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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
WASHINGTON, D.C. 20549  

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**FORM 10-Q**

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(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarter ended March 31, 2022

OR

☐ TRANSITION PERIOD PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM TO  
Commission File Number: 001-33584

**DHI Group, Inc.**

(Exact name of Registrant as specified in its Charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**20-3179218**  
(I.R.S. Employer  
Identification No.)

**6465 South Greenwood Plaza, Suite 400**  
**Centennial, Colorado**  
(Address of principal executive offices)

**80111**  
(Zip Code)

**(212) 448-6605**  
(Registrant's telephone number, including area code)  
Securities registered pursuant to Section 12(b) of the Act:

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class                      | Trading Symbol(s) | Name of each exchange on which registered |
|------------------------------------------|-------------------|-------------------------------------------|
| Common Stock, par value \$0.01 per share | DHX               | New York Stock Exchange                   |

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definition of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☒ Non-accelerated filer ☐ Smaller Reporting Company ☒ Emerging Growth Company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of April 29, 2022, there were 48,937,667 shares of the registrant's common stock, par value \$.01 per share, outstanding.

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**SIGNATURES**

Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

**PART I**
**ITEM 1. Financial Statements**

**DHI GROUP, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(unaudited)  
(in thousands, except per share data)

|                                                                                                                                                        | March 31,<br>2022 | December 31,<br>2021 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|----------------------|
| <b>ASSETS</b>                                                                                                                                          |                   |                      |
| Current assets                                                                                                                                         |                   |                      |
| Cash and cash equivalents                                                                                                                              | \$ 4,966          | \$ 1,540             |
| Accounts receivable, net of allowance for doubtful accounts of \$759 and \$733                                                                         | 22,205            | 18,385               |
| Income taxes receivable                                                                                                                                | —                 | 354                  |
| Prepaid and other current assets                                                                                                                       | 3,557             | 4,177                |
| <b>Total current assets</b>                                                                                                                            | <b>30,728</b>     | <b>24,456</b>        |
| Fixed assets, net                                                                                                                                      | 20,712            | 20,581               |
| Capitalized contract costs                                                                                                                             | 9,615             | 9,131                |
| Operating lease right-of-use assets                                                                                                                    | 6,445             | 6,888                |
| Investments                                                                                                                                            | 3,932             | 3,769                |
| Investments, at fair value                                                                                                                             | 3,000             | 3,000                |
| Acquired intangible assets                                                                                                                             | 23,800            | 23,800               |
| Goodwill                                                                                                                                               | 128,100           | 128,100              |
| Other assets                                                                                                                                           | 2,087             | 1,853                |
| <b>Total assets</b>                                                                                                                                    | <b>\$ 228,419</b> | <b>\$ 221,578</b>    |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>                                                                                                            |                   |                      |
| Current liabilities                                                                                                                                    |                   |                      |
| Accounts payable and accrued expenses                                                                                                                  | \$ 11,916         | \$ 15,859            |
| Deferred revenue                                                                                                                                       | 55,787            | 45,217               |
| Income taxes payable                                                                                                                                   | 599               | —                    |
| Operating lease liabilities                                                                                                                            | 2,424             | 2,388                |
| <b>Total current liabilities</b>                                                                                                                       | <b>70,726</b>     | <b>63,464</b>        |
| Deferred revenue                                                                                                                                       | 999               | 929                  |
| Operating lease liabilities                                                                                                                            | 6,360             | 6,982                |
| Long-term debt, net                                                                                                                                    | 32,767            | 22,730               |
| Deferred income taxes                                                                                                                                  | 7,492             | 9,315                |
| Accrual for unrecognized tax benefits                                                                                                                  | 878               | 785                  |
| Other long-term liabilities                                                                                                                            | 992               | 1,011                |
| <b>Total liabilities</b>                                                                                                                               | <b>120,214</b>    | <b>105,216</b>       |
| Commitments and Contingencies (Note 11)                                                                                                                |                   |                      |
| Stockholders' equity                                                                                                                                   |                   |                      |
| Convertible preferred stock, \$.01 par value, authorized 20,000 shares; no shares issued and outstanding                                               | —                 | —                    |
| Common stock, \$.01 par value, authorized 240,000; issued: 76,114 and 73,584 shares, respectively; outstanding: 49,211 and 48,756 shares, respectively | 762               | 738                  |
| Additional paid-in capital                                                                                                                             | 244,065           | 241,854              |
| Accumulated other comprehensive loss                                                                                                                   | (53)              | (61)                 |
| Accumulated earnings                                                                                                                                   | 25,530            | 24,229               |
| Treasury stock, 26,903 and 24,828 shares, respectively                                                                                                 | (162,099)         | (150,398)            |
| <b>Total stockholders' equity</b>                                                                                                                      | <b>108,205</b>    | <b>116,362</b>       |
| <b>Total liabilities and stockholders' equity</b>                                                                                                      | <b>\$ 228,419</b> | <b>\$ 221,578</b>    |

See accompanying notes to the condensed consolidated financial statements.

**DHI GROUP, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(unaudited)**  
**(in thousands, except per share amounts)**

|                                                      | <b>Three Months Ended March 31,</b> |             |
|------------------------------------------------------|-------------------------------------|-------------|
|                                                      | <b>2022</b>                         | <b>2021</b> |
| Revenues                                             | \$ 34,334                           | \$ 26,676   |
| Operating expenses:                                  |                                     |             |
| Cost of revenues                                     | 4,099                               | 3,702       |
| Product development                                  | 3,942                               | 3,602       |
| Sales and marketing                                  | 13,941                              | 9,771       |
| General and administrative                           | 7,766                               | 6,154       |
| Depreciation                                         | 3,958                               | 3,631       |
| Total operating expenses                             | 33,706                              | 26,860      |
| Operating income (loss)                              | 628                                 | (184)       |
| Income from equity method investment                 | 155                                 | —           |
| Interest expense and other                           | (245)                               | (195)       |
| Gain on investment                                   | —                                   | 2,513       |
| Income before income taxes                           | 538                                 | 2,134       |
| Income tax expense (benefit)                         | (763)                               | 122         |
| Income from continuing operations                    | 1,301                               | 2,012       |
| Income from discontinued operations, net of tax      | —                                   | 659         |
| Net income                                           | \$ 1,301                            | \$ 2,671    |
| Basic earnings per share - continuing operations     | \$ 0.03                             | \$ 0.04     |
| Diluted earnings per share - continuing operations   | \$ 0.03                             | \$ 0.04     |
| Basic earnings per share - discontinued operations   | \$ —                                | \$ 0.01     |
| Diluted earnings per share - discontinued operations | \$ —                                | \$ 0.01     |
| Basic earnings per share                             | \$ 0.03                             | \$ 0.06     |
| Diluted earnings per share                           | \$ 0.03                             | \$ 0.05     |
| Weighted-average basic shares outstanding            | 44,702                              | 46,993      |
| Weighted-average diluted shares outstanding          | 47,170                              | 48,606      |

*See accompanying notes to the condensed consolidated financial statements.*

**DHI GROUP, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**  
**(unaudited)**  
**(in thousands)**

|                                         | <b>Three Months Ended March 31,</b> |                 |
|-----------------------------------------|-------------------------------------|-----------------|
|                                         | <b>2022</b>                         | <b>2021</b>     |
| Net income                              | \$ 1,301                            | \$ 2,671        |
| Other comprehensive income:             |                                     |                 |
| Foreign currency translation adjustment | 8                                   | 297             |
| Total other comprehensive income        | 8                                   | 297             |
| Comprehensive income                    | <u>\$ 1,309</u>                     | <u>\$ 2,968</u> |

*See accompanying notes to the condensed consolidated financial statements.*

**DHI GROUP, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
**(unaudited)**  
**(in thousands)**

|                                                                                           | Convertible Preferred Stock |        | Common Stock  |        | Additional Paid-in Capital | Treasury Stock |              | Accumulated Earnings | Accumulated Other Comprehensive Income (Loss) | Total      |
|-------------------------------------------------------------------------------------------|-----------------------------|--------|---------------|--------|----------------------------|----------------|--------------|----------------------|-----------------------------------------------|------------|
|                                                                                           | Shares Issued               | Amount | Shares Issued | Amount |                            | Shares         | Amount       |                      |                                               |            |
| <b>Balance at December 31, 2021</b>                                                       | —                           | \$ —   | 73,584        | \$ 738 | \$ 241,854                 | 24,828         | \$ (150,398) | \$ 24,229            | \$ (61)                                       | 116,362    |
| Net income                                                                                |                             |        |               |        |                            |                |              | 1,301                |                                               | 1,301      |
| Other comprehensive income - translation adjustments                                      |                             |        |               |        |                            |                |              |                      | 8                                             | 8          |
| Stock-based compensation                                                                  |                             |        |               |        | 2,235                      |                |              |                      |                                               | 2,235      |
| Restricted stock issued                                                                   |                             |        | 932           | 9      | (9)                        |                |              |                      |                                               | —          |
| Performance-Based Restricted Stock Units eligible to vest                                 |                             |        | 1,773         | 17     | (17)                       |                |              |                      |                                               | —          |
| Restricted stock forfeited or withheld to satisfy tax obligations                         |                             |        | (82)          | (1)    | 1                          | 417            | (2,309)      |                      |                                               | (2,309)    |
| Performance-Based Restricted Stock Units forfeited or withheld to satisfy tax obligations |                             |        | (93)          | (1)    | 1                          | 356            | (1,893)      |                      |                                               | (1,893)    |
| Purchase of treasury stock under stock repurchase plan                                    |                             |        |               |        |                            | 1,302          | (7,499)      |                      |                                               | (7,499)    |
| <b>Balance at March 31, 2022</b>                                                          | —                           | \$ —   | 76,114        | \$ 762 | \$ 244,065                 | 26,903         | \$ (162,099) | \$ 25,530            | \$ (53)                                       | \$ 108,205 |

|                                                                                           | Convertible Preferred Stock |        | Common Stock  |        | Additional Paid-in Capital | Treasury Stock |              | Accumulated Earnings | Accumulated Other Comprehensive Income (Loss) | Total      |
|-------------------------------------------------------------------------------------------|-----------------------------|--------|---------------|--------|----------------------------|----------------|--------------|----------------------|-----------------------------------------------|------------|
|                                                                                           | Shares Issued               | Amount | Shares Issued | Amount |                            | Shares         | Amount       |                      |                                               |            |
| <b>Balance at December 31, 2020</b>                                                       | —                           | \$ —   | 71,233        | \$ 714 | \$ 233,554                 | 20,013         | \$ (132,150) | \$ 53,971            | \$ (28,519)                                   | \$ 127,570 |
| Net income                                                                                |                             |        |               |        |                            |                |              | 2,671                |                                               | 2,671      |
| Other comprehensive income - translation adjustments                                      |                             |        |               |        |                            |                |              |                      | 297                                           | 297        |
| Stock-based compensation                                                                  |                             |        |               |        | 1,758                      |                |              |                      |                                               | 1,758      |
| Restricted stock issued                                                                   |                             |        | 1,468         | 15     |                            |                |              |                      |                                               | 15         |
| Performance-Based Restricted Stock Units eligible to vest                                 |                             |        | 813           | 8      |                            |                |              |                      |                                               | 8          |
| Restricted stock forfeited or withheld to satisfy tax obligations                         |                             |        | (204)         | (2)    |                            | 369            | (984)        |                      |                                               | (986)      |
| Performance-Based Restricted Stock Units forfeited or withheld to satisfy tax obligations |                             |        | (39)          | —      |                            | 139            | (357)        |                      |                                               | (357)      |
| Purchase of treasury stock under stock repurchase plan                                    |                             |        |               |        |                            | 590            | (1,546)      |                      |                                               | (1,546)    |
| <b>Balance at March 31, 2021</b>                                                          | —                           | \$ —   | 73,271        | \$ 735 | \$ 235,312                 | 21,111         | \$ (135,037) | \$ 56,642            | \$ (28,222)                                   | \$ 129,430 |

