

Risk Factors Comparison 2025-03-14 to 2024-03-14 Form: 10-K

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

The following risk factors and other information included in this Form 10-K should be carefully considered. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may impair our business operations. If any of the following risks occur, our business, financial condition, results of operations, and cash flows could be materially adversely affected. Our operations will be affected by global economic fluctuations. Clients' demand for our services may fluctuate widely with changes in economic conditions in the markets in which we operate. Those conditions include slower employment growth or reductions in employment, which directly impact our service offerings. ~~In addition, certain geopolitical~~ **Geopolitical** events such as the war in Ukraine, conflicts in the Middle East and the U. S. / China trade tensions, have caused significant economic, market, political, and regulatory uncertainty in some of the Company' s markets. **In addition, the use or threatened use of tariffs by the Trump administration may cause disruptions in global trade, which could negatively impact clients that we serve and reduce demand for our services.** We have limited flexibility to combat these uncertainties and reduce expenses during economic downturns due to some overhead costs that are fixed in the short- term. As a result, we may face increased pricing pressures during these periods. Our clients' demands for RPO and contracting services largely depend on the market conditions and the strength of the labor markets in the countries where we operate. In the second half of ~~2023~~ **2024**, the market conditions were more challenging than anticipated due to ~~persistent the higher~~ **persistent** inflation, ~~higher and elevated~~ **higher and elevated** interest rates, and decreased demand for labor in certain markets. In addition, in connection with the challenging business environment, some of our customers have reduced demand, and certain other customers have eliminated our services on a temporary or permanent basis. ~~We anticipate~~ **While we believe** that the market conditions will continue to be challenging ~~into in 2024~~ **into in 2024-2025**, ~~we cannot~~ **we cannot predict market conditions with any certainty.** The pricing pressures and global economic fluctuations are not limited to the periods of geopolitical events. Higher than expected inflation in most markets and ~~rising~~ **rising** elevated interest rates, have led to significant market disruption, including further wage inflation, increased operating costs, staffing challenges, reduced consumer confidence, and limited capital market accessibility that impact our business. The inflationary environment and related interest rate impacts continue to have a significant adverse impact on the economy and market conditions. These factors may impact labor markets and the demand for workforce, available borrowing capacity, cash flow protection, and more. As a result, our business, financial condition, and results of operations may be negatively affected. We may not be able to successfully execute our strategic initiatives or meet our long- term financial goals. We have been engaged in strategic initiatives to maximize long- term stockholder value, to improve our cost structure and efficiency, and to increase our selling efforts and the development of new business, as well as to consider potential additional businesses that we believe could be beneficial and create value for our stockholders. We cannot provide any assurance that we will be able to successfully execute these or other strategic initiatives or that we will be able to execute these initiatives on our expected timetable. We may not be successful in refocusing our core business and obtaining operational efficiencies or replacing revenues lost as a result of these strategic initiatives. We may face risks related to potential or current acquisitions or dispositions of businesses. As part of our growth strategy, we may pursue acquisition opportunities that we believe can complement or expand our current business activities or sell other businesses. Acquisition and disposition activity exposes us to a number of risks. There could be unforeseen liabilities or asset impairments that arise in connection with the businesses that we may sell or the businesses that we may acquire in the future. With respect to businesses that we may sell, we would also no longer be able to rely on any cash flow they generated, and there is no assurance that when or if we reinvested any proceeds from a sale it would be in an acquisition that generates the anticipated benefits. We also may not realize all of the anticipated benefits of acquisitions, or potential future strategic transactions, which could adversely affect our business, financial condition and results of operations. Our ability to achieve certain benefits from acquisitions of businesses will depend in large part upon our ability to successfully integrate such businesses in an efficient and effective manner. We may not be able to integrate any such businesses smoothly or successfully, and the process may take longer than expected. We can provide no assurances that we will enter into any agreements in connection with potential acquisitions or dispositions or as to the timing of any potential strategic transactions. The strategic transaction process may disrupt our business including diverting management' s attention from ongoing business concerns.- 5- Our profitability and growth depend on the success of our global RPO business, which is subject to a variety of business risks and uncertainties. We are focused on our global RPO business. Any evaluation of our RPO business and our prospects must be considered in light of the risks and uncertainties stated above, as well as the following: • the ability to maintain our relationships with our existing clients; • the ability to attract new clients; and • the ability to maintain or generate the amount of cash required to operate the RPO business. If we are unable to address these risks, our business, results of operations, and prospects could suffer. Our revenues fluctuate from quarter to quarter; no single quarter is predictive of future periods' results. Our revenues fluctuate quarter to quarter primarily due to the vacation periods during the first quarter in the Asia Pacific region and the third quarter in the Americas and ~~Europe~~ **EMEA** regions. Demand for our services is typically lower during traditional vacation periods when clients and candidates are on vacation. Our business is highly dependent upon our largest customers, and the loss of any of those customers, or any material reduction in our business with those customers, could materially and adversely affect our financial condition and results of operations. For ~~each of~~ **each of** the years ended December 31, ~~2024 and 2023 and 2022~~, ~~over 85 % and 75 % of~~ **2024 and 2023 and 2022**, over 85 % ~~and 75 % of~~ **and 75 % of** the Company' s revenue was generated by its top 25 clients, ~~respectively~~. ~~Two-Three~~ **Two-Three** clients accounted for an aggregate of ~~46~~ **46** % of revenue in 2024, and two clients accounted for an aggregate of 50 % of revenue in ~~both 2023 and 2022~~.

