Risk Factors Comparison 2023-07-25 to 2022-07-28 Form: 10-K

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

The risks described below should be considered carefully before a decision to buy shares of our common stock is made. The order of the risks is not an indication of their relative weight or importance. The risks and uncertainties described below are not the only ones facing us but do represent those risks and uncertainties we believe are material to us. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also adversely impact and impair our business. If any of the following risks actually occur, our business could be harmed. In that case, the trading price of our common stock could decline, and all or part of the investment in our common stock might be lost. When determining whether to buy our common stock, other information in this Annual Report on Form 10- K, including our financial statements and the related notes, should also be reviewed. Risks Related to the Business Environment An economic downturn or deterioration of general macroeconomic conditions could adversely affect our global operations and financial condition. We are exposed to the risk of an economic downturn or deterioration of general macroeconomic conditions, including slower growth or recession, inflation, or decreases in consumer spending power or confidence, which could have a significant impact on our business, financial condition, and results of operations. Recent events, including **increasing diplomatic and trade friction between** the ~~Pandemic~~ **U. S. and China**, the military incursion by Russia into Ukraine, **and** inflationary conditions and rising interest rates, have caused disruptions in the U. S. and global economy, and uncertainty regarding general economic conditions within some regions and countries in which we operate, including concerns about a potential U. S. and / or global recession has led, and may continue to lead, to reluctance on the part of some companies to spend on discretionary projects. Deterioration of or prolonged uncertainty related to the global economy or tightening credit markets could cause some of our clients to experience liquidity problems or other financial difficulties and could further reduce the demand for our services and adversely affect our business in the future. The ~~recent~~ military incursion by Russia into Ukraine could adversely impact the global economy and cause an increase in inflation and market uncertainty in a manner that could adversely affect our operations. Wars divert international trade and capital flows, disrupt global supply chains, delay companies' investment and hiring and erode consumer confidence, and periods of elevated geopolitical risks have historically been associated with negative effects on global economic activity. Although none of our operations are in Russia or Ukraine, the continuation or further escalation of geopolitical tensions **, or future instances of political unrest in other geographies,** could impact other markets where we do business, including Europe and Asia Pacific, or cause negative global economic effects which may adversely affect our business, financial condition, and results of operations ~~. In addition, the use of professional services consultants on a project- by- project basis could decline for non- economic reasons, including due to clients utilizing their own internal employees, due to competitive reasons, due to a lack of qualified consultants and for the other reasons described elsewhere in this Item 1A. In the event of a reduction in the demand for our consultants, our financial results would suffer~~. Economic deterioration at one or more of our clients may also affect our allowance for doubtful accounts and collectability of accounts receivable. Our estimate of losses resulting from our clients' failure to make required payments for services rendered has historically been within our expectations and the provisions established. While our overall receivable collections have not been severely impacted by the ~~Pandemic~~ **softening economy or other geopolitical events**, we cannot guarantee we will continue to experience the same credit loss rates we have in the past. A significant change in the liquidity or financial position of our clients could cause unfavorable trends in receivable collections and cash flows and additional allowances for anticipated losses may be required. These additional allowances could materially affect our future financial results. In addition, we are required periodically, and at least annually, to assess the recoverability of certain assets, including deferred tax assets, long- lived assets and goodwill. Downturns in the U. S. and international economies could adversely affect our evaluation of the recoverability of deferred tax assets, long- lived assets and goodwill. Although the additional tax valuation allowances and the impairment of long- lived assets and goodwill are non- cash expenses, they could materially affect our future financial results and financial condition. **Bank failures or other events affecting financial institutions could adversely affect our and our clients' liquidity and financial performance. We regularly maintain domestic cash deposits in Federal Deposit Insurance Corporation (" FDIC ") insured banks, which exceed the FDIC insurance limits. We also maintain cash deposits in foreign banks where we operate, some of which are not insured or are only partially insured by the FDIC or other similar agencies. The failure of a bank, or events involving limited liquidity, defaults, non- performance or other adverse conditions in the financial or credit markets impacting financial institutions at which we maintain balances, or concerns or rumors about such events, may lead to disruptions in access to our bank deposits or otherwise adversely impact our liquidity and financial performance. There can be no assurance that our deposits in excess of the FDIC or other comparable insurance limits will be backstopped by the U. S. or applicable foreign government, or that any bank or financial institution with which we do business will be able to obtain needed liquidity from other banks, government institutions or by acquisition in the event of a failure or liquidity crisis. 13Our clients, including those of our clients that are banks, may be similarly adversely affected by any bank failure or other event affecting financial institutions. Any resulting adverse effects to our clients' liquidity or financial performance could reduce the demand for our services or affect our allowance for doubtful accounts and collectability of accounts receivable. A significant change in the liquidity or financial position of our clients could cause unfavorable trends in receivable collections and cash flows and additional allowances for anticipated losses may be required. These additional allowances could materially affect our future financial results. In addition, instability, liquidity constraints or other distress in the financial markets, including the effects of bank failures, defaults, non- performance or other adverse**

