~~or~~ **our personnel or consultants,** the loss of relevant thought leadership, **various evolving trends related to market standards and stakeholder expectations, or the actual or perceived action or position of one of our consultants or clients,** hurts our reputation **or brand name,** we may experience difficulties in competing successfully for both new engagements and qualified consultants **, and we may experience decreased demand for our services** . Failure to maintain our professional reputation and brand name could adversely affect our business, financial condition and results of operations. Because certain of our clients have arrangements that restrict us from recruiting their employees, we are constrained in our ability to fill or obtain new executive search assignments in certain cases **, which could impact demand for our services and affect our results of operations or financial condition** . Clients frequently require us to refrain from recruiting certain of their employees when conducting executive searches on behalf of other clients. These restrictions often have time and / or geographic limitations. The specific duration and scope of the off- limits arrangements depend on the length of the client relationship, the frequency with which the client engages us to perform searches, the number of assignments we have performed for the client and the potential for future business with the client. Client restrictions on recruiting their employees create constraints on our ability to fulfill certain executive searches. Additionally, if a prospective client believes that we are overly restricted from recruiting the employees of our existing clients, these prospective clients may not engage us to perform their executive searches. As a result, our business, financial condition and results of operations may suffer. We rely heavily on information management systems **, and if such systems experience disruptions or other failures, are not expanded and diversified in a cost- effective and timely manner or are found to infringe the intellectual property rights of third parties, it may adversely affect the operation of our business, results of operations and financial condition** . Our success depends upon our ability to store, retrieve, process and manage substantial amounts of information. To achieve our goals, we must ensure that our information management systems continue to function properly, while also improving and upgrading them. Our information management systems are subject to the risk of failure, **damage, interruption,** obsolescence ~~and~~ **,** inadequacy **and breach** . Further, we may be unable to license, design and implement, in a cost- effective and timely manner, improved information systems that allow us to compete effectively and can handle the increased demands of the planned expansion and diversification of our business. In addition, business process reengineering efforts may result in a change in software platforms and programs. Such efforts may result in an acceleration of depreciation expense over the shortened expected remaining life of the software and present transitional problems. If it were determined or alleged that our information management systems infringe the intellectual property rights of third parties, we could face increased costs or our ability to use such systems, or to derive all of the intended benefits from them, could be delayed, impaired or blocked if we are unable to license such intellectual property or remedy the infringement. Problems or issues with our proprietary search system or other factors may result in interruptions or loss in our information processing capabilities which may adversely affect our business, financial condition and results of operations. We are investing in new technology and intellectual property for the introduction of new products and services to our clients. Our inability to successfully implement these new technologies, products and services could negatively affect our business ~~and~~ **,** profitability **and reputation** . We continue to invest in new technology and intellectual property to enhance the products and services we offer to penetrate new markets and increase our client base. The development of new technology and intellectual property is subject to a number of risks including customer acceptance, intellectual property infringement, obsolescence ~~and~~ **,** increased expenditures for research and development **and privacy and ethical considerations** . The success of new product and service introductions depends on a number of factors, including timely and effective development and market acceptance, and can be negatively impacted by various factors such as quality issues, the risk of exposure or misuse of confidential client information or other deficiencies and the risk that our competitors beat us to market with similar or more highly regarded products and services. The development and introduction of new products and services may prove disruptive to our operations by placing additional demands on our employees and management team and on our information, financial, marketing, administrative and operational systems, processes and controls. There can be no assurance that we will successfully develop new technology and intellectual property and effectively manage future introductions and transitions of products and services. **The development and management of intellectual property also exposes us to the risk of potential misappropriation of or failure to otherwise protect our intellectual property.