Risk Factors Comparison 2023-06-28 to 2022-06-28 Form: 10-K

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The discussion below describes the material factors, events, and uncertainties that make an investment in our securities risky, and these risk factors should be considered carefully together with all other information in this Annual Report, including the financial statements and notes thereto. It does not address all of the risks that we face, and additional risks not presently known to us or that we currently deem immaterial may also arise and impair our business operations. Our business, financial condition or results of operations could be materially adversely affected by the occurrence of any of these risks. Risks Related to Our Business ~~We face various risks related to health epidemics, pandemics, and similar outbreaks that negatively impact the operations and financial performance of many of the clients we serve. The ultimate magnitude of any future pandemics or similar outbreaks depends on a variety of factors, including its duration, related restrictions and operational requirements that apply to our business and the businesses of our clients, and the state of the global economy, the full extent of which we may not be capable of prediction. Our business and financial results have been, and could be in the future, adversely affected by health epidemics, pandemics, and similar outbreaks. Pandemics can cause a global slowdown in economic activity, a decrease in demand for a broad variety of goods and services, disruptions in global supply chains, and significant volatility and disruption of financial markets. Because the severity, magnitude and duration of a pandemic and its economic consequences are uncertain and vary by region, its full impact on our operations and financial performance, is uncertain and difficult to predict. Further, a pandemic' s ultimate impact depends in part on many factors not within our control, including (1) restrictive governmental and business actions (including travel restrictions, vaccine mandates, testing requirements, and other workforce limitations), (2) economic stimulus, funding and relief programs and other governmental economic responses, (3) the effectiveness of governmental actions, (4) economic uncertainty in key global markets and financial market volatility, (5) levels of economic contraction or growth, (6) the impact of the pandemic on health and safety and (7) the availability and effectiveness of vaccines and booster shots. Further, pandemics can subject our operations and financial performance to a number of risks, including those discussed below: ▪ Operations- related risks: Across all of our businesses, we can face operational challenges including a heightened need to protect employee health and safety, office shutdowns, workplace disruptions, cybersecurity risks, and restrictions on the movement of people, both at our own offices and at those of our clients and our suppliers. ▪ Client- related risks: Our clients will be disrupted by quarantines, fluctuations in their financial condition, and restrictions on employees' ability to work and office closures. Such disruptions may restrict our ability to provide products and services to our clients (or for clients to pay for such products and services) and may reduce demand for our products and services. ▪ Employee- related risks: We will experience disruptions to our operations resulting from quarantines, self- isolations, or other movement and restrictions on the ability of our employees to perform their jobs that may impact our ability to deliver our products and services in a timely manner or meet milestones or customer commitments.~~ Our inability to successfully recover should we experience a disaster or other business continuity problem could cause material financial loss, loss of human capital, regulatory actions, reputational harm or legal liability. Should we experience a disaster or other business continuity problem, such as an earthquake, hurricane, terrorist attack, security breach, power loss, telecommunications failure or other natural or man- made disaster, our continued success will depend, in part, on the availability of our personnel, our office facilities, and the proper functioning of our computer, telecommunication and other related systems and operations. In such an event, we could experience near- term operational challenges with regard to particular areas of our operations. In particular, our ability to recover from any disaster or other business continuity problem will depend on our ability to protect our technology infrastructure against damage from business continuity events that could have a significant disruptive effect on our operations. For example, much of our corporate staff are based in California, which has a high level of risk from wildfires and earthquakes. The impacts of climate change present notable risks, including damage to assets and technology caused by extreme weather events linked to climate change and may otherwise heighten or exacerbate the occurrence of such weather events. We could potentially lose client data or experience material adverse interruptions to our operations or delivery of services to our clients in a disaster. A disaster on a significant scale or affecting certain of our key operating areas within or across regions, or our inability to successfully recover should we experience a disaster, pandemic or other business continuity problem, could materially interrupt our business operations and cause material financial loss, loss of human capital, regulatory actions, reputational harm, damaged client relationships or legal liability. We are limited in our ability to recruit candidates from certain of our clients due to off- limit agreements with those clients and for client relation and marketing purposes ~~;~~ **.** ~~such~~ **Such** limitations could harm our business. Either by agreement with clients, or for client relations or marketing purposes, we are required to or elect to refrain from, for a specified period of time, recruiting candidates from a client when conducting searches on behalf of other clients. These off- limit agreements can cause us to lose search opportunities to our competition. The duration and scope of the off- limit agreement, including whether it covers all operations of the client and its affiliates or only certain divisions of a client, generally are subject to negotiation or internal policies and may depend on factors such as the scope, size and complexity of the client' s business, the length of the client relationship and the frequency with which we have been engaged to perform executive and professional searches for the client. We cannot ensure that off- limit agreements will not impede our growth or our ability to attract and serve new clients, or otherwise harm our business. We face significant competition ~~;~~ **.** ~~competition~~ **Competition** in our industries could result in lost market share, reduced demand for our services, and / or require us to charge lower prices for our services, which could adversely affect our operating results and future growth. We continue to face significant competition to each of our services and product offerings. The human resource consulting market has been traditionally fragmented and a number of large consulting firms, such as McKinsey, Willis Towers Watson and Deloitte have built businesses in human resource consulting to serve these needs. Our consulting business line has and continues to face competition from human resource consulting businesses. Many of these competitors are significantly larger than Korn Ferry and have considerable resources at their disposal, allowing for potentially significant investment to grow their human resource consulting business. Digital products in the human resource market have been traditionally fragmented and a number of firms such as AON, Mercer, Willis Towers Watson, SHL, Fuel 50, SkillSoft, Criteria, Predictive Index, Prevue Hire and Textio offer competitive products. Competitors in the digital marketplace are a combination of large, well- capitalized firms and niche players who have received multiple rounds of private financing. Increased competition, whether as a result of professional and social networking website providers, traditional executive search firms, sole proprietors and in- house human resource professionals (as noted above) or larger consulting firms building human resources consulting businesses, may lead to pricing pressures that could negatively impact our business. For example, increased competition could require us to charge lower prices, and / or cause us to lose market share, each of which could reduce our fee revenue. Our executive search services face competition from both traditional and non- traditional competitors that provide job placement services, including other large global executive search firms, smaller specialty firms and web- based firms. We also face increased competition from sole proprietors and in- house human resource professionals whose ability to provide job placement services has been enhanced by professional profiles made available on the internet and enhanced social media- based search tools. The continued growth of the shared economy and related freelancing platform sites may also negatively impact demand for our services by allowing employers seeking services to connect with employees in real time and without any significant cost. Traditional executive search competitors include Egon Zehnder, Heidrick & Struggles International, Inc., Russell Reynolds Associates and Spencer Stuart. In each of our markets, one or more of our competitors may possess greater resources, greater name recognition, lower overhead or other costs and longer operating histories than we do, which may give them an advantage in obtaining future clients, capitalizing on new technology and attracting qualified professionals in these markets. Additionally, specialty firms can focus on regional or functional markets or on particular industries and executive search firms that have a smaller client base are subject to fewer off- limits arrangements. There are no extensive barriers to entry into the executive search industry and new recruiting firms continue to enter the market. We believe the continuing development and increased availability of information technology will continue to attract new competitors, especially web- enabled professional and social networking website providers, and these providers may be facilitating a company' s ability to insource their recruiting capabilities. Competitors in these fields include SmashFly, iCIMS, Yello, Indeed, Google