developments that affect financial institutions, could impair the ability of one or more of the banks participating in our current or any future credit agreement from honoring their commitments. This could have an adverse effect on our business if we were not able to replace those commitments or to locate other sources of liquidity on acceptable terms. Our business is subject to risks arising from epidemic diseases ~~or~~ **,** pandemics, ~~such as the ongoing Pandemic. The Pandemic~~ or other public **health emergencies. Public** health epidemics or pandemics pose the risk that we or our employees and partners may be prevented from conducting business activities at full capacity for an indefinite period of time, including due to the spread of the virus or due to shutdowns or other measures that are requested or mandated by governmental authorities. Governmental measures **that are** intended to reduce the spread **or otherwise** ~~of the Pandemic have affected, and similar measures that may be taken in the future to~~ combat **a** ~~the Pandemic or any other~~ pandemic or epidemic may affect ~~,~~ how we operate, including, among other things, by reducing demand for or delaying client decisions to procure our services, or by resulting in cancellations of existing projects. **A** ~~12Any surge in the Pandemic or any~~ future pandemic ~~or~~ **,** epidemic **, or other public health emergency** could also result in a decline in productivity, which may adversely impact our ability to continue to efficiently serve our clients. In addition, in connection with the Pandemic, the overall financial condition of some of our clients **was** ~~has been~~ adversely impacted, at least for periods of time. If ~~these conditions continue or if~~ the financial condition of any of our clients is negatively impacted in the future by **a** ~~the Pandemic or any other~~ pandemic or epidemic, the ability of these clients to pay outstanding receivables owed to us may be adversely affected ~~. While current impacts to our business and employees resulting from the ongoing Pandemic are not material, the full extent to which the Pandemic may impact our business and financial results will depend on future developments that are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of the virus and the actions to contain its impact, the impacts of new variants of the virus, and the timing, distribution, efficacy and public acceptance of vaccines and other treatments for COVID- 19~~ . The market for professional services is highly competitive, and if we are unable to compete effectively against our competitors, our business and operating results could be adversely affected. We operate in a competitive, fragmented market, and we compete for clients and consultants with a variety of organizations that offer similar services. Our principal competitors include: consulting firms; local, regional, national and international accounting and other traditional professional services firms; independent contractors; traditional and internet- based staffing firms; and the in- house or former in- house resources of our clients. The competition is likely to increase in the future due to the expected growth of the market and the relatively few barriers to entry. We cannot provide assurance that we will be able to compete effectively against existing or future competitors. Many of our competitors have significantly greater financial resources, greater revenues and greater name recognition, which may afford them an advantage in attracting and retaining clients and consultants and in offering pricing concessions. Some of our competitors in certain markets do not provide medical insurance or other benefits to their consultants, thereby allowing them to potentially charge lower rates to clients. In addition, our competitors may be able to respond more quickly to changes in companies' needs and developments in the professional services industry. Risks Related to Human Capital Resources We must provide our clients with highly qualified and experienced consultants, and the loss of a significant number of our consultants, or an inability to attract and retain new consultants, could adversely affect our business and operating results. Our business involves the delivery of professional services, and our success depends on our ability to provide our clients with highly qualified and experienced consultants who possess the skills and experience necessary to satisfy their needs. At various times, including as a result of recent shifts by businesses to adopt more workforce agility in response to temporary gaps caused by the tightening labor market, such professionals can be in great demand, particularly in certain geographic areas or if they have specific skill sets. Our ability to attract and retain consultants with the requisite experience and skills depends on several factors including, but not limited to, our ability to: ? provide our consultants with either full- time or flexible- time employment; ? obtain the type of challenging and high- quality projects that our consultants seek; ? provide competitive compensation and benefits; and ? provide our consultants with flexibility as to hours worked and assignment of client engagements. ~~There~~ **14There** can be no assurance we will be successful in accomplishing any of these factors and, even if we are, we cannot assure we will be successful in attracting and retaining the number of highly qualified and experienced consultants necessary to maintain and grow our business. Our business could suffer if we lose the services of one or more key members of our senior management. Our future success depends upon the continued employment of our senior management team. The unforeseen departure of one or more key members of our senior management team could significantly disrupt our operations if we are unable to successfully manage the transition. The replacement of members of senior management can involve significant time and expense and create uncertainties that could delay, prevent the achievement of, or make it more difficult for us to pursue and execute on our business opportunities, which could have an adverse effect on our business, financial condition and operating results. ~~13Further~~ -- **Further** , due to legal restrictions prohibiting non- compete agreements in certain jurisdictions, we generally do not have non- compete agreements with our employees, including our senior management team, and, therefore, they could terminate their employment with us at any time and obtain employment with a competitor. Our ability to retain the services of members of our senior management and other key employees could be impacted by a number of factors, including competitors' hiring practices or the effectiveness of our compensation programs. If members of our senior management or other key employees leave us for any reason, they could pursue other employment opportunities with our competitors or otherwise compete against us. If we are unable to retain the services of these key personnel or attract and retain other qualified and experienced personnel on acceptable terms, our business, financial condition and operating results could be adversely affected. Significant increases in wages or payroll- related costs could have a material adverse effect on our financial results. To ensure that we attract and retain the requisite talent, it is necessary that we pay our consultants competitive wages. We are also required to pay a number of federal, state and local payroll- related costs for our employees and consultants, including providing certain benefits such as medical insurance, paid time off and sick leave, and paying unemployment taxes, workers' compensation insurance premiums and claims, and FICA and Medicare taxes. These costs could be increased by wage inflation and changes to local laws and regulations. Costs could also increase as a result of health care reforms or the possible imposition of additional requirements and restrictions related to the placement of personnel. We may not be able to increase the fees charged to our clients in a timely manner or in a sufficient amount to cover these potential cost increases. Risks Related to Our Business Operations and Initiatives Our business depends upon our ability