

## Risk Factors Comparison 2025-02-19 to 2024-02-21 Form: 10-K

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

Investing in our securities involves risk. The following risk factors and all other information set forth in this Annual Report on Form 10-K should be considered in evaluating our future prospects. If any of the events described below occur, our business, financial condition, results of operations, liquidity, or access to the capital markets could be materially and adversely affected. To develop the following risk factors, we review risks to our business that are informed by our formal Enterprise Risk Management program, industry trends, the external market, and financial environment as well as dialogue with leaders throughout our organization. Our risk factors descriptions are intended to convey our assessment of each applicable risk and such assessments are prioritized and integrated into our strategic and operational planning. **RISKS RELATED TO OUR COMPANY'S OPERATIONS** Demand for our workforce solutions is significantly affected by fluctuations in general economic conditions. The demand for our workforce solutions is highly dependent upon the state of the economy and the workforce needs of our clients, which creates uncertainty and volatility in our operations. Our profitability is sensitive to decreases in demand. National and global economic activity is slowed by many factors, including rising interest rates, recessionary periods, inflation, declining consumer confidence, political and legislative changes, international conflict or instability, epidemics, other significant health concerns, and global trade uncertainties. As economic activity slows, companies tend to reduce their use of associates and recruitment of new employees. We work in a broad range of industries that primarily include construction, manufacturing and logistics, warehousing and distribution, waste and recycling, energy, transportation, retail and hospitality. Significant declines in demand from any region or industry in which we have a major presence, domestic or global supply chain disruptions, or decline in the financial health of our clients, significantly decreases our revenues and profits. For example, we experienced significantly reduced demand from our clients due to the coronavirus pandemic ("COVID-19") and the resulting supply chain disruptions in the manufacturing and renewable energy sectors we serve. **The extent to which global pandemics may impact our financial condition or results of operations will depend on factors such as the duration and scope of the pandemic, as well as whether there is a material impact on the businesses or productivity of our clients, employees, associates and other partners.** A deterioration in economic conditions, global supply chain issues, political instability, rising energy prices, a recession or fear of a recession, and the related governmental responses to these concerns, or otherwise, could lead to a prolonged decline in demand for our services and negatively impact our business. Deterioration in economic conditions or the financial or credit markets could also have an adverse impact on our clients' financial health or their ability to pay for services we have already provided. It is difficult for us to forecast future demand for our services due to the inherent uncertainty in forecasting the direction and strength of economic cycles and the project-based nature of our staffing assignments. The uncertainty can be exacerbated by volatile economic conditions, which **has have** caused and may continue to cause clients to reduce or defer projects for which they utilize our services. The negative impact to our business can occur before, during or after a decline in economic activity is seen in the broader economy. When it is difficult for us to accurately forecast future demand, we may not be able to determine the optimal level of personnel and investment necessary to profitably manage our business in light of opportunities and risks we face. Advances in technology may disrupt the labor and recruiting markets **and weaken the demand for our services**. Failure to constantly improve our technology to meet the expectations of clients, associates, candidates and employees could have a negative impact on our financial position and results of operations. The increased use of internet-based and mobile technology is attracting additional online and app-based companies **and other non-traditional competitors** and resources to our industry. Our associates, candidates and clients increasingly demand technological innovation to improve the access to and delivery of our services. Our clients increasingly rely on automation, artificial intelligence, **generative artificial intelligence ("AI")**, machine learning and other new technologies to reduce their dependence on labor needs, which may reduce demand for our **staffing and recruiting** services and impact our operations. We face extensive pressure for lower prices and new service offerings and must continue to invest in and implement new technology and industry developments in order to remain relevant to our associates, candidates and clients. As a result of this increasing dependence upon technology, we must timely and effectively identify, develop, or license technology from third parties, and integrate such enhanced or expanded technologies into the solutions that we provide. In addition, our business relies on a variety of technologies, including those that support recruiting, hiring, paying, order management, billing, collecting, associate data analytics and client data analytics. If we do not sufficiently invest in and implement new technology, or evolve our business at sufficient speed and scale, our business results may decline materially. Acquiring technological resources and **Page- expertise 12expertise** to develop new technologies for our business may require us to incur significant expenses and capital costs. For some ~~Page-12solutions~~ **solutions**, we depend on key vendors and partners to provide technology and support. If these third parties fail to perform their obligations or cease to work with us, our business operations could be negatively affected. ~~The development, adoption, and use of generative artificial intelligence are still in their early stages and ineffective, insufficient, or inadequate development or deployment practices by us or third-party vendors could result in harm to our business, financial condition and results of operations. For example, algorithms and models utilized by generative artificial intelligence that we use may have limitations, including bias, errors, and the inability to handle certain data sets.~~ Furthermore, there is risk of system failures, disruptions, or vulnerabilities that could compromise the integrity, security, or privacy of generated content. These limitations or failures could result in reputational damage, legal liabilities, or loss of user confidence. Developing, testing, and deploying these systems may require additional investment and increase our costs. We are dependent on obtaining workers' compensation and other insurance coverage at commercially reasonable terms. Unexpected

