

## Risk Factors Comparison 2024-02-14 to 2023-02-17 Form: 10-K

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

You should carefully consider the risks described below and the other information contained in this Annual Report, including our consolidated financial statements and the related notes, before making an investment decision. Our business, financial condition and results of operations could be materially and adversely affected by any of these risks or uncertainties. In that case, the trading price of our common stock could decline, and you may lose all or part of your investment. Risk Factors Summary

The following is a summary of the principal risks that could adversely affect our business, operations and financial results. Risk

Relating to Our Business

- Government spending and priorities could change in a manner that adversely affects our future revenue and limits our growth prospects.
- The U. S. federal government and its agencies collectively are our largest single customer and, if our reputation or relationships with the U. S. federal government were harmed, our future revenues and cash flows would be adversely affected.
- Our failure to comply with a variety of complex procurement rules and regulations could result in our being liable for penalties, including termination of our government contracts, disqualification from bidding on future government contracts and suspension or debarment from government contracting.
- A substantial portion of our business is subject to reviews, audits and cost adjustments by government agencies, which, if resolved unfavorably to us, could adversely affect our profitability, cash flows or growth prospects.
- Our government contracts may be terminated by the government counterparty at any time and may contain other provisions permitting the government to discontinue contract performance, and if lost contracts are not replaced, our operating results may differ materially and adversely from those anticipated.
- Our revenue and growth prospects may be harmed if we or our employees are unable to obtain government granted eligibility or other qualifications, we and they need to perform services for our customers.
- We may make acquisitions, investments, joint ventures and divestitures in the future that involve numerous risks, which if realized, may adversely affect our business and our future results.
- Our acquisitions may not achieve their full intended benefits or may disrupt our plans and operations.
- We conduct a portion of our work through joint venture entities, some of which we do not have management control over, and with which we typically have joint and several liability with our joint venture partners.
- Our earnings and profitability may vary based on the mix of our contracts and may be adversely affected by our failure to accurately estimate and manage costs, time and resources.
- We use estimates in recognizing revenues and, if we make changes to estimates used in recognizing revenues, our profitability may be adversely affected.
- Systems that we develop, integrate, maintain, or otherwise support could experience security breaches which may damage our reputation with our clients and hinder future contract win rates.
- Services we provide and technologies we develop are designed to detect and monitor threats to our clients, the failure of which may lead to reputational harm or liability against us by our clients or third parties and may subject our staff to potential threats, risk of loss or harm.
- Internal system or service failures affecting us or our vendors, including as a result of cyber or other security threats, could disrupt our business and impair our ability to effectively provide our services to our clients, which could damage our reputation and have a material adverse effect on our business, financial condition and results of operations.
- Our business is subject to numerous legal and regulatory requirements and any violation of these requirements or any misconduct by our employees, subcontractors, agents or business partners could harm our business and reputation.
- Our business is subject to the impact of supply chain disruption and inflation risk upon the cost of providing materials and services to customers and upon the profitability for certain contracts.
- Goodwill and intangible assets represent a significant amount of our total assets, and any impairment of these assets would negatively impact our results of operations.
- We depend on our teaming arrangements and relationships with other contractors and subcontractors. If we are not able to maintain these relationships, or if these parties fail to satisfy their obligations to us or the customer, our revenues, profitability and growth prospects could be adversely affected.
- Many of our contracts require innovative design capabilities, are technologically complex or are dependent upon factors not wholly within our control. Failure to meet these obligations could adversely affect our business, financial condition or results of operations.
- Assertions by third parties of infringement, misappropriation or other violations by us of their intellectual property rights could result in significant costs and substantially harm our business, financial condition and operation results.
- We have operations in the Middle East, neighboring regions, and other regions across the globe, and these regions may experience turmoil, political upheaval and similar crises that may impact our current projects, future business and financial stability.
- We may not realize the full value of our backlog, which may result in lower- than- expected revenue.
- Many of our field project sites and facilities are inherently dangerous workplaces. Failure to manage our field project sites and facilities safely could result in environmental disasters, employee deaths or injuries, reduced profitability, the loss of projects or clients and possible exposure to litigation.
- The impact of extreme weather events, including floods, hurricanes, droughts, and wildfires, including as a result of climate change or supply shortages, could have an adverse impact on our business and operations.
- Our business, results of operations, financial condition, cash flows and stock price can be adversely affected by pandemics, epidemics, or other public health emergencies, such as the global COVID- 19 pandemic and variants thereof. The pandemic resulted in governments around the world implementing increasingly stringent measures to help control the spread of the virus, including quarantines, “ shelter in place ” and “ stay at home ” orders, travel restrictions, business curtailments, school closures, and other measures. While many of these restrictions have been removed or reduced, the spread of new variants or viruses may result in the imposition of additional restrictions. In addition, governments and central banks in several parts of the world have enacted, or may enact in the future, fiscal and monetary stimulus measures to counteract the impacts of any such emergency. The extent to which any emergency may impact our business will depend on future developments, which are highly uncertain and unpredictable, and the resultant financial impact cannot be estimated reasonably at this time but may materially adversely affect

our ability to collect accounts receivables and our business, results of operations, financial condition and cash flows. Further, the economic impact of such events may cause extreme volatility in financial and other capital markets which may continue to adversely impact our stock price and our ability to access capital markets. Health emergencies may also have the effect of heightening many of the other risks described in this Annual Report on Form 10-K for the year ended December 31, **2022-2023**, such as those relating to government spending and priorities. Risk Related to Our Common Stock • Your ability to influence corporate matters may be limited because the ESOP beneficially owns a majority of our stock and therefore our employees, voting the shares allocated to them under the ESOP, or the ESOP Trustee, who will have the right to vote shares for which no voting instructions are provided by employees, could have substantial control over us. • We are a “ controlled company ” within the meaning of the New York Stock Exchange listing standards and, as a result, qualify for exemptions from certain corporate governance requirements. You may not have the same protections afforded to stockholders of companies that are subject to such requirements. Risks Related to Government Contracts We derive, and expect to continue to derive, a significant portion of our revenue from contracts with government entities. As a result, our business depends upon continued government expenditures on defense, intelligence, civil and engineering programs for which we provide support, both among foreign governments and at federal, state and local levels domestically. These expenditures have not remained constant over time ~~and have been reduced in some periods. In particular, these expenditures have recently been affected by efforts to improve efficiency and reduce costs affecting government programs generally.~~ Our business, prospects, financial condition or operating results could be materially harmed, among other causes, by the following: • budgetary constraints, including mandated automatic spending cuts, affecting across-the-board government spending, or specific agencies in particular, and changes in available funding; • a shift in expenditures away from agencies or programs that we support; • reduced government outsourcing of functions that we are currently contracted to provide, including as a result of increased insourcing by various U. S. government agencies due to changes in the definition of “ inherently governmental ” work, including proposals to limit contractor access to sensitive or classified information and work assignments; • ~~further~~ efforts to improve efficiency and reduce costs affecting government programs; • changes or delays in government programs that we support or the programs’ requirements; • ~~a continuation of recent efforts by the U. S. government in particular to decrease spending for management support service contracts;~~ • U. S. government shutdowns due to, among other reasons, a failure by elected officials to fund the government, such as the shutdowns which occurred during government fiscal years 2019 and 2014 and, to a lesser extent, government fiscal year 2018, and other potential delays in the appropriations process; • **continuing resolutions (CRs) which are temporary spending bills that allow federal government operations to continue when final appropriations have not been enacted. CRs generally continue the level of funding from the prior year’s appropriations or the previously approved CR from the current year;** • U. S. government agencies awarding contracts on a technically acceptable / lowest cost basis in order to reduce expenditures; • delays in the payment of our invoices by government payment offices; • results of elections, including politicians who may have priorities that would reduce spending in areas in which we operate; • an inability by the U. S. government to fund its operations as a result of a failure to increase the federal government’ s debt ceiling, a credit downgrade of U. S. government obligations or for any other reason; and • changes in the political climate and general economic conditions, including a slowdown of the economy or unstable economic conditions and responses to conditions, such as emergency spending, that reduce funds available for other government priorities. Any disruption in the functioning of government agencies, including as a result of government closures and shutdowns, terrorism, war, natural disasters, destruction of government facilities, and other potential calamities could have a negative impact on our operations and cause us to lose revenue or incur additional costs due to, among other things, our inability to deploy our staff to client locations or facilities as a result of such disruptions. In particular, with regard to our largest single customer, the U. S. federal government, budget deficits, the national debt and the prevailing economic condition, and actions taken to address them, could continue to negatively affect the U. S. government expenditures on defense, intelligence and civil programs for which we provide support. ~~The U. S. Department of Defense is one of our significant clients and cost cutting, including through consolidation and elimination of duplicative organizations and insourcing, has become a major initiative for the U. S. Department of Defense. There remains uncertainty as to how exactly the final fiscal year 2024 budget cuts, including sequestration, and if the Fiscal Responsibility Act reduction will impact it us, and we are therefore unable to predict the extent of the impact of such cuts on our business and results of operations.~~ However, a reduction in the amount of or delays or cancellations of funding for, services that we are contracted to provide to the U. S. Department of Defense as a result of any of these initiatives, legislation or otherwise could have a material adverse effect on our business, financial condition and results of operations. ~~In addition, in response to an Office of Management and Budget mandate, government agencies have reduced management support services spending in recent years. If federal awards for management support services continue to decline, our revenue and operating profits may materially decline and further efforts by the Office of Management and Budget to decrease federal awards for management support services could have a material and adverse effect on our business, financial condition and results of operations. In addition, most~~ **Most** government contracts are subject to the government’ s budgetary approval process. Legislatures typically appropriate funds for a given program on a year- by- year basis, even though contract performance may take more than one year. In addition, public- supported financing such as state and local municipal bonds may be only partially raised to support existing infrastructure projects. As a result, at the beginning of a program, the related contract is only partially funded, and additional funding is normally committed only as appropriations are made in each fiscal year. These appropriations, and the timing of payment of appropriated amounts, may be influenced by, among other things, the state of the economy, competing priorities for appropriation, changes in administration or control of legislatures and the timing and amount of tax receipts and the overall level of government expenditures. Similarly, the impact of an economic downturn on state and local governments may make it more difficult for them to fund infrastructure projects. If appropriations are not made in subsequent years on our government contracts, then we will not realize all of our potential revenue and profit from that contract, and we may incur substantial labor costs without reimbursement. Government funding with respect to our Critical Infrastructure