to secure new projects from clients and renew expired contracts, and we could be adversely affected if we fail to do so. We generally do not have long- term agreements with our clients for the provision of services and our clients may terminate engagements with us at any time. The success of our business is dependent on our ability to secure new projects from clients or to renew expired contracts with clients. For example, our business is likely to be materially adversely affected if we are unable to secure new client projects because of improvements in our competitors' service offerings **, because of our customers' use of technology or artificial intelligence instead of external experts** , because of a change in government regulatory requirements, because of an economic downturn decreasing the demand for outsourced professional services, or for other reasons. New impediments to our ability to secure projects from clients may develop over time, such as the increasing use by large clients of in- house procurement groups that manage their relationship with service providers. If we are not able to replace the revenue from our expired client contracts, either through follow- on contracts or new contracts for those requirements or for other requirements, our revenue and operating results may be adversely affected. On the expiration of a contract, we typically seek a new contract or subcontractor role relating to that client to replace the revenue generated by the expired contract. There can be no assurance that those expiring contracts we are servicing will continue after their expiration, that the client will re- procure those requirements, that any such re- procurement will not be restricted in a way that would eliminate us from the competition, or that we will be successful in any such re- procurements or in obtaining subcontractor roles. Any factor that diminishes client relationships and / or our professional reputation could make it substantially more difficult for us to compete successfully for new engagements and qualified consultants. To the extent our client relationships and / or professional reputation deteriorate, our revenue and operating results could be adversely affected. Our financial results could suffer if we are unable to achieve or maintain a suitable pay / bill ratio. Our consultant cost structure is primarily variable in nature, and our profitability depends to a large extent on the level of pay / bill ratio achieved. Our failure to maintain or increase the hourly rates we charge our clients for our services or to pay an adequate and competitive rate to our consultants in order to maintain a suitable pay / bill ratio could compress our gross margin and adversely impact our profitability. ~~The~~ **15The** pay rates of our consultants are affected by a number of factors, including: ⍰ the skill sets and qualifications our consultants possess; ⍰ the competition for talent; and ⍰ current labor market and economic conditions. The billing rates of our consultants are affected by a number of factors, including: ⍰ our clients' perception of our ability to add value through our services; ⍰ the market demand for the services we provide; ⍰ introduction of new services by us or our competitors; ~~14~~ ⍰ our competition and the pricing policies of our competitors; and ⍰ current economic conditions. If we are unable to achieve a desirable pay / bill ratio, our financial results could materially suffer. In addition, a limited number of clients are requesting certain engagements be a fixed fee rather than our traditional hourly time and materials approach, thus shifting a portion of the burden of financial risk and monitoring to us. We derive significant revenue and profits from contracts awarded through a competitive bidding process, which can impose substantial costs on us, and we will lose revenue and profits if we fail to compete effectively. Competitive bidding imposes substantial costs and presents a number of risks, including the: ⍰ substantial cost and managerial time and effort that we spend to prepare bids and proposals; ⍰ need to estimate accurately the resources and costs that will be required to service any contracts we are awarded, sometimes in advance of the final determination of their full scope; and ⍰ opportunity cost of not bidding on and winning other contracts we may have otherwise pursued. To the extent we engage in competitive bidding and are unable to win certain contracts, we not only incur substantial costs in the bidding process that negatively affect our operating results, but we may lose the opportunity to operate in the market for the services provided under those contracts for a number of years and our revenue will be adversely impacted. Even if we win a particular contract through competitive bidding, our profit margins may be depressed, or we may even suffer losses as a result of the costs incurred through the bidding process and the need to lower our prices to overcome competition. Our contracts may contain provisions that are unfavorable to us and permit our clients to, among other things, terminate our contracts partially or completely at any time prior to completion. Our contracts typically contain provisions that allow our clients to terminate or modify these contracts at their convenience on short notice. If a client terminates one of our contracts for convenience, we generally can only bill the client for work completed prior to the termination, plus any commitments and settlement expenses the client agrees to pay, but not for any work not yet performed. If a client were to terminate, decline to exercise options under, or curtail further performance under one or more of our major contracts, our revenue and operating results could be adversely affected. We may be unable to realize the level of the anticipated benefits that we expect from our restructuring initiatives, which may adversely impact our business and results of operations. In response to changes in industry and market conditions, we have undertaken in the past, and may undertake in the future, restructuring, reorganization, or other strategic initiatives and business transformation plans to realign our resources with our growth strategies, operate more efficiently and control costs. The successful implementation of our restructuring activities may from time to time require us to effect business and asset dispositions, workforce reductions, management restructurings, decisions to limit investments in or otherwise exit businesses, office consolidations and closures, and other actions, each of which may depend on a number of factors that may not be within our control. Any such effort to realign or streamline our organization may result in the recording of restructuring or other charges, such as asset impairment charges, contract and lease termination costs, exit costs, termination benefits, and other restructuring costs. Further, as a result of restructuring initiatives, we may experience a loss of continuity, loss of accumulated knowledge and proficiency, adverse effects on employee morale, loss of key employees and / or other retention issues during transitional periods. Reorganization and restructuring can impact a significant amount of management and other employees' time and focus, which may divert attention from ~~operating~~ **16operating** and growing our business. Further, upon completion of any restructuring initiatives, our business may not be more efficient or effective than prior to the implementation of the plan and we may be unable to achieve anticipated operating enhancements or cost reductions, which would adversely affect our business, competitive position, operating results and financial