changes in claim trends on our workers' compensation or an inability to obtain appropriate insurance coverage may negatively impact our financial condition. Our contingent staffing services employ associates for which we provide workers' compensation insurance. Our workers' compensation insurance policies are renewed annually. The majority of our insurance policies are with AIG. Our insurance carriers require us to collateralize a significant portion of our workers' compensation obligation. The majority of our collateral is held in trust by a third-party for the payment of these claims. The loss or decline in the value of our collateral could require us to seek additional sources of capital to pay our workers' compensation claims. As our business grows or financial results deteriorate, we have seen the amount of collateral required increase and the timing of providing collateral accelerate, which could occur again in the future. Resources to meet these requirements may not be available. We cannot be certain we will be able to obtain appropriate types or levels of insurance in the future or that adequate replacement policies will be available on acceptable terms. The loss of our workers' compensation insurance coverage would prevent us from operating as a staffing services business in the majority of our markets. Further, we cannot be certain that our current and former insurance carriers will be able to pay claims we make under such policies. We self-insure, or otherwise bear financial responsibility for, a significant portion of expected losses under our workers' compensation program. We have experienced unexpected changes in claim trends, including the severity and frequency of claims, changes in state laws regarding benefit levels and allowable claims, actuarial estimates, and medical cost inflation, and may experience such changes in the future which could result in costs that are significantly different than initially anticipated or reported and could cause us to record adjustments to the reserves in our financial statements. There is a risk that we will not be able to increase the fees charged to our clients in a timely manner and in a sufficient amount to cover increased costs as a result of any changes in claims-related liabilities. We actively manage the safety of our associates through our safety programs and actively control costs with our network of workers' compensation related service providers. These activities have had a positive impact creating favorable adjustments to workers' compensation liabilities recorded in **recent years** ~~the current and prior periods~~. The benefit of these adjustments is likely to decline and there can be no assurance that we will be able to continue to reduce accident rates and control costs to produce these results in the future. Some clients require extensive insurance coverage and request insurance endorsements that are not available under standard policies. There can be no assurance that we will be able to negotiate acceptable compromises with clients or negotiate appropriate changes in our insurance contracts. An inability to meet client insurance requirements may adversely affect our ability to take on new clients or continue providing services to existing clients. The loss of, continued reduction in or substantial decline in revenue from larger clients or certain industries could have a material adverse effect on our revenues, profitability and liquidity. We experience a degree of revenue concentration with large clients and in certain industries. Generally, our contracts do not contain guarantees of minimum duration, revenue levels, or profitability. Our clients have in the past and could in the future terminate their contracts or materially reduce their requested levels of service at any time. Although we have no client that represents over 10 % of our consolidated revenue, there **may be** ~~are a few~~ clients that exceed 10 % of ~~revenues~~ **revenue** within some of our reportable segments. The deterioration of the financial condition of a large client or a particular industry could have a material adverse effect on our business, financial condition, and results of operations. In addition, a significant change to the business, staffing, or recruiting model of these clients, for example a decision to insource our services, has had, and could again have, a material adverse effect on our business, financial condition, and results of operations. Reduced demand for our services from larger clients or certain industries, or supply interruptions for manufacturing, have had, and ~~in the future~~ **could continue to** have, a material adverse effect on our business, financial condition, and results of operations. Client concentration **also** exposes us to concentrated credit risk, as a significant portion of our accounts receivable may be from a small number of clients. If we are unable to collect our receivables, or are required to take additional reserves, our results and cash flows will be adversely affected. Page- 13 Our business and operations have undergone, and will continue to undergo, significant change as we seek to improve our operational and support effectiveness, which if not managed effectively could have an adverse outcome on our business and results of operations. We have significantly changed our ~~operations~~ **operating**, ~~support center~~ structure and internal processes in recent periods, such as our continued development of technology to leverage our operational effectiveness, and we will continue making similar changes to improve our operational effectiveness. These efforts could strain our systems, management, administrative, operations and financial infrastructure. We believe these efforts are important to our long-term success. Managing and ~~easing~~ **implementing** these changes throughout the company will continue to require the further attention of our management team and refinements to our operational, financial and management controls, reporting systems and procedures. These activities will require ongoing expenditures and allocation of valuable management and employee resources. If we fail to manage these changes effectively, our costs and expenses may increase more than we expect and our business, financial condition, and results of operations may be harmed. New business initiatives may cause us to incur additional expenditures and could have an adverse effect on our business. We expect to continue adjusting the composition of our business segments and entering into new business initiatives as part of our business strategy. New business initiatives, strategic business partners, or changes in the composition of our business mix can be distracting to our management and disruptive to our operations, causing our business and results of operations to suffer materially. New business initiatives **in new end markets or new geographies**, including initiatives outside of our ~~core workforce solutions~~ **offerings**, ~~in new end markets, or new geographies~~, could 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. In particular, we ~~are making~~ **have made** significant investments to advance our technology, and we cannot be sure that those initiatives will be successful, will not interrupt our operations, or that we will achieve a return on our investment. These events could cause material harm to our business, operating results or financial condition. Damage to our brands and reputation could have an adverse effect on our business. Our ability to attract and retain clients, associates, candidates and employees is affected by external perceptions of our brands and reputation. Negative perceptions or publicity could damage our reputation with current or prospective clients, associates, candidates and employees. Negative perceptions or