for Jobs and Jobvite. As these providers continue to evolve, they may develop offerings similar to or more expansive than ours, thereby increasing competition for our services or more broadly causing disruption in the executive search industry. Further, as technology continues to develop and the shared economy continues to grow, we expect that the use of freelancing platform sites will become more prevalent. As a result, companies may turn to such sites for their talent needs, which could negatively impact demand for the services we offer. Our RPO ~~& Professional Search~~ services primarily compete for business with other RPO providers such as Cielo, Alexander Mann Solutions, IBM, Allegis, Kelly Services ~~,~~ **and** Randstad ~~and~~ **while Professional Search & Interim services** compete for mid- level professional search assignments with regional contingency recruitment firms and large national retained recruitment firms such as Robert Half, Michael Page, Harvey Nash, Robert Walters **, TekSystems** and BTG. In addition, some organizations have developed or may develop internal solutions to address talent acquisition that may be competitive with our solutions. This is a highly competitive and developing industry with numerous specialists. To compete successfully and achieve our growth targets for our talent acquisition business, we must continue to support and develop assessment and analytics solutions, maintain and grow our proprietary database, deliver demonstrable return on investment to clients, support our products and services globally, and continue to provide consulting and training to support our assessment products. Our failure to compete effectively could adversely affect our operating results and future growth. Failure to attract and retain qualified and experienced consultants could result in a loss of clients which in turn could cause a decline in our revenue and harm to our business. We compete with other executive ~~and~~ **,** professional search **and interim** and consulting firms for qualified and experienced consultants. These other firms may be able to offer greater **bonuses, incentives or** compensation and benefits or more attractive lifestyle choices, career paths **, office cultures,** or geographic locations than we do **. Competition for these consultants typically increases during periods of wage inflation, labor constraints, and / or low unemployment, such as the environment experienced in calendar year 2022, and can result in material increases to our costs and stock usage under authorized employee stock plans, among other impacts** . Attracting and retaining consultants in our industry is particularly important because, generally, a small number of consultants have primary responsibility for a client relationship. Because client responsibility is so concentrated, the loss of key consultants may lead to the loss of client relationships. In fiscal ~~2022~~ **2023** , our top ~~three~~ **six** consultants ~~in~~ **(** Executive Search **and Consulting** ~~(including all four reportable regional segments~~) ~~and in our Consulting segment had~~ generated business equal to approximately ~~1 % and~~ 2 % of our total fee revenues ~~, respectively~~ . Furthermore, our top ten consultants ~~in~~ **(** Executive Search **and Consulting** ~~(including all four reportable regional segments~~) ~~and in our Consulting segment had~~ generated business equal to approximately **6** ~~3 % and 4~~ % of our total fee revenues ~~, respectively~~ . This risk is heightened due to the general portability of a consultant' s business: consultants have in the past, and will in the future, terminate their employment with our Company. Any decrease in the quality of our reputation, reduction in our compensation levels relative to our peers or ~~restructuring~~ **modifications** of our compensation program, whether as a result of insufficient revenue, a decline in the market price of our common stock or for any other reason, could impair our ability to retain existing consultants or attract additional qualified consultants with the requisite experience, skills and established client relationships. Our failure to retain our most productive consultants, whether in Executive Search, Consulting, Digital **,** ~~or RPO &~~ Professional Search **& Interim or RPO** , or maintain the quality of service to which our clients are accustomed, as well as the ability of a departing consultant to move business to his or her new employer, could result in a loss of clients, which could in turn cause our fee revenue to decline and our business to be harmed. We may also lose clients if the departing ~~Executive Search, Consulting, Digital or RPO & Professional Search~~ consultant has widespread name recognition or a reputation as a specialist in his or her line of business in a specific industry or management function. We could also lose additional consultants if they choose to join the departing ~~Executive Search, Consulting, Digital or RPO & Professional Search~~ consultant at another executive search or consulting firm. Failing to limit departing consultants from moving business or recruiting our consultants to a competitor could adversely affect our business, financial condition and results of operations. We are working to advance culture change through the continued implementation of diversity, equity and inclusion **(" DE & I")** initiatives throughout our organization **and the shift to a hybrid work environment** . If we do not **or are perceived not to** successfully implement these initiatives, our ability to recruit, attract and retain talent may be adversely impacted **and shifts in perspective and expectations about social issues and priorities surrounding DE & I may occur at a faster pace than we are capable of managing effectively. If we are unable to identify, attract and retain sufficient talent in key positions, it may prevent us from achieving our strategic vision, disrupt our business, impact revenues, increase costs, damage employee morale and affect the quality and continuity of client service. In addition, risks associated with our recent reduction in headcount may be exacerbated if we are unable to retain qualified personnel** . We are highly dependent on the continued services of our small team of executives **.** We are dependent upon the efforts and services of our **relatively** small executive team. **The loss** ~~While we have a preliminary plan~~ for ~~succession~~ **any reason, including retirement** of ~~certain~~ **any one of our** key executives, ~~the loss of any one of our key executives~~ could have an adverse effect on our operations **and our plans for executive succession may not sufficiently mitigate such losses** . Failing to maintain our professional reputation and the goodwill associated with our brand name could seriously harm our business. We depend on our overall reputation and brand name recognition to secure new engagements and to hire qualified professionals. Our success also depends on the individual reputations of our professionals. We obtain a majority of our new engagements from existing clients or from referrals by those clients. Any client who is dissatisfied with our services can adversely affect our ability to secure new engagements. If any factor, including poor performance or negative publicity, whether or not true, hurts our reputation, we may experience difficulties in competing successfully for both new engagements and qualified consultants, which could seriously harm our business. As we develop new services, clients and practices, enter new lines of business, and focus more of our business on providing a full range of client solutions, the demands on our business and our operating and legal risks may increase. As part of our corporate strategy, we are attempting to leverage our research and consulting services to sell a full range of services across the life cycle of a policy, program, project or initiative, and we are regularly searching for ways to provide new services to clients **, such as our recent entry into the Interim business and strategic acquisitions** . This strategy, even if effectively executed, may prove insufficient in light of changes in market conditions **, workforce trends** , technology, competitive pressures or other external factors. In addition, we plan to extend our services to new clients and into new lines of business and geographic locations. As we focus on developing new services, clients, practice areas and lines of business; open new offices **; acquire or dispose of business** ; and engage in business in new geographic locations, our operations are exposed to additional as well as enhanced risks. In particular, our growth efforts place substantial additional demands on our management and staff, as well as on our information, financial, administrative and operational systems. We may not be able to manage these demands successfully. Growth may require increased recruiting efforts, opening new offices, increased business development, selling, marketing and other actions that are expensive and entail increased risk. We may need to invest more in our people and systems, controls, compliance efforts, policies and procedures than we anticipate. Therefore, even if we do grow, the demands on our people and systems, controls, compliance efforts, policies and procedures may exceed the benefits of such growth, and our operating results may suffer, at least in the short- term, and perhaps in the long- term. Efforts involving a different focus and / or new services, clients, practice areas, lines of business, offices and geographic locations entail inherent risks associated with our inexperience and competition from mature participants in those areas. Our inexperience may result in costly decisions that could harm our profit and operating results. In particular, new or improved services often relate to the development, implementation and improvement of critical infrastructure or operating systems that our clients may view as " mission critical, " and if we fail to satisfy the needs of our clients in providing these services, our clients could incur significant costs and losses for which they could seek compensation from us. As our business continues to evolve and we provide a wider range of services, we will become increasingly dependent upon our employees, particularly those operating in business environments less familiar to us. Failure to identify, hire, train and retain talented employees who share our values could have a negative effect on our reputation and our business. We are subject to potential legal liability from clients, employees, candidates for