services fluctuates over time and new or changing government policies may affect our Critical Infrastructure business and operations. Government spending for our Critical Infrastructure services may also depend on factors related to government demand, such as the condition of the existing infrastructure and buildings and the need for new or expanded infrastructure and buildings. Our government clients may face budget cuts or deficits that prohibit them from funding proposed and existing Critical Infrastructure projects. These or other factors could cause our defense, intelligence, infrastructure or civil clients to decrease the number of new government contracts awarded generally and fail to award us new government contracts, reduce their purchases under our existing government contracts, exercise their right to terminate our government contracts or not exercise options to renew our government contracts, any of which could materially and adversely affect our business, financial condition and results of operations. The U. S. federal government and its agencies, including the military and intelligence community, collectively are our largest customer. In particular, it represents substantially all of the revenue of our Federal Solutions segment. Approximately **18 % and 17 %** of accounts receivable as of December 31, **2022-2023** and December 31, **2021-2022 , respectively** were derived from contracts with the U. S. federal government and its agencies. Our reputation and relationships with various U. S. government entities and agencies, and in particular with the U. S. Department of Defense ; ~~including the Missile Defense Agency and the United States Army~~, the Federal Aviation Administration, the United States intelligence community and the U. S. Department of Energy are key factors in maintaining and growing these revenues and winning new bids for new business. Negative press reports or publicity, regardless of accuracy, could harm our reputation. If our reputation or relationships with government agencies were to be negatively affected, or if we are suspended or debarred from contracting with government agencies for any reason, the amount of business with government and other customers would decrease and our financial condition and results of operations could be adversely affected. We must comply with various laws and regulations relating to the formation, administration and performance of government contracts, which affect how we do business with our customers and may impose added costs on our business. Many of our U. S. government contracts contain organizational conflict of interest, or OCI, clauses that may limit our ability to compete for or perform contracts or other types of services for particular customers. OCI arises when we engage in activities that may make us unable to render impartial assistance or advice to the U. S. government, impair our objectivity in performing contract work or provide us with an unfair competitive advantage. Existing OCI, and any OCI that may develop, could preclude our competition for or performance on a significant project or contract, which could limit our opportunities. Some U. S. federal and state statutes and regulations provide for automatic debarment based on our actions, such as violations of the U. S. False Claims Act or the U. S. Foreign Corrupt Practices Act, or FCPA. The suspension or debarment in any particular case may be limited to the facility, contract or subsidiary involved in the violation or could be applied to our entire enterprise in severe circumstances. Even a narrow scope suspension or debarment could result in negative publicity that could adversely affect our ability to renew contracts and to secure new contracts, both with governments and private customers, which could materially and adversely affect our business, financial condition and results of operations. Governments may adopt new contract rules and regulations or revise their procurement practices in a manner adverse to us at any time. The government- related industries within which we do business continue to experience significant changes to business practices as a result of an increased focus on affordability, efficiencies and recovery of costs, among other items. Our existing and potential clients are similarly focused on increasing the productivity of their contractual arrangements. Moreover, government agencies may face restrictions or pressure regarding the type and amount of services that they may obtain from private contractors. Legislation, regulations and initiatives dealing with procurement reform, mitigation of potential OCIs, deterrence of fraud, and environmental responsibility or sustainability could have an adverse effect on us. Moreover, shifts in the buying practices of government agencies, such as increased usage of fixed price contracts, multiple award contracts and small business set- aside contracts, could have adverse effects on government contractors, including us. Any of these changes could impair our ability to obtain new contracts or contract renewals. Any new contracting requirements or procurement methods could be costly or administratively difficult for us to implement and could adversely affect our business, financial condition and results of operations. Government agencies routinely audit and review a contractor' s performance on government contracts, indirect cost rates and pricing practices, and compliance with applicable contracting and procurement laws, regulations and standards. They also review the adequacy of the contractor' s compliance with government standards for its business systems, which are defined as the contractor' s accounting, earned value management, estimating, materials management, property management and purchasing systems. A finding of significant control deficiencies in a contractor' s business systems or a finding of noncompliance with U. S. government Cost Accounting Standards, or CAS, can result in decremented billing rates to U. S. government customers until the control deficiencies are corrected and their remediation is accepted by the Defense Contract Management Agency. The agencies conducting these audits and reviews have come under increased scrutiny. As a result, audits and reviews have become more rigorous and the standards to which we are held are being more strictly interpreted which has increased the likelihood of an audit or review resulting in an adverse outcome. If a review or investigation by a government agency identifies improper or illegal activities, we may be subject to civil or criminal penalties or administrative sanctions which could include the termination of contracts, forfeiture of profits, the triggering of price reduction clauses, suspension of payments, fines, and suspension or debarment from doing business with governmental agencies. We may suffer harm to our reputation if allegations of impropriety are made against us, which would impair our ability to win new contract awards or receive contract renewals. Penalties and sanctions are not uncommon in our industries. If we incur a material penalty or administrative sanction or otherwise suffer harm to our reputation, our profitability, cash position and future prospects could be adversely affected. Government audits and reviews may conclude that our practices are not consistent with applicable laws and regulations and result in adjustments to contract costs and mandatory customer refunds. Such adjustments can be applied retroactively, which could result in significant customer refunds, and those refunds would negatively impact our revenue. Receipt of adverse audit findings or the failure to obtain an " approved " determination on our various business systems could significantly and adversely affect our business by, among other things, restricting our ability

to bid on new contracts and, for those proposals under evaluation, diminishing our competitive position. A determination of noncompliance could also result in penalties and sanctions against us, including withholding of payments, suspension of payments and increased government scrutiny. Increased scrutiny could adversely impact our ability to perform on contracts, affect our ability to invoice for work performed, delay the receipt of timely payment on contracts, and weaken our ability to compete for new contracts with the government. Government contracts often contain provisions and are subject to laws and regulations that provide government clients with rights and remedies not typically found in commercial contracts. These rights and remedies allow government clients, among other things, to:

- terminate existing contracts, with short notice, for convenience as well as for default;
- reduce orders under or otherwise modify contracts;
- for contracts subject to the Truthful Cost and Pricing ~~statute~~ ~~Data Act~~, reduce the contract price or cost where it was increased because a contractor or subcontractor furnished cost or pricing data during negotiations that was not complete, accurate and current;
- for some contracts, (1) demand a refund, make a forward price adjustment or terminate a contract for default if a contractor provided inaccurate or incomplete data during the contract negotiation process and (2) reduce the contract price under triggering circumstances, including the revision of price lists or other documents upon which the contract award was predicated;
- terminate our facility security clearances and thereby prevent us from receiving classified contracts and complete work on existing contracts;
- cancel multi- year contracts and related task orders if funds for contract performance for any subsequent year become unavailable;
- decline to exercise an option to renew a multi- year contract or issue task orders in connection with indefinite delivery / indefinite quantity contracts, or IDIQ contracts;
- claim rights in solutions, systems and technology produced by us, appropriate such work- product for their continued use without continuing to contract for our services and disclose such work- product to third parties, including other government agencies and our competitors, which could harm our competitive position;
- prohibit future procurement awards with a particular agency due to a finding of organizational conflicts of interest based upon prior related work performed for the agency that would give a contractor an unfair advantage over competing contractors, or the existence of conflicting roles that might bias a contractor's judgment;
- subject the award of contracts to protest by competitors, which may require the contracting federal agency or department to suspend our performance pending the outcome of the protest and may also result in a requirement to resubmit offers for the contract or in the termination, reduction or modification of the awarded contract;
- suspend or debar us from doing business with the applicable government;
- and
- control or prohibit the export of our services.

Recent and potential future budget cuts, the impact of sequestration and recent efforts by the Office of Management and Budget to decrease federal awards for management support services, may cause agencies with which we currently have contracts to terminate, reduce the number of task orders under or fail to renew such contracts. If a government client were to unexpectedly terminate, cancel, or decline to exercise an option to renew with respect to one or more of our significant contracts, or suspend or debar us from doing business with such government, our revenue and operating results would be materially harmed. A number of government programs require contractors to have certain kinds of government granted eligibility, such as security clearance credentials. Depending on the project, eligibility can be difficult and time- consuming to obtain. If we or our employees are unable to obtain or retain the necessary eligibility, including local ownership requirements, we may not be able to win new business, and our existing customers could terminate their contracts with us or decide not to renew them. To the extent we cannot obtain or maintain the required security clearances for our employees working on a particular contract, we may not derive the revenue or profit anticipated from such contract.

**Risks Related to Our Operations and Markets**

Our profitability could suffer if we are not able to timely and effectively utilize our employees or manage our cost structure. The cost of providing our services, including the degree to which our employees are utilized, affects our profitability. The degree to which we are able to utilize our employees in a timely manner or at all is affected by a number of factors, including:

- our ability to transition employees from completed projects to new assignments and to hire, assimilate and deploy new employees;
- our ability to forecast demand for our services and to maintain and deploy headcount that is aligned with demand, including employees with the right mix of skills and experience to support our projects;
- our employees' ability to obtain or retain necessary security clearances or required certifications;
- changes to or delays or cancellations of projects, as a result of governmental budgetary processes or otherwise;
- our ability to manage attrition;
- the impact of inflation upon the cost of services and materials provided to customers; and
- our need to devote time and resources to training, business development, and other non- chargeable activities.