*See accompanying notes to the condensed consolidated financial statements.*

**DHI GROUP, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(unaudited)**  
**(in thousands)**

|                                                                                            | <b>Three Months Ended March 31,</b> |             |
|--------------------------------------------------------------------------------------------|-------------------------------------|-------------|
|                                                                                            | <b>2022</b>                         | <b>2021</b> |
| Cash flows from (used in) operating activities:                                            |                                     |             |
| Net income                                                                                 | \$ 1,301                            | \$ 2,671    |
| Adjustments to reconcile net income to net cash flows from (used in) operating activities: |                                     |             |
| Depreciation                                                                               | 3,958                               | 4,096       |
| Deferred income taxes                                                                      | (1,823)                             | (304)       |
| Amortization of deferred financing costs                                                   | 37                                  | 37          |
| Stock-based compensation                                                                   | 2,235                               | 1,758       |
| Income from equity method investment                                                       | (155)                               | —           |
| Gain on investment                                                                         | —                                   | (2,513)     |
| Change in accrual for unrecognized tax benefits                                            | 93                                  | 59          |
| Changes in operating assets and liabilities:                                               |                                     |             |
| Accounts receivable                                                                        | (3,820)                             | (3,345)     |
| Prepaid expenses and other assets                                                          | 386                                 | 629         |
| Capitalized contract costs                                                                 | (483)                               | (794)       |
| Accounts payable and accrued expenses                                                      | (3,941)                             | (6,270)     |
| Income taxes receivable/payable                                                            | 954                                 | 1,127       |
| Deferred revenue                                                                           | 10,640                              | 9,351       |
| Other, net                                                                                 | (164)                               | (78)        |
| Net cash flows from operating activities                                                   | 9,218                               | 6,424       |
| Cash flows from (used in) investing activities:                                            |                                     |             |
| Purchases of fixed assets                                                                  | (4,091)                             | (3,703)     |
| Net cash flows used in investing activities                                                | (4,091)                             | (3,703)     |
| Cash flows from (used in) financing activities:                                            |                                     |             |
| Payments on long-term debt                                                                 | (4,000)                             | (5,000)     |
| Proceeds from long-term debt                                                               | 14,000                              | 5,000       |
| Payments under stock repurchase plan                                                       | (7,499)                             | (1,669)     |
| Purchase of treasury stock related to vested restricted and performance stock units        | (4,202)                             | (1,343)     |
| Net cash flows used in financing activities                                                | (1,701)                             | (3,012)     |
| Effect of exchange rate changes                                                            | —                                   | (30)        |
| Net change in cash and cash equivalents for the period                                     | 3,426                               | (321)       |
| Cash and cash equivalents, beginning of period                                             | 1,540                               | 7,640       |
| Cash and cash equivalents, end of period                                                   | \$ 4,966                            | \$ 7,319    |

*See accompanying notes to the condensed consolidated financial statements.*

**DHI GROUP, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

## **1. BASIS OF PRESENTATION**

The accompanying unaudited condensed consolidated financial statements of DHI Group, Inc. ("DHI" or the "Company") have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"). Certain information and disclosures normally included in annual audited consolidated financial statements prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP") have been omitted and condensed pursuant to such rules and regulations. In the opinion of the Company's management, all adjustments (consisting of only normal and recurring accruals) have been made to present fairly the financial position, results of operations and cash flows of the Company for the periods presented. Although the Company believes that the disclosures are adequate to make the information presented not misleading, these financial statements should be read in conjunction with the Company's audited consolidated financial statements as of and for the year ended December 31, 2021 included in the Company's Annual Report on Form 10-K for the year ended December 31, 2021 (the "Annual Report on Form 10-K"). Operating results for the three-month period ended March 31, 2022 are not necessarily indicative of the results to be achieved for the full year.

Preparation of the condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenue and expenses during the period. Management believes the most complex and sensitive judgments, because of their significance to the condensed consolidated financial statements, result primarily from the need to make estimates about the effects of matters that are inherently uncertain. Actual results could differ materially from management's estimates reported in the condensed consolidated financial statements and footnotes thereto. There have been no significant changes in the Company's assumptions regarding critical accounting estimates during the three-month period ended March 31, 2022.

On June 30, 2021, the Company transferred majority ownership and control of its eFinancialCareers ("eFC") business to eFC's management, while retaining a 40% common share interest. The eFC business was significant to the Company and the transfer was considered to be a strategic shift from the financial services industry and from the geographies eFC serves that had a major effect on the Company's operations. As a result, the eFC business was deconsolidated from the Company's consolidated financial statements as of June 30, 2021 and is reflected as a discontinued operation in the condensed consolidated balance sheets and the condensed consolidated statements of operations for all periods presented. The historical condensed consolidated statements of comprehensive income (loss), stockholders' equity and cash flows have not been revised to reflect the effects of the transfer of control of eFC. For further information on discontinued operations, see Note 4, "Discontinued Operations." Unless noted otherwise, discussion in the notes to the condensed consolidated financial statements pertain to continuing operations.

The Company allocates resources and assesses financial performance on a consolidated basis, as all services pertain to the Company's Tech-focused strategy. As a result, the Company has a single reportable segment, Tech-focused, which now includes only the Dice and ClearanceJobs brands, as well as corporate related costs. All operations are in the United States and the Company no longer has revenues and long-lived assets, which includes fixed assets and lease right of use assets, outside of the United States.

## **2. NEW ACCOUNTING STANDARDS**

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. ASU 2016-13 changes how entities will account for credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The guidance replaces the current "incurred loss" model with an "expected loss" model that requires consideration of a broader range of information to estimate expected credit losses over the lifetime of a financial asset. ASU 2016-13 is effective for interim and annual reporting periods in fiscal years beginning after December 15, 2022 for Smaller Reporting Companies. The Company is evaluating the expected impact of this standard on its consolidated financial statements.

## **3. FAIR VALUE MEASUREMENTS**

The FASB ASC topic on Fair Value Measurements and Disclosures defines fair value, establishes a framework for measuring fair value and requires certain disclosures for each major asset and liability category measured at fair value on either a recurring or nonrecurring basis. As a basis for considering assumptions, a three-tier fair value hierarchy is used, which prioritizes the inputs used in measuring fair value as follows:

**DHI GROUP, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

- Level 1 – Quoted prices for identical instruments in active markets.
- Level 2 – Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-derived valuations, in which all significant inputs are observable in active markets.
- Level 3 – Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

The carrying amounts reported in the condensed consolidated balance sheets for cash and cash equivalents, accounts receivable, other assets, accounts payable and accrued expenses and long-term debt approximate their fair values. Investments, non-current that are carried at fair value use a discounted cash flow technique based on the probability of one or more possible outcomes, based on Level 3 inputs, which inputs and fair value did not change during the three-month period ended March 31, 2022. The fair value of the long-term debt was estimated using present value techniques and market based interest rates and credit spreads. The estimated fair value of long-term debt is based on Level 2 inputs.

Certain assets and liabilities are measured at fair value on a non-recurring basis. These assets include equity investments, operating right-of-use assets and goodwill and intangible assets which resulted from prior acquisitions. Items valued using such internally generated valuation techniques are classified according to the lowest level input or value driver that is significant to the valuation. Thus, an item may be classified in Level 3 even though there may be some significant inputs that are readily observable. Such instruments are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances, for example, when there is evidence of impairment.

On June 30, 2021, the Company transferred majority ownership and control of its eFC business to eFC's management, while retaining a 40% common share interest. The Company valued its 40% interest in eFC utilizing a combination of a discounted cash flow and a market approach. The discounted cash flow included declining revenues for the years ending December 31, 2021 and 2022 as compared to the year ended December 31, 2020 and then increasing moderately. The discounted cash flow also included operating margin declines for the year ending December 31, 2022 compared to the year ending December 31, 2021 and then increasing moderately. The Company utilized a discount rate of 19.0%. The market approach included the analysis of data from transactions on guideline companies and applied multiples of those transactions to eFC's results.

#### **4. DISCONTINUED OPERATIONS**

As further described in Note 1, on June 30, 2021, the Company transferred majority ownership and control of its eFC business to eFC's management, while retaining a 40% common share interest. As a result, we have reflected eFC's financial results as discontinued operations in the condensed consolidated balance sheets and the condensed consolidated statements of operations for all periods presented on or before June 30, 2021.

The results of discontinued operations on the condensed consolidated statements of operations were as follows (in thousands):

|                            | <b>Three Months<br/>Ended March 31,</b> |
|----------------------------|-----------------------------------------|
|                            | <b>2021</b>                             |
| Revenues                   | \$ 5,957                                |
| Operating expenses         | (5,275)                                 |
| Operating income           | 682                                     |
| Other income               | 2                                       |
| Income before income taxes | 684                                     |
| Income tax expense         | 25                                      |
| Net income                 | \$ 659                                  |

**DHI GROUP, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

Depreciation, fixed asset purchases and other significant non-cash items related to discontinued operations were as follows (in thousands):

|                                                                     | <b>Three Months<br/>Ended March 31,</b> |
|---------------------------------------------------------------------|-----------------------------------------|
|                                                                     | <b>2021</b>                             |
| Depreciation                                                        | \$ 465                                  |
| Purchases of fixed assets                                           | \$ 124                                  |
| Cash paid for amounts included in measurement of lease liabilities: |                                         |
| Operating cash flows from operating leases                          | \$ 391                                  |

## 5. REVENUE RECOGNITION

The Company recognizes revenue when control of the promised goods or services is transferred to our customers at an amount that reflects the consideration which we expect to receive in exchange for those goods or services. Revenue is recognized net of customer discounts ratably over the service period. Customer billings delivered in advance of services being rendered are recorded as deferred revenue and recognized over the service period. The Company generates revenue from recruitment packages, advertising, classifieds, and virtual and live career fair and recruitment event booth rentals.

### Disaggregation of revenue

Our brands primarily serve the technology and security cleared professions. The following table provides information about disaggregated revenue by brand and includes a reconciliation of the disaggregated revenue (in thousands):

|                     | <b>Three Months Ended March 31,</b> |             |
|---------------------|-------------------------------------|-------------|
|                     | <b>2022</b>                         | <b>2021</b> |
| Dice <sup>(1)</sup> | \$ 24,634                           | \$ 19,051   |
| ClearanceJobs       | 9,700                               | 7,625       |
| Total               | \$ 34,334                           | \$ 26,676   |

(1) Includes Dice and Career Events

### Contract Balances

The following table provides information about opening and closing balances of receivables and contract liabilities from contracts with customers as required under Topic 606 (in thousands):

|                                                    | <b>As of March 31, 2022</b> | <b>As of December 31, 2021</b> |
|----------------------------------------------------|-----------------------------|--------------------------------|
| Receivables                                        | \$ 22,205                   | \$ 18,385                      |
| Short-term contract liabilities (deferred revenue) | 55,787                      | 45,217                         |
| Long-term contract liabilities (deferred revenue)  | 999                         | 929                            |

We receive payments from customers based upon contractual billing schedules; accounts receivable are recorded when customers are invoiced per the contractual billings schedules. As the Company's standard payment terms are less than one year, the Company elected the practical expedient, where applicable. As a result, the Company does not consider the effects of a significant financing component. Contract liabilities include customer billings delivered in advance of performance under the contract, and associated revenue is realized when services are rendered under the contract.

Receivables increase due to customer billings and decrease by cash collected from customers. Contract liabilities increase due to customer billings and are decreased as performance obligations are satisfied under the contracts.

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**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

The Company recognized the following revenues as a result of changes in the contract liability balances in the respective periods (in thousands):

|                                                                           | <b>Three Months Ended</b> |                       |
|---------------------------------------------------------------------------|---------------------------|-----------------------|
|                                                                           | <b>March 31, 2022</b>     | <b>March 31, 2021</b> |
| <b>Revenue recognized in the period from:</b>                             |                           |                       |
| Amounts included in the contract liability at the beginning of the period | \$ 20,940                 | \$ 17,296             |

The following table includes estimated deferred revenue expected to be recognized in the future related to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period (in thousands):

|              | <b>Remainder of<br/>2022</b> | <b>2023</b> | <b>2024</b> | <b>2025</b> | <b>Total</b> |
|--------------|------------------------------|-------------|-------------|-------------|--------------|
| Tech-focused | \$ 52,404                    | \$ 4,092    | \$ 274      | \$ 16       | \$ 56,786    |

## 6. LEASES

The Company has operating leases for corporate office space and certain equipment. The leases have original terms from one year to eight years, some of which include options to renew the lease, and are included in the lease term when it is reasonably certain that the Company will exercise the option. No leases include options to purchase the leased property. Our lease agreements do not contain any material residual value guarantees or material restrictive covenants. We do not have any lease agreements with related parties.

The components of lease cost were as follows (in thousands):

|                                     | <b>For the Three Months Ended March 31,</b> |             |
|-------------------------------------|---------------------------------------------|-------------|
|                                     | <b>2022</b>                                 | <b>2021</b> |
| Operating lease cost <sup>(1)</sup> | \$ 509                                      | \$ 564      |
| Sublease income                     | (123)                                       | (180)       |
| Total lease cost                    | \$ 386                                      | \$ 384      |

(1) Includes short-term lease costs and variable lease costs, which are immaterial.