** Furthermore, as we develop new technology intended to allow us to derive greater insights from our data or data entrusted to us by clients, there is a risk that such technology may not be designed or operate to produce the types or quality of results that will enable us to succeed as the market for our products and services continues to evolve, and a risk that our new products and services will not find market acceptance due to changes in clients' needs, technology, competitive pressures, or other external factors. If our new products and services are not successfully implemented or received by our clients, our business, financial condition and results of operations, as well as our professional reputation, could be adversely affected. We are dependent on third parties for the execution of certain critical functions **and the failure or inability to perform on the part of one or more of these third parties could materially and adversely affect our reputation and our business** . We do not maintain all of our technology infrastructure, and we have outsourced certain other critical applications and business processes to external providers, including cloud- based services. The failure or inability to perform on the part of one or more of these critical suppliers or partners could cause significant disruptions and increased costs. We are also dependent on security measures that some of our third- party vendors are taking to protect their own systems and infrastructures. If our third- party vendors do not maintain adequate security measures, do not require their sub- contractors to maintain adequate security measures, do not perform as anticipated and in accordance with contractual requirements, or become targets of cyber- attacks, we may experience operational difficulties ~~and~~ **,** increased costs **or the exposure or inappropriate use of certain data with which we are entrusted** , **any of** which could materially and adversely affect our reputation and our business. Legal, Regulatory and Compliance Risks We face the risk of ~~liability~~ **claims, including relating to alleged breaches of contractual obligations and employment- related or other laws and regulations** in the services we perform **for our clients, which could result in significant liabilities** . We are exposed to potential claims with respect to the executive search process **and the other services we perform for our clients** . A client could assert a claim for violations of off- limits arrangements, breaches of confidentiality agreements or professional malpractice. In addition, candidates **for an executive search and on- demand talent assignment** could assert claims against us. Possible claims include failure to maintain the confidentiality of the candidate' s employment **or placement** search or personal data or for **unlawful** discrimination or other violations of the employment laws or malpractice. The growth and development of our other business lines bring with it the potential for similar claims as well as new types of claims from clients and client employees **, including claims of intellectual property infringement** . In various countries, we are subject to data protection laws impacting the processing of candidate and client employee information. We maintain professional liability insurance in amounts and coverage that we believe are adequate; however, we cannot guarantee that our insurance will cover all claims or that coverage will always be available. Significant liabilities in excess of, or otherwise outside, our insurance coverage could have a negative impact on our business, financial condition and results of operations. Data security, data privacy and data protection laws, such as GDPR, and other evolving regulations and cross- border data transfer restrictions, may limit the use of our services and adversely affect our business. Legal requirements relating to the collection, storage, handling, use, disclosure, transfer, and security of personal data continue to evolve, and regulatory scrutiny in this area is increasing around the world. As a result, we are or may become subject to a variety of laws and regulations in the U. S. and abroad, which may require us to make changes to our approach to services, solutions and / or products so as to enable the Company and / or our clients to meet new legal requirements. Although we have a global data privacy program that is designed to address the requirements applicable to our international business, ongoing efforts to comply with GDPR and other rapidly emerging privacy and data protection laws in countries such as Brazil and China, or states in the U. S. such as California, has increased the complexity of our compliance operations, and could in the future entail substantial expenses, and divert resources from other initiatives and projects. The enactment of more restrictive laws, rules or regulations could lead to more onerous obligations in our contracts, limiting our storage, transfer and processing of data and, in some cases, make it more difficult and costly to meet client expectations, or lead to significant fines, penalties or liabilities for noncompliance, any of which could adversely affect our business, financial condition and results of operations. In addition, due to the uncertainty and potentially conflicting interpretations of these laws, it is possible that such laws and regulations may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules or our practices. Any failure or perceived failure by us to comply with applicable laws or satisfactorily protect personal information could result in governmental enforcement actions, litigation, or negative publicity, any of which could inhibit sales of our services, solutions and / or products in certain locations. There may be adverse tax, legal, and other