accounted for 20 % or greater of accounts receivable as of December 31, ~~2024 and 2023 and 2022~~. Our business is dependent upon the continuation of these business relationships as well as new client development. The loss of these customers or any material reduction in the amount of business we conduct with these customers, or any material adverse change in the financial condition of such customers, could materially and adversely affect our financial condition and results of operations. If we are unable to replace such revenue from existing or new customers, it could have a material adverse effect on our business, financial condition, and results of operations, and the market price of our common stock could decline significantly. Our revenue can vary because our clients often run bid processes for RPO functions and can terminate their relationship with us at any time with limited or no penalty. Our RPO business is significantly affected by our clients' hiring needs and their views of their future prospects. Clients may, on very short notice, terminate, reduce, or postpone their recruiting assignments with us and, therefore, affect demand for our services. This could have a material adverse effect on our business, financial condition, and results of operations. In addition, many of our larger clients run regular bid processes for their RPO requirements, requiring us to compete for new opportunities with existing clients. Even if our client relationships remain strong, we are repeatedly subject to open bid processes for new business or prior to the renewal of existing business. If we fail to meet the criteria set by our clients for new opportunities or for the renewal of existing services that we provide, or if our competitors are able to offer comparable service levels at reduced cost, our business may suffer. Our markets are highly competitive. The markets for our services are highly competitive. Our markets are characterized by pressures to provide high levels of service, incorporate new capabilities and technologies, accelerate job completion schedules, and reduce prices. Furthermore, we face competition from a number of sources. These sources include other executive search firms and professional search, staffing, and consulting firms. Several of our competitors have greater financial and marketing resources than we do. Due to competition, we may experience reduced margins on our services, loss of market share and loss of customers. If we are not able to compete effectively with current or future competitors as a result of these and other factors, our business, financial condition, and results of operations could be materially adversely affected. We have no significant proprietary technology that would preclude or inhibit competitors from entering the ~~-6-~~ recruitment outsourcing market. We cannot provide assurance that existing or future competitors will not develop or offer ~~-6-~~ services that provide significant performance, price, creative, or other advantages over our services. In addition, we believe that, with continuing development of information technology, the industries in which we compete may attract new competitors. Specifically, the increased use of web- based and mobile technology may attract technology- oriented companies to the recruitment industry. We cannot provide assurance that we will be able to continue to compete effectively against existing or future competitors. Any of these events could have a material adverse effect on our business, financial condition, and results of operations. We have had periods of negative cash flows and operating losses that may recur in the future. We have experienced negative cash flows and reported operating and net losses in previous years. We cannot provide any assurance that we will have positive cash flows or operating profitability in the future, particularly to the extent the global economy slows down or enters recession, or inflation increases. If our