publicity regarding our employees, business practices, vendors, clients, or business partners may adversely affect our brand and reputation. We may not be successful in detecting, preventing, or negating all changes in or impacts on our reputation, including reputational effects of negative social media use by our clients, employees, **candidates**, or associates. If any factor, including unethical behavior, illegal conduct, poor performance or negative publicity, whether or not true, hurts our reputation, we may experience **negative repercussions reduced demand for our services**, which could harm our business. We may not achieve the intended effects of our business strategy which could negatively impact our results. Our business strategy **is focuses focused** on driving growth in our business segments by investing in innovative technology and initiatives which drive organic growth. These investments may not achieve our desired results, may be distracting to management or may be impacted by matters outside of our control. If we are unsuccessful in executing any of these strategies, or if these strategies fail to address the changing demands of the market, we may not achieve our goal of revenue and profit growth, which could negatively impact financial results.

Acquisitions may have an adverse effect on our business. We may make **additional** acquisitions as part of our business strategy. However, this strategy may be impeded and we may not achieve our long-term growth goals if we cannot identify suitable acquisition candidates or if acquisition candidates are not available under acceptable terms. We may have difficulty integrating acquired companies into our operating, financial planning, and financial reporting systems and may not effectively manage acquired companies to achieve expected growth. **Despite diligence and integration planning, acquisitions may also present challenges in bringing together different work cultures and personnel. Difficulties in integrating our acquisitions, including attracting and retaining talent to grow and manage these acquired businesses, may adversely affect our results of operations.**

**Page-14** Future acquisitions could result in incurring additional debt and contingent liabilities, an increase in interest expense, amortization expense, and charges related to integration costs. Additional indebtedness could also **include** **impact financial** covenants or other restrictions that would impede our ability to manage our operations. We may also issue equity securities to pay for an acquisition, which could result in dilution to our shareholders. Any acquisitions we announce could be viewed negatively by investors, which may adversely affect the price of our common stock. **As a Acquisitions can also result in the addition** of past acquisitions, we have maintained goodwill and intangible assets **to on our balance sheet that may decrease our earnings or our financial statements and** increase our losses if we recognize **may be required to record a significant charge in our financial statements during the period in which we determine** an impairment. **All of our acquired acquisitions have involved purchase prices in excess of tangible net asset values, resulting in the creation of goodwill and other intangible assets has occurred, which would negatively impact our financial results. The potential loss of key executives, employees, clients, suppliers, vendors, and other business partners of businesses we acquire may adversely impact the value of the assets, operations, or business we acquire. These events could cause material harm to our business, operating results or financial condition.**

Outsourcing certain aspects of our business could result in disruption and increased costs. We have outsourced certain aspects of our business to third-party vendors. These relationships subject us to significant risks including disruptions in our business and increased costs. For example, we license software from third parties, much of which is central to our systems and our business. The licenses are generally terminable if we breach our obligations under the license agreements. If any of these relationships were terminated, or if any of these parties were to cease doing business or supporting the applications we currently utilize, our business could be disrupted and we may be forced to spend significant time and money to replace the licensed software. In addition, we have engaged third parties to host and manage certain aspects of our data center, information and technology infrastructure, mobile apps, and electronic pay solutions, to provide certain back-office support activities, and to support business process outsourcing for our clients. We are subject to the risks associated with the vendors' inability to provide these services in a manner that meets our needs and the risks associated with changing vendors or insourcing these aspects of our business. If the cost of these services is more than expected, if the vendors suddenly cease providing their services, if we or the vendors fail to adequately protect our data and information is lost or compromised, or if our ability to deliver our services is interrupted, then our business and results of operations may be negatively impacted.

**Page-14** **RISKS RELATED TO OUR FINANCIAL POSITION** We cannot guarantee that we will repurchase our common stock pursuant to our share repurchase program or that our share repurchase program will enhance long-term shareholder value. Our Board of Directors (the "Board") has authorized a share repurchase program. Under the program, we are authorized to repurchase shares of common stock for a set aggregate purchase price, or we may choose to purchase shares in the open market, from individual holders, through an accelerated share repurchase agreement or otherwise. Although the Board has authorized a share repurchase program, the share repurchase program does not obligate us to repurchase any specific dollar amount or to acquire any specific number of shares. The timing and amount of the repurchases, if any, will be determined at management's discretion and depend upon several factors, including market and business conditions, the trading price of our common stock and the nature of other investment opportunities. The repurchase program may be limited, suspended or discontinued at any time without prior notice. Future regulatory action could impact our ability to continue this program or our ability to repurchase shares under the existing program. In addition, repurchases of our common stock pursuant to our share repurchase program could affect our stock price and increase its volatility. The existence of a share repurchase program could cause our stock price to be higher than it would be in the absence of such a program and could potentially reduce the market liquidity for our stock. Additionally, our share repurchase program could diminish our cash reserves, which may impact our ability to finance future growth and to pursue possible future strategic opportunities and acquisitions. There can be no assurance that these share repurchases will enhance shareholder value because the market price of our common stock may decline below the level at which we repurchased shares of stock. Although our share repurchase program is intended to enhance long-term shareholder value, there is no assurance that it will do so and short-term stock price fluctuations could reduce the program's effectiveness.

