



## DHI Group, Inc. (DHX)

**Raise Target To \$8 (From \$7), Increase Revenue Projections Through 2023; DHX's 3Q:21 Results, 4Q:21 Guidance Reflect Robust Bookings Growth And Improving Underlying Business Trends**

	2020		2021E		2022E		2023E	
		OLD	NEW	OLD	NEW	OLD	NEW	
Mar.	\$0.03	\$0.05A		\$0.02		\$0.04		
June	0.02	0.00A		0.03		0.04	0.05	
Sep.	0.03	0.01	(0.01)A	0.04		0.05		
Dec.	<u>0.03</u>	<u>0.02</u>	<u>0.01</u>	<u>0.04</u>		<u>0.06</u>	<u>0.07</u>	
EPS	<b>\$0.10</b>	<b>\$0.08</b>	<b>\$0.05</b>	<b>\$0.14</b>		<b>\$0.19</b>	<b>\$0.22</b>	
P/E				<b>35.3x</b>			<b>22.5x</b>	
Adj. EBITDA (mil)	<b>\$22.6</b>		<b>\$25.8</b>	<b>\$29.0</b>			<b>\$35.1</b>	
EV / Adj. EBITDA			10.0x	8.9x			7.3x	

Note: NR = Not Rated. Risk Ratings: H = Highly risky; M = Moderately risky. 1Q:20 excludes \$0.15 one-time impairment and other charges. 3Q:20 excludes \$0.60 non-cash impairment and other charges. 2Q:21 excludes \$0.64 loss from discontinued operations. 3Q:21 excludes \$0.06 in non-recurring and non-cash items. 2020-2023E include \$0.11-\$0.12 each of stock-based compensation expense. \*FCF excludes the add-back of stock-based compensation expense. Sum of quarterly EPS may not equal full-year total due to rounding and/or changes in share count. DHX is in the Russell 2000 Index.

Year	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
Rev.(Mil.)*	\$262.6	\$259.8	\$227.0	\$208.0	\$161.6	\$149.4	\$111.2	\$118.5	\$134.5	\$148.4
GAAP EPS*	\$0.51	(\$0.21)	(\$0.11)	\$0.33	\$0.14	\$0.24	(\$0.62)	\$0.05	\$0.14	\$0.22

\* 2020-2021 revenue restated to exclude the contribution from eFinancialCareers which was spun-off at the end of 2Q:21. \*\*2015 and 2016 include \$0.68 and \$0.45, respectively, in one-time non-cash impairment charges and goodwill and intangible asset write-downs.

**Description:** DHI Group, Inc. (www.dhigroupinc.com) operates two U.S.-based recruitment platforms – Dice (~70% of revenue; www.dice.com) and ClearanceJobs (~30%; www.clearancejobs.com) – that provide data, insights and employment connections for technology professionals and government-cleared personnel. The majority of revenue (90%) comes from the sale of subscriptions to tailored recruitment packages that enable access to these software platforms. Headquarters are in Centennial, CO.

- **As previously highlighted, we found DHX's business on the precipice of a meaningful lift in revenue as demand for technologists and bookings trends exiting 2Q:21 supported robust growth expectations at both *Dice* and *ClearanceJobs* (CJ).**
- **This played out in 3Q:21, only at an accelerated pace. DHX posted year-to-year revenue growth of 13%, coming in 3% above our estimate. We were particularly encouraged by the 12% year-to-year jump at *Dice*, which is finally showing meaningful traction and also benefiting from DHX's sales and marketing initiatives.**
- **Other notable highlights in the earnings report included 46% and 29% year over year increases in bookings at *Dice* and *CJ*, respectively, 8% to 9% increases in recruitment package customers (RPCs) and a 48% year-to-year jump in backlog.**
- **However, we underestimated near-term operating expenses as the company is investing ahead of the strong growth it foresees. DHX posted an adjusted loss per share (excluding one-time items) of \$0.01, versus our \$0.01 EPS estimate.**
- **Guidance was upbeat. Given the bookings trends, DHX expects 4Q:21 year-to-year revenue growth to approach 20%. We raise our estimate accordingly, but trim our EPS estimate to \$0.01, from \$0.02, on higher sales/marketing cost assumptions.**
- **We also raise our 2022-2023 revenue forecasts to reflect sustained double-digit annual advances. Along with greater operating leverage we see emerging longer-term, we raise our 2023 EPS estimate to \$0.22, from \$0.19.**
- **We highlight positive free cash flow expectations of \$0.27 per share for 2021, \$0.31 for 2022 and \$0.33 for 2023. DHX ended 3Q:21 with a net debt position of \$14.5 million and we forecast a year-end 2023 *net cash* balance of \$12 million.**
- **We contend that DHX shares should garner a higher valuation, more on par with peers that have similar subscription-based models. Thus, if we apply an**

