

Risk Factors Comparison 2025-03-14 to 2024-03-15 Form: 10-K

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You should carefully consider each of the following risk factors and all of the other information set forth in this Annual Report on Form 10- K or incorporated by reference herein. Based on the information currently known to us, we believe that the following information identifies the most significant risk factors affecting our company. However, additional risks and uncertainties not currently known to us or that we currently believe to be immaterial may also adversely impact our business. If any of the following risks and uncertainties develop into actual events, these events could have a material adverse effect on our business, financial condition or results of operations. Risks Related to the Company’ s Business and Operation **We are unable to predict the extent..... able to appropriately or timely address.** Lack of success in recruitment and retention of IT and data and analytics professionals may decrease our revenues and increase the costs needed to maintain our workforce. Our business involves the delivery of professional services and is labor- intensive. Our success depends upon our ability to attract, develop, motivate and retain highly skilled professionals who possess the skills and experience necessary to deliver our services. Qualified IT and data and analytics professionals are in demand worldwide and are likely to remain a limited resource for the foreseeable future. There can be no assurance that these qualified professionals will be available to us in sufficient numbers, or that we will be successful in retaining current or future employees. Failure to attract and retain qualified professionals in sufficient numbers may have a material adverse effect on our business, operating results and financial condition. Historically, we have done much of our recruiting from outside of the country where the client work is performed. Accordingly, any perception among our IT professionals, whether or not well founded, that our ability to assist them in obtaining temporary work visa and permanent residency status has been diminished, could lead to significant employee attrition. Any significant employee attrition will increase expenses necessary to replace and retrain our professionals and could decrease our revenues if we are not able to provide sufficient numbers of these resources to our clients. We may have difficulty maintaining client relationships if the trend towards utilizing Managed Service Providers (“ MSPs ”) continues. Within our IT Staffing Services segment, many large users of staffing services are employing MSP’ s to manage their contractor expenses in an effort to drive down overall costs. MSP clients represented approximately ~~32-36~~ **32-36** % of our **overall IT Staffing Services Segment’ s 2023-2024** revenues and **increased marginally** ~~has been largely flat~~ in recent years. The general impact of this shift towards the MSP model has been to lower our gross margins. Should this trend towards utilizing the MSP model continue, it is likely that our gross margins will be pressured in the future. In addition, if large users of staffing services continue to employ MSPs, the relationship between us and those large users may be primarily conducted through MSPs, in which case we may have difficulty maintaining those client relationships because the MSP model uses the MSP as an intermediary between the staffing service provider and the end- user, and reduces our direct contact with the end- user. We are dependent upon our Indian operations and there can be no assurance that our Indian operations will support our growth strategy and historical cost structure. Our Indian recruitment and delivery centers depend greatly upon business and technology transfer laws in India, and upon the continued development of technology infrastructure. There can be no assurance that our Indian operations will support our growth strategy. The risks inherent in our Indian business activities include: • unexpected changes in regulatory environments; • foreign currency fluctuations; • tariffs and other trade barriers; • difficulties in managing international operations; and • the burden of complying with a wide variety of foreign laws and regulations. Our failure to manage growth or attract and retain personnel, or a significant interruption in our ability to transmit data and voice efficiently, could have a material adverse impact on our ability to successfully maintain and develop our global recruitment and delivery centers and could have a material adverse effect on our business, operating results and financial condition. The Indian rupee may increase in value relative to the dollar, increasing our costs. Although, we receive the vast majority of our revenues in U. S. dollars, we maintain a significant portion of our recruiting and delivery workforces in India, and those employees are paid in rupees. Therefore, any increase in the value of the rupee versus the dollar would increase our expenses, which could have a material adverse effect on our business, operating results and financial condition. Our quarterly operating results may be subject to significant variations. Our revenues and operating results have historically been subject to significant variations from quarter to quarter depending on a number of factors, including the timing and number of client projects commenced and completed during the quarter, the number of working days in a quarter, employee hiring and attrition, and utilization rates during the quarter. Our multi- year Center of Excellence service offering may be early terminated **on with a** short notice from the client, which could materially ~~impact our backlog~~ and adversely affect our business, **backlog** and future revenues. Our Data and Analytics Services segment markets a multi- year service offering known as a Center of Excellence. This service provides our clients with a virtual extension of their internal team to assist with their data and analytics business strategies and objectives. These engagements are generally multi- year and provide added flexibility to the client by adjusting dedicated readily- available and appropriately skilled resources on an as needed basis. While these engagements provide opportunities to partner with and deeply understand a client’ s data management and analytics longer- term objectives, these contracts generally can be early terminated by the client with a short- term notice. Should a client terminate an engagement early, this termination could materially impact our backlog of orders and adversely affect our business and future revenues. ~~13~~ Our strategy of expansion through the acquisition of additional companies may not be successful and may result in slower growth of our business and reduced operating margins. We plan to gradually expand our operations through the acquisition of, or investment in, additional businesses and companies. We may be unable to identify businesses that complement our strategy for growth. If we do succeed in identifying a company with such a business, we may not be able to acquire the company, its relevant business or an interest in the company for many reasons, including: • a failure to agree on the terms of the acquisition