revenue declines or if operating expenses exceed our expectations, we may not be profitable and may not generate positive operating cash flows. Our credit facilities may restrict our operating flexibility in the future. The Company's Australian subsidiary (" Australian Borrower ") entered into an invoice finance credit facility agreement (the " NAB Facility Agreement ") with National Australia Bank Limited (" NAB "). The ability to borrow under the NAB Facility Agreement is limited to a percentage of eligible trade receivables up to a maximum of 4 million Australian dollars. Borrowings under this facility are secured by substantially all of the assets of the Australian Borrower. As of December 31, ~~2023-2024~~, there were no amounts outstanding under the NAB Facility Agreement. On May ~~5~~ **25**, 2022, Hudson Global Resources (Singapore) Pte. Ltd. (" Singapore Borrower "), which the Company acquired on October 31, 2023, and the Hong Kong and Shanghai Banking Corporation Limited (" HSBC "), entered into an invoice finance credit facility agreement (the " HSBC Facility Agreement "). The HSBC Facility Agreement ~~allows~~ **allowed** the Singapore Borrower to borrow funds up to a maximum of 1 million Singapore dollars, based on a percentage of eligible trade receivables. **The Company terminated the HSBC Facility Agreement in May 2024.** As of December 31, ~~2023-2024~~, there were no amounts outstanding under the HSBC Facility Agreement. We may enter into additional credit facilities in the future that contain various restrictions and covenants that restrict our operating flexibility including: • borrowings limited to eligible receivables; • lenders' ability to impose restrictions, such as payroll or other reserves; • limitations on payments of dividends by our subsidiaries to us, which may restrict our ability to pay dividends to our stockholders; • restrictions on our ability to make additional borrowings, or to consolidate, merge, or otherwise fundamentally change our ownership; • limitations on capital expenditures, investments, dispositions of assets, guarantees of indebtedness, permitted acquisitions, and repurchases of stock; and • limitations on certain intercompany payments of expenses, interest, and dividends. These restrictions and covenants could have adverse consequences for investors, including restrictions on our ability to incur additional debt financing for future working capital or capital expenditures, a lesser ability for us to take advantage of significant business opportunities, such as acquisition opportunities, the potential need for us to undertake equity transactions, which may dilute the ownership of existing investors, and our inability to react to market conditions by selling lesser- performing assets. In addition, our payment of principal and interest on any future indebtedness would reduce our cash available for operations. In addition, a default, amendment, or waiver to our NAB Facility Agreement or ~~our Singapore Facility Agreement or~~ a future agreement to avoid a default may result in higher rates of interest and could impact our ability to obtain additional borrowings. Finally, debt incurred under the NAB Facility Agreement bears interest at the variable receivable finance indicator rate, plus a margin of 1.60 % per annum. ~~Debt incurred under the Singapore Facility Agreement bears interest at the bank's internal cost of capital plus margin of 3.5 % per annum.~~ Any increase in interest expense could reduce the funds available for operations. ~~-7-~~ Our investment strategy subjects us to risks. From time to time, we make investments as part of our growth plans. Investments may not perform as expected because they are dependent on a variety of factors, including our ability to effectively integrate new personnel and operations, our ability to sell new services, and our ability to retain existing or gain new clients. We face risks related to our international operations. We conduct direct