**Page-15** Our level of debt and restrictions in our credit agreement could negatively affect our operations and limit our liquidity and our ability to react to changes in the economy. Our revolving credit agreement ("Revolving Credit Facility") contains restrictive covenants that require us to maintain certain financial conditions, which we may fail to meet if there is a

material decrease in our profitability. Our failure to comply with these restrictive covenants could result in an event of default, which, if not cured or waived, would require us to repay these borrowings before their due date. We may not have sufficient funds on hand to repay these loans, and if we are forced to refinance these borrowings on less favorable terms, or are unable to refinance at all, our results of operations and financial condition could be materially adversely affected by increased costs and rates. Our principal sources of liquidity are funds generated from operating activities, available cash and cash equivalents, and borrowings under our Revolving Credit Facility. We must have sufficient sources of liquidity to meet our working capital requirements, fund **any increases to** our workers' compensation collateral requirements, service our outstanding indebtedness, and finance investment opportunities. Without sufficient liquidity, we could be forced to curtail our operations or we may not be able to pursue promising business opportunities. If our debt level significantly increases in the future, it could have significant consequences for the operation of our business including requiring us to dedicate a significant portion of our cash flow from operations to servicing our debt rather than using it for our operations ~~;~~. **It could also limiting --- limit** our ability to obtain additional debt financing for future working capital, capital expenditures, or other corporate purposes; ~~limiting~~ our ability to take advantage of significant business opportunities, such as acquisitions; ~~limiting~~ our ability to react to changes in market or industry conditions; and ~~putting~~ **put** us at a disadvantage compared to competitors with less debt. **We may not be able to align our cost structure with our current revenue level, which in turn may require additional financing in the future that may not be available or may be available only on unfavorable terms. Our efforts to align our cost structure with the current state of the staffing and recruitment markets may not be successful. When revenue is negatively impacted by weakening client demand, we have and may again find it necessary to take cost cutting measures to minimize the impact on our profitability, such as the workforce reductions we experienced in fiscal 2024. Failing to maintain a balance between our cost structure and our revenue could adversely affect our business, financial condition, and results of operations and lead to negative cash flows, which in turn might require us to obtain additional financing to meet our capital needs. If we are unable to secure such additional financing on favorable terms our ability to fund our operations could be impaired, which could have a material adverse effect on our results of operations.** We may have additional tax liabilities that exceed our estimates. We are subject to federal taxes, a multitude of state and local taxes in the United States of America ("U. S. "), and taxes in foreign jurisdictions. Changes in the mix of our taxable income by jurisdiction, **or an increase in the rate of those taxes,** could have a material impact on our financial condition or results of operations. Changes in interpretation of existing laws and regulations by a taxing authority could result in penalties and increased costs in the future. Taxing authorities may challenge our methodologies for valuing intercompany arrangements or may change their laws, which could increase our worldwide effective tax rate and harm our financial position and results of operation. We face continued uncertainty surrounding ongoing hiring tax credits we utilize, and for the ~~recent~~ business tax incentives related to measures taken to soften the impact of COVID-19. Also, in the ordinary course of our business, there are transactions and calculations where the ultimate tax determination is uncertain. We are regularly subject to audit by tax authorities. Although we believe our tax estimates are reasonable, the final determination of tax audits and any related litigation could be materially different from our historical tax provisions and accruals. The results of an audit or litigation with tax authorities could materially harm our business. ~~Page-15~~ The Organization for Economic Co- operation and Development (" OECD ") has introduced a framework to implement a global minimum corporate tax of 15 %, referred to as " Pillar Two " or " the minimum tax directive. " Many aspects of the minimum tax directive will be effective beginning in fiscal years 2025 and 2026. While it is uncertain whether the ~~United States~~ **U. S.** will enact legislation responding to Pillar Two, certain countries in which we operate have or are in the process of adopting minimum tax legislation. While we do not currently expect the minimum tax directive to have a material impact on our effective tax rate, our analysis is ongoing as additional guidance is released. It is possible that these legislative changes could have an adverse impact on our effective tax rates or operations. ~~Page- 16~~ Failure to maintain adequate financial and management processes and controls could lead to errors in our financial reporting or fail to prevent fraud. If our management is unable to certify the effectiveness of our internal controls, including those over our third- party vendors, our independent registered public accounting firm cannot render an opinion on the effectiveness of our internal controls over financial reporting, or if material weaknesses in our internal controls are identified, we could be subject to regulatory scrutiny, a loss of public confidence and litigation. In addition, if we do not maintain adequate financial, technology, and management personnel, processes and controls, we may not be able to accurately report our financial performance on a timely basis, or prevent fraud which could cause our stock price to decline.