employment, stockholders and others. Insurance coverage may not be available to cover all of our potential liability and available coverage may not be sufficient to cover all claims that we may incur. We are exposed to potential claims with respect to the executive search process and our consulting services, among numerous other matters. For example, a client could assert a claim for matters such as breach of an off- limit agreement or recommending a candidate who subsequently proves to be unsuitable for the position filled. Further, the current employer of a candidate whom we placed could file a claim against us alleging interference with an employment contract; a candidate could assert an action against us for failure to maintain the confidentiality of the candidate' s employment search; and a candidate or employee could assert an action against us for alleged discrimination, violations of labor and employment law or other matters. Also, in various countries, we are subject to data protection, employment and other laws impacting the processing of candidate information and other regulatory requirements that could give rise to liabilities / claims. Client dissatisfaction with the consulting services provided by our consultants may also lead to claims against us. Additionally, as part of our consulting services, we often send a team of leadership consultants to our clients' workplaces. Such consultants generally have access to client information systems and confidential information. An inherent risk of such activity includes possible claims of misuse or misappropriation of client IP, confidential information, funds or other property, as well as harassment, criminal activity, torts, or other claims. Such claims may result in negative publicity, injunctive relief, criminal investigations and / or charges, payment by us of monetary damages or fines, or other material adverse effects on our business. From time to time, we may also be subject to legal actions or claims brought by our stockholders, including securities, derivative and class actions, for a variety of matters related to our operations, such as significant business transactions, cybersecurity incidents, volatility in our stock, and our responses to stockholder activism, among others. Such actions or claims and their resolution may result in defense costs, as well as settlements, fines or judgments against us, some of which are not, or cannot be, covered by insurance. The payment of any such costs, settlements, fines or judgments that are not insured could have a material adverse effect on our business. In addition, such matters may affect the availability or cost of some of our insurance coverage, which could adversely impact our results of operations and expose us to increased risks that would be uninsured. We cannot ensure that our insurance will cover all claims or that insurance coverage will be available at economically acceptable rates. Our ability to obtain insurance, its coverage levels, deductibles and premiums, are all dependent on market factors, our loss history and insurers' perception of our overall risk profile. Our insurance may also require us to meet a deductible. Significant uninsured liabilities could have a material adverse effect on our business, financial condition and results of operations. We are subject to numerous and varied government regulations across the jurisdictions in which we operate. Our business is subject to various federal, state, local, and foreign laws and regulations that are complex, change frequently and may become more stringent over time. Future legislation, regulatory changes or policy shifts under the ~~new~~ **current** U. S. administration or other governments could impact our business. Our failure to comply with applicable laws and regulations could restrict our ability to provide certain services or result in the imposition of fines and penalties, substantial regulatory and compliance costs, litigation expense, adverse publicity, and loss of revenue. We incur, and expect to continue to incur, significant expenses in our attempt to comply with these laws, and our businesses are also subject to an increasing degree of compliance oversight by regulators and by our clients. In addition, our Digital services and increasing use of technology in our business expose us to data privacy and cybersecurity laws and regulations that vary and are evolving across jurisdictions. These and other laws and regulations, as well as laws and regulations in the various states or in other countries, could limit our ability to pursue business opportunities we might otherwise consider engaging in, impose additional costs or restrictions on us, result in significant loss of revenue, impact the value of assets we hold, or otherwise significantly adversely affect our business. Any failure by us to comply with applicable laws or regulations could also result in significant liability to us from private legal actions, or may result in the cessation of our operations or portions of our operations or impositions of fines and restrictions on our ability to carry on or expand our operations. Our operations could also be negatively affected by changes to laws and regulations and enhanced regulatory oversight of our clients and us. These changes may compel us to change our prices, may restrict our ability to implement price increases, and may limit the manner in which we conduct our business or otherwise may have a negative impact on our ability to generate revenues, earnings, and cash flows. If we are unable to adapt our products and services to conform to the new laws and regulations, or if these laws and regulations have a negative impact on our clients, we may experience client losses or increased operating costs, and our business and results of operations could be negatively affected. Our business and operations are impacted by developing laws and regulations, as well as evolving investor and customer expectations with regard to ~~environmental~~ **, corporate responsibility** matters ~~, including the impacts~~ and ~~actions needed~~ **reporting, which expose us** to **numerous risks** ~~address climate change~~ . We are subject to evolving local, state, federal and / or international laws, regulations, and expectations regarding **corporate responsibility matters, including sustainability,** the environment ~~and~~ **,** climate change **, human capital management, DE & I, procurement, philanthropy, data privacy and cybersecurity, human rights, business risks and opportunities, including shifts in market preferences for reporting, more sustainable or socially responsible products and services, and other actions** . These requirements ~~and~~ **,** expectations **, and / or frameworks, which can include assessment and ratings published by third- party firms, are not synchronized and vary by stakeholder, industry, and geography; as a result, they** may **:** increase the time and cost of our efforts to monitor and comply with those obligations; limit the extent, frequency, and modality with which our consultants travel; impact our business opportunities **, supplier choices and reputation** ; and expose us to **heightened scrutiny,** liability **, and risks that could negatively affect us. We report on our aspirations, targets, and initiatives related to corporate responsibility matters (both directly and in response to third- party inquiries). These efforts have also, and may in the future include, reporting intended to address certain third- party frameworks, such as the recommendations of the Sustainability Accounting Standards Board, the Task Force for Climate- Related Financial Disclosures and other standards or material assessments related to corporate responsibility matters. Our ability to achieve our corporate responsibility aspirations which may change or to meet these evolving expectations is not guaranteed and is subject to numerous risks, including the existence, cost, and availability of certain technology, methodologies, and processes, the acquisition and integration of new entities, and trends in demand. Failing to accurately report, progress on, or meet any such aspirations or expectations (including a perceived failure to do so) on a timely basis or at all could negatively affect our business, growth, results of operations, and reputation. Meeting or exceeding such aspirations or expectations also may not result in the benefits initially anticipated** . Within our own operations, we face additional costs **:** from rising energy costs **,** which make it more expensive to power our corporate offices; **and** efforts to mitigate or reduce our operations' impacts from or on the environment, such as a shift to cloud technology or a leasing preference for buildings that are LEED- certified. **We have also developed and offer corporate responsibility services and products designed to address customer demand for human capital management, DE & I, and sustainability matters within their own organizations and workforce, the success of which depends on many factors and may not be fully realized.