Risk Factors Comparison 2024-02-27 to 2023-02-28 Form: 10-K

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

Immigration restrictions related to H1- B visas could hinder our growth and adversely affect our business, financial condition and results of operations. Approximately ~~13~~ **14** % of our billable workforce in the U. S. is comprised of skilled foreign nationals holding H1- B visas. The H1- B visa classification enables us to hire qualified foreign workers in positions that require the equivalent of at least a bachelor' s degree in the U. S. in a specialty occupation such as technology systems engineering and analysis. The H1- B visa generally permits an individual to work and live in the U. S. for a period of up to six years, with extensions available in certain circumstances. The number of new H1- B petitions approved in any federal fiscal year is limited, making the H1- B visas necessary to bring foreign employees to the U. S. unobtainable in years in which the limit is reached. The number of H1- B visas available, and the process to obtain them, may be subject to significant change. If we are unable to obtain all of the H1- B visas for which we apply, our growth or service offerings may be hindered **. If our executive transition is not successful, it could have a material adverse effect on the Company. Effective as of October 1, 2023, Jeffrey S. Davis, our prior Chief Executive Officer, became the Executive Chairman of the Company, and Thomas J. Hogan, our President and Chief Operating Officer, became our President and Chief Executive Officer (the " Executive Transition "). A change in executive leadership, such as the Executive Transition, involves inherent risk that can adversely affect our strategic planning, business execution and future performance. We depend on our Chief Executive Officer to lead the Company effectively. If the Executive Transition is not successful, it could materially adversely impact our businesses, financial condition or results of operations, significantly delay or prevent the achievement of our strategic objectives and operating goals and cause volatility in our stock price** . Legal and Tax Risks Our business could be materially adversely affected if we incur legal liability in connection with providing our services and solutions. We could be subject to significant legal liability and litigation expense if we fail to meet our contractual obligations, or otherwise breach obligations, to third parties, including clients, partners, employees and former employees, and other parties with whom we conduct business, or if our subcontractors breach or dispute the terms of our agreements with them and impede our ability to meet our obligations to our clients. We may enter into agreements with non- standard terms because we perceive an important economic opportunity or because our personnel did not adequately follow our contracting guidelines. In addition, the contracting practices of competitors, along with the demands of increasingly sophisticated clients, may cause contract terms and conditions that are unfavorable to us to become new standards in the marketplace. We may find ourselves committed to providing services or solutions that we are unable to deliver or whose delivery will reduce our profitability or cause us financial loss. If we cannot or do not meet our contractual obligations and if our potential liability is not adequately limited through the terms of our agreements, liability limitations are not enforced or a third party alleges fraud or other wrongdoing to prevent us from relying upon those contractual protections, we might face significant legal liability and litigation expense and our results of operations could be materially adversely affected. A failure of a client' s system based on our services or solutions could also subject us to a claim for significant damages that could materially adversely affect our results of operations. In addition to expense, litigation can be lengthy and disruptive to normal business operations, and litigation results can be unpredictable. While we maintain insurance for certain potential liabilities, this insurance does not cover all types and amounts of potential liabilities and is subject to various exclusions as well as caps on amounts recoverable. Even if we believe a claim is covered by insurance, insurers may dispute our entitlement to recovery for a variety of potential reasons, which may affect the timing and the amount of our recovery, if any. Changes in our level of taxes, audits, investigations and tax proceedings, or changes in tax laws or their interpretation or enforcement could have a material adverse effect on our results of operations and financial condition. We are subject to income taxes in numerous jurisdictions. We calculate and provide for income taxes in each tax jurisdiction in which we operate. Tax accounting often involves complex matters and requires our judgment to determine our corporate provision for income taxes and other tax liabilities. We are subject to ongoing tax audits in various jurisdictions. Tax authorities have disagreed, and may in the future disagree, with our judgments, or may take increasingly aggressive positions opposing the judgments we make. We regularly assess the likely outcomes of these audits to determine the appropriateness of our tax liabilities. However, our judgments might not be sustained as a result of these audits, and the amounts ultimately paid could be different from the amounts previously recorded. See Note 13, Income Taxes, in the Notes to Consolidated Financial Statements for additional information regarding the disallowance of certain research credits claimed by the Company and the Company' s actions to assert such credits. In addition, our effective tax rate in the future could be adversely affected by changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities and changes in tax laws. Tax rates in the jurisdictions in which we operate may change as a result of macroeconomic or other factors outside of our control. Increases in the tax rate in any of the jurisdictions in which we operate could have a negative impact on our profitability. In addition, changes in tax laws, treaties, or regulations, or their interpretation or enforcement, may be unpredictable and could materially adversely affect our tax position. **The Organization for Economic Cooperation and Development (" OECD ") reached an agreement among various countries to implement a minimum 15 % corporate tax rate, commonly referred to as Pillar Two. Certain countries in which we operate have enacted legislation to adopt the Pillar Two framework and other countries are also considering changes to their tax laws to implement this framework. We are continuing to evaluate the impact of these changes on our effective tax rate and tax liabilities as new guidance and information becomes available.