Supplemental cash flow information related to leases was as follows (in thousands):

|                                                                     | <b>For the Three Months Ended March 31,</b> |             |
|---------------------------------------------------------------------|---------------------------------------------|-------------|
|                                                                     | <b>2022</b>                                 | <b>2021</b> |
| Cash paid for amounts included in measurement of lease liabilities: |                                             |             |
| Operating cash flows from operating leases                          | \$ 674                                      | \$ 1,003    |
| Right-of-use assets obtained in exchange for lease obligations:     |                                             |             |
| Operating leases                                                    | \$ —                                        | \$ —        |

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Supplemental balance sheet information related to leases was as follows (in thousands, except lease term and discount):

|                                                  | <b>March 31, 2022</b> | <b>December 31, 2021</b> |
|--------------------------------------------------|-----------------------|--------------------------|
| Operating lease right-of-use-assets              | \$ 6,445              | \$ 6,888                 |
| Operating lease liabilities - current            | 2,424                 | 2,388                    |
| Operating lease liabilities - non-current        | 6,360                 | 6,982                    |
| Total operating lease liabilities                | \$ 8,784              | \$ 9,370                 |
| Weighted Average Remaining Lease Term (in years) |                       |                          |
| Operating leases                                 | 3.4                   | 3.6                      |
| Weighted Average Discount Rate                   |                       |                          |
| Operating leases                                 | 3.81 %                | 3.80 %                   |

The Company reviews its right-of-use ("ROU") assets for impairment if indicators of impairment exist. The impairment review process compares the fair value of the ROU asset to its carrying value. If the carrying value exceeds the fair value, an impairment loss is recorded. No impairment was recorded during the three-month periods ended March 31, 2022 and 2021.

As of March 31, 2022, future operating lease payments were as follows (in thousands):

|                                         | <b>Operating Leases</b> |
|-----------------------------------------|-------------------------|
| April 1, 2022 through December 31, 2022 | \$ 2,029                |
| 2023                                    | 2,451                   |
| 2024                                    | 1,965                   |
| 2025                                    | 1,946                   |
| 2026                                    | 992                     |
| 2027 and thereafter                     | 85                      |
| Total lease payments                    | \$ 9,468                |
| Less imputed interest                   | 684                     |
| Total                                   | \$ 8,784                |

As of March 31, 2022 the Company has no additional operating or finance leases that have not yet commenced.

## 7. INVESTMENTS

### *Investments, Current, at Fair Value*

Through its predecessor companies, the Company owned a minority interest representing less than 1% of the common stock of a technology company that completed an initial public offering ("IPO") and became publicly traded during the first quarter of 2021. Prior to the IPO, the Company had elected the measurement alternative in accordance with FASB ASC 321, Investments – Equity Securities. As of December 31, 2020, it was not practicable to estimate the fair value of its interest because there were no observable transactions for the investment. Accordingly, the investment was carried at its original cost, less impairments, which resulted in a carrying value of zero as of December 31, 2020. The investment was accounted for as an equity security, with realized and unrealized gains and losses included in earnings. During the first quarter of 2021, the Company recognized a \$2.5 million unrealized gain on the investment. During the second and third quarters of 2021, the Company recognized unrealized losses of \$0.7 million and \$0.6 million, respectively, related to the investment. The investment was sold during the third quarter of 2021, and the Company recognized a realized gain of \$1.2 million for the nine months ended September 30, 2021. Accordingly, the recorded value as of December 31, 2021 was zero.

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*Investments, Non-current, at Fair Value*

During the third quarter of 2021, the Company invested \$3.0 million through a subordinated convertible promissory note (the "Note") of \$3.0 million with a values-based career destination company that allows the next generation workforce to search for jobs at companies whose people, perks and values align with their unique professional needs. The Note earns interest at 6.00% and matures at the earlier of a Qualified Financing, as described in the Note, or settled in cash on or after August 20, 2022, at the option of the Company. Upon a Qualified Financing, the Company will convert its investment into shares of preferred stock at 80% of the per share value in the Qualified Financing. The investment is recorded as a trading security at fair value with realized and unrealized gains and losses included in earnings. The Note is recorded at \$3.0 million as of March 31, 2022 and December 31, 2021 and there was no gain or loss included in earnings during the three months ended March 31, 2022.

*Investments, Non-current*

Rigzone is a website dedicated to delivering online content, data, and career services in the oil and gas industry in North America, Europe, the Middle East, and Asia Pacific. Oil and gas companies, as well as companies that serve the energy industry, use Rigzone to find talent for roles such as petroleum engineers, sales professionals with energy industry expertise and skilled tradesmen. On August 31, 2018, the Company transferred a majority ownership and control of the Rigzone business to Rigzone management, while retaining a 40% common share interest, with zero proceeds received from the transfer. The Company has evaluated the 40% common share interest in the Rigzone business and has determined the investment meets the definition and criteria of a variable interest entity ("VIE"). The Company evaluated the VIE and determined that the Company does not have a controlling financial interest in the VIE, as the Company does not have the power to direct the activities of the VIE that most significantly impact the VIE's economic performance. The common share interest is being accounted for under the equity method of accounting as the Company has the ability to exercise significant influence over Rigzone. As accumulated earnings of the VIE have been approximately zero since the date of transfer, the investment is recorded at zero at March 31, 2022.

As further described in Notes 1 and 4, on June 30, 2021, the Company transferred majority ownership and control of its eFC business to eFC's management, while retaining a 40% common share interest with zero proceeds received from the transfer. The Company incurred approximately \$0.1 million in selling costs and recognized a \$30.2 million loss on the transfer in the second quarter of 2021, which included a \$28.1 million charge related to accumulated foreign currency loss that was previously a reduction to equity.

eFC is a financial services careers website, operating websites in multiple markets in four languages mainly across the United Kingdom, Continental Europe, Asia, the Middle East and North America. Professionals from across many sectors of the financial services industry, including asset management, risk management, investment banking, and information technology, use eFC to advance their careers. The Company has evaluated the 40% common share interest in the eFC business and has determined the investment meets the definition and criteria of a variable interest entity ("VIE"). The Company evaluated the VIE and determined that the Company does not have a controlling financial interest in the VIE, as the Company does not have the power to direct the activities of the VIE that most significantly impact the VIE's economic performance. The common share interest is being accounted for under the equity method of accounting as the Company has the ability to exercise significant influence over eFC. The investment was recorded at its fair value on June 30, 2021, the date of transfer, which was \$3.6 million. The Company's equity in net assets of eFC as of June 30, 2021 was \$2.2 million. The difference between the Company's recorded value and its equity in net assets of eFC is amortized against the recorded value of the investment in accordance with ASC 323 Investments - Equity Method and Joint Ventures. The amortization was not material for the three months ended March 31, 2022. The recorded value is further adjusted based on the Company's proportionate share of eFC's net income and is recorded three months in arrears. During the first quarter of 2022, the Company recorded \$0.2 million of income related to its proportionate share of eFC's net income, net of currency translation adjustments and amortization of the basis difference.

At January 1, 2018, the Company held preferred stock representing a 10.0% interest in the fully diluted shares of a tech skills assessment company. During 2018, the skills assessment company completed an additional equity offering, lowering DHI's total interest to 7.6%. The Company did not adjust the recorded value of the investment because the shares issued under the new share offering were not similar to the Company's share rights. As of December 31, 2019 it was not practicable to estimate the fair value of the preferred stock as the shares are not traded. The investment was carried at its original cost of \$2.0 million and was included in the other assets section of the condensed consolidated balance sheets. During the three months ended March 31, 2020, based on the investment's historical cash burn rate, uncertainty of its ability to meet revenue and cash flow projections, current liquidity position, lack of access to additional capital, and impacts from the COVID-19 pandemic, the

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Company determined the value to be zero. Accordingly, the Company recorded an impairment charge of \$2.0 million during the first quarter of 2020. As of March 31, 2022, there have been no additional shares issued that were similar to the Company's share rights and the investment is recorded at zero as of March 31, 2022.

**8. ACQUIRED INTANGIBLE ASSETS, NET**

Considering the recognition of the Dice brand, its long history, awareness in the talent acquisition and staffing services market, and the intended use, the remaining useful life of the Dice.com trademarks and brand name was determined to be indefinite. We determine whether the carrying value of recorded indefinite-lived acquired intangible assets is impaired on an annual basis or more frequently if indicators of potential impairment exist. The impairment review process compares the fair value of the indefinite-lived acquired intangible assets to its carrying value. If the carrying value exceeds the fair value, an impairment loss is recorded.

As of March 31, 2022 and December 31, 2021, the Company had an indefinite-lived acquired intangible asset of \$23.8 million related to the Dice trademarks and brand name. No impairment was recorded during the three-month periods ended March 31, 2022 and 2021.

The projections utilized in the October 1, 2021 analysis included increasing revenues at rates approximating industry growth projections. The Company's ability to achieve these revenue projections may be impacted by, among other things, uncertainty related to COVID-19, competition in the technology recruiting market, challenges in developing and introducing new products and product enhancements to the market and the Company's ability to attribute value delivered to customers. The October 1, 2021 analysis included operating margins during the year ending December 31, 2021 that approximate operating margins for the year ended December 31, 2020 and then increasing modestly. If future cash flows that are attributable to the Dice trademarks and brand name are not achieved, the Company could realize an impairment in a future period. The Company's operating results attributable to the Dice trademarks and brand name through March 31, 2022 and projections of future results have met or exceeded those included in the projections utilized in the October 1, 2021 analysis. In the October 1, 2021 analysis, the Company utilized a relief from royalty rate method to value the Dice trademarks and brand name using a royalty rate of 4.0% based on comparable industry studies and a discount rate of 12.5%.

The determination of whether or not indefinite-lived acquired intangible assets have become impaired involves a significant level of judgment in the assumptions underlying the approach used to determine the value of the indefinite-lived acquired intangible assets. Fair values are determined using a profit allocation methodology which estimates the value of the trademarks and brand name by capitalizing the profits saved because the company owns the asset. We consider factors such as historical performance, anticipated market conditions, operating expense trends and capital expenditure requirements. Changes in our strategy, uncertainty related to COVID-19, and/or changes in market conditions could significantly impact these judgments and require adjustments to recorded amounts of intangible assets. If projections are not achieved, the Company could realize an impairment in the foreseeable future.

**9. GOODWILL**

Goodwill for the Tech-focused reporting unit as of March 31, 2022 and December 31, 2021 was \$128.1 million. There were no changes to goodwill from December 31, 2021 to March 31, 2022.

The annual impairment test for the Tech-focused reporting unit is performed on October 1 of each year. The results of the impairment tests indicated that the fair value of the Tech-focused reporting unit was substantially in excess of the carrying value as of October 1, 2021.

Results for the Tech-focused reporting unit for the fourth quarter of 2021 and the first quarter of 2022 and estimated future results as of March 31, 2022 have exceeded the projections used in the October 1, 2021 analysis. As a result, the Company believes it is not more likely than not that the fair value of the reporting unit is less than the carrying value as of March 31, 2022. Therefore, no quantitative impairment test was performed as of March 31, 2022. No impairment was recorded during the three-month periods ended March 31, 2022 and 2021.

The projections utilized in the October 1, 2021 analysis included increasing revenues at rates approximating industry growth projections. The Company's ability to achieve these revenue projections may be impacted by, among other things, uncertainty related to COVID-19, competition in the technology recruiting market, challenges in developing and introducing new products and product enhancements to the market and the Company's ability to attribute value delivered to customers. The October 1,

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2021 analysis included operating margins during the year ending December 31, 2021 that approximate operating margins for the year ended December 31, 2020 and then increasing modestly. If future cash flows that are attributable to the Tech-focused reporting unit are not achieved, the Company could realize an impairment in a future period. The discount rate applied for the Tech-focused reporting unit in the October 1, 2021 analysis was 11.5%. An increase to the discount rate applied or reductions to future projected operating results could result in future impairment of the Tech-focused reporting unit's goodwill. It is reasonably possible that changes in judgments, assumptions and estimates the Company made in assessing the fair value of goodwill could cause the Company to consider some portion or all of the goodwill of the Tech-focused reporting unit to become impaired. In addition, a future decline in the overall market conditions, uncertainty related to COVID-19, and/or changes in the Company's market share could negatively impact the estimated future cash flows and discount rates used to determine the fair value of the reporting unit and could result in an impairment charge in the foreseeable future.