If our employees are under- utilized, our profit margin and profitability could suffer. Additionally, if our employees are over- utilized, it could have a material adverse effect on employee morale and attrition, which would in turn have a material adverse impact on our business, financial condition or results of operations. Our profitability is also affected by the extent to which we are able to effectively manage our overall cost structure for operating expenses, such as wages and benefits, real estate expenses, overhead and capital and other investment- related expenditures. If we are unable to effectively manage our costs and expenses and achieve efficiencies, our competitiveness and profitability may be adversely affected. Our focus on new growth areas for our business entails risks, including those associated with new relationships, clients, talent needs, capabilities, service offerings and maintaining our collaborative culture and core values. We are focused on growing our presence in our addressable markets by enhancing and optimizing our core operations, extending into opportunity- rich adjacent markets and acquiring and integrating transformative, disruptive technologies. These efforts entail inherent risks associated with innovation and competition from other participants in those areas, potential failure to help our clients respond to the challenges they face, our ability to comply with uncertain evolving legal standards applicable to some of our service offerings, including those in the cybersecurity area, and, with respect to potential international growth, risks associated with operating in foreign jurisdictions, such as compliance with applicable foreign and U. S. laws and regulations that may impose different and, occasionally, conflicting or contradictory requirements, and the economic, legal, and political conditions in the foreign jurisdictions in which we operate, as described in additional detail below. As we attempt to develop new relationships, clients, capabilities, and service offerings, these efforts could harm our results of operations due to, among other things, a diversion of our focus and resources and actual costs, opportunity costs of pursuing these opportunities in lieu of

others and a failure to reach a profitable return on our investments in new technologies, capabilities, and businesses, including expenses on research and development investments, and these efforts could ultimately be unsuccessful. Additionally, the possibility exists that our competitors might develop new capabilities or service offerings that might cause our existing capabilities and service offerings to become obsolete. If we fail in our new capabilities development efforts or our capabilities or services fail to achieve market acceptance more rapidly than our competitors, our ability to procure new contracts could be negatively impacted, which would negatively impact our results of operations and our financial condition. In addition, our ability to grow our business by leveraging our operating model to deploy our people efficiently and effectively across our client base is largely dependent on our ability to maintain our collaborative culture. To the extent that we are unable to maintain our culture for any reason, including our effort to focus on new growth areas or acquire new businesses with different corporate cultures, we may be unable to grow our business. Any such failure could have a material adverse effect on our business, financial condition and results of operations. With the growth of our U. S. and international operations, we are now providing client services and undertaking business development efforts in numerous and disparate geographic locations both domestically and internationally. Our ability to effectively serve our clients is dependent upon our ability to successfully leverage our operating model across all of these and any future locations, maintain effective management controls over all of our locations to ensure, among other things, compliance with applicable laws, rules and regulations, and instill our core values in all of our personnel at each of these and any future locations. Any inability to ensure any of the foregoing could have a material adverse effect on our business, financial condition and results of operations. We have submitted claims **and change orders** to clients for work we performed beyond the initial scope of some of our contracts. If these clients do not approve these claims **and change orders**, our results of operations could be adversely impacted. We typically have pending claims **and change orders** submitted under some of our contracts for payment of work performed beyond the initial contractual requirements for which we have already recorded revenue ~~. Some of these relate to change orders from the original scope of the contract.~~ Our client may dispute these change orders and claims, and we cannot guarantee that such claims will be approved in whole, in part, or at all. Often, these claims and disputes can be the subject of lengthy arbitration or litigation proceedings, and it is difficult to accurately predict when these claims and disputes will be fully resolved. We may also renegotiate contracts to address these additional costs. When these types of events occur, we have used working capital in projects to cover cost overruns. If our claims are not approved or resolved, our revenue may be reduced in future periods. We design and develop technologically advanced and innovative products and services applied by our customers in a variety of environments. Problems and delays in development or delivery as a result of issues with respect to design, technology, licensing and patent rights, labor, learning curve assumptions or materials and components could prevent us from achieving contractual requirements. Our offerings cannot be tested and proven in all situations and are otherwise subject to unforeseen problems that could negatively affect revenue and profitability such as problems with governmental inaction, quality and workmanship, delivery of subcontractor components or services, unplanned degradation of product performance, unavailability of vendor materials and changes in the project scope requested by our clients. Among the factors that may adversely affect our business, financial condition or results of operations could be unforeseen costs and expenses not covered by insurance or indemnification from the customer, diversion of management focus in responding to unforeseen problems, loss of follow- on work, damage to our reputation and repayment to the customer of contract cost and fee payments we previously received. We face aggressive competition that can impact our ability to obtain contracts and may affect our future revenues, profitability and growth prospects. We expect that a majority of the business that we seek in the foreseeable future will be awarded through a competitive bidding process. For example, the U. S. government increasingly relies on IDIQ, GSA Schedule and other multi- award contracts, which has resulted in greater competition and increased pricing pressure. The competitive bidding process involves substantial costs and a number of risks, including significant cost and managerial time to prepare bids and proposals for contracts that may not be awarded to us, or that may be awarded but for which we do not receive meaningful task orders. For contracts awarded to us, we also face the risk of inaccurately estimating the resources and costs that will be required to fulfill any contract we win. Following contract award, we may encounter significant expense, delay, contract modifications or even contract loss as a result of our competitors protesting the award of contracts to us in competitive bidding. Any resulting loss or delay of startup and funding of work under protested contract awards may adversely affect our revenues and / or profitability. In addition, multi- award contracts require that we make sustained post- award efforts to obtain task orders under the contract. As a result, we may not be able to obtain these task orders or recognize revenues under these multi award contracts. Our failure to compete effectively in this procurement environment would adversely affect our business, financial condition and results of operations. Projects may be awarded based solely upon price, but often take into account other factors, such as technical qualifications, proposed project team, schedule and past performance on similar projects. We compete with larger companies that have greater name recognition, financial resources and larger technical staffs and with smaller, more specialized companies that are able to concentrate their resources on particular areas. Additionally, we may compete with a government' s own capabilities. Technology- focused companies may also develop products and services that could disrupt our business or compete with our services. To remain competitive, we must consistently provide superior service, technology and performance on a cost- effective basis to our customers and there is no assurance that we will do so. Changing global tax laws could have a material impact on our effective income tax rate. We are subject to income taxes in the U. S. and numerous foreign jurisdictions. Many tax jurisdictions, including the U. S., have called for comprehensive changes to fiscal and tax policies that could significantly impact how we are taxed on our domestic and foreign earnings. Such changes, if enacted into law, could increase our effective tax rate and have a material adverse impact on our financial condition and results of operations. For example, beginning in 2022, the Tax Cuts and Jobs Act of 2017 eliminated the option to currently deduct research and development expenditures in the year incurred and requires taxpayers to amortize such expenditures over five years for tax purposes. While the most significant impact of this provision is to cash tax liability for 2022, the tax year in which the provision took effect, the impact will decline annually over the five- year amortization period to an immaterial

amount beginning in year six. Risks Related to Acquisitions and Joint Ventures We may make strategic acquisitions, engage in joint ventures or divest existing businesses, which could cause us to incur unforeseen expenses and have disruptive effects on our business and may not yield the benefits we expect. Our Credit Agreement imposes limitations on our ability to make other acquisitions. Subject to those limitations, we may selectively pursue additional strategic acquisitions, investments and joint ventures in the future. Any future acquisitions, investments and joint ventures may pose many risks that could adversely affect our reputation, operations or financial results, including:

- we may not retain key employees (including those with needed security clearances), customers and business partners of an acquired business in the future;
- we may fail to successfully integrate acquired businesses, such as failing to successfully integrate information technology and other control systems relating to the operations of any acquired business;
- acquisitions normally require a significant investment of time and resources, which may disrupt our business and distract our management from other important responsibilities;
- we may not be able to accurately estimate the financial effect of any acquisitions and investments on our business and we may not realize anticipated revenue opportunities, cost savings, or other synergies or benefits, or acquisitions may not result in improved operating performance; and
- we may assume known as well as unknown material liabilities, legal or regulatory risks that were not identified as part of our due diligence or for which we are unable to receive a purchase price adjustment or reimbursement through indemnification.