consequences if the independent contractor classification of our on- demand independent talent is challenged. We classify the **interim** ~~on- demand~~ talent available through On- Demand Talent primarily as independent contractors. In general, any time a court or administrative agency determines that we or our clients have misclassified an on- demand consultant as an independent contractor, we or our clients could incur tax and other liabilities for failing to properly withhold or pay taxes on the consultant' s compensation as well as potential wage and hour and other liabilities depending on the circumstances and jurisdiction. For on- demand talent who are classified as employees, some jurisdictions impose licensing and other requirements. If a court or administrative agency determines that we have failed to comply with these requirements, we could be subject to fines, revocation of licensure, or other penalties. We may become subject to administrative inquiries and audits concerning the taxation and classification of our on- demand consultants. There is often uncertainty in the application of worker classification laws, and consequently there is risk to us and to clients that independent contractors could be deemed to be misclassified under applicable law. The tests governing whether a service provider is an independent contractor or an employee are typically highly fact sensitive and vary by governing law. Laws and regulations that govern the status and ~~misclassification~~ --- **classification** of independent contractors are also subject to change as well as to divergent interpretations by various authorities, which can create uncertainty and unpredictability. A misclassification determination, allegation, claim, or audit involving our on- demand consultants creates potential exposure for clients and for us, including but not limited to reputational harm and monetary exposure arising from or relating to failure to withhold and remit taxes, unpaid wages, and wage and hour laws and requirements (such as those pertaining to minimum wage and overtime); claims for employee benefits, social security contributions, and workers' compensation and unemployment insurance; claims of discrimination, harassment, and retaliation under civil rights laws; claims under laws pertaining to unionizing, collective bargaining, and other concerted activity; and other claims, charges, or other proceedings under laws and regulations applicable to employers and employees, including risks relating to allegations of joint employer liability. Such claims could result in monetary damages (including but not limited to wage- based damages or restitution, compensatory damages, liquidated damages, and punitive damages), interest, fines, penalties, costs, fees (including but not limited to attorneys' fees), criminal and other liability, assessment, injunctive relief, or settlement, all of which could adversely impact our business and results of operations. Increased cybersecurity vulnerabilities, threats and more sophisticated and targeted cyber- related attacks could pose a risk to our systems, networks, solutions, services and data. Increased global cybersecurity vulnerabilities, threats and more sophisticated and targeted cyber- related attacks could pose a risk to the security of our systems and networks and the confidentiality, availability and integrity of our data. **Cybersecurity risks are constantly evolving as cybercriminals are becoming more sophisticated and launching larger and more effective attacks that are becoming more difficult to defend against, including attacks involving the malicious use of artificial intelligence. Cybersecurity threats range from ransomware, to attacks from more advanced and persistent sources, such as organized cybercriminals, to improper conduct by our employees.** Furthermore, the Company' s hybrid work arrangements may make it more vulnerable to targeted activity from cybercriminals **or other nefarious actors** and may increase the risk of ~~cyberattacks~~ **cybersecurity incidents** or other security breaches ~~. We~~ **, including because hybrid work arrangements involve reliance on cloud technology and remote connectivity features which** have ~~a~~ **been increasingly targeted by threat actors. As described in Part I, Item 1C. Cybersecurity, we have an incident response** program in place designed to detect and respond to **cybersecurity incidents. However, we have, from time to time, experienced threats to and infringement of our** data ~~security incidents. However~~ , **policies and systems in the ordinary operation of our business, and** we remain ~~potentially~~ vulnerable to additional known or unknown threats. We also have access to sensitive, confidential or personal data or information that is subject to privacy and security laws, regulations and client- imposed controls. Despite our efforts to protect sensitive, confidential or personal data or information, we may be vulnerable to security breaches, theft, lost data, employee errors and / or malfeasance that could potentially lead to the compromising **or other unauthorized use** of sensitive, confidential or personal data or information, improper use of our systems or networks, or unauthorized access, use, disclosure, modification or destruction of information. In addition, a **cybersecurity incident** ~~cyber- related attack~~ could result in other negative consequences, including **disruption of our business operations for sustained periods of time,** damage to our reputation or competitiveness, **significant** remediation ~~or~~ **costs,** increased ~~protection~~ **compliance** costs, **and** litigation or regulatory action **, which could