operations in ~~fourteen~~ **sixteen** countries and face both translation and transaction risks related to foreign currency exchange. For the year ended December 31, ~~2023~~ **2024**, approximately ~~82~~ **81**% of our revenue was earned outside of the U. S. Our financial results could be materially affected by a number of factors particular to international operations. These include, but are not limited to, difficulties in staffing and managing international operations, operational issues such as longer customer payment cycles and greater difficulties in collecting accounts receivable, changes in tax laws or other regulatory requirements, issues relating to uncertainties of laws and enforcement relating to the regulation and protection of intellectual property, and currency fluctuation. If we are forced to discontinue any of our international operations, we could incur material costs to close down such operations. Regarding the foreign currency risk inherent in international operations, the results of our local operations are reported in the applicable foreign currencies and then translated into U. S. dollars at the applicable foreign currency exchange rates for inclusion in our financial statements. In addition, we generally pay operating expenses in the corresponding local currency. Because of devaluations and fluctuations in currency exchange rates or the imposition of limitations on conversion of foreign currencies into U. S. dollars, we are subject to currency translation exposure on the revenue and income of our operations in addition to economic exposure. Our consolidated U. S. dollar cash balance could be lower because a significant amount of cash is generated outside of the U. S. This risk could have a material adverse effect on our business, financial condition, and results of operations. Additionally, our international operations may also be adversely affected by political events **, trade wars**, domestic or international terrorist events, hostilities or complications due to natural, nuclear, war or other disasters, including the ongoing Russian invasion of Ukraine and the conflicts in the Middle East. These or any further political or governmental developments or health concerns in the U. S. and foreign countries in which we operate could result in social, economic, and labor instability, as well as affect demand for our services. These uncertainties could have a material adverse effect on the continuity of our business and our results of operations and financial condition. We depend on our key management personnel. Our success depends to a significant extent on our senior management team. The loss of the services of one or more key senior management team members could have a material adverse effect on our business, financial condition, and results of operations. In addition, if one or more key employees join a competitor or form a competing company, the resulting loss of existing or potential clients could have a material adverse effect on our business, financial condition, and results of operations. The Company also could be adversely affected if key personnel or a significant number of employees were to become unavailable due to health concerns. Although the Company has business continuity plans and other safeguards in place, there is no assurance that such plans and safeguards will be effective.- 8- Failure to attract and retain qualified personnel, management and advisors could negatively impact our business, financial condition, and results of operations. Our ability to implement our business objectives and serve our customers depends upon our ability to attract and retain highly skilled professionals, management and advisors who possess the skills and experience necessary to operate our business, as well as personnel who meet the staffing requirements of our clients. In addition, our ability to execute our strategy requires that we retain and recruit personnel, management and advisors with experience in our RPO business. We must continually evaluate and upgrade our base of available qualified personnel to keep pace with changing client needs and emerging technologies. Competition for qualified professionals with proven skills is intense amidst the widespread U. S. labor shortage, and the demand for these individuals is expected to remain strong for the foreseeable future. There can be no assurance that qualified personnel will continue to be available to us in sufficient numbers with the current market conditions. As such, we may be required to adjust our budget to account for pressures to increase wages in order to compete for skilled personnel. If we are unable to attract the necessary qualified personnel for our clients and our business, it may have a negative impact on our business, financial condition, and results of operations. We face risks in collecting our accounts receivable. In virtually all of our businesses, we invoice customers after providing services, which creates accounts receivable. Delays or defaults in payments owed to us could have a significant adverse impact on our business, financial condition, and results of operations. Factors that could cause a delay or default include, but are not limited to, global economic conditions, business failures, and turmoil in the financial and credit markets. In certain situations, we provide our services to clients under a contractual relationship with a third- party vendor manager, rather than directly to the client. In those circumstances, the third- party vendor manager is typically responsible for aggregating billing information, collecting receivables from the client, and paying staffing suppliers once funds are received from the client. In the event that the client has paid the vendor manager for our services and we are unable to collect from the vendor manager, we may be exposed to financial losses. If we are unable to maintain costs at an acceptable level, our operations could be adversely impacted. Our ability to reduce costs in line with our revenues is important for the improvement of our profitability. Efforts to improve our efficiency could be affected by several factors including turnover, client demands, market conditions, continued increases in inflation, changes in laws, and availability of talent. If we fail to realize the expected benefits of these cost reduction initiatives, this could have an adverse effect on our financial condition and results of operations. We rely on our information systems, and if we lose our information processing capabilities or fail to further develop our technology, our business could be adversely affected. Our success depends in large part upon our ability to store, retrieve, process, and manage substantial amounts of information, including our client and candidate databases. To achieve our strategic objectives and to remain competitive, we must continue to develop and enhance our information systems. This may require the acquisition of equipment and software and the development, either internally or through independent consultants, of new proprietary software. If we are unable to design, develop, implement, and utilize, in a cost- effective manner, information systems that provide the capabilities necessary for us to compete effectively, or if we experience any interruption or loss of our information processing capabilities, for any reason, this could adversely affect our business, financial condition, and results of operations. Because we operate in an international environment, we are subject to greater cyber- security risks and incidents due to our broader and more distributed network footprint. Some of these threats may include attacks from foreign governments. While we continue to employ resources to monitor our systems and protect our infrastructure, any unauthorized access or use of information, virus or similar breach or disruption to our systems could result in disrupted operations, loss of information, damage to our reputation