**LEGAL AND COMPLIANCE RELATED RISKS** We may experience employment- related claims, commercial indemnification claims and other legal proceedings that could materially harm our business. We incur a risk of liability for claims relating to personal injury, wage and hour violations, immigration, discrimination, harassment, securities law matters, contractual obligations, government inquiries and other claims. Some or all of these claims may give rise to negative publicity, investigations, litigation or settlements, which may cause us to incur costs or have other material adverse impacts on our financial statements. Additionally, new employment and labor laws and regulations may be proposed or adopted that may increase the potential exposure of employers to employment- related claims and litigation. Certain clients have negotiated broad indemnification provisions regarding the services we provide. In addition, we may have liability to our clients for the action or inaction of our employees that may cause harm to our clients or third parties. In some cases, we must indemnify our clients for certain acts of our associates or arising from our associates' presence on the client' s job site. We may also incur fines, penalties, and losses that are not covered by insurance or negative publicity with respect to these matters. We maintain insurance with respect to some potential claims and costs with deductibles. We cannot be certain we will be able to obtain appropriate types or levels of insurance in the future or that adequate replacement policies will be available on acceptable terms. Should the final judgments or settlements exceed our insurance coverage, they could have a material adverse effect on our business. Our ability to obtain insurance, its coverage levels, deductibles and premiums, are all dependent on market factors, our loss history, and insurance providers' assessments of our overall risk profile. Further, we cannot be certain our current and former insurance

carriers will be able to pay claims we make under such policies. Failure to protect our intellectual property could harm our business, and we face the risk that our services or products may infringe upon the intellectual property rights **or contractual rights** of others. We have invested in developing specialized technology and intellectual property, proprietary systems, processes and methodologies that we believe provide us a competitive advantage in serving clients. We cannot guarantee that trade secret, trademark, patent, and copyright law protections are adequate to deter misappropriation of our intellectual property, which is an important part of our business. We may be unable to detect the unauthorized use of our intellectual property and take the necessary steps to enforce our rights. We cannot be sure that our services and products, or the products of others that we offer to our clients, do not infringe on the intellectual property rights **or contractual rights** of third parties, and we may have infringement **claims, contractual claims, or intellectual property** claims asserted against us or our clients. These claims may harm our reputation, result in financial liability or prevent us from offering some services or products to clients. ~~Page-16~~ Our efforts to maintain adequate compliance policies and controls may not prevent violations that could result in significant fines and penalties. We could be exposed to fines and penalties under U. S., foreign, or local jurisdictions for failure to adequately monitor operating requirements and changes thereto, including rules related to the employment and recruiting of associates and candidates. Failure to comply with laws in a particular market may result in substantial liability and could have a significant and negative effect not only on our business in that market, but also on our reputation generally. Although we have implemented policies, procedures and training programs designed to monitor, ensure compliance with and build awareness of these various regulations, we cannot be sure that our employees, contractors, vendors, or agents will not violate such policies. Any such violations could materially damage our reputation, brand, business and operating results. ~~Page-17~~ **RISKS RELATED TO OUR INDUSTRY** Our workforce solutions are subject to extensive government regulation and the imposition of additional regulations, which could materially harm our future earnings. Our workforce solutions are subject to extensive federal, state, local and foreign government regulation. The cost to comply, and any inability to comply with government regulation, could have a material adverse effect on our business and financial results. Increases or changes in government regulation of the workplace, contingent staffing, the employer- employee relationship **, immigration laws, procedures, and enforcement practices**, or judicial or administrative proceedings related to such regulation, could materially harm our business. From time to time, the contingent staffing industry, in which we operate, has come under criticism from organizations and regulatory agencies which maintain that employment protections, such as wages and benefits, are subverted when clients use our services. For example, some states have addressed these concerns by making it more challenging for clients to use our services, or adding additional administrative burden to our industry. Our business is dependent on contingent staffing arrangements continuing to be a viable source of flexible labor for our clients and flexible employment opportunities for our associates. If additional jurisdictions adopt regulations to our industry due to pressure from organized labor, political groups, or regulatory agencies, it could have a material adverse impact on our business, results of operations and financial conditions. The wage rates we pay to associates are based on many factors including government- mandated increases to minimum wage requirements, payroll-related taxes and benefits. If we are not able to increase the fees charged to clients to absorb any increased costs related to these factors, our results of operations and financial condition could be adversely affected. We may be unable to attract sufficient qualified associates and candidates to meet the needs of our clients. We compete to meet our clients' needs for workforce solutions; therefore, we must continually attract qualified associates and candidates to fill positions. Attracting qualified associates and candidates depends on factors such as desirability of the assignment, position requirements, location, the associated wages and other benefits. Many of these factors are outside of our control, including the reputational effects of unfavorable comments on social media outlets about our business or a work site. When unemployment in the U. S. is low, it is challenging to find sufficient eligible associates and candidates to meet our clients' orders. ~~Government responses to COVID-19, including generous~~ **Generous** unemployment benefits, stimulus payments and other direct payments to individuals, negatively impacted our ability to recruit qualified associates and candidates. A return to similar benefits in the future could further negatively impact our ability to recruit qualified associates and candidates. **. Significant changes in immigration policy and regulations could increase the demand for workers legally authorized to work in the U. S. who would otherwise be our associates or candidates, and reduce the supply of associates and candidates available to fulfill client orders, which could have a negative impact on our business operations**. We have experienced shortages of qualified associates and candidates and may experience such shortages in the future. Such a shortage of associates and candidates can increase the cost to employ or recruit these individuals, cause us to be unable to fulfill our clients' needs, or otherwise negatively impact our business. If general market conditions or wage inflation increases the wage rates required to attract and retain associates, and we are unable to pass those costs through to our clients, it could materially and adversely affect our business. Organized labor is increasing its unionization efforts in many of the industries we serve and periodically engages in efforts to represent various groups of our associates. If we are subject to unreasonable collective bargaining agreements or work disruptions, our business could be adversely affected. We operate in a highly competitive industry and may be unable to retain clients, market share or profit margins. Our industry is highly competitive and rapidly innovating, with low barriers to entry. We compete in global, national, regional and local markets with full- service and specialized companies offering contingent staffing as well as business process outsourcing. New entrants to the market include online and app- based staffing providers. Our competitors offer a variety of flexible workforce solutions. **Our clients in the past have decided, and we face the risk that our current or prospective clients may in the future decide, to insource the services we provide. The increased availability and maturation of AI tools may enable clients to use advanced automation capabilities in lieu of our services.** Therefore, there is no assurance that we will be able to retain clients or market share in the future, nor can there be any assurance that we will, in light of competitive pressures, be able to remain profitable or maintain our current profit margins. ~~Page- 17-18~~ Our business is subject to evolving regulations and stakeholders' expectations, including environmental, social and governance (" ESG ") matters, that could expose us to numerous risks. Institutional, individual and other investors, proxy advisor services, regulatory