**NR**

Price Target: \$8

Price: \$4.94

Risk Rating: M

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### Key Statistics

Analysts Covering	2
Market Cap (Mil)	\$250
Enterprise Value	\$257
52-Week Range (NYSE)	5-2
5-Year EPS CAGR	25%
Avg. Daily Trading Volume	135,000
Shares Out (Mil)	50.240
Float Shares (Mil)	44.546
Insider Ownership	12%
Institutional Holdings	74%
Annualized Dividend	Nil
Dividend Yield	N/A
FCF Per Share (2023E)*	\$0.33
FCF Yield (2023E)	6.7%
Net Cash Per Share (2023E)	\$0.24
Price to Book Value	2.1x
Return on Equity (2023E)	8.5%
Total Debt to Capital	19%
Interest Coverage Ratio	5.6x
Short Interest %	0.3%
Short Interest Days To Cover	1.3
Russell 2000	2,390
Russell 2000 – Last 12 Months	42.4%
DHX – Last 12 Months	194.2%



DHI Group, Inc.

Source: FactSet Prices

unchanged 35x multiple to our new 2023 EPS estimate of \$0.22 (from \$0.19) it leads to our higher price target of \$8 (from \$7). The Moderately Risky rating reflects DHX's history of sustained profitability (absent one-time items) and the company's sound financial profile.

As expected, we saw accelerated revenue growth for DHX in the 3Q:21 earnings report, topping our estimate by 3%. Revenue came in at \$30.8 million in 3Q:21, a 13% year-to-year and 7% sequential increase; this was also more than 3% above our \$29.8 million estimate. The core *Dice* brand (72% of 3Q:21 revenue) is where we saw outsized improvement, relative to expectations. Unit revenue was up more than 12% from 3Q:20 and 8% from 2Q:21, driven by a robust and improving pipeline of bookings activity. *ClearanceJobs* (CJ; 28%) was again up in the mid-teens, on par with growth rates achieved in recent periods. Other highlights in the report included 46% and 29% year-over-year increases in bookings at *Dice* and *CJ*, respectively, a 40% overall jump in total bookings, 8% to 9% increases in recruitment package customers (RPCs) for each unit and a 48% year-to-year jump in backlog. Management again noted healthy/strengthening bookings trends and activity across all business teams (Dice Commercial Accounts, Staffing & Recruiting and CJ). The company still suggests that the biggest opportunity for overall revenue growth is within Dice Commercial Accounts, but also noted a large untapped opportunity in the Staffing & Recruiting market. Operating expenses for the quarter were elevated, relative to expectations. Much of this stemmed from higher-than-expected sales and marketing expense as the company is investing for current and prospective growth opportunities in the marketplace, notably for *Dice*. As a result, DHX posted an adjusted loss per share of \$0.01 (excludes non-recurring, one-time and non-cash items), which missed our \$0.01 EPS estimate.

Exhibit 1: DHI Group, Inc. Results Variance Table (\$ in '000s, except per share data)

	3Q:21 Actual	3Q:20 Actual*	3Q:21 Estimated	Variance (Act. Vs. Est.)	% change	Variance ('21 vs. '20)	% change
Revenue	\$ 30,758	\$ 27,149	\$ 29,750	\$1,008	3.4%	\$3,609	13.3%
Gross Profit	26,967	23,600	25,883	1,084	4.2%	\$3,367	14.3%
Adjusted EBITDA	6,360	5,949	6,030	330	5.5%	\$411	6.9%
Operating Income	(296)	2,129	684	(980)	NM	(\$2,425)	NM
Net Income	(515)	1,161	461	(976)	NM	(\$1,676)	NM
Adjusted Earnings Per Share	\$ (0.01)	\$ 0.03	\$ 0.01	(0.02)	NM	\$ (0.04)	NM