or investment; • incompatibility between us and the management of the company that we wish to acquire or invest; • competition from other potential acquirers; • a lack of capital to make the acquisition or investment; or • the unwillingness of the company to partner with us. If we are unable to acquire and invest in attractive businesses, our strategy for growth may be impaired. Even if we are able to complete one or more acquisitions, there can be no assurance that those completed acquisitions will result in successful growth, and the costs of completing an acquisition may reduce our margins. **13** We have made in the past, and may make in the future, acquisitions which could require significant management attention, disrupt our existing business, result in dilution to our shareholders, deplete our cash reserves, increase our debt levels and adversely affect our financial results. Acquisitions, ~~such as our acquisitions of Hudson IT, the services division of InfoTrellis, Inc., and AmberLeaf Partners, Inc.~~, involve numerous risks, including the possibility that: • we do not successfully integrate the operations, systems, technologies, products, offerings and personnel of the acquired company or companies; • we do not generate sufficient revenues to offset increased expenses associated with our acquisitions; • our management's attention is diverted from normal daily operations of our business and the challenges with managing larger and more widespread operations resulting from our acquisitions; • we experience difficulties entering markets in which we have no or limited direct prior experience and where competitors in such markets have stronger market positions; and • we lose key employees, customers, distributors, vendors and other business partners of the companies we acquire following and continuing after announcement of acquisition plans. In addition to the foregoing, acquisitions may also cause us to: • use a substantial portion of our cash reserves or incur debt; • issue equity securities or grant equity incentives that dilute our current shareholders' percentage ownership; • assume liabilities, including potentially unknown liabilities; • record goodwill and amortizable intangible assets that are subject to impairment testing on a regular basis and potential periodic impairment charges **could occur**; • incur amortization expenses related to certain intangible assets; • incur large and immediate write-offs and restructuring and other related expenses; and • become subject to intellectual property litigation or other litigation. **14** Acquisitions of technology companies and assets are inherently risky and subject to many factors outside of our control, and no assurance can be given that our prior or future acquisitions will be successful and will not materially adversely affect our business, operating results, or financial condition. Failure to manage and successfully integrate acquisitions could materially harm our business and operating results. Our revenues are highly concentrated, and the loss of a significant client would adversely affect our business and revenues. Our revenues are highly dependent on clients located in North America, as well as clients concentrated in certain industries. Economic slowdowns, changes in law and other restrictions or factors that affect the economic health of these industries may affect our business. For the year ended December 31, **2023-2024**, approximately **53-54** % of our revenues were derived from our top ten clients and approximately **50-49** % of revenues came from financial services clients. Consequently, if our clients reduce or postpone their spending significantly, this may lower the demand for our services and negatively affect our revenues and profitability. Further, any significant decrease in the rate of economic growth may reduce the demand for our services and negatively affect our revenues and profitability. We have in the past, and may in the future, derive a significant portion of our revenues from a relatively limited number of clients. These contracts are terminable without penalty, as are most of our contracts. The loss of any significant client or major project, or an unanticipated termination of a major project, could result in the loss of substantial anticipated revenues. **14** Our leverage could materially and adversely affect our financial condition or operating flexibility and prevent us from fulfilling our obligations under our Credit Agreement. At December 31, **2023-2024**, we had no outstanding borrowings under our Credit Agreement with PNC Bank and certain other lenders (the "Credit Agreement") and unused borrowing capacity of \$ 22. **5-6** million under the revolving credit facility established by the Credit Agreement. Our level of indebtedness (which may increase) could have important consequences on our future operations, including the following: • increasing the risk that we cannot satisfy our payment or other obligations under our outstanding debt, which may result in defaults; • subjecting us to increased sensitivity to interest rate increases on our outstanding indebtedness, which could cause our debt service obligations to increase significantly; • reducing the availability of our cash flows to fund working capital, capital expenditures, acquisitions and other general corporate purposes, and limiting our ability to obtain additional financing for these purposes; • limiting our flexibility in planning for, or reacting to, and increasing our vulnerability to, changes in our business, the industry in which we operate and general economic conditions; • placing us at a competitive disadvantage to our competitors that have less debt or are less leveraged; • increasing our vulnerability to the impact of adverse economic and industry conditions; and • limiting our ability to execute on our existing share repurchase program. In addition, we may incur additional indebtedness in the future and, if we incur new debt or other liabilities, the related risks that we face could intensify. Our ability to make required payments or to refinance our indebtedness depends on our future performance, which will be affected by financial, business and economic conditions and other factors, many of which are not within our control. If our cash flows and capital resources are insufficient to fund our debt service obligations, we **15** may be forced to reduce or delay investments and capital expenditures, or to sell assets, seek additional capital, or restructure or refinance our indebtedness. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations. In addition, the terms of existing or future debt agreements and other factors may restrict us from pursuing any of these alternatives. If we are in default under the Credit Agreement due to our inability to make the required payments, or if we otherwise fail to comply with the financial and other covenants contained therein, all of our debt thereunder could be accelerated and the lenders under our Credit Agreement could be permitted to foreclose on our assets securing such debt. The covenants in our Credit Agreement impose restrictions that may limit our operating and financial flexibility. The Credit Agreement contains financial covenants, including but not limited to, covenants related to the Company's senior leverage ratio and fixed charge ratio (as defined under the Credit Agreement), and limitations on liens, indebtedness, guarantees and contingent liabilities, loans and investments, distributions, leases, asset sales, stock repurchases and mergers and acquisitions. These covenants and limitations may limit our ability to, among other things: • create, incur or assume liens; • make investments and loans; • create, incur, assume or guarantee additional indebtedness; **15** • engage in mergers, acquisitions, consolidations, sale- leasebacks and other similar transactions; • pay

dividends, or redeem or repurchase our capital stock; • alter the business that we conduct; • engage in certain transactions with officers, directors and affiliates; • prepay, redeem or purchase other indebtedness; • enter into certain agreements; and • make material changes to accounting and reporting practices. Operating results below current levels or other adverse factors, including increases in interest rates, could result in us being unable to comply with certain covenants contained in our Credit Agreement. If we violate these covenants and are unable to obtain waivers, our debt under the Credit Agreement would be in default, could be accelerated and could permit our lenders to foreclose on our assets securing the debt thereunder. If the indebtedness is accelerated, we may not be able to repay our debt or borrow sufficient funds to refinance it. Even if we are able to obtain new financing, it may not be on commercially reasonable terms or on terms that are acceptable to us. If our debt is in default for any reason, our cash flows, operating results, or financial condition could be materially and adversely affected. In addition, complying with these covenants may also cause us to take actions that may make it more difficult for us to successfully execute our business strategy and compete against companies that are not subject to such restrictions. We must keep pace with the rapid technological changes that characterize the IT and data and analytics industries and our failure to do so could result in lower demand for services. The IT staffing and data analytics services industries are characterized by rapid technological change, evolving industry standards, changing client preferences and new product introductions. Our success will depend in part on our ability to keep pace with industry developments. There can be no assurance that we will be successful in addressing these developments on a timely basis or that, if these developments are addressed, we ~~16~~ will be successful in the marketplace. In addition, there can be no assurance that products or technologies developed by others will not render our services noncompetitive or obsolete. Our failure to address these developments could have a material adverse effect on our business, operating results and financial condition. A significant number of organizations is attempting to migrate their IT business applications to advanced technologies, such as artificial intelligence, cloud services, data ~~scientists~~ **science-based solution**, mobility, and social analytics. As a result, our ability to remain competitive depends on several factors, including our ability to develop, train and hire employees with skills in advanced technologies. Our failure to hire, train and retain employees with such skills could have a material adverse impact on our future revenues. Our **Client's** “preferred vendor” contracts generally result in lower margins. In addition, we may not be able to maintain “preferred vendor” status with existing clients or obtain that status with new clients, which may lead to a decrease in the volume of business we obtain from these clients. In our IT Staffing Services segment, we are party to several “preferred vendor” contracts, and we are seeking additional similar contracts in order to obtain new or additional business from large and medium- sized clients. Clients enter into these contracts to reduce their number of vendors and obtain better pricing in return for a potential increase in the volume of business to the preferred vendor. While these contracts are expected to generate higher volumes, they generally carry lower margins. Although we attempt to lower costs to maintain margins, there can be no assurance that we will be able to sustain margins on such contracts. In addition, the failure to be designated as a preferred vendor, or the loss of such status, may preclude us from providing services to existing or potential clients, except as a subcontractor, which could have a material adverse effect on the volume of business obtained from such clients. **16** Our success depends upon the maintenance and protection of our intellectual property rights and processes, and any substantial costs incurred protecting such rights and processes may decrease our operating margins. Our success depends in part upon certain methodologies and tools we use in designing, developing and implementing application systems and other proprietary intellectual property rights. We rely upon a combination of nondisclosure and other contractual arrangements and trade secrets, copyright and trademark laws to protect our proprietary rights and the proprietary rights of third parties from whom we license intellectual property. We enter into confidentiality agreements with our employees and limit distribution of proprietary information. There can be no assurance that the steps we take in this regard will be adequate to deter misappropriation of proprietary information or that we will be able to detect unauthorized use and take appropriate steps to enforce our intellectual property rights. In the event of an unfavorable resolution of a dispute over our intellectual property rights, we may incur substantial costs or liabilities, which would decrease our operating margins. ~~Our business is certified as a minority-owned business, and loss of that certification may impact our ability to gain new customers or expand our business with existing customers. We are a large minority-owned staffing and data analytics services firm and have been certified as minority-owned by the National Minority Supplier Development Council (the “NMSDC”). NMSDC certification has helped us to expand our business with existing clients as well as obtain new customers. While we cannot quantify the effect of the loss of this status, its loss could adversely affect our ability to expand our business or cause us to lose existing business. Because the NMSDC certification relies in large part upon Messrs. Wadhvani and Trivedi and their affiliates maintaining their positions as the collective majority holders of our common stock, any decrease in their collective ownership may jeopardize our status as a minority-owned business. There can be no assurance that Messrs. Wadhvani and Trivedi and their affiliates will maintain their majority position in the Company.