result in fines and / or penalties, any of** which could result in a negative impact to our **business, results of operations and financial condition. Further, cybersecurity incidents affecting our clients could interrupt the operation of their businesses in a manner that could reduce or delay our clients' demand for our services, which could impact our** results of operations. Industry and General Economic Risks ~~A worsening of the ongoing COVID- 19 pandemic, or the future outbreak of other highly infectious or contagious diseases, could adversely impact or cause disruption to our business, financial condition, results of operations and cash flows. Further, the COVID- 19 pandemic has caused severe disruptions in the U. S. and global economy, may further disrupt financial markets and could potentially create widespread business continuity issues. The global COVID- 19 pandemic and actions taken in response, such as stay- at- home orders, travel restrictions, vaccine mandates and testing requirements, have created significant volatility, uncertainty and economic disruption. Beginning in the 2020 second~~

~~quarter, we experienced a decline in demand for our executive search and consulting services, a lengthening of the executive search process due to a slow- down in client decision making and an inability to execute in- person consulting engagements, which negatively impacted our results of operations. The sustained economic downturn resulted in the impairment of the goodwill in our Europe and Asia Pacific reporting units. In 2021 and 2022, our results of operations were not materially impacted by the pandemic, however, the extent to which any future worsening of the pandemic (such as future resurgences or the emergence of new variant strains of the COVID- 19 virus) might impact our business, operations and financial results will depend on numerous evolving factors that we may not be able to accurately predict, including the impact of the pandemic and actions taken in response on our operations, the effect on our clients' businesses and their demand for our services, supply chain disruptions, travel restrictions, and the general level of economic activity in the countries which we operate. The impact of a worsening of the COVID- 19 pandemic may also exacerbate other risks discussed herein, any of which could have a material effect on us. The ultimate effect that a worsening of the COVID- 19 pandemic or other similar outbreaks of highly contagious or infectious diseases may have on our business, financial condition or results of operations is not presently known to us or may present unanticipated risks that cannot be determined at this time. We face aggressive competition. The global executive search industry is highly competitive and fragmented. We compete with other large global executive search firms, smaller specialty firms and, more recently with Internet- based firms and social media. Specialty firms may focus on regional or functional markets or on particular industries to a greater extent than we do. Some of our competitors may possess greater resources, greater name recognition and longer operating histories than we do in particular markets or practice areas, or be willing to reduce their fees or agree to alternative pricing practices in order to attract clients and increase market share. Our competitors may be further along in the development and design of technological solutions to meet client requirements, and our new products and services could encounter significant competition from more mature participants in those areas. There are limited barriers to entry into the search industry and new search firms continue to enter the market. Executive search firms that have a smaller client base than we do may be subject to fewer off- limits arrangements. In addition, our clients or prospective clients may decide to perform executive searches using in- house personnel. Also, as Internet- based firms continue to evolve, they may develop offerings similar to or more expansive than ours, thereby increasing competition for our services or more broadly disrupting the executive search industry. As a result, we may not be able to continue to compete effectively with existing or potential competitors and we may not be able to implement our leadership strategy effectively. Our inability to meet these competitive challenges could have an adverse effect on our business, financial condition and results of operations.~~ Our net revenue and operating expenses may be affected by **the impact of** adverse ~~economic~~ **macroeconomic or labor market** conditions **,** including **the impacts of** inflation **and effects of geopolitical instability, on demand for our services** . Demand for our services is affected by global ~~economic~~ **macroeconomic** conditions and the general level of economic activity **and strength of the labor markets** in the geographic regions in which we **and our clients** operate. During periods of slowed economic activity **,** many companies hire fewer permanent employees **, reduce the levels at which they compensate their employees (which generally reduces the amount of revenue we generate as a result of a successful placement)** , choose to rely on their own human resources departments rather than third- party search firms to find talent or cut back on human resource initiatives **or consulting engagements** , all of which **could** negatively affect our financial condition and results of operations **, including specifically our net revenue and operating expenses** . We also may experience more competitive pricing pressure during periods of economic decline **or unfavorable labor market conditions** . If