and customer relationships, and other significant liabilities, any of which could materially harm our business. We also use mobile devices, social networking, and other online activities to connect with our candidates, clients, and business partners. While we have implemented measures to prevent security breaches and cyber incidents, our measures may not be effective, and any security breaches or cyber incidents could adversely affect our business, financial condition, and results of operations.- 9-

Our business depends on uninterrupted service to clients. Our operations depend on our ability to protect our facilities, computer and telecommunication equipment, and software systems against damage or interruption from fire, power loss, cyber- attacks, sabotage, telecommunications interruption, weather conditions, natural disasters, and other similar events. Additionally, severe weather can cause our employees or contractors to miss work and interrupt delivery of our service, potentially resulting in a loss of revenue. While interruptions of these types that have occurred in the past have not caused material disruption, it is not possible to predict the type, severity, or frequency of interruptions in the future or their impact on our business. We may be exposed to employment- related claims, legal liability, and costs from clients, employees, and regulatory authorities that could adversely affect our business, financial condition, or results of operations, and our insurance coverage may not cover all of our potential liability. We are in the business of employing people and placing them in the workplaces of other businesses. Risks relating to these activities include:

- claims of misconduct or negligence on the part of our employees;
- claims by our employees of discrimination or harassment directed at them, including claims relating to actions of our clients;
- claims related to the employment of illegal aliens or unlicensed personnel;
- claims for payment of workers' compensation and other similar claims;
- claims for violations of wage and hour requirements;
- claims for entitlement to employee benefits;
- claims of errors and omissions of our temporary employees;
- claims by taxing authorities related to our independent contractors and the risk that such contractors could be considered employees for tax purposes;
- claims by candidates that we place for wrongful termination or denial of employment;
- claims related to our non- compliance with data protection laws, which require the consent of a candidate to transfer resumes and other data;
- claims related to the recruitment process; and
- claims by our clients relating to our employees' misuse of client proprietary information, misappropriation of funds, other misconduct, criminal activity or similar claims.

We may incur fines and other losses or negative publicity with respect to these problems. In addition, some or all of these claims may give rise to litigation, which could be time- consuming to our management team, costly, and could have a negative effect on our business. In some cases, we have agreed to indemnify our clients against some or all of these types of liabilities. We cannot assure that we will not experience these problems in the future, that our insurance will cover all claims, or that our insurance coverage will continue to be available at economically feasible rates.- 10-