authorities, clients, employees and other stakeholders are increasingly focused on the ESG practices of companies, including sustainability, diversity, equity and inclusion **and belonging**, human capital management, data privacy and security, supply chains (including human rights issues) and climate change, among other topics. **These requirements, expectations, and / or frameworks, which can include assessments and ratings published by third- party firms, are not synchronized and vary by stakeholder, industry, and geography.** Our reputation could be affected by our position, or silence, regarding one or more of these ESG initiatives. These evolving stakeholder expectations and our efforts and ability to respond to and manage these issues, provide updates on them, and establish and meet appropriate goals, commitments and targets related to ESG initiatives present numerous operational, regulatory, reputational, financial, legal, and other risks and impacts. Our efforts in this area may result in a significant increase in costs and may nevertheless not meet, or conflict with, investor, client or other stakeholder expectations and evolving standards or regulatory requirements. Such costs or conflicts may negatively impact our financial results, our reputation, our ability to attract and retain employees, our attractiveness as a service provider, investment or business partner, or may expose us to government enforcement actions, litigation, and actions by shareholders or stakeholders.

**RISKS RELATED TO CYBERSECURITY, DATA PRIVACY AND INFORMATION SECURITY USE OF TECHNOLOGY**

Cybersecurity vulnerabilities and **other** incidents could lead to the improper disclosure of information about our clients, candidates, associates and employees **, which could materially harm our business**. Our business requires the use, processing, and storage of confidential information about candidates, associates, employees and clients. We use information technology and other computer resources to carry out operational and support activities and maintain our business records. We rely on information technology systems to process, transmit, and store electronic information and to communicate among our locations around the world and with our clients, vendors, associates, and employees. The breadth and complexity of this infrastructure increases the potential risk of security breaches which could lead to potential unauthorized disclosure of confidential information. Our systems and networks, and ~~the those systems and networks~~ of our vendors and clients, are vulnerable to computer viruses, malware, ransomware, hackers and other malicious activity, including physical and electronic break- ins, disruptions from unauthorized access and tampering, social engineering attacks, impersonation of authorized users and coordinated denial- of- services attacks **. Our systems and networks are also vulnerable to unintentional events such as fires, storms, floods, power loss, computer and network failures, and human error**. Even with increased security training, an increasingly remote workforce and flexible workplace practices may increase these risks, for example with the use of home networks that may lack encryption or secure password protection. A material incident involving system failure, data loss or security breach could harm our reputation **, disrupt our operations and the services we provide to clients,** and subject us to significant monetary damages or losses, litigation, negative publicity, regulatory enforcement actions, fines, criminal prosecution, as well as liability under our contracts and laws that protect personal and / or confidential data **. We may also incur additional expenses, including the cost of remediating incidents or improving security measures, the cost of identifying and retaining replacement vendors, increased costs of insurance, or ransomware payments**. We and our vendors have experienced cybersecurity incidents and attacks that have not had a material impact on our business or results of operations; however, there is no assurance that the impacts of any future incidents or attacks will not be material. **Additionally, the techniques used to obtain unauthorized access to our and our vendors' systems and networks change frequently and continue to increase in frequency and sophistication, and cyberattacks may not be immediately detected. Therefore, we may face difficulties anticipating these incidents and implementing adequate measures to prevent security breaches. Our associates and employees may have access or exposure to confidential information about candidates, associates, employees and clients.** The security controls over sensitive or confidential information and other practices we **, our clients,** and our third- party vendors follow may not prevent the improper access to, disclosure of, or loss of such information **, including through failure of employees or associates to properly comply with such controls or practices**. ~~Continued investments in Failure to protect the integrity and cybersecurity----- security will of such confidential and / or proprietary information could expose us to regulatory fines, litigation, contractual liability, damage to our reputation and increase increased our compliance costs and a failure to prevent access to our systems could lead to penalties, litigation, and damage to our reputation.