unfavorable changes in economic conditions occur **, or if there are prolonged weaknesses in the labor markets in which we and our clients operate, including as a result of structural changes in workforce requirements in response to emerging technologies such as artificial intelligence** , our business, financial condition and results of operations could suffer. Accelerated and pronounced economic pressures, such as the recent inflationary cost pressures, may negatively impact our expense base by increasing the costs we pay, including for services and employees, and may negatively impact revenues if our efforts to compensate for higher costs by raising our prices cause clients to reduce the volume of business they do with us or reduce our ability to attract new clients. **Geopolitical instability may also cause employers to reduce hiring and otherwise limit new strategic initiatives, which may also affect the demand for our services and ultimately impact our results of operations and financial condition. We face aggressive competition and if we are unable to meet these competitive challenges, our business, financial condition and results of operations may be materially and adversely affected. The global executive search industry is highly competitive and fragmented. We compete with other large global executive search firms, smaller specialty firms and, more recently with Internet- based firms and social media. Specialty firms may focus on regional or functional markets or on particular industries to a greater extent than we do. Some of our competitors may possess greater resources, greater name recognition and longer operating histories than we do in particular markets or practice areas, or be willing to reduce their fees or agree to alternative pricing practices in order to attract clients and increase market share. Our competitors may be further along in the development and design of technological solutions to meet client requirements, including solutions involving generative artificial intelligence or other emerging technologies, and our new products and services could encounter significant competition from more mature participants in those areas. We may also face increasing competitive pressure as a result of our clients leveraging such technologies in- house to perform all or a portion of the services we offer in a manner that ultimately decreases the demand for our services, which could in turn require us to reduce our fees. There are limited barriers to entry into the search industry and new search firms continue to enter the market. Executive search firms that have a smaller client base than we do may be subject to fewer off- limits arrangements. In addition, our clients or prospective clients may decide to perform executive searches using in- house personnel. Also, as Internet- based firms continue to evolve, they may develop offerings similar to or more expansive than ours, thereby increasing competition for our services or more broadly disrupting the executive search industry. As a result, we may not be able to continue to compete effectively with existing or potential competitors and we may not be**

able to implement our leadership strategy effectively. Additionally, our on- demand talent and consulting services likewise face aggressive competition. We compete with other firms which offer services competitive with those we offer. Certain of these competitors may have more resources than we do and may be able to innovate and provide services faster than we can. Our inability to meet these competitive challenges could have an adverse effect on our business, financial condition and results of operations. A significant currency fluctuation between the U. S. dollar and other currencies could adversely impact our operating income. With our operations in the Americas, Europe and Asia Pacific, we conduct business using various currencies. In ~~2022~~ **2023** , approximately ~~34~~ **41** % of our net revenue was generated outside the United States. We do not enter into hedging transactions relating to our exposure to currency fluctuations. As we typically transact business in the local currency of our subsidiaries, our profitability may be impacted by the translation of foreign currency financial statements into U. S. dollars. Significant long- term fluctuations in relative currency values, in particular an increase in the value of the U. S. dollar against foreign currencies, could have an adverse effect on our financial condition and results of operations. Currency fluctuations **positively impacted our net revenues 0. 3 % and** negatively impacted our ~~net revenues and~~ operating income by ~~3~~ **0. 7** % ~~and 4 %, respectively,~~ for the year ended December 31, ~~2022~~ **2023** . Our ability to access additional credit could be limited **, which may negatively impact our business** . Banks can be expected to strictly enforce the terms of our credit agreement. Although we are currently in compliance with the financial covenants of our revolving credit facility, a deterioration of economic conditions may negatively impact our business resulting in our failure to comply with these covenants, which could limit our ability to borrow funds under our credit facility or from other borrowing facilities in the future. In such circumstances, we may not be able to secure alternative financing or may only be able to do so at significantly higher costs. General Risk Factors Our multinational operations may be adversely affected by social, ~~political~~ **geopolitical** , regulatory, legal ~~and~~ **,** economic **and weather- related or other natural disaster** risks **, and if we are unable to quickly and completely