~~ **17** Existing and potential customers may consider outsourcing their IT requirements to foreign countries, which could have an adverse effect on our ability to obtain new customers or retain existing customers. In the past years, certain of our existing and potential customers started to use low- cost offshore outsourcing centers to perform technology- related work. Should this shift towards moving technology- related work to offshore outsourcing centers continue, our business, operating results and financial condition could be adversely affected. We may be subject to liability to clients arising from our engagements. Many of our engagements involve projects that are critical to the operations of our clients’ businesses and provide benefits that may be difficult to quantify. Although we attempt to contractually limit our liability for damages arising from errors, mistakes, omissions or negligent acts in rendering our services, there can be no assurance that our attempts to limit liability will be successful. Our failure or inability to meet a client’ s expectations in the performance of our services could result in a material adverse change to the client’ s operations and, therefore, could give rise to claims against us or damage our reputation, adversely affecting our business, operating results and financial condition. We may face data protection, data security, and privacy risks in connection with privacy regulation. Strict data privacy laws regulating the collection, transmission, storage and use of employee data and consumers’ personally identifying information are evolving in the U. S. and

other jurisdictions in which we operate. These laws impose compliance obligations for the collection, use, retention, security, processing, transfer and deletion of personally identifiable information of individuals and creates enhanced rights for individuals. These changes in the legal and regulatory environments in the areas of customer and employee privacy, data security, and cross-border data flows could have a material adverse effect on our business, primarily through the impairment of our marketing and transaction processing activities, the limitation on the types of information that we may collect, process and retain, the resulting costs of complying with such legal and regulatory requirements and potential monetary forfeitures and penalties for noncompliance. Security breaches and other disruptions could compromise our information and expose us to liability, which would cause our business and reputation to suffer. In the ordinary course of our business, we collect and store sensitive data, including intellectual property, our proprietary business information and that of our customers, suppliers and business partners, and personally identifiable information of our customers and employees, in our data center and on our networks. The secure processing, maintenance and transmission of this information is critical to our operations and business strategy. Our hybrid work- from- home business model may heighten risks of security breaches. Despite having implemented security measures to address risks of security breaches, we experienced a cybersecurity breach in 2022 involving a single employee email account and which indirectly impacted two Mastech InfoTrellis clients. ~~17~~ We incurred an expense charge of \$ 450, 000 in 2022 related to this event, which included the cost of engaging external advisors. While we adopted certain remedial measures as a result of this incident, our information technology and infrastructure may still be vulnerable to security breaches and other disruptions, including attacks by hackers, or breaches due to employee error, malfeasance or other disruptions. Any such breach or disruption could compromise our networks and the information stored there could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, and regulatory penalties, disrupt our operations and the services we provide to customers, ~~and~~ damage our reputation, and cause a loss of confidence in our services, which could adversely affect our operating results and competitive position. We maintain cyber risk insurance, but this insurance may not be sufficient to cover all of our losses from any breaches of our networks. ~~18~~ We depend on the proper functioning of our information systems. We are dependent on the proper functioning of information systems in operating our business. Critical information systems are used in every aspect of our daily operations, perhaps most significantly, in the identification and matching of staffing resources to client assignments and in the client billing and consultant or vendor payment functions. Our information systems may not perform as expected and are vulnerable to damage or interruption including natural disasters, fire or casualty theft, technical failures, terrorist acts, cybersecurity breaches, power outages, telecommunications failures, physical or software intrusions, computer viruses, employee errors or other events. Failure or interruption of our critical information systems may require significant additional capital and management resources to resolve, which could have a material adverse effect on our business. Additionally, many of our information technology systems and networks are cloud- based or managed by third parties, whose future performance and reliability we cannot control. The risk of a cyber- attack or security breach on a third party carries the same risks to us as those associated with our internal systems. There can be no assurance that such parties will not experience cybersecurity breaches that could adversely affect our employees, customers and businesses or that our audit or diligence processes will successfully deter or prevent such breach. If our clients are subjected to cyber- attacks or data security breaches, it may result in damage to our business and the disclosure of our confidential information. In addition to cybersecurity threats posed directly against us, our clients' information systems are also vulnerable to an increasing threat of continually evolving cybersecurity risks. There is no guarantee that our clients have implemented procedures that are adequate to safeguard against all data security breaches. The failure of our clients to adequately safeguard against data security breaches could have a material adverse effect on our business and operations. The theft and / or breach of our clients' data security could cause the disclosure and / or loss of our confidential information and data and result in significant costs. In addition, any cybersecurity damage to the networks or computer systems used by us or our clients could result