If any acquisitions, investments or joint ventures fail, perform poorly or their value is otherwise impaired for any reason, including contractions in credit markets and global economic conditions, our business, financial condition and results of operations could be adversely affected. In addition, we may periodically divest or plan to divest businesses, including businesses that are no longer a part of our ongoing strategic plan. These divestitures similarly require significant investment of time and resources and may disrupt our business, distract management from other responsibilities and may result in losses on disposal or continued financial involvement in the divested business, including through indemnification, guarantee or other financial arrangements, for a period of time following the transaction, which could adversely affect our business, financial condition or results of operations. When we determine that we would like to divest a business, we may not be able to divest that business on attractive terms or at all. **13 % of our revenue during fiscal 2023**, 12 % of our revenue during fiscal 2022 ~~and~~ 11 ~~0~~ % of our revenue during fiscal 2021 ~~and 11.5 % of our revenue during fiscal 2020~~ was derived from our operations through consolidated joint ventures. In addition, **3.9 % of our revenue during fiscal 2023**, 5.1 % of our revenue during fiscal 2022 ~~and~~ 5.6 % of our ~~revenue~~ **revenues during in** fiscal 2021 ~~and 4.4 % of our revenues in fiscal 2020~~ related to services we provided to our unconsolidated joint ventures, where control resides with unaffiliated third parties, and **16.6 % of our operating income during fiscal 2023**, 8.8 % of our operating income during fiscal 2022 ~~and~~ 27.8 % of our operating income during fiscal 2021 ~~and 16.9 % of our operating income during fiscal 2020~~ was derived from equity in our unconsolidated joint ventures. As with most joint venture arrangements, differences in views among the joint venture participants may result in delayed decisions or disputes. We also cannot control the actions of our joint venture partners and we typically have joint and several liability with our joint venture partners under the applicable contracts for joint venture projects. These factors could potentially adversely impact the business and operations of a joint venture and, in turn, our business and operations. Operating through joint ventures in which we are a minority holder results in us having limited control over many decisions made with respect to projects and internal controls relating to projects. We generally do not have control of these unconsolidated joint ventures. These joint ventures may not be subject to the same requirements regarding internal controls and internal control over financial reporting that we follow. As a result, internal control problems may arise with respect to these joint ventures, which could have a material adverse effect on our business, financial condition and results of operations and could also affect our reputation in the industries we serve. We participate in joint ventures where we provide guarantees and may be adversely impacted by the failure of such joint venture or its participants to fulfill their obligations. We have investments in and commitments to joint ventures with unrelated parties. These joint ventures from time to time may borrow money to help finance their activities and, in some circumstances, we may be required to provide guarantees of the obligations of our affiliated entities. ~~At As of~~ December 31, ~~2022~~ **2023**, we had \$ ~~106~~ **147.87** million of letters of credit and guarantees that relate to joint ventures. If these entities are not able to honor their obligations under the guarantees, we may be required to expend additional resources or suffer losses, which could be significant. We cannot assure you that we will be able to successfully integrate acquired companies with our business or otherwise realize the expected benefits of our acquisitions. For example, in the last several years we have made four large acquisitions. The combination of multiple independent businesses will be a complex, costly, and time-consuming process. Our business may be negatively impacted following acquisitions if we are unable to effectively manage our expanded operations. The integration process will require significant time and focus from our management team and may divert attention from the day-to-day operations of the combined business. Additionally, consummation of acquisitions could disrupt our current plans and operations, which could delay the achievement of our strategic objectives. The expected synergies and operating efficiencies of the acquisitions may not be fully realized, which could result in increased costs and have a material adverse effect on our business, financial condition and results of operations. In addition, the overall integration of the businesses may result in material unanticipated problems, expenses, liabilities, competitive responses, loss of customer relationships and diversion of management's attention, among other potential adverse consequences. The risks of combining our operations of the businesses include, among others:

- we may have underestimated the costs to integrate the information systems of acquired companies with ours;
- we may face difficulties in integrating employees, integrating different corporate cultures and in attracting and retaining key personnel; and
- we may face challenges in keeping existing contracts and customers. Many of these risks will be outside of our control and any one of them could result in increased costs, decreases in the amount of expected revenue, and diversion of our management's time and energy, which could have a material adverse effect on our business, financial condition and results of operations. In addition, even if our operations are integrated successfully, we may not realize the full benefits of the acquisitions, including the synergies, operating efficiencies, or sales or growth opportunities that are expected. These benefits may not be achieved within the anticipated time frame or at all. We depend on our teaming arrangements and relationships with

other contractors and subcontractors. If we are not able to maintain these relationships, or if these parties fail to satisfy their obligations to us or the customer, our revenues, profitability and growth prospects could be adversely affected. We rely on teaming relationships with other prime contractors and subcontractors in order to submit bids for large procurements or other opportunities where we believe the combination of services, products, and solutions provided by us and our teammates will help us to win and perform the contract. Our future revenues and growth prospects could be adversely affected if the other contractors eliminate or reduce their contract relationships with us, or if our government clients terminate or reduce these other contractors' programs, do not award them new contracts or refuse to pay under a contract. Companies that do not have access to government contracts or experience with our customers may perform services as our subcontractor that we cannot otherwise provide ourselves, and that exposure could enhance such companies' prospects of securing a future position as a prime government contractor which could increase competition for future contracts and impair our ability to win these contracts. Whenever our subcontractors fail to timely meet their contractual obligations, have regulatory compliance or other problems, our ability to fulfill our obligations as a prime contractor or higher tier subcontractor may be jeopardized. Subcontractor performance deficiencies under subcontracts with us as the prime contractor could lead to significant losses in future periods and could result in our termination for default as the prime contractor even though it was the subcontractor that failed to perform and not our personnel.

**Risks Related to Estimates and Accounting** We generate revenue under various types of contracts, which include time- and- materials, cost- plus and fixed- price contracts. Our earnings and profitability may vary materially depending on changes in the proportionate amount of revenues derived from each type of contract, the nature of services or solutions provided, as well as the achievement of performance objectives and the stage of performance at which the right to receive fees, particularly under incentive fee contracts, is finally determined. Cost- plus and time- and- materials contracts generally have lower profitability than fixed- price contracts. To varying degrees, each of our contract types involves some risk that we could underestimate the costs and resources necessary to fulfill the contract. Our profitability is adversely affected when we incur costs on cost- plus and time- and- materials contracts that we cannot bill to our customers. While fixed- price contracts allow us to benefit from cost savings, these contracts also increase our exposure to the risk of cost overruns. Revenue derived from fixed- price contracts represented **33 % of our total revenue during fiscal 2023**, 27 % of our total revenue during fiscal 2022, **and** 26 % of our total revenue during fiscal 2021 ~~, and 32 % of our total revenue during fiscal 2020~~. When making proposals on fixed- price contracts, we rely heavily on our estimates of costs, scope and timing for completing the associated projects, as well as assumptions regarding technical issues. In particular, contracts in our Critical Infrastructure segment are often won in a hard- bid process, in which clients primarily select the lowest price from a qualified bidder with the understanding that they will not pay above the bid amount, even if we perform work beyond the initial scope of our contract. In each case, our failure to accurately estimate costs, scope or the resources and technology needed to perform our contracts or to effectively manage and control our costs during the performance of work could result, and in some instances has resulted, in reduced profits or in losses. More generally, any increased or unexpected costs or unanticipated delays in connection with the performance of our contracts, including costs and delays caused by contractual disputes or other factors outside of our control, such as performance failures of our subcontractors, natural disasters or other force majeure events, could make our contracts less profitable than expected or unprofitable. A significant portion of our contract revenues are recognized using the cost- to- cost measure of progress method. This method requires estimates of total costs at completion or measurement of progress towards completion. Particularly due to the technical nature of the services being performed and the length of the contracts, this estimation process is complex and involves significant judgment. Adjustments to original estimates are often required as work progresses, experience is gained and additional information becomes known, even though the scope of the work required under the contract may not change. Any adjustment as a result of a change in estimate is recognized immediately. Changes in the underlying assumptions, circumstances or estimates could result in adjustments that may adversely affect our financial results of operations. Goodwill and intangible assets represent a significant amount of our total assets and any impairment of these assets would negatively impact our results of operations. As of December 31, **2022-2023**, we had goodwill and intangible assets of \$ **2.1** ~~0.9~~ billion. Goodwill is tested for impairment annually, or more often if indicators of potential impairment exist, and intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Examples of events or changes in circumstances indicating that the carrying value of goodwill may not be recoverable could include a significant adverse change in legal factors or in the business climate, an adverse action or assessment by a regulator, unanticipated competition, loss of key contracts, customer relationships, or personnel that affect current and future operating cash flows of the reporting unit. Any future impairment of goodwill or other intangible assets would have a negative impact on our profitability and financial results.

**Risks Related to Technology Systems** We develop, integrate, maintain, or otherwise support systems and provide services that include managing and protecting information involved in intelligence, national security and other sensitive or classified government functions. Our systems also store and process sensitive information for commercial clients. The cyber and security threats that our clients face have grown more frequent and sophisticated. A security breach in one of these systems could cause serious harm to our business, damage our reputation, and prevent us from being eligible for further work on sensitive systems for government or commercial clients. Work for non- government and commercial clients involving the protection of information systems or that store clients' information could also be harmed due to associated security breaches. Damage to our reputation or limitations on our eligibility for additional work or any liability resulting from a security breach in one of the systems we develop, install, maintain, or otherwise support could have a material adverse effect on our business, financial condition and results of operations. We help our clients detect, monitor and mitigate threats to their people, information and facilities. These threats may originate from nation states, terrorist or criminal actors, activist hackers or others who seek to harm our clients. There are many factors, some of which are beyond our control, which could result in the failure of our products to detect, monitor or mitigate these threats. Successful attacks on our clients may cause physical or reputational harm to us and our clients, as well as lead to liability claims against us by our clients or third parties, particularly if such attacks