condition. ~~15Our~~ -- **Our** recent digital expansion and technology transformation efforts may not be successful, which could adversely impact our growth and profitability. One of our primary areas of focus **in recent years** ~~for fiscal 2022 and fiscal 2023~~ is digital expansion, which includes the further development and expanded launch of HUGO, our human cloud platform aimed at introducing a new way for clients and talent alike to engage with us and expanding go- to- market penetration for the business that we acquired from Veracity. We are also making investments in the transformation of our technology systems to keep up with technological changes that impact the needs of our clients, the delivery of our services and the efficiency of our back- office operations. These investments require significant capital expenditures. If we are unable to execute these initiatives successfully, we may not realize our anticipated return on investment and may not be able to realize the benefits expected, which could adversely impact our growth and profitability. We may not be able to build an efficient support structure as our business continues to grow and transform. In fiscal ~~2022~~ **2023** , we continued our Borderless Talent initiative to continue to evolve towards and facilitate a virtual operating model. With this initiative, we seek to provide borderless solutions, anytime, anywhere, bringing the best talent to meet our clients' business needs, based on workload, not zip code. We also began upgrading to a new cloud- based enterprise- wide operating and Enterprise Resource Planning ~~(" ERP ")~~ system. The continued success of these initiatives requires adjusting and strengthening our business operations, financial and talent management systems, procedures, controls and compliance, which may increase our total operating costs and adversely impact our profitability and growth. New business strategies and initiatives, such as these, can be time **-** consuming for our management team and disruptive to our operations. New business initiatives could also involve significant unanticipated challenges and risks including not advancing our business strategy, not realizing our anticipated return on investment, experiencing difficulty in implementing initiatives, or diverting management' s attention from our other businesses. These events could cause material harm to our business, operating results or financial condition. We may not be able to grow our business, manage our growth or sustain our current business ~~. Historically, we have grown by opening new offices and by increasing the volume of services provided through existing offices. Beginning late in fiscal 2017, we embarked on several new strategic initiatives, including the implementation of a new operating model to be more center- led instead of geographically focused, to drive growth and scale~~ . In 2020, we undertook restructuring efforts in North America, APAC and Europe to analyze our physical geographic footprint and real estate spend in those areas. We have worked to focus investment dollars in high- growth core markets for greater impact and to shift to a virtual operating model in certain other markets. There can be no assurance we will be able to maintain or expand our market presence in our current locations, successfully enter other markets or locations or successfully operate our business virtually without a physical presence in all our markets. Our ability to continue to grow our business will depend upon an improving global economy and a number of factors, including our ability to: grow new client base and penetrate our existing client base; expand profitably into new geographies; drive growth in core markets, key industry verticals and solution offerings such as digital transformation services; provide additional professional service offerings; hire qualified and experienced consultants; maintain margins in the face of pricing pressure; and manage costs. Even if we are able to resume more rapid growth in our revenue, the growth will result in new and increased responsibilities for our management as well as increased demands on our internal systems, procedures and controls, and our administrative, financial, marketing and other resources. Failure to adequately respond to these new responsibilities and demands may adversely affect our business, financial condition and results of operations. ~~16Our~~ **17Our** ability to serve clients internationally is integral to our strategy and our international activities expose us to additional operational challenges we might not otherwise face. Our international activities require us to confront and manage several risks and expenses we would not face if we conducted our operations solely in the U. S. Any of these risks or expenses could cause a material negative effect on our operating results. These risks and expenses include: difficulties in staffing and managing foreign offices as a result of, among other things, distance, language and cultural differences; exposure to labor and employment laws and regulations in foreign countries; expenses associated with customizing our professional services for clients in foreign countries; foreign currency exchange rate fluctuations when we sell our professional services in denominations other than U. S. dollars; protectionist laws and business practices that favor local companies; political and economic instability in some international markets; potential personal injury to personnel who may be exposed to military conflicts and other hostile situations in foreign countries; multiple, conflicting and changing government laws and regulations; trade barriers and economic sanctions; compliance with stringent and varying privacy laws in the markets in which we operate; compliance with regulations on international business, including the Foreign Corrupt Practices Act, the United Kingdom Bribery Act of 2010 and the anti- bribery laws of other countries; reduced protection for intellectual property rights in some countries; potentially adverse tax consequences; and restrictions on the ability to repatriate profits to the U. S. or otherwise move funds. We have acquired, and may continue to acquire, companies, and these acquisitions could disrupt our business. We have acquired several companies in the past and we may continue to acquire companies in the future. Entering into an acquisition entails many risks, any of which could harm our business, including: diversion of management' s attention from other business concerns; failure to integrate the acquired company with our existing business; failure to motivate, or loss of, key employees from either our existing business or the acquired business; failure to identify certain risks or liabilities during the due diligence process; potential impairment of relationships with our existing employees and clients; additional operating expenses not offset by additional revenue; incurrence of significant non- recurring charges; incurrence of additional debt with restrictive covenants or other limitations; addition of significant amounts of intangible assets, including goodwill, that are subject to periodic assessment of impairment, with such non- cash impairment potentially resulting in a material impact on our future financial results and financial condition; dilution of our stock as a result of issuing equity securities; and assumption of liabilities of the acquired company. Our failure to be successful in addressing these risks or other problems encountered in connection with our past or future acquisitions could cause us to fail to realize the anticipated benefits of such acquisitions, incur unanticipated liabilities and harm our business