The determination of whether or not goodwill has become impaired is judgmental in nature and requires the use of estimates and key assumptions, particularly assumed discount rates and projections of future operating results, such as forecasted revenues and earnings before interest, taxes, depreciation and amortization margins and capital expenditure requirements. Fair values are determined either by using a discounted cash flow methodology or by using a combination of a discounted cash flow methodology and a market comparable method. The discounted cash flow methodology is based on projections of the amounts and timing of future revenues and cash flows, assumed discount rates and other assumptions as deemed appropriate. Factors such as historical performance, anticipated market conditions, operating expense trends and capital expenditure requirements are considered. Additionally, the discounted cash flows analysis takes into consideration cash expenditures for product development, other technological updates and advancements to the websites and investments to improve the candidate databases. The market comparable method indicates the fair value of a business by comparing it to publicly traded companies in similar lines of business or to comparable transactions or assets. Considerations for factors such as size, growth, profitability, risk and return on investment are analyzed and compared to the comparable businesses and adjustments are made. A market value of invested capital of the publicly traded companies is calculated and then applied to the entity's operating results to arrive at an estimate of value. Changes in our strategy and/or market conditions could significantly impact these judgments and require adjustments to recorded amounts of goodwill.

**10. INDEBTEDNESS**

**Credit Agreement**—In November 2018, the Company, together with Dice Inc. (a wholly-owned subsidiary of the Company) and its wholly-owned subsidiary, Dice Career Solutions, Inc. (collectively, the "Borrowers"), entered into a Second Amended and Restated Credit Agreement, as further amended in June 2021 (the "Credit Agreement"), which matures in November 2023, and replaced the previously existing credit agreement dated November 2015. The June 2021 amendment modified the credit agreement to allow for the disposition of the eFC business, removed the option to borrow in Euros and Sterling, and incorporated certain form updates. The Credit Agreement provides for a revolving loan facility of \$90 million, with an expansion option up to \$140 million, as permitted under the terms of the Credit Agreement.

Borrowings under the Credit Agreement bear interest, at the Company's option, at a LIBOR rate or a base rate plus a margin. The margin ranges from 1.75% to 2.50% on LIBOR loans and 0.75% to 1.50% on base rate loans, determined by the Company's most recent consolidated leverage ratio. The Company incurs a commitment fee ranging from 0.30% to 0.45% on any unused capacity under the revolving loan facility, determined by the Company's most recent consolidated leverage ratio. The facility may be prepaid at any time without penalty.

The Credit Agreement contains various customary affirmative and negative covenants and also contains certain financial covenants, including a consolidated leverage ratio and a consolidated interest coverage ratio. Borrowings are allowed under the Credit Agreement to the extent the consolidated leverage ratio, calculated on a pro forma basis, is equal to or less than 2.50 to 1.00. Negative covenants include restrictions on incurring certain liens; making certain payments, such as stock repurchases and dividend payments; making certain investments; making certain acquisitions; making certain dispositions; and incurring additional indebtedness. Restricted payments are allowed under the Credit Agreement to the extent the consolidated leverage ratio, calculated on a pro forma basis, is equal to or less than 2.00 to 1.00, plus an additional \$5.0 million of restricted payments. The Credit Agreement also provides that the payment of obligations may be accelerated upon the occurrence of customary events of default, including, but not limited to, non-payment, change of control, or insolvency. As of March 31, 2022, the Company was in compliance with all of the financial covenants under the Credit Agreement.

The obligations under the Credit Agreement are guaranteed by two of the Company's U.S. based wholly-owned subsidiaries and secured by substantially all of the assets of the Borrowers and the guarantors.

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The amounts borrowed as of March 31, 2022 and December 31, 2021 are as follows (dollars in thousands):

|                                                                                    | <b>March 31,<br/>2022</b> | <b>December 31,<br/>2021</b> |
|------------------------------------------------------------------------------------|---------------------------|------------------------------|
| <b>Amounts borrowed:</b>                                                           |                           |                              |
| Revolving credit facility                                                          | \$ 33,000                 | \$ 23,000                    |
| Less: deferred financing costs, net of accumulated amortization of \$503 and \$467 | (233)                     | (270)                        |
| Long-term debt, net                                                                | <u>\$ 32,767</u>          | <u>\$ 22,730</u>             |
| Available to be borrowed under revolving facility, subject to certain limitations  | \$ 57,000                 | \$ 67,000                    |
| <b>Interest rates:</b>                                                             |                           |                              |
| <b>LIBOR rate loans:</b>                                                           |                           |                              |
| Interest margin                                                                    | 1.75 %                    | 1.75 %                       |
| Actual interest rates                                                              | 2.25 %                    | 1.88 %                       |
| Commitment fee                                                                     | 0.30 %                    | 0.30 %                       |

There are no scheduled principal payments until maturity of the Credit Agreement in November 2023.

## 11. COMMITMENTS AND CONTINGENCIES

### *Litigation*

The Company is subject to various claims from taxing authorities, lawsuits and other complaints arising in the ordinary course of business. The Company records provisions for losses when claims become probable and the amounts are reasonably estimable. Although the outcome of these legal matters, except as described below and recorded in the condensed consolidated financial statements, cannot be determined, it is the opinion of management that the final resolution of these matters will not have a material effect on the Company's financial condition, operations or liquidity.

### *Tax Contingencies*

The Company operates in a number of tax jurisdictions and is routinely subject to examinations by various tax authorities with respect to income taxes and indirect taxes. The determination of the Company's liability for taxes requires judgment and estimation. The Company has reserved for potential examination adjustments to our provision for income taxes and accrual of indirect taxes in amounts which the Company believes are reasonable.

## 12. EQUITY TRANSACTIONS

**Stock Repurchase Plans**—The Company's Board of Directors ("Board") approved a stock repurchase program that permits the Company to repurchase its common stock. Management has discretion in determining the conditions under which shares may be purchased from time to time. The following table summarizes the Stock Repurchase Plans approved by the Board:

|                                              | <b>May 2020 to<br/>May 2021<sup>(1)</sup></b> | <b>Feb 2021 to<br/>Jun 2022<sup>(2)</sup></b> | <b>Feb 2022 to<br/>Feb 2023<sup>(3)</sup></b> |
|----------------------------------------------|-----------------------------------------------|-----------------------------------------------|-----------------------------------------------|
| Approval Date                                | May 2020                                      | February 2021                                 | February 2022                                 |
| Authorized Repurchase Amount of Common Stock | \$5 million                                   | \$20 million                                  | \$15 million                                  |

(1) During the first quarter of 2021, the Company completed its purchases under the plan, which consisted of 2.2 million shares for \$5.0 million, effectively ending the plan prior to its original expiration date.

(2) During the second quarter of 2021, the Company amended its \$8.0 million stock repurchase program approved in February 2021 and allowed for the purchase of an additional \$12.0 million of our common stock through June 2022, bringing total authorized purchases under the plan to \$20.0 million. During the first quarter of 2022, the Company completed its purchases under the plan, which consisted of approximately 4.4 million shares for \$20.0 million, effectively ending the plan prior to its original expiration date.

(3) On February 15, 2022, the Company announced that its Board of Directors approved a new stock repurchase program that permits the purchase of up to \$15 million of the Company's common stock through February 2023.

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As of March 31, 2022 the value of shares that may yet be purchased under the current plan was \$13.1 million.

Purchases of the Company's common stock pursuant to the Stock Repurchase Plans were as follows:

|                                                   | <b>Three Months Ended March 31,</b> |             |
|---------------------------------------------------|-------------------------------------|-------------|
|                                                   | <b>2022</b>                         | <b>2021</b> |
| Shares repurchased <sup>(1)</sup>                 | 1,302,226                           | 589,899     |
| Average purchase price per share <sup>(2)</sup>   | \$ 5.78                             | \$ 2.62     |
| Dollar value of shares repurchased (in thousands) | \$ 7,525                            | \$ 1,546    |

(1) No shares of our common stock were purchased other than through a publicly announced plan or program.

(2) Average price paid per share includes costs associated with the repurchases.

There were 20,665 and 11,394 unsettled share repurchases as of March 31, 2022 and 2021, respectively.

**Stock Repurchases Pursuant to the 2012 Omnibus Equity Award Plan**—Under the 2012 Omnibus Equity Award Plan, as further described in note 13 to the condensed consolidated financial statements, the Company repurchases its common stock withheld for income tax from the vesting of employee restricted stock or Performance-Based Restricted Stock Units (“PSUs”). The Company remits the value, which is based on the closing share price on the vesting date, of the common stock withheld to the appropriate tax authority on behalf of the employee and the related shares become treasury stock.

Purchases of the Company’s common stock pursuant to the 2012 Omnibus Equity Award Plan were as follows:

|                                                                                     | <b>Three Months Ended March 31,</b> |             |
|-------------------------------------------------------------------------------------|-------------------------------------|-------------|
|                                                                                     | <b>2022</b>                         | <b>2021</b> |
| Shares repurchased upon restricted stock/PSU vesting                                | 773,048                             | 508,899     |
| Average purchase price per share                                                    | \$ 5.44                             | \$ 2.64     |
| Dollar value of shares repurchased upon restricted stock/PSU vesting (in thousands) | \$ 4,202                            | \$ 1,343    |

### 13. STOCK-BASED COMPENSATION

Under the 2012 Omnibus Equity Award Plan, the Company has granted restricted stock and Performance-Based Restricted Stock Units (“PSUs”) to certain employees and directors. The Company also offers an Employee Stock Purchase Plan. Stock-based compensation disclosures within this footnote include expense and shares related to the eFC business through June 30, 2021.

The Company recorded total stock-based compensation expense of \$2.2 million and \$1.8 million during each of the three-month periods ended March 31, 2022 and 2021, respectively. At March 31, 2022, there was \$18.1 million of unrecognized compensation expense related to unvested awards, which is expected to be recognized over a weighted-average period of approximately 1.5 years.

**Restricted Stock**—Restricted stock is granted to employees of the Company and its subsidiaries, and to non-employee members of the Company’s Board. These shares are part of the compensation plan for services provided by the employees or Board members. The closing price of the Company’s stock on the date of grant is used to determine the fair value of the grants. The expense related to restricted stock grants is recorded over the vesting period as described below. There was no cash flow impact resulting from the grants.

Restricted stock vests in various increments on the anniversaries of each grant, subject to the recipient’s continued employment or service through each applicable vesting date. Vesting occurs over one year for Board members and over two to four years for employees.

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A summary of the status of restricted stock awards as of March 31, 2022 and 2021 and the changes during the periods then ended is presented below:

|                                       | Three Months Ended March 31, 2022 |                                            | Three Months Ended March 31, 2021 |                                            |
|---------------------------------------|-----------------------------------|--------------------------------------------|-----------------------------------|--------------------------------------------|
|                                       | Shares                            | Weighted- Average Fair Value at Grant Date | Shares                            | Weighted- Average Fair Value at Grant Date |
| Non-vested at beginning of the period | 3,371,832                         | \$ 2.80                                    | 3,877,853                         | \$ 2.49                                    |
| Granted                               | 932,500                           | \$ 5.17                                    | 1,468,223                         | \$ 2.62                                    |
| Forfeited                             | (81,714)                          | \$ 2.90                                    | (204,175)                         | \$ 2.76                                    |
| Vested                                | (1,098,127)                       | \$ 2.48                                    | (1,034,684)                       | \$ 2.58                                    |
| Non-vested at end of period           | <u>3,124,491</u>                  | <u>\$ 3.62</u>                             | <u>4,107,217</u>                  | <u>\$ 2.50</u>                             |

**PSUs**—PSUs are granted to employees of the Company and its subsidiaries. These shares are granted under two compensation agreements that are for services provided by the employees. The fair value of the PSUs is measured at the grant date fair value of the award, which was determined based on an analysis of the probable performance outcomes. The performance period is over one year and is based on the achievement of bookings targets during the year of grant, as defined in the agreement. The earned shares will then vest over a three year period, one-third on each of the first, second, and third anniversaries of the grant date, or if later, the date the Compensation Committee certifies the performance results with respect to the performance period.

There was no cash flow impact resulting from the grants.

A summary of the status of PSUs as of March 31, 2022 and 2021 and the changes during the periods then ended is presented below:

|                                       | Three Months Ended March 31, 2022 |                                            | Three Months Ended March 31, 2021 |                                            |
|---------------------------------------|-----------------------------------|--------------------------------------------|-----------------------------------|--------------------------------------------|
|                                       | Shares                            | Weighted- Average Fair Value at Grant Date | Shares                            | Weighted- Average Fair Value at Grant Date |
| Non-vested at beginning of the period | 1,593,775                         | \$ 2.62                                    | 1,352,438                         | \$ 2.50                                    |
| Granted <sup>(1)</sup>                | 1,553,332                         | \$ 3.77                                    | 990,000                           | \$ 2.62                                    |
| Forfeited <sup>(1)</sup>              | (93,341)                          | \$ 2.40                                    | (105,656)                         | \$ 2.14                                    |
| Vested                                | (928,717)                         | \$ 2.61                                    | (339,111)                         | \$ 2.58                                    |
| Non-vested at end of period           | <u>2,125,049</u>                  | <u>\$ 3.48</u>                             | <u>1,897,671</u>                  | <u>\$ 2.54</u>                             |

(1) PSUs granted for the three-month period ended March 31, 2022 includes 853,332 additional PSUs granted related to the bookings achievement for the performance period ended December 31, 2021. PSUs forfeited for the three-month period ended March 31, 2021 includes 48,633 PSUs forfeited related to the bookings achievement for the performance period ended December 31, 2020.