** Financial Risks 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 requires us to make estimates and assumptions about certain items and future events that affect our reported financial condition, and our accompanying disclosure with respect to, among other things, revenue recognition, purchase accounting related fair value measurements, contingent consideration ~~, fair value of convertible debt~~ and income taxes. We base our estimates on historical experience, contractual commitments and on various other assumptions that we believe to be reasonable under the circumstances at the time they are made. These estimates and assumptions involve the use of our judgment and can be subject to significant uncertainties, some of which are beyond our control. If our estimates, or the assumptions underlying such estimates, are not correct, actual results may differ materially from our estimates, and we may need to, among other things, adjust revenues or accrue additional charges that could adversely affect our results of operations. Our results of operations and share price could be adversely affected if we are unable to maintain effective internal controls. The accuracy of our financial reporting is dependent on the effectiveness of our internal controls. We are required to provide a report from management to our stockholders on our internal control 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 changed conditions, and fraud. Because of these inherent limitations, internal control over financial reporting might not prevent or detect all misstatements or fraud. If we cannot maintain and execute adequate internal control over financial reporting or implement required new or improved controls that provide reasonable assurance of the reliability of the financial reporting and preparation of our financial statements for external use, we could suffer harm to our reputation, fail to meet our public reporting requirements on a timely basis, be unable to properly report on our business and our results of operations, or be required to restate our financial statements, and our results of operations, our share price and our ability to obtain new business could be materially adversely affected. Our results of operations could be adversely affected by fluctuations in foreign currency exchange rates. Although we report our results of operations in U. S. dollars, a small portion of our revenues is denominated in currencies other than the U. S. dollar. Unfavorable fluctuations in foreign currency exchange rates could have an adverse effect on our results of operations. Because our consolidated financial statements are presented in U. S. dollars, we must translate revenues and expenses, as well as assets and liabilities, into U. S. dollars at exchange rates in effect during or at the end of each reporting period. Therefore, changes in the value of the U. S. dollar against other currencies will affect our net revenues, operating income and the value of balance- sheet items, including intercompany payables and receivables, denominated in other currencies. These changes cause our growth in consolidated earnings stated in U. S. dollars to be higher or lower than our growth in local currency when compared against other periods. Our currency hedging program, which is designed to partially offset the impact on consolidated earnings related to the changes in value of certain balance sheet items, might not be successful. As we continue to leverage our global delivery model, certain of our expenses are incurred in currencies other than those in which we bill for the related services. An increase in the value of certain currencies, such as the Canadian dollar, Indian rupee, Chinese yuan, British pound, euro, Colombian peso, Argentine peso, Chilean peso, Uruguayan peso, and Mexican peso against the U. S. dollar could increase costs for delivery of services at off- shore sites by increasing labor and other costs that are denominated in local currency. Our contractual provisions or cost management efforts might not be able to offset their impact, and our currency hedging activities, which are designed to partially offset this impact, might not be successful. This could result in a decrease in the profitability of our contracts that are utilizing delivery center resources. Conversely, a decrease in the value of certain currencies, such as the Canadian dollar, Indian rupee, Chinese yuan, British pound, euro, Colombian peso, Argentine peso, Chilean peso, Uruguayan peso, and Mexican peso against the U. S. dollar in which our revenue is recorded could place us at a competitive disadvantage compared to service providers that benefit to a greater degree from such a decrease and can, as a result, deliver services at a lower cost. In addition, our currency hedging activities are themselves subject to risk. These include risks related to counterparty performance under hedging contracts, risks related to ineffective hedges and risks related to currency fluctuations. We also face risks that extreme economic conditions, political instability, hostilities or natural disasters could impact or perhaps eliminate the underlying exposures that we are hedging. Such an event could lead to losses being recognized on the currency hedges then in place that are not offset by anticipated changes in the underlying hedge exposure. Risks Related to Owning Our Common Stock Transactions relating to our Notes may affect the value of our common stock. Our Notes may become in the future convertible at the option of their holders under certain circumstances. If holders of our Notes elect to convert their notes, we may settle our conversion obligation by delivering to them a significant number of shares of our common stock, which would cause dilution to our existing stockholders. In addition, in