generally. ~~17Our~~ **18Our** recent rebranding efforts may not be successful. In addition, we may be unable to adequately protect our intellectual property rights, including our brand name. We believe establishing, maintaining and enhancing the RGP and Resources Global Professionals brand names are important to our business. We rely on trademark registrations and common law trademark rights to protect the distinctiveness of our brand. In fiscal 2020, we launched a significant global rebranding initiative, and in fiscal ~~2022~~ **2023** we continued our global rebranding with ~~the introduction of~~ our new tagline — Dare to Work Differently. However, there can be no assurance that our rebranding initiative will result in a positive return on investment. In addition, there can be no assurance that the actions we have taken to establish and protect our trademarks will be adequate to prevent use of our trademarks by others. Further, not all of our trademarks were successfully registered in all of our desired countries. Accordingly, we may not be able to claim or assert trademark or unfair competition claims against third parties for any number of reasons. For example, a judge, jury or other adjudicative body may find that the conduct of competitors does not infringe or violate our trademark rights. In addition, third parties may claim that the use of our trademarks and branding infringe, dilute or otherwise violate the common law or registered marks of that party, or that our marketing efforts constitute unfair competition. Such claims could result in injunctive relief prohibiting the use of our marks, branding and marketing activities as well as significant damages, fees and costs. If such a claim were made and we were required to change our name or any of our marks, the value of our brand may diminish and our results of operations and financial condition could be adversely affected. Risks Related to Information Technology, Cybersecurity and Data Protection Our computer hardware and software and telecommunications systems are susceptible to damage, breach or interruption. The management of our business is aided by the uninterrupted operation of our computer and telecommunication systems. These systems are vulnerable to security breaches, **cyber or other security incidents,** natural disasters or other catastrophic events ~~, computer viruses, ransomware attacks~~ , or other interruptions or damage stemming from power outages, equipment failure or unintended or unauthorized usage by employees. In addition, we rely on information technology systems to process, transmit and store electronic information and to communicate among our locations around the world and with our clients, partners and consultants. From time to time, we experience interruptions in our operations and system failures, and any loss of data and interruptions or delays in our business or that of our clients, or both, resulting from such interruptions or failures could have a material impact on our business and operations and materially adversely affect our revenue, profits and operating results. **The** ~~In addition, the~~ breadth and complexity of this infrastructure increases the potential risk of security incidents ~~. Security incidents, including ransomware attacks, cyber- attacks or cyber- intrusions by computer hackers, foreign governments, cyber terrorists or others with grievances against the industry in which we operate or us in particular, may disable or damage the proper functioning of our networks and systems and result in a significant disruption of our business and potentially significant payments to restore the networks and systems. We review and update our systems and have implemented processes and procedures to protect against security incidents and unauthorized access to our data~~ . Despite our implementation of security controls, our systems and networks are vulnerable to computer viruses, malware, worms, hackers and other security issues, including physical and electronic break- ins, router disruption, sabotage or espionage, disruptions from unauthorized access and tampering (including through social engineering such as phishing attacks), impersonation of authorized users **,** and coordinated denial- of- service attacks **. Cyber security incidents may involve the covert introduction of malware to computers and networks, and the use of techniques or processes that change frequently, may be disguised or difficult to detect, or are designed to remain dormant until a triggering event, and may continue undetected for a period of time. Cyber incidents have in the past resulted from, and may in the future result from, social engineering or impersonation of authorized users, and may also result from efforts to discover and exploit any design flaws, bugs, security vulnerabilities or security weaknesses, intentional or unintentional acts by employees or other insiders with access privileges, intentional acts of vandalism or fraud by third parties and sabotage** . For example, in the past we have experienced cyber security incidents resulting from unauthorized access to our systems, which to date have not had a material impact on our business or results of operations; however, there is no assurance that similar incidents will not cause material impacts in the future. **Security incidents, including ransomware attacks, cyber- attacks or cyber- intrusions by computer hackers, foreign governments, cyber terrorists or others with grievances against the industry in which we operate or us in particular, may disable or damage the proper functioning of our networks and systems and result in a significant disruption of our business and potentially significant payments to restore the networks and systems. We review and update our systems and have implemented processes and procedures to protect against security incidents and unauthorized access to our data, although we cannot provide assurances that these efforts will be successful.** In addition, the transition of our workforce to a hybrid work environment, where our employees are often working remotely, could also increase our vulnerability to risks related to our hardware and software systems, including risks of phishing and other cybersecurity attacks. Our systems may be subject to additional risk introduced by software that we license from third parties. This licensed software may introduce vulnerabilities within our own operations as it is integrated with our systems, or as we provide client services through partnership agreements. It is also possible that our security controls over personal and other data may not prevent unauthorized access to, or destruction, loss, theft, misappropriation or release of personally identifiable or other proprietary, confidential, sensitive or valuable information of ours or others; this access could lead to potential unauthorized disclosure of confidential personal, Company or client information that others could use to compete against us or for other disruptive, destructive or harmful purposes and outcomes. Any such disclosure or damage to our networks and systems could subject us to third- party claims against us and reputational harm, including statutory damages under California or other state law, regulatory penalties and significant costs of incident investigation, remediation and notification. If these events occur, our ability to attract new clients or talent may be impaired or we may be subjected to damages or penalties. While ~~we~~ **19we** maintain insurance coverage for cybersecurity incidents that we believe are appropriate for our operations, our insurance coverage may not cover all potential claims against us, may require us to meet a deductible