Our ability to utilize net operating loss carryforwards may be limited. The Company has U. S. net operating loss carryforwards ("NOLs"). The losses generated prior to 2018 expire through 2037 and the losses generated in 2018 and later years do not expire. Section 382 of the U. S. Internal Revenue Code imposes an annual limitation on a corporation's ability to utilize NOLs if it experiences an "ownership change." In general terms, an ownership change may result from transactions increasing the ownership of certain stockholders in the stock of a corporation by greater than 50 % over a three- year period. The Company has experienced ownership changes in the past. Ownership changes in our stock, some of which are outside of our control, could result in a limitation in our ability to use our NOLs to offset future taxable income, could cause U. S. federal income taxes to be paid earlier than otherwise would be paid if such limitation were not in effect, and could cause such NOLs to expire unused, reducing or eliminating the benefit of such NOLs. There may be volatility in our stock price. The market price for our common stock has fluctuated in the past and could fluctuate substantially in the future. For example, during 2023-2024, the market price of our common stock reported on the NASDAQ Global Select Market ranged from a high of \$ 27-19.40-70 to a low of \$ 14-11.66-73. Factors such as general macroeconomic conditions adverse to workforce expansion, the announcement of variations in our quarterly financial results or changes in our expected financial results could cause the market price of our common stock to fluctuate significantly. Further, due to the volatility of the stock market, our relatively low daily trading volume or actions by significant stockholders, the price of our common stock could fluctuate for reasons unrelated to our operating performance. Our future earnings could be reduced as a result of the imposition of licensing or tax requirements or new regulations that prohibit, or restrict certain types of employment services we offer in the U. S. and foreign countries. Our future earnings could be reduced if additional regulatory requirements are imposed in the countries in which we operate. The countries in which we operate may:

- create additional regulations that prohibit or restrict the types of employment services that we currently provide;
- impose new or additional benefit requirements;
- require us to obtain additional licensing to provide recruitment services;
- impose new or additional restrictions on movements between countries;
- increase taxes, such as sales or value- added taxes, payable by the providers of recruitment services;
- increase the number of various tax and compliance audits relating to a variety of regulations, including wage and hour laws, unemployment taxes, workers' compensation, immigration, and income, value- added, and sales taxes; or
- revise transfer pricing laws or successfully challenge our transfer prices, which may result in higher foreign taxes or tax liabilities or double taxation of our foreign operations.

Any future regulations that make it more difficult or expensive for us to continue to provide our services may have a material adverse effect on our business, financial condition and results of operations. Provisions in our organizational documents and Delaware law will make it more difficult for someone to acquire control of us. Our certificate of incorporation and by- laws and the Delaware General Corporation Law contain several provisions that make it more difficult to acquire control of us in a transaction not approved by our Board of Directors, including transactions in which stockholders might otherwise receive a premium for their shares over then current prices, and that may limit the ability of stockholders to approve transactions that they may deem to be in their best interests. Our certificate of incorporation and by- laws currently include provisions:

- authorizing our Board of Directors to issue shares of our preferred stock in one or more series without further authorization of our stockholders;- 11-
- requiring that stockholders provide advance notice of any stockholder nomination of directors or any new business to be considered at any meeting of stockholders; and
- providing that vacancies on our Board of Directors will be filled by the remaining directors then in office. In addition, Section 203 of the Delaware General Corporation Law generally provides that a corporation may not engage in any business