** Risks Related to Our Profitability We may not be able to align our cost structure with our revenue level, which in turn may require additional financing in the future that may not be available at all or may be available only on unfavorable terms. Our efforts to align our cost structure with the current realities of our markets may not be successful. When actual or projected fee revenues are negatively impacted by weakening customer demand, we have and may again find it necessary to take cost cutting measures so that we can minimize the impact on our profitability **, such as the restructuring recently initiated in the second half of fiscal 2023** . Failing to maintain a balance between our cost structure and our revenue could adversely affect our business, financial condition, and results of operations and lead to negative cash flows, which in turn might require us to obtain additional financing to meet our capital needs. If we are unable to secure such additional financing on favorable terms, or at all, our ability to fund our operations could be impaired, which could have a material adverse effect on our results of operations. Our financial results could suffer if we are unable to achieve or maintain adequate utilization and suitable billing rates for our consultants. Our profitability depends, to a large extent, on the utilization and billing rates of our professionals. Utilization of our professionals is affected by a number of factors, including: the number and size of client engagements; the timing of the commencement, completion and termination of engagements (for example, the commencement or termination of multiple RPO engagements could have a significant impact on our business, including significant fluctuations in our fee revenue, since these types of engagements are generally larger, in terms of both staffing and fee revenue generated, than our other engagements); our ability to transition our consultants efficiently from completed engagements to new engagements; the hiring of additional consultants because there is generally a transition period for new consultants that results in a temporary drop in our utilization rate; unanticipated changes in the scope of client engagements; our ability to forecast demand for our services and thereby maintain an appropriate level of consultants; and conditions affecting the industries in which we practice, as well as general economic conditions. The billing rates of our consultants that we are able to charge are also affected by a number of factors, including: our clients' perception of our ability to add value through our services; the market demand for the services we provide, which may vary globally or within particular industries that we serve; an increase in the number of clients in the government sector in the industries we serve; the introduction of new services by us or our competitors; our competition and the pricing policies of our competitors; and current economic conditions. If we are unable to achieve and maintain adequate overall utilization, as well as maintain or increase the billing rates for our consultants, our financial results could materially suffer. In addition, our consultants oftentimes perform services at the physical locations of our clients. Natural disasters, pandemics, disruptions to travel and transportation or problems with communications systems negatively impact our ability to perform services for, and interact with, our clients at their physical locations, which could have an adverse effect on our business and results of operations. The profitability of our fixed- fee engagements with clients may not meet our expectations if we underestimate the cost of these engagements when pricing them. When making proposals for fixed-fee engagements, we estimate the costs and timing for completing the engagements and these estimates may not be accurate. Any increased or unexpected costs or unanticipated delays in connection with the performance of fixed- fee engagements, including delays caused by factors outside our control, could make these contracts less profitable or unprofitable, which would have an adverse effect on our profit margin. **Clients may also delay or cancel engagements, which could cause expected revenues to be realized at a later time or not at all.** For the years ended **2023,** 2022, **and** 2021 ~~, and 2020~~ , fixed- fee engagements represented **23 %,** 22 %, **and** 26 % ~~, and 25 %~~ of our revenues, respectively. Inflationary pressure ~~could~~ **has and may continue to** adversely impact our profitability. Demand for our services is affected by global economic conditions and the general level of economic activity in the geographic regions in which we operate. During periods of slowed economic activity **,** many companies hire fewer permanent employees, and our business, financial condition and results of operations may be adversely affected. If unfavorable changes in **regional or global** economic conditions occur, our business, financial condition and results of operations could suffer. Accelerated and pronounced economic pressures, such as the recent inflationary cost pressures **and rise in interest rates** , **as well as geopolitical uncertainty, has and** may **continue to** negatively impact our expense base by increasing our operating costs **,** including labor **, borrowing, and other** costs **of doing business** . Continued inflationary pressures may result in increases in operating costs that we may not be able to fully offset by raising prices for our services because if we do our clients may choose to reduce their business with us, which may reduce our operating margin. Risks Related to Accounting and Taxation Foreign currency exchange rate risks affect our results of operations. A material portion of our revenue and expenses are generated by our operations in foreign countries, and we expect that our foreign operations will account for a material portion of our revenue and expenses in the future. Most of our international expenses and revenue are denominated in foreign currencies. As a result, our financial results are affected by changes in foreign currency exchange rates or weak economic conditions in foreign markets in which we have operations, among other factors. Fluctuations in the value of those currencies in relation to the U. S. dollar have caused and will continue to cause dollar- translated amounts to vary from one period to another. Such variations expose us to both adverse as well as beneficial movements in currency exchange rates. Given the volatility of exchange rates, we are not always able to manage effectively our currency translation or transaction risks, which has and may continue to adversely affect our financial condition and results of operations. We have deferred tax assets that we may not be able to use under certain circumstances. If we are unable to generate sufficient future taxable income in certain jurisdictions, or if there is a significant change in the time period within which the underlying temporary differences become taxable or deductible, we could be required to increase our valuation allowances against our deferred tax assets. This would result in an increase in our effective tax rate, and an adverse effect on our future operating results. In addition, changes in statutory tax rates may also change our deferred tax assets or liability balances, with either a favorable or unfavorable impact on our effective tax rate. Our deferred tax assets may also be impacted by new legislation or regulation. Risks Related to Our Financing / Indebtedness Our **level** indebtedness could adversely affect our financial condition, our ability to operate our business, react to changes in the economy or our industry, prevent us from fulfilling our obligations under our indebtedness and could divert our cash flow from operations for debt payments. As of ~~June 24~~ **April 30** , ~~2022~~ **2023** , we had approximately $ 400. 0 million in total indebtedness outstanding, $ 645. ~~3~~ **4** million of availability under our $ 650. 0 million five- year senior secured revolving credit facility (the " Revolver ") and $ 500 million of availability under our $ 500. 0 million five- year senior secured delayed draw term loan facility **that expired on June 24, 2023** (" Delayed Draw Facility "), both provided for under our Credit Agreement, as amended on June 24, 2022 (the " Amended Credit Agreement ") that we entered into with a syndicate of banks and Bank of America, National Association as administrative agent. Subject to the limits contained in the Amended Credit Agreement that govern our Revolver ~~and Delayed Draw Facility~~ and the indenture governing our $ 400. 0 million principal amount of the 4. 625 % Senior Unsecured Notes due 2027 (the " Notes "), we may be able to incur substantial additional debt from time to time to finance working capital, capital expenditures, investments or acquisition, or for other purposes. If we do so, the risks related to our debt could increase. Specifically, our level of debt could have important consequences to us, including the following: it may be difficult for us to satisfy our obligations, including debt service requirements under our outstanding debt; our ability to obtain additional financing for working capital, capital expenditures, debt service requirements, acquisitions or other general corporate purposes may be impaired; requiring a substantial portion of cash flow from operations to be dedicated to the payment of principal and interest on our indebtedness, including the Notes, therefore reducing our ability to use our cash flow to fund our operations, capital expenditures, future business opportunities and other purposes; we are more vulnerable to economic downturns and adverse industry conditions and our flexibility to plan for, or react to, changes in our business or industry is more limited; our ability to capitalize on business opportunities and to react to competitive pressures, as compared to our competitors, may be compromised due to our high level of debt and the restrictive covenants in the Amended Credit Agreement and the indenture governing our Notes; our ability to borrow additional funds or to refinance debt may be limited; and it may cause potential or existing customers to not contract with us due to concerns over our ability to meet our financial obligations, such as insuring against our professional liability risks, under such contracts. Furthermore, our debt under our Revolver bears interest at variable rates. Despite our indebtedness levels, we and our subsidiaries may still incur substantially more debt, which could further exacerbate the risks associated with our substantial leverage. We and our subsidiaries may incur substantial additional indebtedness in the future. The Amended Credit Agreement and the indenture governing our Notes contain restrictions on the incurrence of additional indebtedness, but these restrictions are subject to several qualifications and exceptions, and the indebtedness that may be incurred in compliance with these restrictions could be substantial. If we incur additional debt, the risks associated with our leverage, including those described above, would increase. Further, the restrictions in the indenture governing the Notes and the Amended Credit Agreement will not prevent us from incurring obligations, such as trade payables, that do not constitute indebtedness as defined in such debt instruments. As of ~~June 24~~ **April 30** , ~~2022~~ **2023** , we had $ 645. ~~3~~ **4** million of availability to incur additional secured indebtedness under our Revolver and $ 500 million of availability to incur additional secured indebtedness under our Delayed Draw Facility **that expired on June 24, 2023** . Our variable rate indebtedness subjects us to interest rate risk, which could cause our indebtedness service obligations to increase significantly. Interest rates fluctuate. As a result, interest rates on the Revolver or other variable rate debt offerings could be higher or lower than current levels. When interest rates increase, our debt service obligations on our variable rate indebtedness, if any, would increase even though the amount borrowed remained the same, and our net income and cash flows, including