recover from any associated disruption to our business, we may experience financial losses and reputational damage** . We generate substantial revenue outside the United States. We offer our services through a network of offices in ~~29~~ **30** countries around the world excluding our affiliates. Our ability to effectively serve our clients is dependent upon our ability to successfully leverage our operating model across all of these and any future locations, maintain effective management controls over all of our locations to ensure, among other things, compliance with applicable laws, rules and regulations, and instill our core values in all of our personnel at each of these and any future locations. We are exposed to the risk of changes in social, political, legal and economic conditions inherent in our operations, which could have a significant impact on our business, financial condition and results of operations. In addition, we conduct business in countries where the legal systems, local laws and trade practices are unsettled and evolving. Commercial laws in these countries are sometimes vague, arbitrary and inconsistently applied. Under these circumstances, it is difficult for us to determine at all times the exact requirements of such local laws. If we fail to comply with local laws, our business, financial condition and results of operations could suffer. In addition, the global nature of our operations poses challenges to our management, and financial and accounting systems. Failure to meet these challenges could adversely affect our business, financial condition and results of operations **. Our inability to quickly and completely recover should we experience a disaster or other business continuity problem could result in material financial loss, loss of human capital, regulatory actions, reputational harm or legal liability. Natural disasters and unusual weather conditions, pandemic outbreaks, terrorist acts, global political events and other serious catastrophic events could disrupt business and otherwise materially adversely affect the Company' s business and financial condition. For instance, natural disasters or unusual weather conditions, which have increased in frequency and severity as a result of changing climate patterns, may reduce our consultants' and other employees' ability to travel or damage or impair access to our data servers that we use to provide consistent services to our clients** . The ongoing war in Ukraine has had a number of adverse effects for businesses including a worsening of economic conditions in Europe and more broadly, heightened cybersecurity threats, volatility in foreign exchange rates, inflationary pressures and disruptions in energy, food and commodity markets. Following Russia' s invasion of Ukraine, we ceased our operations in Russia, which represented an immaterial amount of our total revenue. **Additionally, conditions in Israel and the Gaza strip may adversely affect our business, especially our operations in Tel Aviv, which also represented an immaterial amount of our total revenue. Continued instability involving Israel and the Gaza strip, including any further hostilities, political instability, terrorist activities or the interruption of trade or transport may adversely affect our business, financial condition and results of operations.** There is substantial uncertainty about the future impact of ~~this war~~ **these conflicts** and the response of the international community on **regional** ~~the European economy~~ **economies** and the global economy generally, including the risk that the ~~conflict~~ **conflicts** could escalate or expand, and the risk of a continuation or escalation of the effects described above, and heightened geopolitical instability generally. Any of these events or trends could have a material adverse effect on our business and operating results, particularly our European ~~and~~ **,** Asia Pacific **and Middle East** operations **, as well as on the business and operations of our clients, which could, in turn, affect demand for our services** . In addition, the continuation or extent to which the Russia- Ukraine war **or the conflict in Israel and the Gaza strip** may intensify or expand could exacerbate or heighten many of the other risk factors described in this section. Unfavorable tax law changes and tax authority rulings may adversely affect **our** results. We are subject to income taxes in the United States and in various foreign jurisdictions. Domestic and international tax liabilities are subject to the allocation of income among various tax jurisdictions. Our effective tax rate could be adversely affected by changes in the mix of earnings among countries with differing statutory tax rates, or changes in the valuation allowance of deferred tax assets or tax laws. The amount of income taxes and other taxes are subject to ongoing audits by U. S. federal, state and local tax authorities and by non- U. S. authorities. If these audits result in assessments different from amounts recorded, future financial results may include unfavorable tax adjustments. We may not be able to generate sufficient profits to realize the benefit of our net deferred tax assets. We establish valuation allowances against deferred tax assets when there is insufficient evidence that we will be able to realize the benefit of these deferred tax assets. We reassess our ability to realize deferred tax assets as facts and circumstances dictate. If after future assessments of our ability to realize the deferred tax assets we determine that a lesser or greater allowance is required, we record a reduction or increase to the income tax expense and the valuation allowance