Sources: Company filings and Sidoti & Company, LLC estimates

**Citing strong bookings performance, management's 4Q:21 revenue guidance was above expectations; we raise our revenue outlook through 2023.** Management expects total revenue growth in 4Q:21 to approach 20% year over year. With this in mind, we raise our estimate to \$32.3 million (19.5% implied growth), from \$30.1 million. Our adjusted EBITDA margin projection of 20.8% is consistent with 3Q:21 and management's commentary "to operate the business to Adjusted EBITDA margins near 20% as we balance our delivery of strong financial performance with sales and marketing investment". Accordingly, given the elevated operating expenses of late, particularly with regard to sales and marketing initiatives, we trim our 4Q:21 EPS estimate to \$0.01, from \$0.02. For 2022, we raise our revenue forecast to \$134.5 million, from \$126.1 million, which reflects about 13% annual growth. We maintain our full-year EPS estimate of \$0.14, with higher sales and marketing assumptions offsetting the stronger revenue outlook. We also increase our 2023 revenue projection to \$148.4 million, from \$138.7 million. Envisioning greater operating leverage to emerge longer-term, this move increases our full-year EPS estimate to \$0.22, from \$0.19.

**DHX maintains a healthy financial profile, in our view.** The company ended 3Q:21 with cash of \$3.5 million, net debt of \$14.5 million and \$72 million on an existing credit facility (average interest rate of about 2%). Given our free cash flow forecasts of \$0.27 per share in 2021, \$0.31 in 2022 and \$0.33 in 2023, as well as the recently announced \$3 million investment in *The Muse*, a partnership with the intent to sell branding and values-based hiring solutions to employers, we expect the company to repay much of its debt, ending 2023 with total debt of \$2.5 million and a net cash balance of about \$12 million. We think capital allocation priorities will center on reducing debt and share buybacks. Of note, the company bought back 1.2 million shares in 4Q:20 at an average \$2.09 per share, 590,000 shares in 1Q:21 at an average \$2.62, 530,000 shares in 2Q:21 at an average \$3.30 and 1.8 million shares in 3Q:21 at an average \$3.72; \$11 million remains on the repurchase authorization.

<b>Valuation</b>	<b>We raise our price target to \$8 (from \$7) following the 3Q:21 earnings report.</b> We highlight the recent accelerated growth in the core <i>Dice</i> brand, including a rapidly growing backlog and strong bookings activity, as well as an underappreciated SaaS-based model that lends itself to a high degree of revenue visibility, in our view. Accordingly, we contend that DHX shares merit a premium multiple, between where the stock trades today and the roughly 11x EV/revenue that larger human capital management technology peers trade at. Thus, at an unchanged 35x our new 2023 EPS estimate of \$0.22 (from \$0.19), we derive an \$8 target (from \$7). This target is also 12x-13x our forward adjusted EBITDA estimate, more on par with peers. The Moderately Risky rating reflects DHX's history of sustained profitability and sound financial profile.		
<b>Key Risks</b>	U.S. recession	Global competition	A shift in the supply and demand balance of tech professionals

DHI GROUP, INC.

Table 1: DHI Group, Inc. Income Statement (\$ in thousands)