are a result of a failure or perceived failure of our services or technologies. In addition, as a result of our involvement with some clients or projects, our staff, information and facilities may be targeted by these or other threat actors and may be at risk for loss, or physical or reputational harm. We create, implement, and maintain information technology and engineering systems and also use vendors to provide services that are often critical to our clients' operations, some of which involve sensitive information and may be conducted in war zones or other hazardous environments, or include information whose confidentiality is protected by law. As a result, we may be subject to systems or service failures, not only resulting from our own failures or the failures of third- party service providers, natural disasters, power shortages, or terrorist attacks, but also from continuous exposure to cyber and other security threats, including computer viruses and malware, attacks by computer hackers or physical break- ins. There has been an increase in the frequency and sophistication of the cyber and security threats we face, with attacks ranging from those common to businesses generally to those that are more advanced and persistent, which may target us because, as a cybersecurity services contractor, we hold classified, controlled unclassified and other sensitive information. As a result, we and our vendors face a heightened risk of a security breach or disruption resulting from an attack by computer hackers, foreign governments, and cyber terrorists. While we put in place policies, controls and technologies to help detect and protect against such attacks, we cannot guarantee that future incidents will not occur, and if an incident does occur, we may not be able to successfully mitigate the impact. We have been the target of these types of attacks in the past and future attacks are likely to occur. If successful, these types of attacks on our network or other systems or service failures could have a material adverse effect on our business, financial condition and results of operations, due to, among other things, the loss of client or proprietary data, interruptions or delays in our clients' businesses and damage to our reputation. In addition, the failure or disruption of our systems, communications, vendors, or utilities could cause us to interrupt or suspend our operations, which could have a material adverse effect on our business, financial condition and results of operations. In addition, if our employees inadvertently do not adhere to appropriate information security protocols, our protocols are inadequate, or our employees intentionally avoid these protocols, our or our clients' sensitive information may be released thereby causing significant negative impacts to our reputation and exposing us or our clients to liability. If our or our vendors' systems, services or other applications have significant defects or errors, are successfully attacked by cyber and other security threats, suffer delivery delays or otherwise fail to meet our clients' expectations, we may: • lose revenue due to adverse client reaction; • be required to provide additional services to a client at no charge; • incur additional costs related to remediation, monitoring and increasing our cybersecurity; • lose revenue due to the deployment of internal staff for remediation efforts instead of client assignments; • receive negative publicity, which could damage our reputation and adversely affect our ability to attract or retain clients; • be unable to successfully market services that are reliant on the creation and maintaining of secure information technology systems to government and commercial clients; • suffer claims by clients or impacted third parties for substantial damages, particularly as a result of any successful network or systems breach and exfiltration of client and / or third- party information; or • incur significant costs, including fines from government regulators related to complying with applicable federal or state law, including laws pertaining to the security and protection of personal information. In addition to any costs resulting from contract performance or required corrective action, these failures may result in increased costs or loss of revenue if they result in clients postponing subsequently scheduled work or canceling or failing to renew contracts. The costs related to cyber or other security threats or disruptions may not be fully insured or indemnified by other means. Additionally, some cyber technologies and techniques that we utilize or develop may raise potential liabilities related to legal compliance, intellectual property and civil liberties, including privacy concerns, which may not be fully insured or indemnified. We may not be able to obtain and maintain insurance coverage on reasonable terms or in sufficient amounts to cover one or more large claims, or the insurer may disclaim coverage as to some types of future claims. The successful assertion of any large claim against us could seriously harm our business. Even if not successful, these claims could result in significant legal and other costs, may be a distraction to our management, and may harm our client relationships. In some new business areas, we may not be able to obtain sufficient insurance and may decide not to accept or solicit business in these areas. As a contractor supporting defense and national security clients, we are also subject to regulatory compliance requirements under the Federal Acquisition Regulations, the Defense Federal Acquisition Regulation Supplement and other federal regulations requiring that our networks and information technology systems comply with the security and privacy controls in National Institute of Standards and Technology Special Publications and similar documents. To the extent that we do not comply with the applicable security and control requirements, whether imposed by regulation or contract, unauthorized access or disclosure of sensitive information could potentially result in a contract termination that has a material adverse effect on our business, financial condition and results of operations and reputational harm. Risk Related to Legal Matters and Insurance Unavailability or cancellation of third- party insurance coverage would increase our overall risk exposure as well as disrupt the management of our business operations. We maintain insurance coverage from third- party insurers as part of our overall risk management strategy and because some of our contracts require us to maintain specific insurance coverage limits. If any of our third- party insurers fail, suddenly cancel our coverage or otherwise are unable to provide us with adequate insurance coverage, then our overall risk exposure and our operational expenses would increase, and the management of our business operations would be disrupted. In addition, there can be no assurance that any of our existing insurance coverage will be renewable upon the expiration of the coverage period or that future coverage will be affordable at the required limits. Adverse judgments or settlements in legal disputes could result in materially adverse monetary damages or injunctive relief and damage our reputation. We are subject to, and may become a party to, a variety of litigation or other claims and suits that arise from time to time in the ordinary course of our business. For example, our performance under U. S. government contracts and compliance with the terms of those contracts and applicable laws and regulations are subject to continuous audit, review, and investigation by the U. S. government which may include such investigative techniques as subpoenas or civil investigative demands. The results of litigation and other legal proceedings, including the claims described under " Business — Legal Proceedings ", are inherently uncertain and adverse judgments or settlements in some or all of these



legal disputes may result in materially adverse monetary damages or injunctive relief against us. Additionally, our insurance policies may not protect us against potential liability due to various exclusions in the policies and self-insured retention amounts. Partially or completely uninsured claims, if successful and of significant magnitude, could have a material adverse effect on our business, financial condition and results of operations. Furthermore, any claims or litigation, even if fully indemnified or insured, could damage our reputation and make it more difficult to compete effectively or obtain adequate insurance in the future. In addition to government contract procurement laws and regulations, we are subject to numerous other federal, state and foreign legal requirements on matters as diverse as data privacy and protection, employment and labor relations, immigration, taxation, anti-corruption, import / export controls, trade restrictions, internal and disclosure control obligations, securities regulation and anti-competition. Compliance with diverse and changing legal requirements is costly, time-consuming and requires significant resources. Violations of one or more of these requirements in the conduct of our business could result in significant fines and other damages, criminal sanctions against us or our officers, prohibitions on doing business and damage to our reputation. Violations of these regulations or contractual obligations related to regulatory compliance in connection with the performance of customer contracts could also result in liability for significant monetary damages, fines and / or criminal prosecution, unfavorable publicity and other reputational damage, restrictions on our ability to compete for work and allegations by our customers that we have not performed our contractual obligations. Misconduct by our employees, subcontractors, agents or business partners could subject us to fines and penalties, restitution or other damages, loss of security clearance, loss of current and future customer contracts and suspension or debarment from contracting with federal, state or local government agencies, any of which could adversely affect our business, financial condition and results of operations. Such misconduct could include fraud or other improper activities such as falsifying time or other records, failure to comply with our policies and procedures or violations of applicable laws and regulations. Our services and operations sometimes involve handling or disposing of hazardous substances or dangerous materials, and we are subject to environmental requirements and risks which could result in significant costs, liabilities and obligations. Our operations are subject to stringent and complex federal, state and local laws and regulations governing the discharge of materials into the environment, the health and safety aspects of our operations, or otherwise relating to environmental protection. Some of our services and operations involve the handling or disposal of hazardous substances or dangerous materials, including explosive, chemical, biological, radiological or nuclear materials. These activities generally subject us to extensive foreign, federal, state and local environmental protection and health and safety laws and regulations, which, among other things, require us to incur costs to comply with these regulations and could impose liability on us for handling or disposing of hazardous substances or dangerous materials. Numerous governmental authorities, such as the U. S. Environmental Protection Agency, or the EPA, and analogous state agencies, have the power to enforce compliance with these laws and regulations and the permits issued under them. Such enforcement actions often involve difficult and costly compliance measures or corrective actions. Furthermore, failure to comply with these environmental protection and health and safety laws and regulations could result in civil, criminal, regulatory, administrative or contractual sanctions, including fines, penalties or suspension or debarment from contracting with the U. S. government, and could also result in investigations, the imposition of corrective action or remedial obligations, and the issuance of orders limiting or prohibiting some or all of our operations. In certain instances, citizen groups also have the ability to bring legal proceedings against us if we are not in compliance with environmental laws. In addition, claims for damages to persons or property, including natural resources, may result from the environmental, health and safety impacts of our operations. We, like other businesses, can never completely eliminate the risk of contamination or injury from certain materials that we use in our business. If we have any violations of, or incur liabilities pursuant to, these laws or regulations, it may result in a material adverse effect on our business, financial condition or results of operations. Certain environmental laws impose strict liability (i. e., no showing of "fault" is required) as well as joint and several liability for costs required to remediate and restore sites where hazardous substances, hydrocarbons or solid wastes have been stored or released. We may be required to remediate contaminated properties currently or formerly owned or operated by us or facilities of third parties that received waste generated by our operations, regardless of whether such contamination resulted from the conduct of others or from the consequences of our own actions that were in compliance with all applicable laws at the time those actions were taken. We have limited, and potentially insufficient, insurance coverage for expenses and losses that may arise in connection with environmental contamination. Finally, in connection with certain acquisitions, we could acquire, or be required to provide indemnification against, environmental liabilities that could expose us to material losses. Our failure to meet contractual schedule requirements, meet a required performance standard, meet our internal contractual performance projections or otherwise perform adequately on a project could adversely affect our business, financial condition or results of operations. Under some of our contracts, we can incur liquidated or other damages if we do not achieve project completion by a scheduled date. In addition, our costs generally increase from schedule delays and / or could exceed our projections for a particular project. Project performance can be affected by a number of factors beyond our control, including unavoidable delays from governmental inaction, public opposition, inability to obtain financing, weather conditions, unavailability of vendor materials, changes in the project scope of services requested by our clients, industrial accidents, environmental hazards, labor disruptions and other factors. Any defects or errors, or failures to meet our clients' expectations, in our projects or services could result in claims for damages against us and could adversely affect our reputation. Material performance problems for existing and future contracts could cause actual results of operations to differ from those anticipated by us and also could cause us to suffer damage to our reputation within our industries and client base. Failure to adequately protect, maintain, or enforce our rights in our intellectual property may adversely limit our competitive position. We rely upon a combination of nondisclosure agreements and other contractual arrangements, as well as copyright, trademark, patent and trade secret laws to protect our proprietary information. We also enter into proprietary information and intellectual property agreements with employees, which require them to disclose any inventions created during employment, to convey such rights to inventions to us, and to restrict any disclosure of proprietary information. Trade secrets are generally

difficult to protect. Although our employees are subject to confidentiality obligations, this protection may be inadequate to deter or prevent misappropriation of our confidential information and / or the infringement of our patents and copyrights. Further, we may be unable to detect unauthorized use of our intellectual property or otherwise take appropriate steps to enforce our rights. Failure to adequately protect, maintain, or enforce our intellectual property rights may adversely limit our competitive position. In recent years, there has been significant litigation involving intellectual property rights in technology industries. We may face from time to time, allegations that we or a supplier or customer have violated the rights of third parties, including patent, trademark, and other intellectual property rights. If, with respect to any claim against us for violation of third- party intellectual property rights, we are unable to prevail in the litigation or retain or obtain sufficient rights or develop non- infringing intellectual property or otherwise alter our business practices on a timely or cost- efficient basis, our business, financial condition or results of operations may be adversely affected. Any infringement, misappropriation or related claims, whether or not meritorious, are time consuming, divert technical and management personnel, and are costly to resolve. As a result of any such dispute, we may have to develop non- infringing technology, pay damages, enter into royalty or licensing agreements, cease utilizing products or services, or take other actions to resolve the claims. These actions, if required, may be costly or unavailable on terms acceptable to us.