or may not continue to be available to us at a reasonable cost. In addition, system- wide or local failures of these information technology systems could have a material adverse effect on our business, financial condition, results of operations or cash flows. ~~18Legal~~ -- **Legal** and Regulatory Risks Failure to comply with data privacy laws and regulations could have a materially adverse effect on our reputation, results of operations or financial condition, or have other adverse consequences. Our employees may have access or exposure to personally identifiable or otherwise confidential information and customer data and systems, the misuse or improper disclosure of which could result in legal liability. The collection, hosting, transfer, disclosure, use, storage and security of personal information required to provide our services is subject to federal, state and foreign data privacy laws. These laws, **(" Privacy and Data Protection Requirements ")** which are not uniform, do one or more of the following: regulate the collection, transfer (including in some cases, the transfer outside the country of collection), processing, storage, use and disclosure of personal information, and require notice to individuals of privacy practices **and in some cases consent to collection of personal information** ; give individuals certain access, correction and deletion rights with respect to their personal information; and prevent the use or disclosure of personal information **, or require providing opt- outs for the use and disclosure of personal information,** for secondary purposes such as marketing. Under certain circumstances, some of these laws require us to provide notification to affected individuals, data protection authorities and / or other regulators in the event of a data breach. In many cases, these laws apply not only to third- party transactions, but also to transfers of information among us and our subsidiaries. Laws and regulations in this area are evolving and generally becoming more stringent. For example, the European General Data Protection Regulation (the " GDPR ") requires us to meet stringent requirements regarding (i) our access, use, disclosure, transfer, protection, or otherwise processing of personal data; and (ii) the ability of data subjects to exercise their related various rights such as to access, correct or delete their personal data. Under the GDPR **and the United Kingdom' s version of the GDPR** , data transfers from the European Union **and the United Kingdom** to the United States are generally prohibited unless certain measures are followed. The 2018 California Consumer Privacy Act (" CCPA ") ~~, which went into effect in January 2020, now~~ imposes similar requirements. New privacy laws in California, Colorado, Connecticut, Utah and Virginia **have either taken effect or** will take effect in 2023, **and new** ~~with others likely to follow. Several~~ privacy ~~bills have~~ **laws recently enacted in Iowa, Indiana, Montana, Tennessee and Texas will take effect over the next few years. There is** also ~~been introduced in Congress~~ **the possibility of federal privacy legislation and increased enforcement by the Federal Trade Commission under its power to regulate unfair and deceptive trade practices** . Key markets in the Asia Pacific region have also recently adopted GDPR- like legislation, including China' s new Personal Information Protection Law. Failure to meet Privacy and Data Protection Law requirements could result in significant civil penalties (including fines up to 4 % of annual worldwide revenue under the GDPR) as well as criminal penalties. Privacy and data protection law requirements also confer a private right of action in some countries, including under the GDPR. As these laws continue to evolve, we may be required to make changes to our systems, services, solutions and / or products to enable us and / or our clients to meet the new legal requirements, including by taking on more onerous obligations in our contracts, limiting our storage, transfer and processing of data and, in some cases, limiting our service and / or solution offerings in certain locations. Changes in these laws, or the interpretation and application thereof, may also increase our potential exposure through significantly higher potential penalties for non- compliance. The costs of compliance with, and other burdens imposed by, such laws and regulations and client demand in this area may limit the use of, or demand for, our services, solutions and / or products, make it more difficult and costly to meet client expectations, or lead to significant fines, penalties or liabilities for noncompliance, any of which could adversely affect our business, financial condition, and results of operations. Failure to comply with governmental, regulatory and legal requirements or with our company- wide Code of Business Conduct and Ethics, Compliance Policy for Anti- Bribery and Anti- Corruption Laws, Insider Trading Policy, Code of Vendor Conduct and Ethics and other policies could lead to governmental or legal proceedings that could expose us to significant liabilities and damage our reputation. We are subject to governmental, regulatory and legal requirements in each jurisdiction in which we operate. While we seek to remain in compliance with such legal and regulatory requirements, there may be changes to regulatory schemes in jurisdictions in which we operate that are outside our control and our efforts to remain in compliance with such changes may adversely affect our business and operating results. We have a robust Code of Business Conduct and Ethics, Compliance Policy for Anti- Bribery and Anti- Corruption Laws, Insider Trading Policy, Code of Vendor Conduct and Ethics and other policies and procedures that are designed to educate and establish the standards of conduct that we expect from our executive officers, outside directors, employees, consultants, independent contractors and vendors. These policies require strict compliance with U. S. and local laws and regulations applicable to our business operations, ~~including~~ **20including** those laws and regulations prohibiting improper payments to government officials. In addition, as a corporation whose securities are registered under the Exchange Act and publicly traded on the Nasdaq Stock Market, our executive officers, outside directors, employees, consultants and independent contractors are required to comply with the prohibitions against insider trading of our securities. ~~19Nonetheless~~ -- **Nonetheless** , we cannot assure our stakeholders that our policies, procedures and related training programs will ensure full compliance with all applicable legal requirements. Illegal or improper conduct by our executive officers, directors, employees, consultants or independent contractors, or others who are subject to our policies and procedures could damage our reputation in the U. S. and internationally, which could adversely affect our existing client relationships or adversely affect our ability to attract and retain new clients, or lead to litigation or governmental or regulatory proceedings in the U. S. or foreign jurisdictions, which could result in civil or criminal penalties, including substantial monetary awards, fines and penalties, as well as disgorgement of profits. We may be legally liable for damages resulting from the actions of our employees, the performance of projects by our consultants or for our clients' mistreatment of our personnel. Many of our engagements with our clients involve projects or services critical to our clients' businesses. If we fail to meet our contractual obligations, we could be subject to legal liability or damage to