**Stock Options**—The fair value of each option grant is estimated using the Black-Scholes option-pricing model. This valuation model requires the Company to make assumptions and judgments about the variables used in the calculation, including the fair value of the Company's common stock, the expected life (the period of time that the options granted are expected to be outstanding), the volatility of the Company's common stock, a risk-free interest rate and expected dividends. The expected life of options granted is derived from historical exercise behavior. The risk-free rate for periods within the expected life of the option is based on the U.S. Treasury rates in effect at the time of grant. The stock options vest 25% after one year, beginning on the first anniversary date of the grant, and 6.25% each quarter following the first anniversary. There was no cash flow impact resulting from the grants. No stock options were granted during the three months ended March 31, 2022 and 2021.

**DHI GROUP, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

There were no options exercisable as of or during the period ended March 31, 2022. A summary of the status of options previously granted as of March 31 2021, and the changes during the period then ended, is presented below:

|                                                | Three Months Ended March 31, 2021 |                                 |                           |
|------------------------------------------------|-----------------------------------|---------------------------------|---------------------------|
|                                                | Options                           | Weighted-Average Exercise Price | Aggregate Intrinsic Value |
| Options outstanding at beginning of the period | 110,000                           | \$ 7.40                         | \$ —                      |
| Forfeited                                      | (85,000)                          | \$ 7.38                         | \$ —                      |
| Options outstanding at end of period           | 25,000                            | \$ 7.50                         | \$ —                      |
| Exercisable at end of period                   | 25,000                            | \$ 7.50                         | \$ —                      |

**Employee Stock Purchase Plan**—On March 11, 2020 the Company's Board of Directors adopted an Employee Stock Purchase Plan ("ESPP"). The ESPP was approved by the Company's stockholders on April 21, 2020. The ESPP provides eligible employees the opportunity to purchase shares of the Company's common stock through payroll deductions during six-month offering periods. The purchase price per share of common stock is 85% of the lower of the closing stock price on the first or last trading day of each offering period. The offering periods are January 1 to June 30 and July 1 to December 31. The maximum number of shares of common stock available for purchase under the ESPP is 500,000, subject to adjustment as provided under the ESPP. Individual employee purchases are limited to \$25,000 per calendar year, based on the fair market value of the shares on the purchase date.

#### 14. EARNINGS PER SHARE

Basic earnings per share ("EPS") is computed based on the weighted-average number of shares of common stock outstanding. Diluted EPS is computed based on the weighted-average number of shares of common stock outstanding plus common stock equivalents, where dilutive. The following is a calculation of basic and diluted earnings per share and weighted-average shares outstanding (in thousands, except per share amounts):

|                                                      | Three Months Ended March 31, |          |
|------------------------------------------------------|------------------------------|----------|
|                                                      | 2022                         | 2021     |
| Income from continuing operations                    | \$ 1,301                     | \$ 2,012 |
| Income from discontinued operations, net of tax      | \$ —                         | \$ 659   |
| Net income                                           | \$ 1,301                     | \$ 2,671 |
| Weighted-average shares outstanding—basic            | 44,702                       | 46,993   |
| Add shares issuable from stock-based awards          | 2,468                        | 1,613    |
| Weighted-average shares outstanding—diluted          | 47,170                       | 48,606   |
| Basic earnings per share - continuing operations     | \$ 0.03                      | \$ 0.04  |
| Diluted earnings per share - continuing operations   | \$ 0.03                      | \$ 0.04  |
| Basic earnings per share - discontinued operations   | \$ —                         | \$ 0.01  |
| Diluted earnings per share - discontinued operations | \$ —                         | \$ 0.01  |
| Basic earnings per share                             | \$ 0.03                      | \$ 0.06  |
| Diluted earnings per share                           | \$ 0.03                      | \$ 0.05  |

**DHI GROUP, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**15. INCOME TAXES**

The Company's effective tax rate was (142)% and 6% for the three months ended March 31, 2022 and 2021, respectively. The following items caused the effective tax rate to differ from the U.S. statutory rate:

- A tax benefit of \$0.8 million during the three months ended March 31, 2022, from the vesting or settlement of share-based compensation awards.
- A tax benefit of \$0.5 million during the three months ended March 31, 2021, from the release of a valuation allowance on the Company's capital loss carryforward.

**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

The following discussion should be read in conjunction with our unaudited condensed consolidated financial statements and the related notes included elsewhere in this report. See also our consolidated financial statements and the notes thereto and the section entitled "Note Concerning Forward-Looking Statements" in our Annual Report on Form 10-K for the year ended December 31, 2021.

Information contained herein contains forward-looking statements. You should not place undue reliance on those statements because they are subject to numerous uncertainties and factors relating to our operations and business environment, all of which are difficult to predict and many of which are beyond our control. Forward-looking statements include, without limitation, information concerning our possible or assumed future results of operations. These statements often include words such as "may," "will," "should," "believe," "expect," "anticipate," "intend," "plan," "estimate" or similar expressions. These statements are based on assumptions that we have made in light of our experience in the industry as well as our perceptions of historical trends, current conditions, expected future developments and other factors we believe are appropriate under the circumstances. Although we believe that these forward-looking statements are based on reasonable assumptions, you should be aware that many factors could affect our actual financial results or results of operations and could cause actual results to differ materially from those in the forward-looking statements. These factors include, but are not limited to, our ability to execute our tech-focused strategy, competition from existing and future competitors in the highly competitive markets in which we operate, failure to adapt our business model to keep pace with rapid changes in the recruiting and career services business, failure to maintain and develop our reputation and brand recognition, failure to increase or maintain the number of customers who purchase recruitment packages, cyclicalities or downturns in the economy or industries we serve, the potential impact of COVID-19 on our operations and financial results, geopolitical events, uncertainty in respect of the regulation of data protection and data privacy, failure to attract qualified professionals to our websites or grow the number of qualified professionals who use our websites, failure to successfully identify or integrate acquisitions, U.S. and foreign government regulation of the Internet and taxation, our ability to borrow funds under our revolving credit facility or refinance our indebtedness and restrictions on our current and future operations under such indebtedness. These factors and others are discussed in more detail below and in our filings with the Securities and Exchange Commission, including our Annual Report on Form 10-K for the fiscal year ended December 31, 2021, under the headings "Risk Factors," "Forward-Looking Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations." Information contained herein contains certain non-GAAP financial measures. These measures are not in accordance with, or an alternative for, measures in accordance with U.S. GAAP. Such measures presented herein include adjusted earnings before interest, taxes, depreciation, amortization, non-cash stock-based compensation expense, impairment, gain or loss on sale of businesses, and certain other income or expense items, as defined, ("Adjusted EBITDA") and Adjusted EBITDA Margin. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources" for definitions of these measures as well as reconciliations to the comparable GAAP measure.

You should keep in mind that any forward-looking statement made by us herein, or elsewhere, speaks only as of the date on which it is made. New risks and uncertainties come up from time to time, and it is impossible to predict these events or how they may affect us. We have no obligation to update any forward-looking statements after the date hereof, except as required by federal securities laws.

Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, proxy and information statements and other material information concerning us are available free of charge on the Investors page of our website at [www.dhigroupinc.com](http://www.dhigroupinc.com). Our reports filed with the SEC are also available by visiting <http://www.sec.gov>.

## Overview

We are a provider of software products, online tools and services that deliver career marketplaces to candidates and employers in the United States. DHI's brands, Dice and ClearanceJobs, enable recruiters and hiring managers to efficiently search, match and connect with highly skilled technologists in specialized fields, particularly technology and active government security clearance. Professionals find ideal employment opportunities, relevant job advice and personalized data that help manage their technologist lives.

In online recruitment, we specialize in employment categories in which there has been a long-term scarcity of highly skilled, highly qualified professionals relative to market demand, specifically technologists who work in a variety of industries or have active government security clearances. Our websites serve as online two-sided marketplaces where employers and recruiters source and connect with prospective employees, and where technologists find relevant job opportunities, data and information to further their careers. Our websites offer job postings, news and content, career development and recruiting services tailored to the specific needs of the professional community that each website serves.

Majority ownership and control of DHI's eFinancialCareers ("eFC") business, which provides career websites to the financial services industry and has operations in the United Kingdom, Continental Europe, Asia, the Middle East and North America, was transferred to eFC management on June 30, 2021. The Company retained a 40% common share interest. As a result, all ongoing DHI operations, which include the Dice and ClearanceJobs brands, are in the United States subsequent to June 30, 2021.

We have been in the recruiting and career development business for over 30 years. Based on our operating structure, we have identified one reportable segment, Tech-focused, which includes the Dice and ClearanceJobs businesses and corporate related costs. The Dice and ClearanceJobs businesses and corporate related costs are aggregated into the Tech-focused reportable segment primarily because the Company does not have discrete financial information for those brands or costs. As a result of the eFC separation, the eFC business was deconsolidated from the Company's consolidated financial statements as of June 30, 2021 and is reflected as a discontinued operation for all periods presented on or before June 30, 2021.

## Recent Developments

None.

## Our Revenues and Expenses

We derive the majority of our revenues from customers who pay fees, either annually, quarterly or monthly, to post jobs on our websites and to access our searchable databases of resumes. Our fees vary by customer based on the number of individual users of our databases of resumes, the number and type of job postings and profile views purchased and the terms of the packages purchased. Our Company sells recruitment packages that can include access to our databases of resumes and job posting capabilities. We believe the key metrics that are material to an analysis of our businesses are our total number of Dice and ClearanceJobs recruitment package customers and the revenue, on average, that these customers generate. The tables below detail this customer data.

| Recruitment Package Customers: | As of March 31, |       | Increase<br>(Decrease) | Percent<br>Change |
|--------------------------------|-----------------|-------|------------------------|-------------------|
|                                | 2022            | 2021  |                        |                   |
| Dice                           | 6,249           | 5,200 | 1,049                  | 20%               |
| ClearanceJobs                  | 1,928           | 1,753 | 175                    | 10%               |

|               | Average Annual Revenue per Recruitment Package Customer <sup>(1)</sup> |           |                        |                   |
|---------------|------------------------------------------------------------------------|-----------|------------------------|-------------------|
|               | Three months ended March 31,                                           |           |                        |                   |
|               | 2022                                                                   | 2021      | Increase<br>(Decrease) | Percent<br>Change |
| Dice          | \$ 14,112                                                              | \$ 13,536 | \$ 576                 | 4 %               |
| ClearanceJobs | \$ 18,408                                                              | \$ 16,476 | \$ 1,932               | 12 %              |

(1) Calculated by dividing recruitment package customer revenue by the daily average count of recruitment package customers during each month, adjusted to reflect a 30-day month. The simple average of each month is used to derive the amount for each period and then annualized to reflect 12 months.

Dice had 6,249 recruitment package customers as of March 31, 2022, which was an increase of 1,049, or 20%, year over year and annualized revenue per recruitment package customer for Dice increased \$576, or 4%, year over year. The increases were driven by strong renewal rates and new business activity. ClearanceJobs had 1,928 recruitment package customers as of March 31, 2022 compared to 1,753 as of March 31, 2021, an increase of 10%, and annualized revenue per recruitment package customer increased \$1,932, or 12%, year over year. The increases for ClearanceJobs were due to continued high demand for professionals with government clearance and consistent product releases and enhancements driving activity on the site.

Deferred revenue, as shown on the condensed consolidated balance sheets, reflects customer billings made in advance of services being rendered. Backlog consists of deferred revenue plus customer contractual commitments not invoiced representing the value of future services to be rendered under committed contracts. We believe backlog to be an important measure of our business as it represents our ability to generate future revenue. A summary of our deferred revenue and backlog is as follows:

|                                         | Comparison to Prior Year End |                  |                        |                   | Comparison Year Over Year |                        |                   |
|-----------------------------------------|------------------------------|------------------|------------------------|-------------------|---------------------------|------------------------|-------------------|
|                                         | 3/31/2022                    | 12/31/2021       | Increase<br>(Decrease) | Percent<br>Change | 3/31/2021                 | Increase<br>(Decrease) | Percent<br>Change |
| <b>Deferred Revenue</b>                 | <b>\$ 56,786</b>             | <b>\$ 46,146</b> | <b>\$ 10,640</b>       | <b>23 %</b>       | <b>\$ 44,835</b>          | <b>\$ 11,951</b>       | <b>27 %</b>       |
| Contractual commitments<br>not invoiced | 49,262                       | 46,497           | 2,765                  | 6 %               | 25,931                    | 23,331                 | 90 %              |
| <b>Backlog<sup>(1)</sup></b>            | <b>\$ 106,048</b>            | <b>\$ 92,643</b> | <b>\$ 13,405</b>       | <b>14 %</b>       | <b>\$ 70,766</b>          | <b>\$ 35,282</b>       | <b>50 %</b>       |

(1) Backlog consists of deferred revenue plus customer contractual commitments not invoiced representing the value of future services to be rendered under committed contracts.