**Risks Related to International Operations** Our operations outside the United States expose us to legal, political and economic risks in different countries as well as currency exchange rate fluctuations that could harm our business and financial results. Revenue attributable to our services provided outside of the United States as a percentage of our total revenue was 24.4 % in 2023, 24.9 % in 2022, and 25.0 % in 2021 and 24.5 % in 2020. There are risks inherent in doing business internationally, including:

- imposition of governmental controls and changes in laws, regulations or policies;
- political and economic instability and turmoil internationally, including countries in the Middle East;
- civil unrest, acts of terrorism, force majeure, war, or other armed conflict, including the ongoing war and unrest in Israel, which has the potential to impact other countries in the Middle East;
- greater physical security risks;
- changes in U. S. and other national government trade policies affecting the markets for our services;
- changes in regulatory practices, tariffs and taxes;
- potential non-compliance with a wide variety of laws and regulations, including anti- corruption, U. S. export controls and economic and trade sanctions, and anti- boycott laws and similar non- U. S. laws and regulations;
- changes in labor conditions;
- logistical and communication challenges;
- currency exchange rate fluctuations, devaluations and other conversion restrictions; and
- health and safety concerns, including those related to the COVID- 19 pandemic, variants and other potential epidemics.

Any of these factors could have a material adverse effect on our business, financial condition or results of operations. We have operations in the Middle East, neighboring regions, and other regions across the globe, and these regions may experience turmoil, political upheaval or similar crises that may impact our current projects, future business and financial stability. We currently have operations in the Middle East, including in Oman, Qatar, Saudi Arabia and the United Arab Emirates. These countries experience frequent political turmoil. This part of the world often has conflicts, such as the current Israel- Hamas situation tensions among Qatar and several of its neighbors, including Saudi Arabia and the United Arab Emirates. Further, we may undertake work in other countries that may experience turmoil, political upheaval, or other similar crises. This uncertainty may affect our ability to continue our projects in these regions due to lack of resources, local support, and safety for our workers. If we are unable to finish these projects, it is likely that our finances will be impacted. Furthermore, we may experience liability regarding our employees and their safety and security in these locations. We also may incur material costs to maintain the safety of our personnel. Despite these precautions, the safety of our personnel in these locations may continue to be at risk. Acts of terrorism and threats of armed conflicts in or around various areas in which we operate could limit or disrupt markets and our operations, including disruptions resulting from the evacuation of personnel, cancellation of contracts, or the loss of key employees, contractors or assets. We operate in many different jurisdictions, and we could be adversely affected by violations of the U. S. Foreign Corrupt Practices Act and similar worldwide anti- corruption laws. The FCPA and similar worldwide anti- corruption laws, including the U. K. Bribery Act of 2010, generally prohibit companies and their intermediaries from making improper payments to non- U. S. officials for the purpose of obtaining or retaining business. Our internal policies mandate compliance with these anti- corruption laws, including the requirements to maintain accurate information and internal controls which may fall within the purview of the FCPA, its books and records provisions or its anti- bribery provisions. We operate in many parts of the world that have experienced governmental corruption to some degree; and, in some circumstances, strict compliance with anticorruption laws may conflict with local customs and practices. Despite our training and compliance programs, we cannot be certain that our internal control policies and procedures always will protect us from reckless or criminal acts committed by our employees or agents. In addition, from time to time, government investigations of corruption in industries we operate in may affect us and our peers. Violations of these laws, or allegations of such violations, could disrupt our business and result in a material adverse effect on our business, financial condition or results of operations.

**Risks Related to Debt and Backlog** As of December 31, 2022-2023, our total backlog was \$ 8.2-6 billion, of which \$ 4-5.0 billion was funded. Our backlog includes orders under contracts that can extend for several years, and in some cases, contracts that extend for more than 10 to 15 years. We historically have not realized all of the revenue included in our total backlog, and we may not realize all of the revenue included in our total backlog in the future. There is a somewhat higher degree of risk in this regard with respect to unfunded backlog and backlog related to unexercised options years and IDIQ contracts for which task orders have not yet been issued. In addition, there can be no assurance that our backlog will result in actual revenue in any particular period. This is because the actual receipt, timing and amount of revenue under contracts included in backlog are subject to various contingencies, including congressional appropriations, many of which are beyond our control. In particular, delays in the completion of the U. S. government' s budgeting process and the use of continuing resolutions could adversely affect our ability to timely recognize revenue under our contracts included in backlog. Furthermore, the actual receipt of revenue from contracts included in backlog may never occur or may be delayed because: a program schedule could change or the program could be canceled; a contract' s funding or scope could be reduced, modified, delayed or terminated early, including as a result of a lack

of appropriated funds or as a result of cost cutting initiatives and other efforts to reduce government spending; in the case of funded backlog, the period of performance for the contract has expired; in the case of unfunded backlog, funding may not be available; in the case of backlog related to unexercised option years, the contract option is not yet exercised or may ever be exercised; and, in the case of backlog related to IDIQ contracts where task orders have not been issued, no further task orders may be issued. In addition, headcount growth is the primary means by which we are able to achieve revenue growth. Any inability to hire additional appropriately qualified personnel or failure to timely and effectively deploy such additional personnel against funded backlog could negatively affect our ability to grow our revenue. We may also not recognize revenue on funded backlog due to, among other reasons, the tardy submissions of invoices by our subcontractors and the expiration of the relevant appropriated funding in accordance with a predetermined expiration date such as the end of the U. S. government's fiscal year. The amount of our funded backlog is also subject to change, due to, among other factors: changes in appropriations that reflect changes in government policies or priorities resulting from various military, political, economic or international developments; changes in the use of government contracting vehicles, and the provisions therein used to procure our services; and adjustments to the scope of services under, or cancellation of contracts, by the applicable government at any time. Furthermore, even if our backlog results in revenue, the contracts may not be profitable. If we cannot collect our receivables or if payment is delayed, our business may be adversely affected by our inability to generate cash flow, provide working capital or continue our business operations. As of December 31, 2022-2023, our accounts receivable, net was \$ 717,915, 3-6 million. We depend on the timely collection of our receivables to generate cash flow, provide working capital and continue our business operations. If our customers fail to pay or delay the payment of invoices for any reason, our business and financial condition may be materially and adversely affected. Our customers have in the past and may in the future delay or fail to pay invoices for a number of reasons, including lack of appropriated funds, lack of an approved budget or as a result of audit findings by government regulatory agencies. We also experience longer payment cycles in the Middle East. We cannot assure you that we will collect all our accounts receivable in excess of our allowance for doubtful accounts in a timely manner, which would impact our cash flows. The agreements governing our debt contain a number of restrictive covenants which may limit our ability to finance future operations, acquisitions or capital needs or engage in other business activities that may be in our interest. As of December 31, 2022-2023, our total indebtedness was approximately \$ 744,746 million. Our Credit Agreement and the agreements governing our Senior Notes, Delayed Draw Term Loan and Convertible Notes contain a number of covenants that impose operating and other restrictions on us and our subsidiaries. Such restrictions affect or will affect, and in many respects limit or prohibit our ability and the ability of our subsidiaries to, among other things: • incur additional indebtedness; • create liens; • pay dividends and make other distributions in respect of our equity securities; • redeem our equity securities; • make loans, advances, investments or other restricted payments; • sell assets or receivables; • engage in certain business activities; • amend our ESOP's plan documents; • enter into transactions with affiliates; and • effect mergers or consolidations. In addition, our Credit Agreement also requires us to comply with certain financial ratio covenants, including a debt leverage ratio and a fixed interest charge coverage ratio. Our ability to comply with these ratios may be affected by events beyond our control. These restrictions could limit our ability to plan for or react to market or economic conditions or meet capital needs or otherwise restrict our activities or business plans and could adversely affect our ability to finance our operations, acquisitions, investments or strategic alliances or other capital needs or to engage in other business activities that would be in our interest. A breach of any of these covenants or our inability to comply with the required financial ratios could result in a default under our debt instruments. If an event of default occurs, our creditors could elect to: • declare all borrowings outstanding, together with accrued and unpaid interest, to be immediately due and payable; • require us to apply all of our available cash to repay the borrowings; or • prevent us from making debt service payments on some of our borrowings. If we were unable to repay or otherwise refinance these borrowings when due, the lenders under our Credit Agreement could demand payment from subsidiary guarantors, as provided under our Credit Agreement. These guarantors constitute substantially all of our domestic, wholly owned subsidiaries' assets. Prior to our initial public offering, we were 100 % owned by the ESOP, which is a retirement plan that is intended to be qualified under the Internal Revenue Code. If the ESOP failed to meet the requirements of a tax qualified retirement plan, we could be subject to substantial penalties. The ESOP is a defined contribution retirement plan subject to the requirements of the Internal Revenue Code (Code) and the Employment Retirement Income Security Act (ERISA). The ESOP received a determination letter, dated January 31, 2012, from the Internal Revenue Service (IRS) that it meets the requirements of a tax qualified retirement plan in form, and we endeavor to maintain and administer the ESOP in compliance with all requirements of the Code and ERISA. However, the rules regarding tax qualified plans, and especially ESOPs, are complex and change frequently. Accordingly, it is possible that the ESOP may not have been administered in full compliance with all applicable rules under the Code or ERISA at all times. If the ESOP were determined not to be in material compliance with the Code or ERISA, then the ESOP could lose its tax qualified status and we could be subject to substantial penalties under the Code and ERISA which could have a material adverse effect on our business, financial condition or results of operations. Additionally, loss of the ESOP's tax-qualified status would adversely impact our prior treatment as an S Corporation. Risks Related to our Employees A failure to attract, train and retain skilled employees and our senior management team would adversely affect our ability to execute our strategy and may disrupt our operations. Our business relies heavily upon the expertise and services of our employees. Our continued success depends on our ability to recruit and retain highly trained and skilled engineering, technical and professional personnel. Competition for skilled personnel is intense and competitors aggressively recruit key employees. In addition, many U. S. government programs require contractors to have security clearances. Depending on the level of required clearance, security clearances can be difficult and time-consuming to obtain and personnel with security clearances are in great demand. Particularly in highly specialized areas, it has become more difficult to retain employees and meet all of our needs for employees in a timely manner, which may affect our growth in the current and future fiscal years. Although we intend to continue to devote significant resources to recruiting, training and retaining qualified