	2019	Mar*	Jun*	Sep*	Dec*	2020*	MarA*	JunA	SepA	DecE	2021E	MarE	JunE	SepE	DecE	2022E	2023E	
<b>Total Revenue*</b>	\$ 149,370	\$ 29,385	\$ 27,596	\$ 27,149	\$ 27,037	\$ 111,167	\$ 26,676	\$ 28,721	\$ 30,758	\$ 32,300	\$ 118,455	\$ 32,250	\$ 32,750	\$ 33,950	\$ 35,550	\$ 134,500	\$ 148,350	
Cost of Revenue	16,237	3,484	3,499	3,549	3,754	14,286	3,702	3,593	3,791	4,199	15,285	4,193	4,176	4,329	4,444	17,141	18,590	
<b>Gross Profit</b>	<b>133,133</b>	<b>25,901</b>	<b>24,097</b>	<b>23,600</b>	<b>23,283</b>	<b>96,881</b>	<b>22,974</b>	<b>25,128</b>	<b>26,967</b>	<b>28,101</b>	<b>103,170</b>	<b>28,058</b>	<b>28,574</b>	<b>29,621</b>	<b>31,106</b>	<b>117,360</b>	<b>129,760</b>	
<b>Operating Expenses:</b>																		
Product Development	17,216	3,741	3,401	3,697	4,048	14,887	3,602	3,510	4,056	4,118	15,286	3,838	3,865	3,904	4,195	15,801	17,350	
Sales and Marketing	55,909	11,548	9,564	9,065	9,516	39,693	9,771	10,151	11,292	11,693	42,907	11,352	11,463	11,713	12,051	46,579	51,121	
General and Administrative	31,003	7,215	6,904	6,319	6,186	26,624	6,154	6,939	7,556	7,477	28,126	6,934	7,041	7,265	7,714	28,955	30,508	
Depreciation	9,743	2,767	2,573	2,390	2,529	10,259	3,631	4,040	4,359	4,328	16,358	4,289	4,258	4,210	4,177	16,934	16,546	
Disposition Related and Other	1,700	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total Operating Expenses*</b>	<b>115,571</b>	<b>25,271</b>	<b>22,442</b>	<b>21,471</b>	<b>22,279</b>	<b>91,463</b>	<b>23,158</b>	<b>24,640</b>	<b>27,263</b>	<b>27,617</b>	<b>102,678</b>	<b>26,413</b>	<b>26,626</b>	<b>27,092</b>	<b>28,138</b>	<b>108,268</b>	<b>115,525</b>	
<b>Operating Income (EBIT)</b>	<b>17,025</b>	<b>630</b>	<b>1,655</b>	<b>2,129</b>	<b>1,004</b>	<b>5,418</b>	<b>(184)</b>	<b>488</b>	<b>(296)</b>	<b>484</b>	<b>492</b>	<b>1,645</b>	<b>1,949</b>	<b>2,529</b>	<b>2,968</b>	<b>9,091</b>	<b>14,235</b>	
Interest Income (Expense) and Other, net	(701)	(183)	(161)	(274)	(209)	(827)	2,320	(761)	(791)	(70)	698	(60)	(50)	(50)	(50)	(210)	(180)	
<b>Income Before Income Taxes</b>	<b>16,324</b>	<b>447</b>	<b>1,494</b>	<b>1,855</b>	<b>795</b>	<b>4,591</b>	<b>2,136</b>	<b>(273)</b>	<b>(1,087)</b>	<b>414</b>	<b>1,191</b>	<b>1,585</b>	<b>1,899</b>	<b>2,479</b>	<b>2,918</b>	<b>8,881</b>	<b>14,055</b>	
Income Tax (Benefit)	3,773	365	332	694	(434)	957	124	(61)	(572)	104	(405)	396	475	620	730	2,220	3,514	