in a claim for substantial damages against us and significant reputational harm, regardless of our responsibility for the failure. If our insurance costs increase significantly, these incremental costs could negatively affect our financial results. We purchase various insurance policies to limit or transfer certain risks inherent in our operations. These costs largely relate to obtaining and maintaining professional and general liability insurance policies. If the costs of carrying these insurance policies increase significantly, due to poor claims history or changes in market conditions, this could have an adverse impact on our profitability and financial condition. We may not have adequate insurance for potential liabilities, including liabilities arising from litigation. We are exposed to various possible claims relating to our business. In the ordinary course of business, we have, and in the future, may become the subject of various claims, lawsuits, and administrative proceedings ~~18~~ seeking damages or other remedies concerning our operations, products, services, employees and other matters. Some of these claims may relate to the activities of businesses that we have acquired, even though these activities may have occurred prior to our acquisition of such businesses. While we maintain insurance to cover certain of our potential losses, 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, and the coverage levels, deductibles and premiums of our insurance, are all dependent on market factors, our loss history and our 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. ~~19~~ Any disruption in the supply of power, IT infrastructure and telecommunications lines to our facilities could disrupt our business process or subject us to additional costs. Any disruption in basic infrastructure, including the supply of power, could negatively impact our ability to provide timely or adequate services to our clients. We rely on a number of telecommunication services and other infrastructure providers to maintain communications between our various facilities and clients. Telecommunications networks are subject to failures and periods of service disruption which can adversely affect our ability to maintain active voice and data communications among our facilities and with our clients. This could disrupt our business process or subject us to additional

costs, materially adversely affecting our business, results of operations and financial condition. 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, pandemic, 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, pandemic 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. 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 or pandemic, 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. For example, the COVID-19 pandemic and governmental actions taken to curtail the spread of the virus had an impact on our employees, customers and third-party providers and impacted the level of economic activity. Any such disaster or other business continuity problem could have a material adverse impact on our revenues and profitability. Risks posed by climate change may materially increase our compliance costs and adversely impact our profitability. Climate change vulnerability is posing new threats and opportunities in the global economy. Climate change and measures adopted to address it can affect us, our clients and suppliers in myriad ways, depending on the nature and location of the businesses, the near-term capital expenditure needs, the regulatory environments where they operate and their strategic plans. Generally, climate risks and opportunities for companies and their investors fall into four categories: • Physical risk from climate change; • Regulatory risks and opportunities related to existing or proposed greenhouse gas (“GHG”) emissions limits; **19** • Indirect regulatory risks and opportunities related to products or services from high emitting companies; and • Litigation risks for emitters of greenhouse gases. Unmitigated climate change is likely to have severe physical impacts on companies with exposed assets or business operations, including Mastech Digital. Major environmental risks and liabilities can significantly impact future earnings. To the extent we are unable to comply with applicable regulations related to climate change, and such failure to comply results in material increases in compliance costs or litigation expenses, those costs or expenses will have an adverse effect on our profitability. **20** Our success depends upon retaining the services of our management team and key operating employees. We are highly dependent on our management team and expect that our success will depend largely upon their efforts, expertise and abilities. Over the last several years, we have experienced turnover in the leadership of our ~~businesses Data and Analytics Services segment~~, and the loss of the services of any of our key executives for any reason could have a material adverse effect on our business. To attract and retain executives and other key employees in a competitive marketplace, we must provide a competitive compensation package, including cash-based and equity-based compensation. The loss or any sustained attrition of our key operating employees, or the failure to effectively integrate new members of our management team or key operating employees, could have a material adverse effect on our business, including our ability to establish and maintain client, consultant and candidate, professional and technical relationships. **Issues relating to our use of artificial intelligence and machine learning technologies, combined with an uncertain legal and regulatory environment, could materially and adversely affect our business, financial condition and results of operations. We use artificial intelligence and machine learning technologies in our operations and services. These technologies are subject to evolving laws, regulations, guidance, and industry standards, which may expose us to legal liability or regulatory risk, including with respect to third-party intellectual property, privacy, publicity, contractual, or other rights. The use of artificial intelligence and machine learning technologies also presents emerging ethical and social issues and may draw public scrutiny or controversy, and may also create or assist in producing unexpected results, errors or inadequacies, any of which may not be easily detectable. Issues relating to our use of artificial intelligence and machine learning technologies and the evolving legal and regulatory landscape applicable to such technologies may adversely affect our business, prospects, financial condition, and results of operations.