Backlog at March 31, 2022 increased \$13.4 million and \$35.3 million from December 31, 2021 and March 31, 2021, respectively. The increase in backlog compared to December 31, 2021 and March 31, 2021 is due to the strong technology recruitment market driving bookings growth at both Dice and ClearanceJobs, a focus on signing multi-year contracts, and the Company's ongoing investments in sales and marketing. The first quarter of each year is generally the largest bookings quarter of the year, also contributing to the growth from December 31, 2021.

To a lesser extent, we also generate revenue from advertising on our various websites or from lead generation and marketing solutions provided to our customers. Advertisements include various forms of rich media and banner advertising, text links, sponsorships, and custom content marketing solutions. Lead generation information utilizes advertising and other methods to deliver leads to customers.

The Company continues to evolve and present new software products and features to attract and engage qualified professionals and match them with employers. Our ability to grow our revenues will largely depend on our ability to grow our customer bases in the markets in which we operate by acquiring new customers while retaining a high proportion of the customers we currently serve, and to expand the breadth of services our customers purchase from us. We continue to make investments in our business and infrastructure to help us achieve our long-term growth objectives, such as the innovative products in the table below.

| <i>Product Releases</i>            |                                                                                                                               |
|------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|
| 2022                               | 2021                                                                                                                          |
| Dice TalentSearch Time Zone Search | Dice Marketplace,<br>Dice TalentSearch Social Data Refresh, Brand.io,<br>TalentSearch Personalization, Unbiased Sourcing Mode |
| ClearanceJobs Live Video           | ClearanceJobs Meetings,<br>ClearanceJobs Video, Team Recruiting,<br>Shared Talent Pipelines, Quality of Use Improvements      |

Other material factors that may affect our results of operations include our ability to attract qualified professionals that become engaged with our websites and our ability to attract customers with relevant job opportunities. The more qualified professionals that use our websites, the more attractive our websites become to employers and advertisers, which in turn makes them more likely to become our customers, resulting positively on our results of operations. If we are unable to continue to attract qualified

professionals to engage with our two-sided marketplaces, our customers may no longer find our services attractive, which could have a negative impact on our results of operations. Additionally, we need to ensure that our websites remain relevant in order to attract qualified professionals to our websites and to engage them in high-value tasks, such as posting resumes and/or applying for jobs.

The largest components of our expenses are personnel costs and marketing and sales expenditures. Personnel costs consist of salaries, benefits, and incentive compensation for our employees, including commissions for salespeople. Personnel costs are categorized in our statement of operations based on each employee's principal function. Personnel costs incurred during the application development stage of internal use software and website development are recorded as fixed assets and amortized to depreciation expense in the statement of operations over the estimated useful life of the asset. Marketing expenditures primarily consist of online advertising, brand promotion and lead generation to employers and job seekers.

### Critical Accounting Estimates

There have been no material changes to our critical accounting estimates as compared to the critical accounting policies described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021.

### Three Months Ended March 31, 2022 Compared to the Three Months Ended March 31, 2021

#### Revenues

|                       | Three Months Ended March 31,       |                  | Increase<br>(Decrease) | Percent<br>Change |
|-----------------------|------------------------------------|------------------|------------------------|-------------------|
|                       | 2022                               | 2021             |                        |                   |
|                       | (in thousands, except percentages) |                  |                        |                   |
| Dice <sup>(1)</sup>   | \$ 24,634                          | \$ 19,051        | \$ 5,583               | 29 %              |
| ClearanceJobs         | 9,700                              | 7,625            | 2,075                  | 27 %              |
| <b>Total revenues</b> | <b>\$ 34,334</b>                   | <b>\$ 26,676</b> | <b>\$ 7,658</b>        | <b>29 %</b>       |

(1) Includes Dice and Career Events

For the three months ended March 31, 2022 we experienced an increase in revenue of \$7.7 million, or 29%. Revenue at Dice increased \$5.6 million, or 29%, compared to the same period in 2021 due to improvements in renewal rates and new business activity along with consistently increasing customer counts, which drives additional revenue in future periods. Revenues for ClearanceJobs increased \$2.1 million, or 27%, as compared to the same period in 2021, primarily driven by continued high demand for professionals with government clearance and consistent product releases and enhancements driving activity on the site.

#### Cost of Revenues

|                        | Three Months Ended March 31,       |          | Increase | Percent<br>Change |
|------------------------|------------------------------------|----------|----------|-------------------|
|                        | 2022                               | 2021     |          |                   |
|                        | (in thousands, except percentages) |          |          |                   |
| Cost of revenues       | \$ 4,099                           | \$ 3,702 | \$ 397   | 11 %              |
| Percentage of revenues | 11.9 %                             | 13.9 %   |          |                   |

Cost of revenues increased \$0.4 million, or 11%, driven by an increase of \$0.2 million from higher compensation related costs from higher headcount and a decrease in capitalized labor of \$0.2 million, which increases operating expenses. Together, these increased expense \$0.4 million.

### Product Development Expenses

|                        | Three Months Ended March 31,       |          |          |                |
|------------------------|------------------------------------|----------|----------|----------------|
|                        | 2022                               | 2021     | Increase | Percent Change |
|                        | (in thousands, except percentages) |          |          |                |
| Product development    | \$ 3,942                           | \$ 3,602 | \$ 340   | 9 %            |
| Percentage of revenues | 11.5 %                             | 13.5 %   |          |                |

Product development increased \$0.3 million, or 9%, driven by an increase of \$1.0 million from higher compensation related costs partially offset by an increase in capitalized labor of \$0.6 million, which decreases operating expenses.

### Sales and Marketing Expenses

|                        | Three Months Ended March 31,       |          |          |                |
|------------------------|------------------------------------|----------|----------|----------------|
|                        | 2022                               | 2021     | Increase | Percent Change |
|                        | (in thousands, except percentages) |          |          |                |
| Sales and marketing    | \$ 13,941                          | \$ 9,771 | \$ 4,170 | 43 %           |
| Percentage of revenues | 40.6 %                             | 36.6 %   |          |                |

Sales and marketing expenses increased \$4.2 million, or 43% from the same period in 2021. This increase was driven by a \$2.4 million increase in compensation related costs from higher headcount and quota attainment versus sales plan, \$1.4 million increase in discretionary marketing expenses with strong customer recruitment activity, and a \$0.4 million increase in operational costs, including travel and entertainment and company events as COVID-19 restrictions ease.

### General and Administrative Expenses

|                            | Three Months Ended March 31,       |          |          |                |
|----------------------------|------------------------------------|----------|----------|----------------|
|                            | 2022                               | 2021     | Increase | Percent Change |
|                            | (in thousands, except percentages) |          |          |                |
| General and administrative | \$ 7,766                           | \$ 6,154 | \$ 1,612 | 26 %           |
| Percentage of revenues     | 22.6 %                             | 23.1 %   |          |                |

General and administrative expenses increased \$1.6 million, or 26% from the prior year. The increase was driven by stock-based compensation expense, which increased \$0.6 million, primarily due to higher achievement against targets for the Company's PSUs. Compensation related costs increased \$0.5 million and operational costs, including recruiting and training, increased \$0.4 million. Together these increased expense \$1.5 million.

### Depreciation

|                        | Three Months Ended March 31,       |          |          |                |
|------------------------|------------------------------------|----------|----------|----------------|
|                        | 2022                               | 2021     | Increase | Percent Change |
|                        | (in thousands, except percentages) |          |          |                |
| Depreciation           | \$ 3,958                           | \$ 3,631 | \$ 327   | 9 %            |
| Percentage of revenues | 11.5 %                             | 13.6 %   |          |                |

Depreciation expense increased \$0.3 million or 9% from the same period in 2021 in connection with increasing capitalized development costs throughout 2021 and projects being placed into service driving higher depreciation in 2022.

### *Operating Income (Loss)*

|                         | <b>Three Months Ended March 31,</b>       |             |                 | <b>Percent Change</b> |
|-------------------------|-------------------------------------------|-------------|-----------------|-----------------------|
|                         | <b>2022</b>                               | <b>2021</b> | <b>Increase</b> |                       |
|                         | <b>(in thousands, except percentages)</b> |             |                 |                       |
| Revenue                 | \$ 34,334                                 | \$ 26,676   | \$ 7,658        | 29 %                  |
| Operating income (loss) | 628                                       | (184)       | 812             | (441)%                |
| Percentage of revenues  | 1.8 %                                     | (0.7)%      |                 |                       |

Operating income for the three months ended March, 31, 2022 was \$0.6 million, a positive margin of 1.8%, compared to operating loss of \$0.2 million, a negative margin of 0.7%, for the same period in 2021, an improvement of \$0.8 million. The increase in operating income and improved percentage margin was driven by higher revenues, partially offset by higher operating costs as the Company invests in its product and sales and marketing for future growth.

### *Income from Equity Method Investment*

|                                      | <b>Three Months Ended March 31,</b>       |             |                 | <b>Percent Change</b> |
|--------------------------------------|-------------------------------------------|-------------|-----------------|-----------------------|
|                                      | <b>2022</b>                               | <b>2021</b> | <b>Increase</b> |                       |
|                                      | <b>(in thousands, except percentages)</b> |             |                 |                       |
| Income from equity method investment | \$ 155                                    | \$ —        | \$ 155          | n/a                   |
| Percentage of revenues               | 0.5 %                                     | — %         |                 |                       |

During the three months ended March 31, 2022, the Company recorded \$0.2 million of income related to its proportionate share of eFC's net income.

### *Interest Expense and Other*

|                            | <b>Three Months Ended March 31,</b>       |             |                 | <b>Percent Change</b> |
|----------------------------|-------------------------------------------|-------------|-----------------|-----------------------|
|                            | <b>2022</b>                               | <b>2021</b> | <b>Increase</b> |                       |
|                            | <b>(in thousands, except percentages)</b> |             |                 |                       |
| Interest expense and other | \$ 245                                    | \$ 195      | \$ 50           | 26 %                  |
| Percentage of revenues     | 0.7 %                                     | 0.7 %       |                 |                       |

Interest expense and other was approximately flat to the same period in 2021.

### *Gain on Investment*

|                        | <b>Three Months Ended March 31,</b>       |             |                 | <b>Percent Change</b> |
|------------------------|-------------------------------------------|-------------|-----------------|-----------------------|
|                        | <b>2022</b>                               | <b>2021</b> | <b>Decrease</b> |                       |
|                        | <b>(in thousands, except percentages)</b> |             |                 |                       |
| Gain on investment     | \$ —                                      | \$ 2,513    | \$ (2,513)      | (100)%                |
| Percentage of revenues | — %                                       | 9.4 %       |                 |                       |

During the three months ended March 31, 2021, the Company recognized a \$2.5 million unrealized gain on an equity security investment. The unrealized gain was related to a minority interest representing less than 1% of the common stock of a technology company that became publicly traded during the first quarter of 2021 after filing an initial public offering. See also Note 7 of the Notes to the condensed consolidated financial statements.

### Income Taxes

|                              | Three Months Ended March 31,       |          |
|------------------------------|------------------------------------|----------|
|                              | 2022                               | 2021     |
|                              | (in thousands, except percentages) |          |
| Income before income taxes   | \$ 538                             | \$ 2,134 |
| Income tax expense (benefit) | (763)                              | 122      |
| Effective tax rate           | (141.8)%                           | 5.7 %    |

Our effective tax rate for the three months ended March 31, 2022, differed from the U.S. statutory rate due to a \$0.8 million tax benefit from the vesting or settlement of share-based compensation awards. The tax rate for the three months ended March 31, 2021, differed from the statutory rate because of a \$0.5 million tax benefit from the release of a valuation allowance on our capital loss carryforward.

### Income from discontinued operations, net of tax

|                                                 | Three Months Ended March 31,       |        |          | Percent |
|-------------------------------------------------|------------------------------------|--------|----------|---------|
|                                                 | 2022                               | 2021   | Decrease | Change  |
|                                                 | (in thousands, except percentages) |        |          |         |
| Income from discontinued operations, net of tax | \$ —                               | \$ 659 | \$ (659) | (100)%  |
| Percentage of revenues                          | — %                                | 2.5 %  |          |         |

The Company transferred majority ownership of its eFC business on June 30, 2021 to eFC management and has recorded it as a discontinued operation. Income from discontinued operations for the three months ended March 31, 2021 represents eFC's earnings during the period.