our reputation, which could adversely affect our business, operating results and financial condition. While we are not currently subject to any client- related legal claims which we believe are material, it remains possible, because of the nature of our business, **that** we may be involved in litigation in the future that could materially affect our future financial results. Claims brought against us could have a serious negative effect on our reputation and on our business, financial condition and results of operations. Because we are in the business of placing our personnel in the workplaces of other companies, we are subject to possible claims by our personnel alleging discrimination, sexual harassment, negligence and other similar activities by our clients. We may also be subject to similar claims from our clients based on activities by our personnel. We may also be subject to claims of or relating to wrongful termination, violation of employment rights related to employment screening or privacy issues; misclassification of workers as employees or independent contractors; violation of wage and hour requirements and other labor laws; employment of undocumented noncitizens; criminal activity; torts; breach of contract; failure to protect confidential personal information; intentional criminal misconduct; misuse or misappropriation of client intellectual property; employee benefits; or other claims. In some cases, we are contractually obligated to indemnify our clients against such risks. The cost of defending such claims, even if groundless, could be substantial and the associated negative publicity could adversely affect our ability to attract and retain personnel and clients. We could also be subject to injunctive relief, criminal investigations and / or charges, monetary damages or fines that may be significant, or other material adverse effects on our business. To reduce our exposure, we maintain policies, procedures and guidelines to promote compliance with laws, rules, regulations and best practices applicable to our business. We also maintain insurance coverage for professional malpractice liability, fidelity, employment practices liability and general liability in amounts and with deductibles that we believe are appropriate for our operations. However, our insurance coverage may not cover all potential claims against us, may require us to meet a deductible or may not continue to be available to us at a reasonable cost. In this regard, we face various employment- related risks not covered by insurance, such as wage and hour laws and employment tax responsibility. U. S. courts in recent years have been receiving large numbers of wage and hour class action claims. In addition, the use or misuse of social media by our employees or others could reflect negatively on us or our clients and could have a material adverse effect on our business, financial condition and results of operations. The available legal remedies for the use or misuse of social media may not adequately compensate us for the damages caused by such use or misuse and consequences arising from such actions. Changes in applicable tax laws or adverse results in tax audits or interpretations could have a material adverse effect on our business and operating results. We are subject to income and other taxes in the U. S. at the federal and state level and also in foreign jurisdictions. Future changes in applicable tax laws and regulations, including changes in tax rates in the jurisdictions in which we operate, are outside our control and are difficult to predict given the political, budgetary and other challenges. Such changes could adversely affect our business and operating results. We are also subject to periodic federal, state and local tax audits for various tax years. Although we attempt to comply with all taxing authority regulations, adverse findings or assessments made by taxing authorities as the result of an audit could have a material adverse effect on us. ~~20Reclassification~~ **21Reclassification** of our independent contractors by foreign tax or regulatory authorities could have an adverse effect on our business model and / or could require us to pay significant retroactive wages, taxes and penalties. Internationally, our consultants are a blend of employees and independent contractors. Independent contractor arrangements are more common abroad than in the U. S. due to the labor laws, tax regulations and customs of the international markets we serve. However, changes to foreign laws governing the definition or classification of independent contractors, or judicial decisions regarding independent contractor classification, could require classification of consultants as employees. Such reclassification could have an adverse effect on our business and results of operations, could require us to pay significant retroactive wages, taxes and penalties, and could force us to change our contractor business model in the foreign jurisdictions affected. Risks Related to Our Corporate and Capital Structure It may be difficult for a third party to acquire us, and this could depress our stock price. Delaware corporate law and our ~~amended~~ **Amended** and ~~restated~~ **Restated** ~~certificate~~ **Certificate** of ~~incorporation~~ **Incorporation** and ~~amended~~ **Amended** and ~~restated~~ **Restated** ~~bylaws~~ **Bylaws** contain provisions that could delay, defer or prevent a change of control of the Company or our management. These provisions could also discourage proxy contests and make it difficult for our stockholders to elect directors and take other corporate actions. As a result, these provisions could limit the price that future investors are willing to pay for our shares. These provisions: ? authorize our ~~board~~ **Board** of ~~directors~~ **Directors** to establish one or more series of undesignated preferred stock, the terms of which can be determined by the ~~board~~ **Board** of ~~directors~~ **Directors** at the time of issuance; ? divide our ~~board~~ **Board** of ~~directors~~ **Directors** into three classes of directors, with each class serving a staggered three- year term. Because the classification of the ~~board~~ **Board** of ~~directors~~ **Directors** generally increases the difficulty of replacing a majority of the directors, it may tend to discourage a third party from making a tender offer or otherwise attempting to obtain control of us and may make it difficult to change the composition of the ~~board~~ **Board** of ~~directors~~ **Directors** ; ? prohibit cumulative voting in the election of directors which, if not prohibited, could allow a minority stockholder holding a sufficient percentage of a class of shares to ensure the election of one or more directors; ? require that any action required or permitted to be taken by our stockholders must be effected at a duly called annual or special meeting of stockholders and may not be effected by any consent in writing; ? state that special meetings of our stockholders may be called only by the ~~chairman~~ **Chairman** of the ~~board~~ **Board** of ~~directors~~ **Directors** , by our ~~chief~~ **Chief** ~~executive~~ **Executive** ~~officer~~ **Officer** , by the ~~board~~ **Board** of ~~directors~~ **Directors** after a resolution is adopted by a majority of the total number of authorized directors, or by the holders of not less than 10 % of our outstanding voting stock; ? establish advance notice requirements for submitting nominations for election to the ~~board~~ **Board** of ~~directors~~ **Directors** and for proposing matters that can be acted upon by stockholders at a meeting; ? provide that certain provisions of our certificate of incorporation and bylaws can be amended only by supermajority vote (a 66 2 / 3 % majority) of the outstanding shares. In addition, our ~~board~~ **Board** of ~~directors~~ **Directors** can amend our bylaws by majority vote of the members of our ~~board~~ **Board** of ~~directors~~ **Directors** ; ? allow our directors, not our stockholders, to fill vacancies on our ~~board~~ **Board** of ~~directors~~ **Directors** ; and ? provide that the authorized number of directors may be changed only by resolution of the ~~board~~ **Board** of ~~directors~~ **Directors** . The terms of our ~~New~~ Credit Facility impose operating and financial restrictions on us, which may limit our ability to respond to changing business and economic conditions. We currently have a $ 175. 