~~ **Additionally, Perceptions-perceptions** that we or our vendors do not adequately protect the privacy of information could harm our relationship with clients and employees. Page- ~~18-19~~ Data security, data privacy, **and** data protection **and artificial intelligence usage** laws and other technology regulations increase our costs. Laws and regulations related to privacy **, and** data protection **and artificial intelligence usage** are evolving and generally becoming more stringent and complex. We may fail to implement practices and procedures that comply with increasing foreign and domestic privacy regulations **, such as the General Data Protection Regulations, the European Union Artificial Intelligence Act or the California Consumer Privacy Act**. Several additional U. S. states and foreign countries where we operate have issued cybersecurity and data security regulations that outline a variety of required security measures for protection of data. These regulations are designed to protect client, candidate, associate, and employee data and require that we meet stringent requirements regarding the handling of personal data, including the use, protection and transfer of personal data. As these laws continue to change, we may be required to make changes to our services, solutions or products to meet the new legal requirements. Changes in these laws may increase our costs to comply as well as our potential costs through higher potential penalties for non- compliance. Failure to protect or implement adequate controls to secure the integrity and security of such confidential and / or proprietary information could expose us to regulatory fines, litigation, contractual liability, damage to our reputation and increased compliance costs. ~~Improper disclosure of, or access to, our clients' information could materially harm our business. Our associates and employees may have access or exposure to confidential information about candidates, associates, employees and clients. The security controls over sensitive or confidential information and other practices we, our clients, and our third- party vendors follow may not prevent the improper access to, disclosure of, or loss of such information, including through failure of employees or associates to properly comply with such controls or practices. Failure to protect the integrity and security of such confidential and / or proprietary information could~~

~~expose us to regulatory fines, litigation, contractual liability, damage to our reputation and increased compliance costs.~~ Failure of our information technology systems could adversely affect our operating results. The efficient operation of our business applications and services we provide is dependent on reliable technology. We rely on our information technology systems to monitor and control our operations, adjust to changing market conditions, implement strategic initiatives and provide services to clients. We rely heavily on proprietary and third- party information technology systems, mobile device technology, data centers, cloud- based environments and other technology. We take various precautions and have enhanced controls around these systems, but information technology systems are susceptible to damage, disruptions, shutdowns, power outages, hardware failures, computer viruses, malicious attacks, telecommunication failures, user errors, catastrophic events or failures during the process of upgrading or replacing software, vendors, or databases. The failure of technology and our applications and services, and our information systems to perform as anticipated, could disrupt our business and result in decreased revenue and increased overhead costs, causing our business and results of operations to suffer materially. Our facilities and operations are vulnerable to damage and interruption. Our primary technology systems, headquarters, support facilities and operations are vulnerable to damage or interruption from power outages, employee errors, security breaches, natural disasters, extreme weather conditions, civil unrest and catastrophic events. Failure of our systems, or damage to our facilities, may cause significant interruption to our business and require significant additional capital and management resources to resolve, causing material harm to our business.

**Our development and use of AI technology involves risks and uncertainties that could expose us to legal, reputational and financial harm. We currently use and may, in the future, further rely on AI, which introduces certain risks including dependency on accurate AI performance, potential data privacy and security breaches, challenges in regulatory compliance, ethical considerations, potential workforce disruption, the risk of intellectual property infringement, and emerging technology risks. We use both internally developed AI, as well as various products into which our vendors have incorporated AI. The development, adoption, and use of AI are still in their early stages and ineffective, insufficient, or inadequate development or deployment practices by us or third- party vendors could result in harm to our business, financial condition and results of operations. For example, algorithms and models utilized by generative AI that we use may have limitations, including bias, errors, and the inability to handle certain data sets. While we have established a framework governing the Company's use and development of AI, including policies and procedures, and we safeguard sensitive information, we cannot ensure that our employees and associates will adhere to those policies and procedures. Failure to address these risks adequately may negatively impact our operations, reputation and financial performance. Additionally, there is uncertainty in the rapidly developing legal and regulatory regime relating to AI, particularly in the employment context, that may require significant resources to modify and maintain business practices to comply with U. S. and foreign laws, the nature of which cannot be determined at this time.**