employees, we may not be able to attract, effectively train and retain these employees. Any failure to do so could impair our ability to efficiently perform our contractual obligations, timely meet our customers' needs and ultimately win new business, all of which could adversely affect our business, financial condition and results of operations. We believe that our success also depends on the continued employment of a highly qualified and experienced senior management team and that team's ability to retain existing business and generate new business. The loss of key personnel in critical functions could lead to lack of business continuity or disruptions in our business until we are able to hire and train replacement personnel. We may lose one or more members of our senior management team or fail to develop new leaders, which could cause a disruption in the management of our business. We believe that the future success of our business and our ability to operate profitably depends on the continued contributions of the members of our senior management and the continued development of new members of senior management. We rely on our senior management to generate business and execute programs successfully. In addition, the relationships and reputation that many members of our senior management team have established and maintain with our clients are important to our business and our ability to identify new business opportunities. We do not have any employment agreements providing for a specific term of employment with any members of our senior management. The loss of any member of our senior management or our failure to continue to develop new members could impair our ability to identify and secure new contracts, to maintain good client relations, and to otherwise manage our business, and could have a material adverse effect on our business, financial condition and results of operations. Negotiations with labor unions and possible work actions could divert management attention and disrupt operations. In addition, new collective bargaining agreements or amendments to existing agreements could increase our labor costs and operating expenses. We have entered into **are signatory to twenty- three four** union ~~labor or~~ collective bargaining agreements as of December 31, ~~2022~~ **2023 ; however, currently Parsons only employs union personnel on three of the twenty- four agreements Consisting of approximately 300 employees. For the other twenty- one, we have negotiated and / or signed agreements on behalf of our customers in a program management role, are part of a joint- venture partnership where the construction contractor employs the union personnel, or the project does not currently have a need for the type of work covered by the applicable union agreement.** The outcome of any future negotiations relating to union representation or collective bargaining agreements for these or other employees in the future may not be favorable to us. We may reach agreements in collective bargaining that increase our operating expenses and lower our net income as a result of higher wages or benefit expenses. In addition, negotiations with unions could divert management attention and disrupt operations, which may adversely affect our results of operations. If we are unable to negotiate acceptable collective bargaining agreements, we may have to address the threat of union- initiated work actions, including strikes. Depending on the nature of the threat or the type and duration of any work action, these actions could disrupt our operations and adversely affect our operating results. Our field project sites and facilities, particularly in our Critical Infrastructure business, often put our employees and others in close proximity with mechanized equipment, moving vehicles, chemical and manufacturing processes, and highly regulated materials. On some field project sites and in some of our facilities, we may be responsible for safety and, accordingly, we have an obligation to implement effective safety procedures. If these procedures are not appropriately implemented or are ineffective, our employees could be injured or killed, and we could be exposed to possible litigation. As a result, our failure to maintain adequate safety standards and equipment could result in reduced profitability or the loss of projects or clients and could have a material adverse impact on our business, financial condition, and results of operations. If we are unable to maintain effective internal control over financial reporting in the future, investors may lose confidence in the accuracy and completeness of our financial reports and the market price of our common stock may be negatively affected. As a public company, we are required to maintain internal control over financial reporting and to report any material weaknesses in such internal control. The process of designing, implementing and testing the internal control over financial reporting required to comply with this obligation is time- consuming, costly and complicated. If we identify material weaknesses in our internal control over financial reporting, or if we are unable to comply in a timely manner with the management certification requirements of Section 404 of the Sarbanes- Oxley Act as to the effectiveness of our internal control over financial reporting or to assert that our internal control over financial reporting is effective, or if our independent registered public accounting firm is unable to express an opinion as to the effectiveness of our internal control over financial reporting, investors may lose confidence in the accuracy and completeness of our financial reports, the market price of our common stock could be negatively affected, and we could become subject to investigations by our stock exchange, the SEC or other regulatory authorities, which could require additional financial and management resources. If our stock price fluctuates, you could lose a significant part of your investment. The market price of our stock may be influenced by many factors, some of which are beyond our control, including the following: • the opinions and estimates of any securities analysts who publish research about us; • announcements by us or our competitors of significant contracts, acquisitions or capital commitments; • variations in quarterly operating results; • changes in general economic or market conditions or trends in our industry or the economy as a whole; • future sales of our common stock; and • investor perception of us and the industries we operate in. As a result of these factors, investors in our common stock may not be able to resell their shares at or above the initial purchase price. These broad market and industry factors may materially reduce the market price of our common stock, regardless of our operating performance. In addition, the stock markets have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies. In the past, stockholders have instituted securities class action litigation following periods of market volatility. If we were involved in securities litigation, we could incur substantial costs and our resources, and the attention of management could be diverted from our business. Our operating results and share price may be volatile, and the market price of our common stock may drop. ~~Our quarterly~~ **Quarterly** operating results ~~may have fluctuated and are likely to continue to fluctuate in the future.~~ In addition, securities markets worldwide have experienced, and are likely to continue to experience, significant price and volume fluctuations. This market volatility, as well as general economic, market or political conditions, could subject the market price of our shares to wide price fluctuations regardless of our operating