** Risks Related to Governmental Regulations, Laws and Taxation Government regulation of H1-B visas may materially affect our workforce and limit our supply of qualified IT professionals, or increase our cost of securing workers. We recruit IT professionals on a global basis and, therefore, must comply with the immigration laws in the countries in which we operate, particularly the U.S. As of December 31, ~~2023~~ **2024**, approximately ~~37~~ **40** % of our employee workforce was working under Mastech Digital sponsored H1-B temporary work visas. Applicable law limits the number of new H1-B petitions that may be approved in a fiscal year, and if we are unable to obtain H1-B visas for our employees in sufficient quantities or at a sufficient rate for a significant period of time, our business, operating results and financial condition could be adversely affected. Additionally, legislation could be enacted limiting H1-B visa holders’ employment with staffing and data analytics companies, which could result in reduced revenues and / or a higher cost of recruiting. In recent years, the vast majority of our H1-B hires were not subject to the annual quota limiting H1-B visas because they were already in the U.S. under H1-B visa status with other employers. As a result, the negative **20** impact on recruiting due to the exhaustion of recent H1-B quotas was not substantial. However, the subject of H1-B visas has recently become a ~~major~~ political discussion point and ~~there are indications that~~ the entire H1-B visa program ~~may~~ **could** be significantly overhauled. If a new or revised H1-B visa program is implemented, there could be elements of the new / revised H1-B visa program that may not be advantageous to our business model thus adversely impacting our business, operating results or financial condition. Reclassification of our independent contractors by tax or regulatory authorities could have a material adverse effect on our business model and / or could require us to pay significant retroactive wages, taxes and penalties. We utilize individuals to provide certain services in connection with our

business as qualified third- party independent contractors rather than as direct employees. As of December 31, 2023-2024, approximately 15 % of our workforce were independent contractors. Heightened state and federal scrutiny of independent contractor relationships could adversely affect us given that we utilize independent contractors to perform certain services. An adverse determination related to the independent contractor status of these subcontracted personnel could result in substantial taxes or other liabilities to us, which could result in a material adverse effect upon our business. Restrictions on immigration or unjustified or discriminatory enforcement of immigration laws could increase our cost of doing business, cause us to change the way we conduct our business or otherwise disrupt our operations. The success of our business is dependent on our ability to recruit IT and data and analytics professionals and to mobilize them to meet our clients' needs. Immigration laws in the countries in which we operate are subject to legislative changes, as well as variations in the standards of application and enforcement due to political forces and economic conditions. It is difficult to predict the political and economic events that could affect immigration laws, or the restrictive impact they could have on obtaining or renewing work visas for our professionals. 21-Immigration change continues to attract significant attention in the public arena and in the current U. S. administration and Congress. If new immigration legislation is enacted in the U. S. or in the other jurisdictions in which we do business, such legislation may contain provisions that could make it more difficult or costly for us to recruit and retain IT professionals, and to a lesser extent data and analytics professionals. Additionally, there is uncertainty as to the position the U. S. will take with respect to immigration under the Biden-current administration or any new administration. As a result, we may incur additional costs to run our business or may have to change the way we conduct our operations, either of which could have a material adverse effect on our business, operating results and financial condition. Also, if the enforcement of immigration laws by governmental authorities is unjustified or discriminatory, such enforcement could have the effect of disrupting our workforce. The U. S. Congress, the Biden-current administration, or any new administration may make substantial changes to fiscal, tax, and other federal policies that may adversely affect our business. In 2017, the U. S. Congress and the Trump-then-current administration made substantial changes to U. S. policies, which included comprehensive corporate and individual tax reform. In addition, the Trump-administration called for significant changes to U. S. trade, healthcare, immigration and government regulatory policy. With the transition to the Biden administration in early 2021, changes to U. S. policy have occurred and further, since the start of the current administration in 2025, U. S. policy changes have been implemented at a rapid pace and additional changes are possible, if not likely. Changes to U. S. policy implemented by the U. S. Congress, the Biden-current administration or any new administration have impacted and may impact, among other things, the U. S. and global economy, international trade relations, unemployment, immigration, healthcare, taxation, the U. S. regulatory environment, inflation and other areas. Although we cannot predict the impact, if any, of these changes to our business, they could adversely affect our business. Until we know what policy changes are made and how those changes impact our business and the business of our competitors over the long term, we will not know if, overall, we will benefit from them or be negatively affected by them. 21. Adverse results in tax audits or interpretations of tax laws could have an adverse impact on our business. We are subject to periodic federal, state and local tax audits for various tax years. We also need to comply with new, evolving or revised tax laws and regulations. The Tax Cuts and Jobs Act of 2017 continues to require interpretation, and a-the new administration could modify key aspects of the tax code, which could materially affect our tax obligations and effective tax rate. Although we attempt to comply with all taxing authority regulations, adverse findings or assessments made by taxing authorities as the result of an audit could have a material adverse effect on our business, results of operations and financial condition. Requirements of the Affordable Care Act may continue to increase our employee benefits costs and could negatively affect our operating results, cash flows and financial condition if such costs aren't recovered with increases in client bill rates. We provide healthcare coverage to our U. S.