cash available for servicing our indebtedness, would correspondingly decrease. We may be unable to service our indebtedness. Our ability to make scheduled payments on and to refinance our indebtedness depends on and is subject to our financial and operating performance, which in turn is affected by general and regional economic, financial, competitive, business and other factors, all of which are beyond our control, including the availability of financing in the international banking and capital markets. Lower total revenue generally will reduce our cash flow. We cannot assure you that our business will generate sufficient cash flow from operations or that future borrowings will be available to us in an amount sufficient to enable us to service our debt, to refinance our debt or to fund our other liquidity needs. If we are unable to meet our debt service obligations or to fund our other liquidity needs, we will need to restructure or refinance all or a portion of our debt, which could cause us to default on our debt obligations and impair our liquidity. Our ability to restructure or refinance our debt will depend on the condition of the capital markets and our financial condition at such time. Any refinancing of our indebtedness could be at higher interest rates and may require us to comply with more onerous covenants that could further restrict our business operations. Moreover, in the event of a default, the holders of our indebtedness, including the Notes, could elect to declare all the funds borrowed to be due and payable, together with accrued and unpaid interest, if any. The lenders under the Revolver could also elect to terminate their commitments thereunder, cease making further loans, and institute foreclosure proceedings against their collateral, and we could be forced into bankruptcy or liquidation. If we breach our covenants under the Revolver, we would be in default thereunder. The lenders could exercise their rights, as described above, and we could be forced into bankruptcy or liquidation. The agreements governing our debt impose significant operating and financial restrictions on us and our subsidiaries, which may prevent us from capitalizing on business opportunities. The Amended Credit Agreement and the indenture governing the Notes impose significant operating and financial restrictions on us. These restrictions limit our ability and the ability of our subsidiaries to, among other things: incur or guarantee additional debt or issue capital stock; pay dividends and make other distributions on, or redeem or repurchase, capital stock; make certain investments; incur certain liens; enter into transactions with affiliates; merge or consolidate; enter into agreements that restrict the ability of subsidiaries to make dividends, distributions or other payments to us or the guarantors; in the case of the indenture governing our Notes, designate restricted subsidiaries as unrestricted subsidiaries; and transfer or sell assets. We and our subsidiaries are subject to covenants, representations and warranties in respect of the Revolver, including financial covenants as defined in the Amended Credit Agreement. See " Note ~~18~~ **11** – **Long- Term Debt** ~~Subsequent Events – Credit Facility~~ " of our notes to our consolidated financial statements included in this Annual Report on Form 10- K. As a result of these restrictions, we are limited as to how we conduct our business, and we may be unable to raise additional debt or equity financing to compete effectively or to take advantage of new business opportunities. The terms of any future indebtedness we may incur could include more restrictive covenants. We cannot assure you that we will be able to maintain compliance with these covenants in the future and, if we fail to do so, that we will be able to obtain waivers from the lenders and / or amend the covenants. Our failure to comply with the restrictive covenants described above and / or the terms of any future indebtedness from time to time could result in an event of default, which, if not cured or waived, could result in our being required to repay these borrowings before their due date. If we are forced to refinance these borrowings on less favorable terms or cannot refinance these borrowings, our results of operations and financial condition could be adversely affected. A decline in our operating results or available cash could cause us to experience difficulties in complying with covenants contained in more than one agreement, which could result in our bankruptcy or liquidation. If we sustain a decline in our operating results or available cash, we could experience difficulties in complying with the financial covenants contained in the Amended Credit Agreement. The failure to comply with such covenants could result in an event of default under the Revolver and by reason of cross- acceleration or cross- default provisions, other indebtedness may then become immediately due and payable. In addition, should an event of default occur, the lenders under our Revolver could elect to terminate their commitments thereunder, cease making loans and institute foreclosure proceedings against our assets, and we could be forced into bankruptcy or liquidation. If our operating performance declines, we may in the future need to obtain waivers from the lenders under our Revolver to avoid being in default. If we breach our covenants under our Revolver and seek a waiver, we may not be able to obtain a waiver from the lenders thereunder. If this occurs, we would be in default under our Revolver, the lenders could exercise their rights, as described above, and we could be forced into bankruptcy or liquidation. Risks Related to Technology, Cybersecurity and Intellectual Property Social media platforms present risks and challenges...... reputation, brand image and goodwill. Technological advances may significantly disrupt the labor market and weaken demand for human capital at a rapid rate. Our success is directly dependent on our customers' demands for talent. As technology continues to evolve, more tasks currently performed by people have been and may continue to be replaced by automation, robotics, machine learning, artificial intelligence and other technological advances outside of our control. The human resource industry has been and continues to be impacted by significant technological changes, enabling companies to offer services competitive with ours. Many of those technological changes may (i) reduce demand for our services, (ii) enable the development of competitive products or services, or (iii) enable our current customers to reduce or bypass the use of our services, particularly in lower- skill job categories. Additionally, rapid changes in ~~artificial intelligence~~ **AI and generative AI which involves the use of advanced algorithms and machine learning techniques to create content, generate ideas, or simulate human- like behaviors** and block chain- based technology are increasing the competitiveness landscape. We may not be successful in anticipating or responding to these changes and demand for our services could be further reduced by advanced technologies being deployed by our competitors. ~~The effort to gain technological expertise~~ **Technological developments such as these may materially affect the cost** and **use of technology by our clients and demand for our services, and if we do not sufficiently invest in new technology and industry developments, or if we do not make the right strategic investments to respond to these developments and successfully drive innovation, our services and solutions, our ability to generate demand for our services, attract and retain clients, and our ability to** develop ~~new technologies~~ **and achieve a competitive advantage and continue to grow could be negatively affected. If we are unable to keep pace with the industry changes this could result** in **an impairment of goodwill** ~~our~~ **or** ~~business may require us to incur significant expenses~~ **other intangible assets and would have a negative impact on our profitability and operating results** . In some cases, we depend on key vendors and partners to provide technology and other support. If these third parties fail to perform their obligations or cease to work with us, our ability to execute on our strategic initiatives could be adversely affected. We have invested in specialized technology and other IP for which we may fail to fully recover our investment, or which may become obsolete. We have invested in developing specialized technology and IP, including proprietary systems, processes and methodologies, such as Korn Ferry Advance and Talent Hub, that we believe provide us a competitive advantage in serving our current clients and winning new engagements. Many of our service and product offerings rely on specialized technology or IP that is subject to rapid change, and to the extent that this technology and IP is rendered obsolete and of no further use to us or our clients, our ability to continue offering these services, and grow our revenues, has been and may continue to be adversely affected. There is no assurance that we will be able to develop new, innovative or improved technology or IP or that our technology and IP will effectively compete with the IP developed by our competitors. If we are unable to develop new technology and IP or if our competitors develop better technology or IP, our revenues and results of operations could be adversely affected. We rely heavily on our information systems, and if we lose that technology, or fail to further develop our technology, our business could be harmed. Our success depends in large part upon our ability to store, retrieve, process, manage and protect substantial amounts of information **. Our information systems are subject to the risk of failure, obsolescence and inadequacy** . 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 of new proprietary software, either internally or through independent consultants. 