**Page- 20** GENERAL RISK FACTORS Our results of operations could materially deteriorate if we fail to attract, develop and retain qualified employees. Our performance is dependent on attracting and retaining qualified employees who are able to meet the needs of our clients. We believe our competitive advantage is providing unique solutions for each client, which requires us to have trained and engaged employees. Our success depends upon our ability to attract, onboard, develop and retain a sufficient number of qualified employees, including management, sales, recruiting, service, technology and administrative personnel. The turnover rate in the employment services industry is high, and qualified individuals may be difficult to attract and hire. Our inability to recruit, train, motivate, retain, integrate and provide a safe working environment to a sufficient number of qualified individuals may delay or affect the speed and quality of our strategy execution and planned growth. Significant increases in employee turnover rates, failure to keep our staff healthy or significant increases in labor costs could have a material adverse effect on our business, financial condition and results of operations. ~~Page- 19~~ Loss of our executive officers or other key personnel or other changes to our management team could disrupt our operations or harm our business. We depend on the efforts of our executive officers and certain key personnel. Our failure to develop an adequate succession plan for one or more of our executive officers or other key positions could deplete our institutional knowledge base and erode our competitive advantage during a transition. The loss or limited availability of the services of one or more of our executive officers or other key personnel, or our inability to recruit and retain qualified executive officers or other key personnel in the future, could, at least temporarily, have a material adverse effect on our operating results and financial condition. We have recently experienced a CEO and CFO transition **in addition to other executive team leadership changes**, and could have additional executive leadership changes as part of our overall succession plans. Such leadership transitions can be inherently difficult to manage, and an inadequate transition could cause disruption to our business, including our relationships with our clients and employees and fluctuations in the price of our stock. **Acquisitions may have an adverse effect on....., operating results or financial condition.** We may be subject to actions of activist shareholders, which could disrupt our business and impact the trading value of our securities. We value constructive input from investors and regularly engage in dialogue with our shareholders regarding strategy and performance. Activist shareholders **or others** who disagree with the composition of the Board, our strategy or the way the Company is managed may seek to effect change through various strategies and channels, such as through commencing a proxy contest, making public statements critical of our performance or business, or engaging in other similar activities. Responding to shareholder activism can be costly and time- consuming, disrupt our operations, and divert the attention of management and our employees from strategic initiatives. Activist campaigns can create perceived uncertainties as to our future direction, strategy or leadership and may result in the loss of potential business opportunities, harm our ability to attract new employees, investors and clients, and cause our stock price to experience periods of volatility or stagnation. We face risks in operating internationally. A portion of our business operations and support functions are located outside of the U. S. These international operations are subject to a number of risks, including the effects of global health crises and resulting governmental actions, political and economic conditions in those foreign countries, foreign currency fluctuations, the burden of complying with various foreign laws and technical standards, unpredictable changes in foreign regulations, U. S. legal requirements governing U. S. companies

operating in foreign countries, legal and cultural differences in the conduct of business, potential adverse tax consequences and difficulty in staffing and managing international operations. We could also be exposed to fines and penalties under U. S. or foreign laws, such as the Foreign Corrupt Practices Act and / or the UK Anti- Bribery Act, which prohibit improper payments to governmental officials and others for the purpose of obtaining or retaining business. Although we have implemented policies and procedures designed to ensure compliance with these laws, we cannot be sure that our employees, vendors, contractors or agents will not violate such policies. Any such violations could materially damage our reputation, brands, business and operating results. Further, changes in U. S. laws and policies governing foreign investment and use of foreign operations or workers, and any negative sentiments towards the U. S. resulting from such changes, could adversely affect our operations.

Page- ~~20~~ **21** The price of our common stock may fluctuate significantly, which may result in losses for investors. The market price for our common stock has been and may be subject to significant volatility. Our stock price can fluctuate as a result of a variety of factors, many of which are beyond our control. These factors include, but are not limited to, changes in general economic conditions, including ~~those caused by COVID-19~~; social unrest; announcement of new services or acquisitions by us or our competitors; changes in financial estimates or other statements by securities analysts; changes in industry trends or conditions; regulatory developments; and any major change in our Board, leadership team or management. In addition, the stock market in general has experienced extreme price and volume fluctuations that have often been unrelated to the operating performance of listed companies. These broad market and industry factors may impact the price of our common stock, regardless of our operating performance. Natural disasters and unusual weather conditions, pandemic outbreaks, terrorist acts, global political events and other serious catastrophic events could disrupt business and otherwise materially adversely affect our business and financial condition. With operations in every state and multiple foreign countries, we are subject to numerous risks outside of our control, including risks arising from natural disasters, such as fires, earthquakes, hurricanes, floods, tornadoes, unusual weather conditions, **other impacts of climate change,** pandemic outbreaks ~~such as the COVID-19 pandemic~~ and other global health emergencies, unplanned utility outages, terrorist acts or disruptive global political events including war, or similar disruptions that could materially adversely affect our business and financial performance. ~~Any public health emergencies, including a real or potential global pandemic such as those caused by COVID-19 or even a particularly virulent flu or respiratory virus could decrease demand for our services or our ability to provide such services.~~ Uncharacteristic or significant weather conditions may increase in frequency or severity due to climate change, which may increase our expenses, exacerbate other risks to the Company, and affect travel and the ability of businesses to remain open, which could lead to a decreased ability to offer our services and materially adversely affect our results of operations. Item 1B. UNRESOLVED STAFF COMMENTS