### Earnings per Share

|                                                      | Three Months Ended March 31,             |           |
|------------------------------------------------------|------------------------------------------|-----------|
|                                                      | 2022                                     | 2021      |
|                                                      | (in thousands, except per share amounts) |           |
| Income from continuing operations                    | \$ 1,301                                 | \$ 2,012  |
| Income from discontinued operations, net of tax      | —                                        | 659       |
| Net income                                           | \$ 1,301                                 | \$ 2,671  |
| Weighted-average shares outstanding - diluted        | \$ 47,170                                | \$ 48,606 |
| Diluted earnings per share - continuing operations   | \$ 0.03                                  | \$ 0.04   |
| Diluted earnings per share - discontinued operations | \$ —                                     | \$ 0.01   |
| Diluted earnings per share                           | \$ 0.03                                  | \$ 0.05   |

Diluted earnings per share from continuing operations were \$0.03 and \$0.04 and diluted earnings per share were \$0.03 and \$0.05 for the three months ended March 31, 2022 and 2021, respectively. The decreases were driven by the unrealized gain on equity securities in 2021.

## Liquidity and Capital Resources

### *Non-GAAP Financial Measures*

We have provided certain non-GAAP financial measures as additional information for our operating results. These measures are not in accordance with, or an alternative for, measures in accordance with U.S. GAAP and may be different from similarly titled non-GAAP measures reported by other companies. We believe the presentation of non-GAAP measures, such as Adjusted EBITDA and Adjusted EBITDA margin, provides useful information to management and investors regarding certain financial and business trends relating to our financial condition and results of operations.

### *Adjusted EBITDA and Adjusted EBITDA Margin*

Adjusted EBITDA and Adjusted EBITDA Margin are non-GAAP metrics used by management to measure operating performance. Management uses Adjusted EBITDA and Adjusted EBITDA Margin as performance measures for internal monitoring and planning, including preparation of annual budgets, analyzing investment decisions and evaluating profitability and performance comparisons between us and our competitors. The Company also uses these measures to calculate amounts of performance based compensation under the senior management incentive bonus program. Adjusted EBITDA represents net income plus (to the extent deducted in calculating such net income) interest expense, income tax expense, depreciation and amortization, non-cash stock-based compensation, losses resulting from certain dispositions outside the ordinary course of business including prior negative operating results of those divested businesses, certain write-offs in connection with indebtedness, impairment charges with respect to long-lived assets, expenses incurred in connection with an equity offering or any other offering of securities by the Company, extraordinary or non-recurring non-cash expenses or losses, losses from equity method investments, transaction costs in connection with the credit agreement, deferred revenues written off in connection with acquisition purchase accounting adjustments, write-off of non-cash stock-based compensation expense, severance and retention costs related to dispositions and reorganizations of the Company, and losses related to legal claims and fees that are unusual in nature or infrequent, minus (to the extent included in calculating such net income) non-cash income or gains, including income from equity method investments, interest income, business interruption insurance proceeds, and any income or gain resulting from certain dispositions outside the ordinary course of business, including prior positive operating results of those divested businesses, and gains related to legal claims that are unusual in nature or infrequent.

Adjusted EBITDA Margin is computed as Adjusted EBITDA divided by Revenues.

We also consider Adjusted EBITDA and Adjusted EBITDA Margin, as defined, to be important indicators to investors because they provide information related to our ability to provide cash flows to meet future debt service, capital expenditures, working capital requirements, and to fund future growth. We present Adjusted EBITDA and Adjusted EBITDA Margin as supplemental performance measures because we believe that these measures provide our Board, management and investors with additional information to measure our performance, provide comparisons from period to period by excluding potential differences caused by variations in capital structures (affecting interest expense) and tax positions (such as the impact on periods or companies of changes in effective tax rates or net operating losses), and to estimate our value.

We understand that although Adjusted EBITDA and Adjusted EBITDA Margin are frequently used by securities analysts, lenders and others in their evaluation of companies, Adjusted EBITDA and Adjusted EBITDA Margin have limitations as analytical tools, and you should not consider them in isolation, or as a substitute for analysis of our liquidity or results as reported under GAAP. Some limitations are:

- Adjusted EBITDA and Adjusted EBITDA Margin do not reflect our cash expenditures, or future requirements for capital expenditures or contractual commitments;
- Adjusted EBITDA and Adjusted EBITDA Margin do not reflect changes in, or cash requirements for, our working capital needs;
- Adjusted EBITDA and Adjusted EBITDA Margin do not reflect interest expense, or the cash requirements necessary to service interest or principal payments on our debt;
- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized often will have to be replaced in the future, and Adjusted EBITDA and Adjusted EBITDA Margin do not reflect any cash requirements for such replacements; and
- Other companies in our industry may calculate Adjusted EBITDA and Adjusted EBITDA Margin differently than we do, limiting their usefulness as comparative measures.

To compensate for these limitations, management evaluates our liquidity by considering the economic effect of excluded expense items independently, as well as in connection with its analysis of cash flows from operations and through the use of other financial measures, such as capital expenditure budget variances, investment spending levels and return on capital analysis.

Adjusted EBITDA and Adjusted EBITDA Margin are not measurements of our financial performance under GAAP and should not be considered as an alternative to revenue, net income, net income margin, operating income, cash provided by operating activities, or any other performance measures derived in accordance with GAAP as a measure of our profitability or liquidity.

A reconciliation of Adjusted EBITDA for the three months ended March 31, 2022 and 2021 follows (in thousands):

|                                                                            | Three Months Ended March 31, |                 |
|----------------------------------------------------------------------------|------------------------------|-----------------|
|                                                                            | Dollars                      |                 |
|                                                                            | 2022                         | 2021            |
| Reconciliation of Net Income to Adjusted EBITDA:                           |                              |                 |
| <b>Net income</b>                                                          | <b>\$ 1,301</b>              | <b>\$ 2,671</b> |
| Interest expense                                                           | 245                          | 188             |
| Income tax expense (benefit)                                               | (763)                        | 122             |
| Depreciation                                                               | 3,958                        | 3,631           |
| Non-cash stock-based compensation                                          | 2,235                        | 1,604           |
| Income from equity method investment                                       | (155)                        | —               |
| Gain on investment                                                         | —                            | (2,513)         |
| Severance and related costs                                                | 109                          | 562             |
| Income from discontinued operations, net of tax                            | —                            | (659)           |
| Other                                                                      | —                            | 5               |
| Adjusted EBITDA                                                            | <u>\$ 6,930</u>              | <u>\$ 5,611</u> |
| Reconciliation of cash provided by operating activities to Adjusted EBITDA |                              |                 |
| <b>Net cash provided by operating activities</b>                           | <b>\$ 9,218</b>              | <b>\$ 6,424</b> |
| Interest expense                                                           | 245                          | 188             |
| Amortization of deferred financing costs                                   | (37)                         | (37)            |
| Income tax expense (benefit)                                               | (763)                        | 122             |
| Deferred income taxes                                                      | 1,823                        | 304             |
| Change in accrual for unrecognized tax benefits                            | (93)                         | (59)            |
| Change in accounts receivable                                              | 3,820                        | 3,345           |
| Change in deferred revenue                                                 | (10,640)                     | (9,351)         |
| Discontinued operations results                                            | —                            | (1,656)         |
| Severance and related costs                                                | 109                          | 562             |
| Changes in working capital and other                                       | 3,248                        | 5,769           |
| Adjusted EBITDA                                                            | <u>\$ 6,930</u>              | <u>\$ 5,611</u> |

Net Income Margin and Adjusted EBITDA Margin for the three months ended March 31, 2022 and 2021 follows (in thousands):

|                                        | Three Months Ended March 31, |                  |
|----------------------------------------|------------------------------|------------------|
|                                        | 2022                         | 2021             |
| <b>Revenues</b>                        | <b>\$ 34,334</b>             | <b>\$ 26,676</b> |
| <b>Net Income</b>                      | <b>\$ 1,301</b>              | <b>\$ 2,671</b>  |
| <b>Net Income Margin<sup>(1)</sup></b> | <b>4 %</b>                   | <b>10 %</b>      |
| Adjusted EBITDA                        | \$ 6,930                     | \$ 5,611         |
| Adjusted EBITDA Margin <sup>(1)</sup>  | 20 %                         | 21 %             |

(1) Net income margin and Adjusted EBITDA margin are calculated by dividing the respective measure by that period's revenues.

### *Cash Flows*

We have summarized our cash flows for the three months ended March 31, 2022 and 2021 (in thousands).

|                                   | <b>Three Months Ended March 31,</b> |             |
|-----------------------------------|-------------------------------------|-------------|
|                                   | <b>2022</b>                         | <b>2021</b> |
| Cash from operating activities    | \$ 9,218                            | \$ 6,424    |
| Cash used in investing activities | \$ (4,091)                          | \$ (3,703)  |
| Cash used in financing activities | \$ (1,701)                          | \$ (3,012)  |

We have financed our operations primarily through cash provided by operating activities and borrowings under our revolving credit facility. At March 31, 2022, we had cash of \$5.0 million compared to \$1.5 million at December 31, 2021.

### *Liquidity*

Our principal internal sources of liquidity are cash and cash equivalents, as well as the cash flow that we generate from our operations. In addition, we had \$57.0 million in borrowing capacity under our \$90.0 million Credit Agreement at March 31, 2022, subject to certain availability limits including our consolidated leverage ratio, which generally limits borrowings to 2.5 times annual adjusted EBITDA levels, as defined in the Credit Agreement. We believe that our existing cash and cash equivalents, cash generated from our continuing operations and available borrowings under our Credit Agreement will be sufficient to satisfy our currently anticipated cash requirements through at least the next 12 months and the foreseeable future thereafter. However, it is possible that one or more lenders under the Credit Agreement may refuse or be unable to satisfy their commitment to lend to us, we may violate one or more of our covenants or financial ratios contained in our Credit Agreement or we may need to refinance our debt and be unable to do so. In addition, our liquidity could be negatively affected by a decrease in demand for our products and services and the ability of our customers to pay for current or future services. We may also make acquisitions and may need to raise additional capital through future debt financings or equity offerings to the extent necessary to fund such acquisitions, which we may not be able to do on a timely basis or on terms satisfactory to us or at all.

### *Operating Activities*

Net cash flows from operating activities primarily consist of net income adjusted for certain non-cash items, including depreciation, amortization, changes in deferred tax assets and liabilities, stock-based compensation, impairments, gain on investments, loss from sale of business, loss on disposition of discontinued operations, and the effect of changes in working capital. Net cash flows from operating activities were \$9.2 million and \$6.4 million for the three-month periods ended March 31, 2022 and 2021, respectively. Cash inflow from operations is driven by earnings and is dependent on the amount and timing of payments to vendors and employees and billings to and cash collections from our customers. Cash provided by operating activities during the 2022 period increased \$2.8 million compared to the same period of 2021 primarily due to strong billings to and collections from customers.

### *Investing Activities*

Cash used in investing activities during the three-month period ended March 31, 2022 was \$4.1 million compared to \$3.7 million used in the same period of 2021. Cash used in investing activities in the three-month period ended March 31, 2022 increased from the comparable 2021 period due to higher internal development costs, primarily driven by higher product development headcount.

### *Financing Activities*

Cash used in financing activities during the three-month period ended March 31, 2022 was \$1.7 million and was driven by \$10.0 million of net proceeds on long-term debt and \$11.7 million related to share repurchases. Cash used in financing activities during the three-month period ended March 31, 2021 was \$3.0 million and was driven by share repurchases.

## **Financing and Capital Requirements**

### *Credit Agreement*

We have a \$90 million revolving credit facility, which matures November 2023, with \$33.0 million of borrowings on the facility at March 31, 2022, leaving \$57.0 million available for future borrowings. Borrowings under the Credit Agreement bear interest, payable at least quarterly, at the Company's option, at a London Interbank Offered Rate ("LIBOR") rate or a base rate, plus a margin. Assuming an interest rate of 2.25% (the rate in effect on March 31, 2022) on our current borrowings, interest payments are expected to be \$0.6 and \$0.8 million in 2022 and 2023, respectively. The Credit Agreement contains various customary affirmative and negative covenants and also contains certain financial covenants, including a consolidated leverage ratio and a consolidated interest coverage ratio. As of March 31, 2022, the Company was in compliance with all of the financial covenants under the Credit Agreement. Refer to Note 10 in the notes to the condensed consolidated financial statements and Item 3. "Quantitative and Qualitative Disclosures about Market Risk - Interest Rate Risk."