- based employees that are subject to the Affordable Care Act ("ACA"). Additional provisions of the ACA and the compliance of such may result in higher overall costs to-for the Company, which could have a negative impact on our operating results, cash flows and financial condition. **Issues in the development and use of artificial intelligence, combined with an uncertain regulatory environment, may result in reputational harm, liability, or other adverse consequences to our business operations. We use machine learning and AI technologies in our offerings and business and we are making investments in expanding our AI capabilities. AI technologies are complex and rapidly evolving, and we face significant competition from other companies as well as evolving legal and regulatory landscapes. Laws and regulations applicable to AI continue to develop and may be inconsistent from jurisdiction to jurisdiction. For example, some U. S. states have proposed, and in certain cases enacted, legislation addressing aspects of the use and deployment of AI. The use of AI technologies in new or existing products may result in new or enhanced governmental or regulatory scrutiny, new or modified laws or regulations, claims, demands, and litigation, confidentiality, privacy, data protection, or security risks, ethical concerns, or other complications that could adversely affect our business, financial condition, results of operations and prospects. Uncertainty around new and emerging AI technologies may require additional investment in the obtaining, developing and maintaining of proprietary datasets and machine learning models, development of new approaches and processes to provide attribution or remuneration to creators of training data, and development of appropriate protections, safeguards, and policies for handling the processing of data with AI technologies, which may be costly and could impact our expenses. AI technologies also present emerging legal, ethical and social issues, including with respect to potential or actual bias reflected in, or flawed outputs of, models. AI technologies that we make use of may produce or create outputs that appear correct but are factually inaccurate or otherwise flawed, which may expose us to brand or reputational harm, competitive harm, regulatory scrutiny, and / or legal liability.**

Risks Related to Economic and Financial Conditions We make estimates and assumptions in connection with the preparation of our consolidated financial statements and any changes to those estimates and assumptions could adversely affect our financial results. Our financial statements have been prepared in accordance with U. S. generally accepted accounting principles. The application of these principles require us to make estimates and assumptions about certain items and future

events that may affect our reported financial statements and our accompanying disclosure with respect to, among other things, revenue recognition, purchase accounting fair value measurements, contingent consideration and taxation related items. We base our estimates on historical experience and on various other ~~22~~ assumptions that we believe are reasonable at the time they are made. These estimates and assumptions involve the use of judgment and can be subject to uncertainties, some of which are beyond our control. If our estimates or ~~22~~ the assumptions underlying such estimates are incorrect, actual results may differ materially from our estimates and we may need to, among other things, revise revenues or recognize additional charges that could adversely impact our results of operations and our financial condition. Negative or uncertain economic conditions in North America or elsewhere may adversely affect demand for our services. Approximately 99 % of our revenues are generated from clients located in North America. Our business depends on the overall demand for IT and data and analytics professionals and on the economic health of our clients. Weak economic conditions may force companies to reduce their IT staffing and data and analytics budgets and adversely affect demand for our services, thus reducing our revenues. Furthermore, economic uncertainty, including the concerns of our clients and other companies with respect to inflationary conditions in North America and elsewhere, has had and may continue to have an adverse impact on the demand for our services, which in turn could have a material adverse effect on our business, operating results and financial condition. Our industries are highly competitive and fragmented, which may limit our ability to increase our prices for services. The IT staffing services and data analytics services industries are highly competitive and served by numerous global, national, regional and local firms. Primary competitors include participants from a variety of market segments, including the major consulting firms, systems consulting and implementation firms, U. S.- based staffing services companies, data and analytics service companies, applications software firms, service groups of computer equipment companies, specialized consulting firms, programming companies and temporary staffing firms. Many of these competitors have substantially greater financial, technical and marketing resources and greater name recognition than we have. There are relatively few barriers to entry into many of our markets, and as such we may face additional competition from new entrants into our markets. In addition, there is a risk that clients may elect to increase their internal resources to satisfy their staffing and data and analytics needs. There can be no assurance that we will compete successfully with existing or new competitors in the staffing and data analytics services markets. Regional conflicts in South Asia could adversely affect the Indian economy, disrupt our operations and cause our business to suffer. South Asia has, from time to time, experienced instances of civil unrest and hostilities among neighboring countries, such as between India and Pakistan, India and China, and even within India. There have been military confrontations along the India- Pakistan and India- China borders from time to time. The potential for hostilities between India and Pakistan is **high possible** due to past terrorist incidents in India, troop mobilizations along the border, and the geopolitical situation in the region. Military activity or terrorist attacks in the future could influence the Indian economy by disrupting communications and making travel more difficult. This, in turn, could have a material adverse effect on our business, operating results and financial condition. Wage costs in India may increase, which may reduce our operating margins and reduce a competitive advantage of ours. Our wage costs in India have historically been significantly lower than wage costs in the U. S. for comparably skilled professionals, and this has been one of our competitive advantages with respect to the costs of our Indian recruiting and delivery offices. However, wage increases in India may prevent us from sustaining this competitive advantage and may negatively affect our operating margins. We may need to increase the levels of our employee compensation more rapidly than in the past to retain talent. Unless we are able to continue to ~~23~~ increase the efficiency and productivity of our employees, wage increases in the long term may reduce our overall margins.