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 for any reason any interruption or loss of our information processing capabilities occurs, this could harm our business, results of operations and financial condition. We cannot be sure that our current insurance against the effects of a disaster regarding our information technology or our disaster recovery procedures will continue to be available at reasonable prices, cover all our losses or compensate us for the possible loss of clients occurring during any period that we are unable to provide business services. We are subject to risk as it relates to software that we license from third parties. We license software from third parties, much of which is integral to our systems and our business. The licenses are generally terminable if we breach our obligations under the license agreements. If any of these relationships were terminated or if any of these parties were to cease doing business or cease to support the applications we currently utilize, we may be forced to spend significant time and money to replace the licensed software. However, we cannot assure you that the necessary replacements will be available on reasonable terms, if at all. We are dependent on third parties for the execution of certain critical functions. We do not maintain all of our technology infrastructure, and we have outsourced certain other critical applications or 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 **have caused, and** could **in the future** cause significant disruptions and increased costs. We are also dependent on security measures that some of our third- party vendors and customers 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, which could materially and adversely affect our business. Cyber security vulnerabilities and incidents have and may again lead to the improper disclosure of information obtained from our clients, candidates and employees, which could result in liability and harm to our reputation. We use information technology and other computer resources to carry out operational and marketing activities and to maintain our business records. We rely on information technology systems to process, transmit, and store electronic information and to communicate among our locations around the world and with our clients, partners, and employees. The breadth and complexity of this infrastructure increases the risk of security **incidents resulting in the** ~~breaches which could lead to potential~~ unauthorized disclosure of **sensitive or** confidential information **and other adverse consequences that could have a material adverse impact on our business and results of operations** . **Our** ~~Reliance~~ **reliance** on trained professionals to configure and operate this infrastructure creates the potential for human error, leading to potential exposure of sensitive or confidential information. Our systems and networks **and the vendors who provide us services** are vulnerable to **incidents** ~~computer viruses, malware, worms, hackers and other security issues~~ , including physical and electronic break- ins, **attacks by hackers, computer viruses, malware, worms,** router disruption, sabotage or espionage **, ransomware attacks, supply chain attacks** , disruptions from unauthorized access and tampering (including through social engineering such as phishing attacks), **employee error and misconduct,** impersonation of authorized users and coordinated denial- of- service attacks. For example, in the past we have experienced cyber security incidents resulting from unauthorized access to our systems, which to date have not had a material impact on our business or results of operations; however, there is no assurance that such impacts will not be material in the future. **We expect cybersecurity incidents to continue to occur in the future.** The continued occurrence of high- profile data breaches against various entities and organizations provides evidence of an external environment that is increasingly hostile to information security. This environment demands that we ~~continuously~~ **regularly** improve our design and coordination of security controls across our business groups and geographies in order to protect information that we develop or that is obtained from our clients, candidates and employees. Despite these efforts, given the ongoing and increasingly sophisticated attempts to access the information of entities, our security controls over this information, our training of employees, and other practices we follow have not and may not prevent the improper disclosure of such information. Our efforts and the costs incurred to bolster our security against attacks cannot provide absolute assurance that future data breaches will not occur. We depend on our overall reputation and brand name recognition to secure new engagements. Perceptions that we do not adequately protect the privacy of information could inhibit attaining new engagements, qualified consultants and could potentially damage currently existing client relationships. Data security, data privacy and data protection laws, such as the European Union General Data Protection Regulation (" GDPR "), and other evolving regulations and cross- border data transfer restrictions, may limit the use of our services, increase our costs and adversely affect our business. We are subject to numerous U. S. and foreign jurisdiction laws and regulations designed to protect client, colleague, supplier and company data, such as the GDPR, which ~~became effective in May 2018, and~~ requires companies to meet stringent requirements regarding the handling of personal data, including its use, protection and transfer and the ability of persons whose data is stored to correct or delete such data about themselves. Complying with the enhanced obligations imposed by the GDPR has resulted and may continue to result in additional costs to our business and has required and may further require us to amend certain of our business practices. Failure to meet the GDPR requirements could result in significant penalties, including fines up to 4 % of annual worldwide revenue. The GDPR also confers a private right of action on certain individuals and associations. Laws and regulations in this area are evolving and generally becoming more stringent. For example, the New York State Department of Financial Services has issued cybersecurity regulations that outline a variety of required security measures for protection of data. Some U. S. states, including California **and Virginia** , have also enacted cybersecurity laws requiring certain security measures of regulated entities that are broadly similar to GDPR requirements, such as the California Consumer Privacy Act ~~and~~ **,** California Privacy Rights Act **and Virginia Consumer Data Protection Act** . New privacy laws in Colorado ~~and Virginia~~ will take effect in **calendar year** 2023, and we expect that other states will continue to adopt legislation in this area. As these laws continue to evolve, we may be required to make changes to our services, solutions and / or products so as to enable the Company and / or our clients to meet the new legal requirements, including by taking on more onerous obligations in our contracts, limiting our storage, transfer and processing of data and, in some cases, limiting our service and / or solution offerings in certain locations. Changes in these laws, or the interpretation and application thereof, may also increase our potential exposure through significantly higher potential penalties for non- compliance. The costs of compliance with, and other burdens imposed by, such laws and regulations and client demand in this area may limit the use of, or demand for, our services, solutions and / or products, 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. Further, enforcement actions and investigations by regulatory authorities related to data security incidents and privacy violations continue to increase. It is possible that future enactment of more restrictive laws, rules or regulations and / or future enforcement actions or investigations could have an adverse impact on us through increased costs or restrictions on our businesses and noncompliance could result in regulatory penalties and significant legal liability. Social media platforms present risks and challenges that can cause damage to our brand and reputation.The inappropriate and / or unauthorized use of social media platforms,including blogs,social media websites and other forms of Internet- based communications,which allow individuals access to a broad audience of consumers and other interested persons by our clients or employees could increase our costs,cause damage to our brand,lead to litigation or result in information leakage,including the improper collection and / or dissemination of personally identifiable information of candidates and clients.In addition,negative or inaccurate posts or comments about us on any social networking platforms could damage our reputation,brand image and goodwill. Risks Related to Acquisitions Acquisitions, or our inability to effect acquisitions, may have an adverse effect on our business. We have completed several strategic acquisitions of businesses in the last several years, including our acquisition of ~~Miller Heiman Group, AchieveForum and Strategy Execution in fiscal 2020 and~~ The Lucas Group and Patina Solutions Group, Inc. in fiscal 2022 **and Infinity Consulting Solutions and Salo LLC in fiscal 2023** . Targeted acquisitions have been and continue to be part of our growth strategy, and we may in the future selectively acquire businesses that are complementary to our existing service offerings. However, we cannot be certain that we will be able to continue to identify appropriate acquisition candidates or acquire them on satisfactory terms. Our ability to consummate such acquisitions on satisfactory terms will depend on the extent to which acquisition opportunities become available; our success in bidding for the opportunities that do become available; negotiating terms that we believe are reasonable; and regulatory approval, if required. Our ability to make strategic acquisitions may also be conditioned on our ability to fund such acquisitions through the incurrence of debt or the issuance of equity. Our Amended Credit Agreement limits us from consummating acquisitions unless we are in pro forma compliance with our financial covenants, and certain other conditions are met. If we are required to incur substantial indebtedness in connection with an acquisition, and the results of the acquisition are not favorable, the increased indebtedness could decrease the value of our equity. In addition, if we need to issue additional equity to consummate an acquisition, doing so would cause dilution to existing stockholders. If we are unable to make strategic acquisitions, or the acquisitions we do make are not on terms favorable to us or not effected in a timely manner, it may impede the growth of our business, which could adversely impact our profitability and our stock price. As a result of our acquisitions, we have substantial amounts of goodwill and intangible assets, and changes in business conditions could cause these assets to become impaired, requiring write- downs that would adversely affect our operating results. All of our