in the period of such determination. The uncertainty surrounding the future realization of our net deferred tax assets could adversely impact our financial condition and results of operations. We may not be able to align our cost structure with net revenue **, which could adversely affect our business, financial condition and results of operations** . We must ensure that our costs and workforce continue to be in proportion to demand for our services. Failure to align our cost structure, including ~~potential~~ cost increases due to inflationary pressures and higher labor costs due to recent historically low levels of unemployment, and headcount with net revenue could adversely affect our business, financial condition and results of operations **. Changes in our mix of revenue also affect our profitability, and as we continue to diversify our businesses, it places additional pressure on our ability to appropriately align our cost structure and headcount with our operations, which could adversely affect our operating margins and our ability to invest in future growth** . We may experience impairment of our goodwill, other intangible assets and other long- lived assets **, which could have an adverse impact on our business, financial condition and results of operations** . In accordance with generally accepted accounting principles, we perform assessments of the carrying value of our goodwill at least annually, and we review our goodwill, other intangible assets and other long- lived assets for impairment whenever events occur or circumstances indicate that a carrying amount of these assets may not be recoverable. These events and circumstances include a significant change in business climate, attrition of key personnel, changes in financial condition or results of operations, a prolonged decline in our stock price and market capitalization, competition, and other factors. In performing these assessments, we must make assumptions regarding the estimated fair value of our goodwill and other intangible assets. These assumptions include estimates of future market growth and trends, forecasted revenue and costs, capital investments, discount rates, and other variables. If the fair market value of one of our reporting units or other long- term assets is less than the carrying amount of the related assets, we would be required to record an impairment charge. ~~Beginning in the second quarter of 2020, in connection with the emergence of the COVID- 19 pandemic, we experienced a decline in demand for our executive search and consulting services, a lengthening of the executive search process due to a slow- down in client decision making and an inability to execute in- person consulting engagements, which had a material adverse impact on our results of operations. As a result, we identified a triggering event and performed an interim goodwill impairment evaluation during the three months ended June 30, 2020 resulting in impairment charges of $ 24. 5 million and $ 8. 5 million, to write off all of the goodwill associated with the Europe and Asia Pacific reporting units, respectively.~~ Due to continual changes in market and general business conditions, we cannot predict whether, and to what extent, our goodwill and long- lived intangible assets may be impaired in future periods. Any resulting impairment loss could have an adverse impact on our business, financial condition and results of operations. Our ability to execute and integrate future acquisitions, if any, could negatively affect our business and profitability. Our future success may depend in part on our ability to complete the integration of acquisition targets successfully into our operations, including our recent acquisitions of Business Talent Group and Atreus ~~Group GmbH~~ . The process of executing and integrating an acquired business subjects us to a number of risks, including: • diversion of management attention; • failure to successfully further develop the acquired business; • amortization of intangible assets, adversely affecting our reported results of operations; • inability to retain and / or integrate the management, key personnel and other employees of the acquired business; • inability to properly integrate businesses resulting in operating inefficiencies; • inability to establish uniform standards, disclosure controls and procedures, internal control over financial reporting and other systems, procedures and policies in a timely manner; • inability to retain the acquired company' s clients; • exposure to legal claims for activities of the acquired business prior to acquisition; and • inability to generate revenues to offset any new liabilities assumed and expenses associated with an acquired business. If our acquisitions are not successfully executed and integrated, our business, strategic position, financial condition and results of operations, as well as our professional reputation, could be adversely affected. We have anti- takeover provisions that could make an acquisition of us difficult and expensive. Anti- takeover provisions in our Certificate of Incorporation, our By- laws and the laws of Delaware, our jurisdiction of incorporation, make it difficult and expensive for someone to acquire us in a transaction which is not approved by our Board of Directors. Some of the provisions in our Certificate of Incorporation and By- laws include: • limitations on stockholder actions; and • the ability to issue one or more series of preferred stock by action of our Board of Directors. These provisions could discourage an acquisition attempt or other transaction in which stockholders could receive a premium over the then- current market price for the common stock.