<b>Net Income (Loss) from Continuing Operations</b>	<b>12,551</b>	<b>82</b>	<b>1,162</b>	<b>1,161</b>	<b>1,229</b>	<b>3,634</b>	<b>2,012</b>	<b>(212)</b>	<b>(515)</b>	<b>311</b>	<b>1,596</b>	<b>1,189</b>	<b>1,424</b>	<b>1,859</b>	<b>2,189</b>	<b>6,661</b>	<b>10,541</b>	
<b>Diluted EPS - Continuing Operations</b>	<b>\$ 0.24</b>	<b>\$ 0.03</b>	<b>\$ 0.02</b>	<b>\$ 0.03</b>	<b>\$ 0.03</b>	<b>\$ 0.10</b>	<b>\$ 0.05</b>	<b>\$ 0.00</b>	<b>\$ (0.01)</b>	<b>\$ 0.01</b>	<b>\$ 0.05</b>	<b>\$ 0.02</b>	<b>\$ 0.03</b>	<b>\$ 0.04</b>	<b>\$ 0.04</b>	<b>\$ 0.14</b>	<b>\$ 0.22</b>	
Avg. Diluted Shares O/S	51,633	49,134	49,691	47,955	48,981	48,278	48,606	47,227	45,807	49,000	47,660	49,000	49,000	49,000	49,000	49,000	49,000	
<b>Adjusted EBITDA*</b>	<b>\$34,859</b>	<b>\$5,555</b>	<b>\$6,115</b>	<b>\$5,949</b>	<b>\$5,016</b>	<b>\$22,635</b>	<b>\$5,611</b>	<b>\$7,114</b>	<b>\$6,360</b>	<b>\$6,713</b>	<b>\$25,798</b>	<b>\$6,584</b>	<b>\$6,706</b>	<b>\$7,639</b>	<b>\$8,046</b>	<b>\$28,975</b>	<b>\$35,111</b>	
<b>Margin Analysis:</b>																		
Gross Margin	89.1%	88.1%	87.3%	86.9%	86.1%	87.1%	86.1%	87.5%	87.7%	87.0%	87.1%	87.0%	87.3%	87.3%	87.5%	87.3%	87.5%	
Operating Margin	11.4%	2.1%	6.0%	7.8%	3.7%	4.9%	-0.7%	1.7%	-1.0%	1.5%	0.4%	5.1%	6.0%	7.5%	8.4%	6.8%	9.6%	
Adjusted EBITDA Margin	23.3%	18.9%	22.2%	21.9%	18.6%	20.4%	NM	24.8%	20.7%	20.8%	21.8%	20.4%	20.5%	22.5%	22.6%	21.5%	23.7%	
Effective Tax Rate	23.1%	81.7%	22.2%	25.0%	NM	7.0%	5.8%	NM	NM	25.0%	-34.1%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	
Net Margin	8.4%	0.3%	4.2%	4.3%	4.5%	3.3%	7.5%	-0.7%	-1.7%	1.0%	1.3%	3.7%	4.3%	5.5%	6.2%	5.0%	7.1%	
<b>Year-over-year comparisons:</b>																		
Total Revenue Growth	-7.6%	-20.8%	-26.1%	-27.0%	-28.3%	-25.6%	-9.2%	4.1%	13.3%	19.5%	6.6%	20.9%	14.0%	10.4%	10.1%	13.5%	10.3%	
Gross Profit Growth	-7.0%	-22.2%	-27.9%	-28.3%	-30.4%	-27.2%	-11.3%	4.3%	14.3%	20.7%	6.5%	22.1%	13.7%	9.8%	10.7%	13.8%	10.6%	
Operating Income Growth	45.6%	-82.5%	-56.0%	-59.6%	-77.2%	-68.2%	NM	-70.5%	NM	-51.7%	-90.9%	NM	NM	NM	NM	NM	56.6%	
Net Income Growth	75.0%	-94.8%	-62.0%	-73.5%	-65.1%	-71.0%	NM	NM	NM	-74.7%	-56.1%	-40.9%	NM	NM	NM	NM	58.3%	
Diluted EPS	68.1%	-4.9%	-60.4%	-70.0%	-63.0%	-58.9%	66.7%	-80.8%	NM	-74.7%	-50.4%	-51.5%	NM	NM	NM	NM	58.3%	