acquisitions have been accounted for as purchases and involved purchase prices well in excess of tangible asset values, resulting in the creation of a significant amount of goodwill and other intangible assets. As of April 30, ~~2022~~ **2023** , goodwill and purchased intangibles accounted for approximately ~~21~~ **25** % and 3 %, respectively, of our total assets. We review goodwill and intangible assets annually (or more frequently, if impairment indicators arise) for impairment. Future events or changes in circumstances that result in an impairment of goodwill or other intangible assets would have a negative impact on our profitability and operating results. An impairment in the carrying value of goodwill and other intangible assets could negatively impact our consolidated results of operations and net worth. Goodwill is initially recorded as the excess of amounts paid over the fair value of net assets acquired. While goodwill is not amortized, it is reviewed for impairment at least annually or more frequently, if impairment indicators are present. In assessing the carrying value of goodwill, we make qualitative and quantitative assumptions and estimates about revenues, operating margins, growth rates and discount rates based on our business plans, economic projections, anticipated future cash flows and marketplace data. There are inherent uncertainties related to these factors and management' s judgment in applying these factors. Goodwill valuations have been calculated using an income approach based on the present value of future cash flows of each reporting unit and a market approach. We could be required to evaluate the carrying value of goodwill prior to the annual assessment if we experience unexpected, significant declines in operating results or sustained market capitalization declines. These types of events and the resulting analyses could result in goodwill impairment charges in the future **and therefore impact the value of assets we hold, or otherwise significantly adversely affect our business, which could limit our financial flexibility and liquidity** . Risks Related to Global Operations We are a cyclical company whose performance is tied to local and global economic conditions. Demand for our services is affected by global economic conditions **, including recessions, inflation, interest rates, tax rates and economic uncertainty,** and the general level of economic activity in the geographic regions and industries in which we operate. When conditions in the global economy, including the credit markets **,** deteriorate, or economic activity slows, many companies hire fewer permanent employees and some companies, as a cost- saving measure, choose to rely on their own human resources departments rather than third- party search firms to find talent, and under these conditions, companies have cut back on human resource initiatives, all of which negatively affects our financial condition and results of operations. We also experience more competitive pricing pressure during periods of economic decline. If the geopolitical uncertainties result in a reduction in business confidence, when the national or global economy or credit market conditions in general deteriorate, the unemployment rate increases or any changes occur in U. S. trade policy (including any increases in tariffs that result in a trade war), such uncertainty or changes put negative pressure on demand for our services and our pricing, resulting in lower cash flows and a negative effect on our business, financial condition and results of operations. In addition, some of our clients experience reduced access to credit and lower revenues, resulting in their inability to meet their payment obligations to us. We face risks associated with social and political instability, legal requirements and economic conditions in our international operations. We operate in 53 countries and, during the year ended April 30, ~~2022~~ **2023** , generated ~~49~~ **45** % of our fee revenue from operations outside of the U. S. We are exposed to the risk of changes in social, political, legal and economic conditions inherent in international operations. Examples of risks inherent in transacting business worldwide that we are exposed to include: ▪ changes in and compliance with applicable laws and regulatory requirements, including U. S. laws affecting the activities of U. S. companies abroad, including the Foreign Corrupt Practices Act of 1977 and sanctions programs administered by the U. S. Department of the Treasury Office of Foreign Assets Control, and similar foreign laws such as the U. K. Bribery Act, as well as the fact that many countries have legal systems, local laws and trade practices that are unsettled and evolving, and / or commercial laws that are vague and / or inconsistently applied; ▪ difficulties in staffing and managing global operations, which could impact our ability to maintain an effective system of internal control; ▪ difficulties in building and maintaining a competitive presence in existing and new markets; ▪ social, economic and political instability, including the repercussions of **the ongoing conflict between** Russia **and** ~~' s attack on~~ Ukraine **and the cessation of our business in Russia** ; ▪ differences in cultures and business practices; ▪ statutory equity requirements; ▪ differences in accounting and reporting requirements; ▪ repatriation controls; ▪ differences in labor and market conditions; ▪ potential adverse tax consequences; ▪ multiple regulations concerning immigration, pay rates, benefits, vacation, statutory holiday pay, workers' compensation, union membership, termination pay, the termination of employment, and other employment laws; and ▪ the introduction of greater uncertainty with respect to trade policies, tariffs, disputes or disruptions, the termination or suspension of treaties, boycotts and government regulation affecting trade between the U. S. and other countries. One or more of these factors has and may in the future harm our business, financial condition or results of operations. Risks Related to Our Dividend Policy You may not receive the level of dividends provided for in the dividend policy our Board of Directors has adopted or any dividends at all. We are not obligated to pay dividends on our common stock. Despite our history of paying dividends, the declaration and payment of all future dividends to holders of our common stock are subject to the discretion of our Board of Directors, which may amend, revoke or suspend our dividend policy at any time and for any reason, including earnings, capital requirements, financial conditions and other factors our Board of Directors may deem relevant. The terms of our indebtedness may also restrict us from paying cash dividends on our common stock under certain circumstances. See below " — Our ability to pay dividends is restricted by agreements governing our debt, including our Amended Credit Agreement and indenture governing our Notes, and by Delaware law. " Over time, our capital and other cash needs may change significantly from our current needs, which could affect whether we pay dividends and the level of any dividends we may pay in the future. If we were to use borrowings under our Revolver to fund our payment of dividends, we would have less cash and / or borrowing capacity available for future dividends and other purposes, which could negatively affect our financial condition, our results of operations, our liquidity and our ability to maintain and expand our business. Accordingly, you may not receive dividends in the intended amounts, or at all. Any reduction or elimination of dividends may negatively affect the market price of our common stock. Both our Amended Credit Agreement and the indenture governing our Notes restrict our ability to pay dividends. See " Management' s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources, " where we describe the terms of our indebtedness, including provisions limiting our ability to declare and pay dividends. As a result of such restrictions, we may be limited in our ability to pay dividends unless we redeem our Notes and amend our Amended Credit Agreement or otherwise obtain a waiver from our lenders. In addition, as a result of general economic conditions, conditions in the lending markets, the results of our business or for any other reason, we may elect or be required to amend or refinance our Revolver, at or prior to maturity, or enter into additional agreements for indebtedness. Any such amendment, refinancing or additional agreement may contain covenants that could limit in a significant manner or entirely our ability to pay dividends to you. Additionally, under the Delaware General Corporation Law (" DGCL "), our Board of Directors may not authorize payment of a dividend unless it is either paid out of surplus, as calculated in accordance with the DGCL, or if we do not have a surplus, out of net profits for the fiscal year in which the dividend is declared and / or the preceding fiscal year. If, as a result of these restrictions, we are required to reduce or eliminate the payment of dividends, a decline in the market price or liquidity, or both, of our common stock could result. This may in turn result in losses by you. Our dividend policy may limit our ability to pursue growth opportunities. If we pay dividends at the level currently anticipated under our dividend policy, we may not retain a sufficient amount of cash to finance growth opportunities, meet any large unanticipated liquidity requirements or fund our operations in the event of a significant business downturn. In addition, because a portion of cash available will be distributed to holders of our common stock under our dividend policy, our ability to pursue any material expansion of our business, including through acquisitions, increased capital spending or other increases of our expenditures, will depend more than it otherwise would on our ability to obtain third party financing. We cannot assure you that such financing will be available to us at all, or at an acceptable cost. If we are unable to take timely advantage of growth opportunities, our future financial condition and competitive position may be harmed, which in turn may adversely affect the market price of our common stock. Risks Related to Our Stockholders We have provisions that make an acquisition of us more difficult and expensive. Anti- takeover provisions in our Certificate of Incorporation, our Bylaws and under Delaware law make it more difficult and expensive for us to be acquired in a transaction that is not approved by our Board of Directors. Some of the provisions in our Certificate of Incorporation