combination with any interested stockholder during the three- year period following the time that the stockholder becomes an interested stockholder, unless a majority of the directors then in office approve either the business combination or the transaction that results in the stockholder becoming an interested stockholder or specified stockholder approval requirements are met. Issues relating to the use of new and evolving technologies, such as Artificial Intelligence (“ AI ”) and Machine Learning (“ ML ”) present challenges for our business and may result in liability. A quickly evolving social, legal and regulatory environment may cause us to incur increased operational and compliance costs, including increased research and development costs, or divert resources from other development efforts, to address potential issues related to usage of AI and ML. As with many cutting- edge innovations, AI and ML present new risks and challenges, and existing laws and regulations may apply to us in new ways, the nature and extent of which are difficult to predict. We incorporate AI and ML into our offerings for use cases that could potentially impact civil, privacy, or employment benefit rights. Failure to adequately address issues that may arise with such use cases could negatively affect the adoption of our solutions and subject us to reputational harm, regulatory action, or legal liability, which may harm our financial condition and operating results. Potential government regulation related to AI, including relating to ethics and social responsibility, may also increase the burden and cost of compliance and research and development. Employees, customers, or customers’ employees who are dissatisfied with our public statements, policies, practices, or solutions related to the development and use of AI and ML may express opinions that could introduce reputational or business harm, or legal liability. In addition, our RPO business may be disrupted by new emergent tools that threaten our established business practices. If our clients invest heavily in obtaining or designing and implementing their own systems for recruitment using AI and ML, they may have reduced demand for our services. It is too early to determine the extent to which AI and ML may impact our business, but it is possible that these tools may negatively impact our business. Data security and integrity are critically important to the businesses we own and manage, and cybersecurity incidents, including cyberattacks, breaches of security, unauthorized access to or disclosure of confidential information, business disruption, or the perception that confidential information is not secure, could result in a material loss of business, regulatory enforcement, substantial legal liability and / or significant harm to our reputation, which could have a material adverse effect on our business, financial condition and results of operations. Improper access to, misappropriation, destruction or disclosure of confidential, personal or proprietary data could result in significant harm to our reputation or the reputation of any of the businesses we own. We collect, store and transmit a large amount of confidential company information on hundreds of millions of businesses, including financial information and personal information, as well as certain consumer information and credit information. We operate in an environment of significant risk of cybersecurity incidents resulting from unintentional events or deliberate attacks by third parties or insiders, which may involve exploiting highly obscure security vulnerabilities or sophisticated attack methods. One of our significant responsibilities is to maintain the security and privacy of our employees’ and clients’ confidential and proprietary information and the confidential information about clients’ employees’ compensation, health and benefits information and other personally identifiable information. Although our businesses have not incurred material losses or liabilities to date as a result of any breaches, unauthorized disclosure, loss or corruption of their data or inability of their clients to access their systems, such events could result in intellectual property or other confidential information being lost or stolen, including client, employee or business data, disrupt their operations, subject them to substantial regulatory and legal proceedings and potential liability and fines, result in a material loss of business and / or significantly harm their reputation. If they are unable to efficiently manage the vulnerability of their systems and effectively maintain and upgrade their system safeguards, they may incur unexpected costs and certain of their systems may become more vulnerable to unauthorized access.- 12-

Changing rules, public disclosure regulations and stakeholder expectations on environmental, social and corporate governance (“ ESG ”) related matters and diversity, equity and inclusion (“ DEI ”) related matters expose us to potential liabilities, increased costs, reputational harm and other adverse effects on our business. Following the decision of the U. S. Supreme Court in Students for Fair Admissions, Inc. v. President and Fellows of Harvard College, 600 U. S. 181 (2023) and the election of President Trump, companies have begun to pull back from ESG and DEI initiatives in response to a changing legal and political climate. On January 21, 2025, President Trump issued an executive order titled “ Ending Illegal Discrimination and Restoring Merit- Based Opportunity ” mandating among other things that federal contractors cease any “ affirmative action ” in violation of civil rights law and calling on the Attorney General to produce and deliver a report containing “ recommendations for enforcing Federal civil- rights laws and taking other appropriate measures to encourage the private sector to end illegal discrimination and preferences, including DEI. ” As a result of these developments, companies must re- examine their DEI programs to ensure that do not run afoul of the law and risk enforcement action from the U. S. Department of Justice. In addition, in recent years “ anti- ESG ” sentiment has gained momentum across the U. S., with several states and Congress having proposed or enacted “ anti- ESG ” policies, legislation, or initiatives or issued related legal opinions. If any of our clients fail to adequately address these developments, as a provider of RPO services, we may be exposed to risks to our business and potential reputational harm to the extent that our clients face investigations and enforcement actions stemming from their DEI or ESG policies. In addition, we and our clients may incur additional compliance costs in relation to the new legal and political landscape on ESG and DEI issues, which may adversely affect our business. Stakeholders also may have very different views on where our ESG and sustainability focus should be placed, including differing views of regulators in various jurisdictions in which we operate. Any failure, or perceived failure, by us to achieve our goals, further our initiatives, adhere to our public statements, comply with federal or state ESG laws and regulations, or meet evolving and varied stakeholder expectations and standards could result in reputational harm, loss of investor confidence, legal and regulatory proceedings against us and, materially adversely affect our business, reputation, results of operations, financial condition, and stock price.