connection with the issuance of the Notes, we entered into the Notes Hedges with the Option Counterparties. If the Company exercises the Notes Hedges, the aggregate amount of cash received from the Option Counterparties will cover the aggregate amount of cash that the Company would be required to pay to the holders of the Notes, less the principal amount thereof. Also in connection with the issuance of the Notes, we sold net- share- settled warrants (the " Notes Warrants ") in privately negotiated transactions with the Option Counterparties. The Notes Hedges and Notes Warrants are expected generally to reduce the potential dilution to our common stock upon any conversion or settlement of the Notes and / or offset any cash payments we are required to make in excess of the principal amount of converted Notes, as the case may be, with such reduction and / or offset subject to a cap. Our stock price and results of operations could fluctuate and be difficult to predict. Our stock price has fluctuated in the past and could continue to fluctuate in the future in response to various factors. These factors include: • changes in macroeconomic or political factors unrelated to our business; • general or industry- specific market conditions or changes in financial markets; • announcements by us or competitors about developments in our business or prospects; • projections or speculation about our business or that of competitors by the media or investment analysts; and • our ability to meet our growth and financial objectives, including with respect to our overall revenue growth, revenue growth for our priority emerging markets and earnings per share growth. **The** ~~Additionally, the~~ investment community and ~~other~~ **their advisors evaluate the Company** ~~stakeholders have had an increased focus~~ on ~~ESG factors, issues and initiatives and have~~

~~scrutinized~~ various **strategies** ~~companies' efforts with respect to matters. Such focus~~ and ~~scrutiny may result in certain investors using ESG~~ considerations ~~, and their or third- party advisors' evaluation of the Company' s response to such matters, to guide their investment strategies, including whether they wish to invest in, or divest from, the Company~~ . The focus, scrutiny and standards by which such investors evaluate their investment strategies **and considerations** continue to change. These matters could cause our stock price to fluctuate. Our results of operations have varied in the past and could vary significantly from quarter to quarter in the future, making them difficult to predict. Some of the factors that could cause our results of operations to vary include: • the business decisions of our clients to begin to curtail or reduce the use of our services, including in response to changes in macroeconomic or political conditions unrelated to our business or general market conditions; • periodic differences between our clients' estimated and actual levels of business activity associated with ongoing work, as well as the stage of completion of existing projects and / or their termination or restructuring; • contract delivery inefficiencies, such as those due to poor delivery or changes in forecasts; • our ability to transition employees quickly from completed to new projects and maintain an appropriate headcount in each of our workforces; • acquisition, integration and operational costs related to businesses acquired; • the introduction of new products or services by us, competitors or partners; • changes in our pricing or competitors' pricing; • our ability to manage costs, including those for our own or subcontracted personnel, travel, support services and severance; • changes in, or the application of changes in, accounting principles or pronouncements under U. S. generally accepted accounting principles, particularly those related to revenue recognition; • currency exchange rate fluctuations; • changes in estimates, accruals or payments of variable compensation to our employees; • global, regional and local economic and political conditions and related risks, including acts of terrorism; and • seasonality, including number of workdays, holidays and summer vacations. As a result of any of the above factors, or any of the other risks described in this Item 1A, " Risk Factors, " our stock price could be difficult to predict, and our stock price in the past might not be a good indicator of the price of our stock in the future. Our officers, directors, and 5 % and greater stockholders own a large percentage of our voting securities and their interests may differ from other stockholders. Our executive officers, directors, and 5 % and greater stockholders beneficially own or control approximately ~~30~~ **35** % of the voting power of our common stock. This concentration of voting power of our common stock may make it difficult for our other stockholders to successfully approve or defeat matters that may be submitted for action by our stockholders. It may also have the effect of delaying, deterring, or preventing a change in control of the Company. It may be difficult for another company to acquire us, and this could depress our stock price. In addition to the voting securities held by our officers, directors, and 5 % and greater stockholders, provisions contained in our certificate of incorporation, bylaws, Delaware law and certain provisions of the Notes could make it difficult for a third party to acquire us, even if doing so would be beneficial to our stockholders. Our certificate of incorporation and bylaws may discourage, delay, or prevent a merger or acquisition that a stockholder may consider favorable by authorizing the issuance of " blank check " preferred stock. In addition, provisions of the Delaware General Corporation Law also restrict some business combinations with interested stockholders. These provisions are intended to encourage potential acquirers to negotiate with us and allow the Board of Directors the opportunity to consider alternative proposals in the interest of maximizing stockholder value. Additionally, certain provisions of our Notes could make it more difficult or more expensive for a third party to acquire us. These provisions may also discourage acquisition proposals, or delay or prevent a change in control, which could harm our stock price. Item 1B. Unresolved Staff Comments.