~~23~~ Negative economic or business conditions brought on by a global health pandemic, epidemic or outbreak may adversely affect demand for our services. Our business depends on the overall demand for IT and data and analytics professionals and on the economic health of our clients. Our business could be adversely affected by the effects of **a pandemic, epidemic or other outbreak on the economic and business climate. For example, the spread of the COVID- 19 virus or another pandemic, epidemic or outbreak on the economic and business climate. For example, the spread of the COVID- 19 virus** and the efforts taken to control its spread **may cause resulted in** companies **reducing to reduce** their staffing and data and analytics budgets and adversely **affect affected** demand for our services **, thus reducing our revenues**. Furthermore, the impact of **a the COVID- 19 virus or other** outbreak and **the** actions taken to curtail **the its** spread **of the virus** could disrupt or materially impair the ability of our clients to operate their businesses. Any such disruption or impairment could lower the demand for our services, result in collection issues on our outstanding accounts receivable and have a material adverse impact on our revenues and profitability. We are unable to predict the extent to which the global COVID- 19 pandemic may adversely impact our business operations, financial performance and results of operations. The COVID- 19 pandemic and efforts to control its spread significantly curtailed the movement of people and goods and services worldwide in regions where we sell our services and conduct our business operations. The pandemic resulted in a global slowdown of economic activity, including travel restrictions and prohibitions of non- essential activities in some cases. Our revenues and operations were affected by a range of external factors related to the COVID- 19 pandemic in 2020 and to a lesser extent in **2021 through 2021-2024, 2022 and 2023**. Although we believe the immediate impact of the COVID- 19 pandemic has been assessed and largely reflected in our **2023-2024** financial results, the long- term magnitude and duration of the disruption and resulting decline in business activity is still highly uncertain and cannot be predicted. Furthermore, COVID- 19 variants and efforts to control their spread could still continue to adversely affect our business, impact the demand for our services and alter the way we conduct our business, and we cannot predict the magnitude or duration of these effects. To the extent the COVID- 19 pandemic or the efforts taken to control its spread or the spread of COVID- 19 variants adversely affects our business and financial results, it may also have the effect of heightening many of the other risks described in this “ Risk Factors ” section. Because developments concerning the COVID- 19 pandemic and the spread of COVID- 19 variants have been and continue to be constantly evolving, additional impacts and risks may arise that we are not aware of or that we may not be able to appropriately or **timely address**. If our clients are adversely affected by climate change or related compliance costs, this may reduce their spending and demand for our services, leading to a decrease in

revenue. In addition to emissions and climate change risks posed directly to Mastech Digital, we also have clients in varied industries such as healthcare, consumer products, manufacturing, technology, and retail, among others. Some of the clients may be significantly affected by climate change resulting in greater physical risk. This may lead to a reduction of demand and loss of business from such clients, which would impact our business, results of operations and financial condition. Risks Related to Our Stock The price of our common stock may fluctuate substantially, and your investment may decline in value. The market price of our common stock may be highly volatile and may fluctuate substantially due to many factors, including: • actual or anticipated fluctuations in our results of operations; • variance in our financial performance from the expectations of market analysts; • conditions and trends in the end markets we serve, and changes in the estimation of the size and growth rate of these markets; **24** • our ability to integrate acquisitions; • announcements of significant contracts by us or our competitors; • changes in our pricing policies or the pricing policies of our competitors; • restatements of historical financial results and changes in financial forecasts; • loss of one or more of our significant customers; • legislation; • changes in market valuation or earnings of our competitors; • the trading volume of our common stock; • the trading of our common stock on multiple trading markets, which takes place in different currencies and at different times; and • general economic conditions. **24** Evolving expectations around corporate responsibility practices, specifically related to environmental, social and governance (“ ESG ”) matters, may expose us to reputational and other risks. Investors, shareholders, customers, suppliers and other third parties are increasingly focusing on ESG and corporate social responsibility endeavors and reporting. Certain institutional investors, investment funds, other influential investors, customers, suppliers and other third parties are also increasingly focused on ESG practices. If we do not adapt to or comply with evolving investor or stakeholder expectations and standards, or are perceived to have not responded appropriately, we may suffer from reputational damage, which could in turn materially and adversely affect our business, financial condition, and / or stock price. Further, this increased focus on ESG and corporate social responsibility may result in new regulations and / or third party requirements that could adversely impact our business, or certain shareholders reducing or eliminating their holdings of our stock. Additionally, an allegation that we have not taken sufficient action in these areas could negatively harm our reputation. Our ownership is highly concentrated in two individuals and the interests of those individual shareholders may not coincide with yours. Sunil Wadhvani and Ashok Trivedi, co- founders of the Company, beneficially own approximately **59-58** % of Mastech Digital’ s outstanding common stock as of December 31, **2023-2024**. Accordingly, Messrs. Wadhvani and Trivedi together have sufficient voting power to elect all the members of the Board of Directors and to effect transactions without the approval of our other shareholders, except for those limited transactions that require a supermajority vote under our bylaws or articles of incorporation. The interests of Messrs. Wadhvani and Trivedi may from time to time diverge from our interests. Mastech Digital’ s Audit Committee consists of independent directors and addresses certain potential conflicts of interest and related party transactions that may arise between us and our directors, officers or our other affiliates. However, there can be no assurance that any conflicts of interest will be resolved in our favor. Our results of operations and share price could be adversely affected if we are unable to maintain effective internal controls. Internal controls related to the operation of our business are critical to our ability to provide accurate financial statements and an appropriate internal control environment. We are required to provide a report from management on our internal controls over financial reporting that includes an assessment of the effectiveness of these controls. Internal control over financial reporting has inherent limitations, including human error, the possibility that controls could be circumvented or become inadequate because of changing conditions. Because of **25** these limitations, internal control over financial reporting might not prevent or detect all misstatements or fraud. Also, while the Company remediated over the course of the 2021 fiscal year two material weaknesses identified in 2020, the completion of this remediation does not provide assurance that the Company’ s remediation or other controls will continue to operate properly. Furthermore, management’ s report on the Company’ s internal controls over financial reporting was not subject to attestation by the Company’ s independent registered public accounting firm pursuant to rules of the SEC that permit the Company to provide only management’ s report in this Annual Report on Form 10- K. If we cannot maintain and execute adequate internal control over financial reporting or implement necessary new or improved controls that provide reasonable assurance of the reliability of our financial reporting and preparation of our financial statements for external use, we could suffer harm of our reputation, fail to meet our public reporting requirements on a timely basis, be unable to properly report our financial results, or be required to restate our financial statements, which could result in the loss of investor confidence and may adversely impact our stock price. **25-26**