### *Contractual Obligations*

The Company has operating leases for corporate office space and certain equipment. The leases have terms from one year to eight years, some of which include options to renew the lease, and are included in the lease term when it is reasonably certain that the Company will exercise the option. No leases include options to purchase the leased property. As of March 31, 2022, the value of our obligations under operating leases was \$6.4 million. See note 6 to the condensed consolidated financial statements for further information.

We make commitments to purchase advertising from online vendors, which we pay for on a monthly basis. We have no significant long-term obligations to purchase a fixed or minimum amount with these vendors.

### *Other Capital Requirements*

As of March 31, 2022, we recorded approximately \$0.9 million of unrecognized tax benefits as liabilities, and we are uncertain if or when such amounts may be settled. Related to the unrecognized tax benefits considered permanent differences, we have also recorded a liability for potential penalties and interest. Included in the balance of unrecognized tax benefits at March 31, 2022 are \$0.9 million of tax benefits that would affect the effective tax rate if recognized. The Company believes it is reasonably possible that as much as \$0.2 million of its unrecognized tax benefits may be recognized in the next 12 months.

The Company's Board of Directors previously approved a stock repurchase program that permits the Company to repurchase its common stock. As of March 31, 2022, the value of shares available to be purchased under the current plan was \$13.1 million. Management has discretion in determining the conditions under which shares may be purchased from time to time. See note 12 of the notes to the condensed consolidated financial statements for further information.

We anticipate capital expenditures in 2022 to be approximately \$20 million. The increase over prior periods is due to the additional investments in the development of new products and features. We intend to use operating cash flows to fund capital expenditures.

## **Impact of COVID-19 on our Business**

The spread of the coronavirus disease ("COVID-19") caused an economic downturn on a global scale, as well as significant volatility in the financial markets. In March 2020, the World Health Organization declared the spread of the COVID-19 virus a pandemic. COVID-19 slowed recruitment activity for our businesses during 2020 as employers slowed hiring, which reduced our revenues and operating cash flows during 2020 and into the beginning of 2021. The pandemic may impact our financial performance in the coming months, but, based on information currently available, we are not anticipating a significant long-term impact on our business and operations, results of operations, financial condition, cash flows, liquidity and capital and financial resources. However, the situation is uncertain and rapidly changing. The Company cannot at this time predict the ultimate impact that the COVID-19 pandemic will have on its financial condition and operations. In an effort to protect the health and safety of our employees, we have taken action to adopt certain policies at our office locations, including working from home and the temporary closure of our locations when necessary. We may have to take further actions that we determine are in the best interests of our employees or as required by health organizations, federal, state, or local authorities.

The impact of the COVID-19 pandemic continues to unfold. The extent of the pandemic's effect on our operational and financial performance will depend in large part on future developments, which cannot be predicted with confidence at this time. Future developments include the duration, scope and severity of the pandemic, the actions taken to contain or mitigate its impact, the impact on governmental programs and budgets, the further development of additional treatments or vaccines, and the resumption of widespread economic activity. While the pandemic may impact our financial performance in the coming months, due to the inherent uncertainty of the unprecedented and rapidly evolving situation, we may not be able to predict the likely impact of the COVID-19 pandemic on our future operations.

### **Cyclicality**

The labor market and certain of the industries that we serve have historically experienced short-term cyclicality. However, we believe that online career websites continue to provide economic and strategic value to the labor market and industries that we serve.

Any slowdown in recruitment activity that occurs could negatively impact our revenues and results of operations. For instance, the COVID-19 pandemic resulted in a slowdown of recruiting activity in 2020, which negatively impacted our business. Alternatively, a decrease in the unemployment rate or a labor shortage, including as a result of an increase in job turnover, generally means that employers (including our customers) are seeking to hire more individuals, which would generally lead to more job postings and database licenses and have a positive impact on our revenues and results of operations. Based on historical trends, improvements in labor markets and the need for our services generally lag behind overall economic improvements. Additionally, there has historically been a lag from the time customers begin to increase purchases of our recruitment services and the impact to our revenues due to the recognition of revenue occurring over the length of the contract, which can be several months to over a year.

From time to time, we see market slowdowns, which can lead to lower demand for recruiting technologists and financial and security cleared professionals. In 2020 and early in 2021, the COVID-19 pandemic led to a reduction in recruitment activity. If recruitment activity slows in the industries in which we operate during the remainder of 2021 and beyond, our revenues and results of operations may be negatively impacted.

### **Item 3. Quantitative and Qualitative Disclosures about Market Risk**

We have exposure to financial market risks, including changes in foreign currency exchange rates, interest rates, and other relevant market prices.

#### **Foreign Exchange Risk**

Prior to June 30, 2021, we conducted business serving multiple markets, in four languages, mainly across Europe, Asia, Australia, and North America using the eFinancialCareers ("eFC") name. Subsequent to June 30, 2021, our operations are conducted within the United States. As a result, our current operations are not subject to foreign exchange risk.

The Company's investment in eFC, as described in note 7 to the condensed consolidated financial statements, which is recorded under the equity method of accounting, subjects the Company to foreign exchange risk because the functional currency of eFC is the British Pound Sterling. Accordingly, the Company must translate its share of eFC's net income into United States dollars. The Company's share of eFC's net income is not expected to be significant.

#### **Interest Rate Risk**

We have interest rate risk primarily related to borrowings under our Credit Agreement. Borrowings under our Credit Agreement bear interest, at our option, at a LIBOR rate or base rate plus a margin. The margin ranges from 1.75% to 2.50% on the LIBOR loans and 0.75% to 1.50% on the base rate, as determined by our most recent consolidated leverage ratio. As of March 31, 2022, we had outstanding borrowings of \$33.0 million under our Credit Agreement. If interest rates increased 1.0%, interest expense in 2022 on our current borrowings would increase by approximately \$0.2 million.

LIBOR is the subject of recent proposals for reform. On July 27, 2017, the United Kingdom's Financial Conduct Authority announced that it intends to stop persuading or compelling banks to submit LIBOR rates after 2021. These reforms will cause LIBOR to cease to exist and will cause the establishment of an alternative reference rate(s). The U.S. Federal Reserve, in conjunction with the Alternative Reference Rates Committee, is considering replacing U.S. dollar LIBOR with a newly created

index, calculated based on repurchase agreements backed by treasury securities. The Company intends to continue monitoring the developments with respect to the planned phasing out of the USD LIBOR tenors used by the Company, which is currently planned for June 30, 2023. The Company is working with its lenders to ensure any transition away from LIBOR will have minimal impact on its financial condition, but can provide no assurances regarding the impact of the discontinuation of LIBOR.

#### **Item 4. Controls and Procedures**

##### **Evaluation of Disclosure Controls and Procedures**

We have established a system of controls and procedures designed to ensure that information required to be disclosed in our periodic reports filed under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), is recorded, processed, summarized and reported within the time periods specified by the Exchange Act and in the rules and forms of the SEC. These disclosure controls and procedures have been evaluated under the direction of our Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”) as of March 31, 2022. Based on such evaluations, our CEO and CFO have concluded that the disclosure controls and procedures are effective to provide reasonable assurance that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified by the SEC, and that such information is accumulated and communicated to management, including the CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

##### **Changes in Internal Controls**

No change in our internal control over financial reporting (as defined in Rules 13a-15(f) under the Exchange Act) occurred during the quarter ended March 31, 2022 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## PART II

### Item 1. Legal Proceedings

From time to time we may be involved in disputes or litigation relating to claims arising out of our operations. Except as noted in Part 1, Item 1 of this form 10-Q, we are currently not a party to any material pending legal proceedings.

### Item 1A. Risk Factors

We have disclosed under the heading “Risk Factors” in our Annual Report on Form 10-K the risk factors which materially affect our business, financial condition or results of operations. As of May 4, 2022, there have been no material changes from the risk factors previously disclosed. You should carefully consider the risk factors set forth in the Annual Report on Form 10-K and the other information set forth elsewhere in this Quarterly Report on Form 10-Q. You should be aware that these risk factors and other information may not describe every risk facing our Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

#### Repurchases of Equity Securities

**Stock Repurchase Plans**—Our Board approved a stock repurchase program that permits the Company to repurchase our common stock. Management has discretion in determining the conditions under which shares may be purchased from time to time. The following table summarizes the stock repurchase plans approved by the Board:

|                                              | May 2020 to<br>May 2021 <sup>(1)</sup> | Feb 2021 to<br>Jun 2022 <sup>(2)</sup> | Feb 2022 to<br>Feb 2023 <sup>(3)</sup> |
|----------------------------------------------|----------------------------------------|----------------------------------------|----------------------------------------|
| Approval Date                                | May 2020                               | February 2021                          | February 2022                          |
| Authorized Repurchase Amount of Common Stock | \$5 million                            | \$20 million                           | \$15 million                           |

(1) During the first quarter of 2021, the Company completed its purchases under the plan, which consisted of 2.2 million shares for \$5.0 million, effectively ending the plan prior to its original expiration date.

(2) During the second quarter of 2021, the Company amended its \$8 million stock repurchase program approved in February 2021 and allowed for the purchase of an additional \$12.0 million of our common stock through June 2022, bringing total authorized purchases under the plan to \$20.0 million. During the first quarter of 2022, the Company completed its purchases under the plan, which consisted of approximately 4.4 million shares for \$20 million, effectively ending the plan prior to its original expiration date.

(3) On February 15, 2022, the Company announced that its Board of Directors approved a new stock repurchase program that permits the purchase of up to \$15 million of the Company's common stock through February 2023.

During the quarter ended March 31, 2022, purchases of the Company's common stock were as follows:

| Period                               | (a) Total Number<br>of Shares<br>Purchased <sup>(1)</sup> | (b) Average<br>Price Paid per<br>Share <sup>(2)</sup> | (c) Total Number of<br>Shares Purchased as<br>Part of Publicly<br>Announced Plans or<br>Programs <sup>(3)</sup> | (d) Approximate<br>Dollar Value of<br>Shares that May Yet<br>Be Purchased Under<br>the Plans or Programs |
|--------------------------------------|-----------------------------------------------------------|-------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|
| January 1 through January 31, 2022   | 943,036                                                   | \$ 5.69                                               | 742,286                                                                                                         | \$ 1,504,702                                                                                             |
| February 1 through February 28, 2022 | 543,371                                                   | \$ 5.73                                               | 327,407                                                                                                         | \$ 14,499,672                                                                                            |
| March 1 through March 31, 2022       | 232,533                                                   | \$ 5.84                                               | 232,533                                                                                                         | \$ 13,142,226                                                                                            |
| Total                                | 1,718,940                                                 | \$ 5.72                                               | 1,302,226                                                                                                       |                                                                                                          |

(1) Total number of shares purchased includes shares purchased under our stock repurchase plan described above and shares purchased pursuant to the 2012 Omnibus Equity Award Plan related to shares withheld to satisfy employee income tax obligations upon the vesting of restricted stock awards.

(2) Average price paid per share includes costs associated with the repurchases.

(3) Total number of shares purchased as part of publicly announced plans or programs includes shares purchased under our stock repurchase plan described above.

**Item 5. Other Information**

None.

| <b>Item 6.</b> | <b>Exhibits</b>                                                                                                                                                 |
|----------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 31.1*          | <a href="#"><u>Certifications of Art Zeile, Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u></a>                         |
| 31.2*          | <a href="#"><u>Certifications of Kevin Bostick, Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u></a>                     |
| 32.1**         | <a href="#"><u>Certifications of Art Zeile, Chief Executive Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u></a>                         |
| 32.2**         | <a href="#"><u>Certifications of Kevin Bostick, Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u></a>                     |
| 101.INS        | XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document. |
| 101.SCH        | XBRL Taxonomy Extension Schema Document.                                                                                                                        |
| 101.CAL        | XBRL Taxonomy Extension Calculation Linkbase Document.                                                                                                          |
| 101.DEF        | XBRL Taxonomy Extension Definition Linkbase Document.                                                                                                           |
| 101.LAB        | XBRL Taxonomy Extension Label Linkbase Document.                                                                                                                |
| 101.PRE        | XBRL Taxonomy Extension Presentation Linkbase Document.                                                                                                         |
| 104            | Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)                                                                        |

  

|    |                    |
|----|--------------------|
| *  | Filed herewith.    |
| ** | Furnished herewith |

## SIGNATURES

**Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.**

Date: May 4, 2022

DHI Group, Inc.  
Registrant

By: /S/ Art Zeile

Art Zeile  
President and Chief Executive Officer  
(Principal Executive Officer)

/S/ Kevin Bostick

Kevin Bostick  
Chief Financial Officer  
(Principal Financial Officer)