and Bylaws include: limitations on stockholder actions; advance notification requirements for director nominations and actions to be taken at stockholder meetings; 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 current market price for the common stock. General Risk Factors Failing to retain our executive officers and key personnel or integrate new members of our senior management who are critical to our business may prevent us from successfully managing our business in the future. Our future success depends upon the continued service of our executive officers and other key management personnel. Competition for qualified personnel is intense, and we may compete with other companies that have greater financial and other resources than we do. If we lose the services of one or more of our executives or key employees, or if one or more of them decides to join a competitor or otherwise compete directly or indirectly with us, or if we are unable to integrate new members of our senior management who are critical to our business, we may not be able to successfully manage our business or achieve our business objectives. Changes in our accounting estimates and assumptions and other financial ~~and nonfinancial~~ reporting ~~standard~~ **standards** could negatively affect our financial position and results of operations. We prepare our consolidated financial statements in accordance with U. S. GAAP. These accounting principles require us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of our financial statements. We are also required to make certain judgments that affect the reported amounts of revenues and expenses during each reporting period. We periodically evaluate our estimates and assumptions, including those relating to revenue recognition, restructuring, deferred compensation, goodwill and other intangible assets, contingent consideration, annual performance- related bonuses, allowance for doubtful accounts, share- based payments and deferred income taxes. Actual results could differ from the estimates we make based on historical experience and various assumptions believed to be reasonable based on specific circumstances, and changes in accounting standards could have an adverse impact on our future financial position and results of operations ~~. As we endeavor to align with the recommendations of the Sustainability Accounting Standards Board and other standards or materiality assessments related to ESG matters, we have expanded, and may in the future continue to expand, our disclosures in these areas. A failure to accurately report or achieve progress on metrics, targets, or goals on a timely basis or at all could also have an adverse impact on our financial position, reputation, business, and growth~~ . Unfavorable tax laws, tax law changes and tax authority rulings may adversely affect results. We are subject to income taxes in the U. S. 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 tax laws. The amount of our 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 estimated amounts recorded, future financial results may include unfavorable tax adjustments. Future changes in tax laws, treaties or regulations, and their interpretations or enforcement, may be unpredictable, particularly as taxing jurisdictions face an increasing number of political, budgetary and other fiscal challenges. Tax rates in the jurisdictions in which we operate may change as a result of macroeconomic and other factors outside of our control, making it increasingly difficult for multinational corporations like ourselves to operate with certainty about taxation in many jurisdictions. ~~Recently, the Biden Administration has proposed changes to federal tax policies that could significantly change how corporations are taxed on U. S. as well as on foreign earnings. While the proposed changes are still under debate, they could adversely affect our business and our results of operations.~~ As a result, we have been and may again be materially adversely affected by future changes in tax law or policy (or in their interpretation or enforcement) in the jurisdictions where we operate, including the U. S., which could have a material adverse effect on our business, cash flow, results of operations, financial condition, as well as our effective income tax rate. Limited protection of our IP could harm our business, and we face the risk that our services or products may infringe upon the IP rights of others. We cannot guarantee that trade secrets, trademark and copyright law protections are adequate to deter misappropriation of our IP (which has become an important part of our business). Existing laws of some countries in which we provide services or products may offer only limited protection of our IP rights. Redressing infringements may consume significant management time and financial resources. Also, we cannot detect all unauthorized use of our IP and take the necessary steps to enforce our rights, which may have a material adverse impact on our business, financial condition or results of operations. We cannot be sure that our services and products, or the products of others that we offer to our clients, do not infringe on the IP rights of third parties, and we may have infringement claims asserted against us or our clients. These claims may harm our reputation, result in financial liability and prevent us from offering some services or products. We may not be able to successfully integrate or realize the expected benefits from our acquisitions. Our future success depends in part on our ability to complete the integration of acquisition targets successfully into our operations. The process of integrating an acquired business subjects us to a number of risks, including: ▪ diversion of management attention; ▪ 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 ▪ incurrence of additional expenses in connection with the integration process. If our acquisitions are not successfully integrated, our business, financial condition and results of operations, as well as our professional reputation, could be materially adversely affected. Further, we cannot assure you that acquisitions will result in the financial, operational or other benefits that we anticipate. Some acquisitions may not be immediately accretive to earnings and some expansion may result in significant expenditures. Businesses we acquire may have liabilities or adverse operating issues that could harm our operating results. Businesses we acquire may have liabilities or adverse operating issues, or both, that we either fail to discover through due diligence or underestimate prior to the consummation of the acquisition. These liabilities and / or issues may include the acquired business’ failure to comply with, or other violations of, applicable laws, rules or regulations or contractual or other obligations or liabilities. As the successor owner, we may be financially responsible for, and may suffer harm to our reputation or otherwise be adversely affected by, such liabilities and / or issues. An acquired business also may have problems with internal controls over financial reporting, which could in turn cause us to have significant deficiencies or material weaknesses in our own internal controls over financial reporting. These and any other costs, liabilities, issues, and / or disruptions associated with any past or future acquisitions, and the related integration, could harm our operating results. We may be subject to the actions of activist stockholders, which could disrupt our business. We value constructive input from investors and regularly engage in dialogue with our stockholders regarding strategy and performance. Activist stockholders who disagree with the composition of the Board of Directors, our strategy or the way the Company is managed may seek to effect change through various strategies and channels, such as through commencing a proxy contest, making public statements critical of our performance or business or engaging in other similar activities. Responding to stockholder activism can be costly and time- consuming, disrupt our operations, and divert the attention of management and our employees from our strategic initiatives. Activist campaigns can create perceived uncertainties as to our future direction, strategy, or leadership and may result in the loss of potential business opportunities, harm our ability to attract new employees, investors, and customers, and cause our stock price to experience periods of volatility or stagnation. **We face various risks related to health epidemics, pandemics, and similar outbreaks that negatively impact our operations and financial performance and those of the clients we serve. The ultimate magnitude of any future pandemics or similar outbreaks depends on numerous factors, the full extent of which we may not be capable of predicting. Our business and financial results have been, and could be in the future, adversely affected by health epidemics, pandemics, and similar outbreaks. Pandemics can cause a global slowdown in economic activity, a decrease in demand for a broad variety of goods and services, disruptions in global supply chains,**

and significant volatility and disruption of financial markets. Because the severity, magnitude and duration of a pandemic and its economic consequences are uncertain and vary by region, its full impact on our operations and financial performance is uncertain and difficult to predict. Further, a pandemic' s ultimate impact depends in part on many factors not within our control, including (1) restrictive governmental and business actions (including travel restrictions, vaccine mandates, testing requirements, and other workforce limitations), (2) economic stimulus, funding and relief programs and other governmental economic responses, (3) the effectiveness of governmental actions, (4) economic uncertainty in key global markets and financial market volatility, (5) levels of economic contraction or growth, (6) the impact of the pandemic on health and safety and (7) the availability and effectiveness of vaccines and booster shots. In addition, pandemics can subject our operations and financial performance to a number of risks, including operational challenges, such as heightened attention to employee health and safety, workplace disruptions or shutdowns, cybersecurity risks, supplier disruptions or delays, and travel restrictions, as well as client- related risks, as clients may experience similar disruptions, fluctuations, and restrictions that may impact our ability to provide products and services to our clients (or for clients to pay for such products and services) and may reduce demand for our products and services.