performance. Our operating results and the trading price of our shares may fluctuate in response to various factors, including: • market conditions in the broader stock market; • actual or anticipated fluctuations in our quarterly financial and operating results; • introduction of new products or services by us or our competitors; • changes in our awards, backlog and book-to-bill ratios in a given period; • issuance of new or changed securities analysts' reports or recommendations; • results of operations that vary from expectations of securities analysis and investors; • guidance, if any, that we provide to the public, any changes in this guidance or our failure to meet this guidance; • strategic actions by us or our competitors; • announcement by us, our competitors or our acquisition targets; • sales, or anticipated sales, of large blocks of our stock; • additions or departures of key personnel; • regulatory, legal or political developments; • public response to press releases or other public announcements by us or third parties, including our filings with the SEC; • litigation and governmental investigations; • seasonality associated with U. S. federal, state, regional and local government funding and spending; • changing economic conditions; • changes in accounting principles; • default under agreements governing our indebtedness; • exchange rate fluctuations; and • other events or factors, including those from natural disasters, war, acts of terrorism or responses to these events and pandemics, such as the COVID-19 pandemic. These and other factors, many of which are beyond our control, may cause our operating results and the market price and demand for our shares to fluctuate substantially. While we believe that operating results for any particular quarter are not necessarily a meaningful indication of future results, fluctuations in our quarterly operating results could limit or prevent investors from readily selling their shares and may otherwise negatively affect the market price and liquidity of our shares. In addition, in the past, when the market price of a stock has been volatile, holders of that stock have sometimes instituted securities class action litigation against the company that issued the stock. If any of our stockholders brought a lawsuit against us, we could incur substantial costs defending the lawsuit. Such a lawsuit could also divert the time and attention of our management from our business, which could significantly harm our profitability and reputation. Sales of outstanding shares of our common stock into the market in the future by the ESOP could cause the market price of our common stock to drop significantly. At December 31, ~~2022~~ **2023**, we had 146, ~~132,341~~, ~~016,363~~ shares of our common stock issued and ~~104,105~~, ~~702,839~~, ~~996,978~~ outstanding. Of these shares, ~~63,59~~, ~~742,879~~, ~~151,857~~ shares are owned by the ESOP, ~~40,45~~, 960, ~~845,122~~ shares are publicly owned, and ~~41,40~~, ~~429,501~~, ~~020,385~~ shares are Treasury stock. We are party to a registration rights agreement with the ESOP Trustee, providing the ESOP with certain demand registration rights related to shares held by the ESOP in the event the ESOP Trustee determines in good faith, in exercising its fiduciary duties under ERISA, that the ESOP is required to sell its shares, which we believe is only likely to occur if our business, financial condition or results of operations have materially and adversely deteriorated. Qualifying ESOP participants have the right to receive distributions of shares of our common stock from the ESOP and can sell such shares in the market. As of December 31, ~~2022~~ **2023**, there were ~~63,59~~, ~~742,879~~, ~~151,857~~ shares of common stock held in the ESOP. Shares held in the ESOP are eligible for sale in the public market, subject to applicable Rule 144 limitations, vesting restrictions and any applicable market standoff agreements and lock-up agreements. Participants are generally entitled to distributions from the ESOP only following termination of employment or upon death and in order to diversify their accounts upon attaining a specified age and completing a specified number of years of service. As previously noted in the section of Part 1, Item 1 entitled "Employee Stock Ownership Plan", in December 2020, the board of directors approved an amendment to the Employee Stock Ownership Plan to provide more flexible diversification rights for participants, and in January 2021, the board of directors approved the modification of the thresholds for distributions to participants in the ESOP effective March 1, 2021. In April 2022, the board of directors approved an amendment providing for lump sum distributions to participants and removing the annual installments. Annual diversification elections and five-year vested termination distributions are not impacted by this amendment and will still occur annually and over installments as outlined in the Plan. ESOP distributions are made in the form of shares of our common stock (other than distributions in respect of fractional shares, which will be made in cash). Upon receiving a distribution of our common stock from the ESOP, a participant will be able to sell such shares in the market. As a result, we cannot predict the effect, if any, that these distributions and the corresponding sales of shares by the participants may have on the market price of our common stock. Distribution of substantial amounts of our common stock to participants may cause the market price of our common stock to decline. The issuance of additional stock, not reserved for issuance under our equity incentive plans or otherwise, will dilute all other stockholdings. We have an aggregate of 853, ~~867,658~~, ~~984,637~~ shares of common stock authorized but not outstanding and not reserved for issuance under our 2021 Plan, under our existing Incentive Plans or otherwise. We may issue all of these shares without any action or approval by our stockholders. The issuance of additional shares could be dilutive to existing holders. We historically have made annual contributions of our common stock to the ESOP. We made contributions of ~~915,113 shares in fiscal 2023~~, 1, 188, 129 shares in fiscal 2022, ~~and~~ 1, 631, 477 shares in fiscal 2021, ~~and~~ 1, 522, 381 shares in fiscal 2020 of our common stock to the ESOP and intend to continue to make annual contributions in shares of our common stock to the ESOP. In fiscal ~~2023~~, 2022, ~~and~~ 2021 ~~and~~ 2020, we made annual contributions to the ESOP in shares of our common stock in the amount of 8 % of the participants' cash compensation for the applicable year (net of shares forfeited by participants in the applicable year). For future fiscal years, the annual contribution to the ESOP shall be in amounts as determined by the board of directors. Your ability to influence corporate matters may be limited because the ESOP beneficially owns a majority of our stock and therefore our ESOP participants, voting the shares allocated to them under the ESOP, or the ESOP Trustee, who will have the right to vote shares for which no voting instructions are provided by employees, could have substantial control over us. Our common stock has one vote per share. The ESOP beneficially owns approximately ~~61,57~~ % of our outstanding common stock, 40 % of which is owned by **current** employees of Parsons Corporation. Under the terms of the ESOP, each participant has the ability to direct the ESOP Trustee on the voting of the shares allocated to his or her account under the ESOP. However, the ESOP Trustee will vote any shares that a participant does not direct the voting, or any shares that are held by the ESOP which are not allocated to participants' accounts. As such, the ESOP Trustee may be able to exercise a greater influence than otherwise over matters requiring stockholder approval, including the election of directors and approval of significant corporate

transactions. The purpose of the ESOP is to provide retirement income to employees and their beneficiaries. Accordingly, the interests of the ESOP and the ESOP participants may be contrary to yours as an outside investor. ERISA sets forth certain fiduciary requirements that require an ERISA fiduciary, like the ESOP Trustee, to act solely in the interests of plan participants and their beneficiaries for the purpose of providing retirement benefits. The Department of Labor, which is the agency with the authority to interpret and enforce the fiduciary sections of ERISA, has indicated in its interpretative guidance that voting is an ERISA fiduciary act. The ESOP Trustee's fiduciary duties under ERISA to the ESOP and its participants may cause the ESOP Trustee to override participants' voting directions to the extent that following such directions would violate ERISA. In such case, the ESOP Trustee will be able to exercise voting control over all of the ESOP's shares. Further, the interests of the minority stockholders may not be aligned with those of the ESOP as the majority stockholder, because the ESOP Trustee is required under ERISA to act in the best interest of the ESOP participants and beneficiaries, this may present a conflict. As a result, the concentration of ownership in our company by the ESOP could delay or prevent a change in control of our company or otherwise discourage a potential acquirer from attempting to obtain control of our company, which in turn could reduce the price of our common stock. The ESOP holds common stock representing approximately 61.57% of the voting power of our common stock as of December 31, 2022-2023. As a result, we are considered a "controlled company" for the purposes of New York Stock Exchange ("NYSE") rules and corporate governance standards. As a controlled company, we are exempt from certain NYSE corporate governance requirements, including those that would otherwise require our board of directors to have a majority of independent directors and require that we either establish compensation and nominating and corporate governance board committees, each comprised entirely of independent directors, or otherwise ensure that the compensation of our executive officers and nominees for directors are determined or recommended to the board of directors by the independent members of the board of directors. While we intend to have a majority of independent directors, and our compensation and nominating and corporate governance committees to consist entirely of independent directors, we may decide at a later time to rely on one of the "controlled company" exemptions. Accordingly, our common stock may not have the same protections afforded to stockholders of companies that are subject to all of the NYSE corporate governance requirements. Our ability to raise capital in the future may be limited, which could limit our business plan or adversely affect your investment. Our business and strategic plans may consume resources faster than we anticipate. In the future, we may need to raise additional funds through the issuance of new equity securities, debt or a combination of both. However, any decline in the market price of our common stock could impair our ability to raise capital. Separately, additional financing may not be available on favorable terms, or at all. If adequate funds are not available on acceptable terms, we may be unable to fund our operations or new investments. If we issue new debt securities, the debt holders would have rights senior to common stockholders to make claims on our assets, and the terms of any debt could restrict our operations, including our ability to pay dividends on our common stock. If we issue additional equity securities, existing stockholders will experience dilution, and the new equity securities could have rights senior to those of our common stock. Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. Thus, our stockholders bear the risk of our future securities offerings reducing the market price of our common stock and diluting their interest. Anti-takeover provisions in our organizational documents could delay a change in management and limit our share price. Provisions of our certificate of incorporation and bylaws could make it more difficult for a third party to acquire control of us even if such a change in control would increase the value of our common stock and prevent attempts by our stockholders to replace or remove our current board of directors or management. We have a number of anti-takeover devices that could hinder takeover attempts and could reduce the market value of our common stock or prevent sale at a premium. Our anti-takeover provisions:

- permit the board of directors to establish the number of directors and fill any vacancies and newly created directorships;
- provide that our board of directors is classified into three classes with staggered, three-year terms and that directors may only be removed for cause;
- include blank-check preferred stock, the preference, rights and other terms of which may be set by the board of directors and could delay or prevent a transaction or a change in control that might involve a premium price for our common stock or otherwise benefit our stockholders;
- eliminate the ability of our stockholders to call special meetings of stockholders;
- specify that special meetings of our stockholders can be called only by our board of directors, or a board committee authorized with the power to call such meetings;
- prohibit stockholder action by written consent, which has the effect of requiring all stockholder actions to be taken at a meeting of our stockholders;
- provide that vacancies on our board of directors may be filled only by a majority of directors then in office, even though less than a quorum;
- prohibit cumulative voting in the election of directors; and
- establish advance notice requirements for nominations for election to our board of directors or for proposing matters that can be acted upon by stockholders at annual stockholders' meetings.

In addition, as a Delaware corporation, we are subject to Section 203 of the Delaware General Corporation Law (DGCL). These provisions may prohibit large stockholders, in particular those owning 15% or more of our outstanding voting stock, from merging or combining with us for a period of time. Our certificate of incorporation provides that the Court of Chancery of the State of Delaware is the exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees. Our certificate of incorporation provides that the Court of Chancery of the State of Delaware is the exclusive forum for the following civil actions:

- any derivative action or proceeding brought on our behalf;
- any action asserting a claim of breach of a fiduciary duty by any of our directors, officers, employees or agents or our stockholders;
- any action asserting a claim arising pursuant to any provision of the DGCL or our certificate of incorporation or bylaws or as to which the DGCL confers jurisdiction on the Court of Chancery of the State of Delaware; or
- any action asserting a claim governed by the internal affairs doctrine.

This choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that the stockholder finds favorable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits against us and our directors, officers and other employees. Alternatively, if a court were to find the choice of forum provision contained in our

certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could have a material adverse effect on our business, financial condition or results of operations. We have no current plans to declare dividends. We do not currently pay a dividend and have no current plans to declare any cash dividends to holders of our common stock. Any determination to pay dividends in the future will be at the discretion of our board of directors and will depend upon results of operations, financial condition, any contractual restrictions, our indebtedness, restrictions imposed by applicable law and other factors our board of directors deems relevant. Consequently, investors may need to sell all or part of their holdings of our common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investment. Investors seeking cash dividends should not purchase our common stock. If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, our stock price and trading volume could decline. The trading market for our common stock depends, in part, on the research and reports that securities or industry analysts publish about us or our business. If an analyst who covers us downgrades our common stock or publishes inaccurate or unfavorable research about our business, our stock price would likely decline. If one or more of these analysts ceases coverage of us or fails to publish reports on us regularly, demand for our common stock could decrease, which could cause our stock price and trading volume to decline.