0 million senior secured loan (the " ~~New~~ Credit Facility ") which matures on November 12, 2026. We are subject to various operating covenants under the ~~New~~ Credit Facility which restrict our ability to, among other things, incur liens, incur additional indebtedness, make certain restricted payments, merge or consolidate and make dispositions of assets. The ~~New~~ Credit Facility also requires us to comply with financial covenants limiting our total funded debt, minimum interest coverage ratio and maximum leverage ratio. Any failure to comply with these covenants may constitute a breach under the ~~New~~ Credit Facility, which could result in the acceleration of all or a substantial portion of any outstanding indebtedness and termination of revolving credit commitments under the ~~New~~ Credit Facility. Our inability to maintain our ~~New~~ Credit Facility could materially and adversely affect our liquidity and our business. ~~21Our~~ **22Our** ~~New~~ Credit Facility bears a variable rate of interest that is based on the Secured Overnight Financing Rate (" SOFR ") which may have consequences for us that cannot be reasonably predicted and may adversely affect our liquidity, financial condition, and earnings. Borrowings under our ~~New~~ Credit Facility bear interest at a rate per annum of either, at our election, (i) Term SOFR (as defined in the credit agreement evidencing the ~~New~~ Credit Facility (the " ~~New~~ Credit Agreement ")) plus a margin or (ii) the Base Rate (as defined in the ~~New~~ Credit Agreement), plus a margin, with the applicable margin depending on our consolidated leverage ratio ~~. Although SOFR has been endorsed by the Alternative Reference Rates Committee as its preferred replacement for the London Interbank Offered Rate (" LIBOR "), it remains uncertain whether or when SOFR or other alternative reference rates will be widely accepted by lenders as the replacement for LIBOR. This may, in turn, impact the liquidity of the SOFR loan market, and SOFR itself~~ . Since the initial publication of SOFR, daily changes in the rate have, on occasion, been more volatile than daily changes in comparable benchmark or market rates, and SOFR over time may bear little or no relation to the historical actual or historical indicative data. Additionally, our ~~New~~ Credit Agreement includes a credit adjustment on SOFR due to LIBOR representing an unsecured lending rate while SOFR represents a secured lending rate. It is possible that the volatility of ~~and uncertainty around~~ SOFR ~~as a LIBOR replacement rate~~ and the applicable credit adjustment ~~would~~ **could** result in higher borrowing costs for us, and ~~would~~ **could** adversely affect our liquidity, financial condition, and earnings. We may be unable to or elect not to pay our quarterly dividend payment. We currently pay a regular quarterly dividend, subject to quarterly ~~board~~ **Board** of ~~directors~~ **Directors** ' approval. The payment of, or continuation of, the quarterly dividend is at the discretion of our ~~board~~ **Board** of ~~directors~~ **Directors** and is dependent upon our financial condition, results of operations, capital requirements, general business conditions, tax treatment of dividends in the U. S., contractual restrictions contained in credit agreements and other agreements and other factors deemed relevant by our ~~board~~ **Board** of ~~directors~~ **Directors** . We can give no assurance that dividends will be declared and paid in the future. The failure to pay the quarterly dividend, reduction of the quarterly dividend rate or the discontinuance of the quarterly dividend could adversely affect the trading price of our common stock. ITEM 1B. UNRESOLVED STAFF COMMENTS. Not applicable. ITEM 2. PROPERTIES. **Our principal executive office located in Irvine, California consists of a 57, 000 square feet office building that we own, of which approximately 13, 000 square feet is leased to an independent third party. The remainder of the office space is occupied by our corporate teams and our Orange County, California practice.** As of May ~~28~~ **27** , ~~2022~~ **2023** , we **had other major** ~~maintained 20 domestic physical~~ offices **in many of the world' s leading business centers** , ~~all under~~ **including Atlanta, Beijing, Dallas- Fort Worth, Chicago, Guangzhou, Hong Kong, Houston, London, Los Angeles, New York, Mexico City, Mumbai, San Francisco, Singapore, Seoul, Sydney, Tokyo and Utrecht, among others. In total, we have facilities and** ~~operating~~ **operations** ~~lease agreements (except for~~ **in over 35 cities in 14 countries around the world. Outside of** the Irvine, California location ~~)~~ , ~~in~~ **which is owned by us,** the ~~following metropolitan~~ **majority of our facilities** ~~areas~~ -- **are leased under long- term leases with varying expiration dates.** ~~: Irvine, California Atlanta, GeorgiaPhiladelphia, PennsylvaniaLos Angeles, California (2) Chicago, Illinois Dallas, TexasMountain View, CaliforniaIndianapolis, IndianaHouston, TexasSanta Clara, CaliforniaDetroit, MichiganRichmond, VirginiaSan Francisco, CaliforniaParsippany, New JerseySeattle, WashingtonDenver, ColoradoNew York, New York Tampa, FloridaCleveland, Ohio~~ As of May ~~28~~ **27** , ~~2022~~ **2023** , **Sitrick which is within** ~~we maintained 18 international physical offices under operating lease agreements, located in the following cities and countries: Sydney, AustraliaMexico City, MexicoManila, PhilippinesMunich, GermanyAmsterdam (Utrecht), NetherlandsSeoul, South KoreaBangalore, IndiaBeijing, People' s Republic of ChinaSingaporeMumbai, IndiaHong Kong, People' s Republic of ChinaZurich, SwitzerlandTokyo, JapanGuangzhou, People' s Republic of ChinaTaipei, TaiwanPetaling Jaya, MalaysiaShanghai, People' s Republic of ChinaLondon, United Kingdom As of May 28, 2022, other~~ **Other** Segments utilized ~~our office in Germany and~~ one of the offices in Los Angeles, California, and ~~share~~ **shared** our office in New York, New York with RGP. All remaining offices are utilized by RGP. ~~Our corporate offices are located in Irvine, California. We own an approximately 57, 000 square foot office building in Irvine, California, of which we occupied approximately 40, 000 square feet as of May 28, 2022, including space occupied by our Orange County, California practice. Approximately 13, 000 square feet is leased to independent third parties, and 4, 000 square feet is vacant.~~ We believe our existing office ~~space is~~ **locations are** suitable and adequate to meet our current ~~requirements~~ **business needs** . We do not anticipate any significant difficulty replacing or locating additional offices to accommodate future needs. **ITEM 3. LEGAL PROCEEDINGS. We are not currently subject to any material legal proceedings; however, we are a party to various legal proceedings arising in the ordinary course of our business. ITEM 4. MINE SAFETY DISCLOSURES. Not applicable.**