\*Revenue, Opex, Adj. EBITDA for 2020-1Q:21 restated to exclude eFC. 1Q:20 and 3Q:20 EPS are adjusted for \$0.15 and \$0.60, respectively, of non-cash items

Sources: Sidoti & Company, LLC estimates; Company reports

DHI GROUP, INC.

Table 2: DHI Group, Inc. Statement of Cash Flow (\$ in thousands)

	2019	Mar	Jun	Sep	2020	MarA	JunA	SepA	2021E	2022E	2023E
<b>Cash Flows From Operating Activities</b>											
Net Income	\$ 12,551	\$ (6,550)	\$ 1,862	\$ (27,322)	\$ (30,015)	\$ 2,671	\$ (30,211)	\$ (2,434)	\$ (28,615)	\$ 6,661	\$ 10,541
Depreciation	9,743	3,253	3,019	2,807	12,019	4,096	4,349	4,359	16,358	16,934	16,546
Deferred Income Taxes	2,493	(1,262)	458	(1,416)	(2,918)	(304)	(647)	241	87	1,169	1,070
Amortization of Deferred Financing Costs	147	37	37	36	147	37	37	36	147	147	147
Stock Based Compensation	5,704	1,796	1,615	1,525	6,327	1,758	2,302	2,154	7,996	6,000	6,000
Impairment of Fixed and Intangible Assets		9,202		8,000	15,200			1,919	1,919		
Impairment of Goodwill				23,626	23,626						
Imp. of Equity Investment/Unrealized Gain					2,002	(2,513)	674	641	(1,198)		
Change in Accrual for Unrecog. Tax Benefits	107	(81)	63	80	(446)	59	23	(28)	59	0	0
(Gain) Loss on Sale of Businesses, net	537		(200)		(200)		30,203		30,203	0	0
Gross Cash Flow	31,282	6,395	6,854	7,336	25,742	5,804	6,730	6,888	28,875	30,910	34,304
<b>Operating Sources (Uses):</b>											
Accounts Receivable	1,694	(2,111)	4,876	1,532	859	(3,345)	6,901	(1,540)	(3,246)	(2,839)	(2,741)
Prepaid Expenses and Other Assets	(904)	42	313	(606)	(1,405)	629	(1,002)	(787)	(421)	(277)	(466)
Capitalized Contract Costs	453	859	121	(26)	(175)	(794)	240	(334)	(1,886)	(457)	(243)
Accounts Payable and Accrued Expenses	(5,621)	(6,768)	2,526	1,347	139	(6,270)	1,763	3,124	4,880	3,453	2,294
Income Taxes Receivable/Payable	(338)	154	101	(381)	480	1,127	486	(1,171)	0	0	0
Deferred Revenue	(4,583)	4,382	(8,423)	(5,458)	(8,193)	9,351	(2,233)	214	8,023	6,165	4,830
Other, net	940	(20)	719	680	1,236	(78)	(11)	(69)	(158)		
Total Changes in Working Capital	(8,359)	(3,462)	233	(2,912)	(7,059)	620	6,144	(563)	7,192	6,045	3,674
<b>Operating Cash Flow</b>	<b>22,923</b>	<b>2,933</b>	<b>7,087</b>	<b>4,424</b>	<b>18,683</b>	<b>6,424</b>	<b>12,874</b>	<b>6,325</b>	<b>36,066</b>	<b>36,956</b>	<b>37,978</b>
CAPEX	(14,188)	(4,288)	(4,117)	(4,131)	(16,104)	(3,703)	(3,119)	(3,885)	(15,000)	(16,000)	(16,000)
<b>Free Cash Flow</b>	<b>8,735</b>	<b>(1,355)</b>	<b>2,970</b>	<b>293</b>	<b>2,579</b>	<b>2,721</b>	<b>9,755</b>	<b>2,440</b>	<b>21,066</b>	<b>20,956</b>	<b>21,978</b>
Free Cash Flow (ex Stock-Based Comp)	3,031	(3,151)	1,355	(1,232)	(3,748)	963	7,453	286	13,070	14,956	15,978
<b>Cash Flows From Investing Activities</b>											
Cash Transferred/Received from Bus. Sale, net	2,683						(2,951)	0	(2,951)		
Minority Investment in The Muse								(3,000)	(3,000)		
Other			200		200			1,198	1,198		
<b>Cash Flows From Financing Activities</b>											
Payments on Long-Term Debt	(28,000)	(2,000)	(7,444)		(26,444)	(5,000)	(4,000)	0	(9,583)	(5,000)	(9,500)
Proceeds from Long-Term Debt	20,000	29,000	7,444		36,444	5,000		2,000	7,000		
Payments Under Stock Repurchase Plan	(2,519)	(1,643)	(3,433)	(854)	(8,294)	(1,669)	(1,775)	(6,755)	(12,500)	(10,000)	(6,000)
Proceeds from Stock Option Exercises											
Purchases of Treasury Stock Related to RSUs	(1,904)	(1,348)	(175)	(219)	(2,248)	(1,343)	(483)	(302)	(2,250)	(2,250)	(2,250)
Financing Costs Paid											
Total Cash Flows From Investing and Financing	(9,740)	24,009	(3,408)	(1,073)	(342)	(3,012)	(9,209)	(6,859)	(22,086)	(17,250)	(17,750)
<b>Beginning Cash and Equivalents</b>	<b>6,472</b>	<b>5,381</b>	<b>27,823</b>	<b>27,475</b>	<b>5,381</b>	<b>7,640</b>	<b>7,319</b>	<b>7,905</b>	<b>7,640</b>	<b>6,630</b>	<b>10,336</b>
Effects of Exchange Rates	(86)	(212)	90	110	22	(30)	40	0	10	0	0
<b>Change in Cash</b>	<b>(1,091)</b>	<b>22,442</b>	<b>(348)</b>	<b>(670)</b>	<b>2,259</b>	<b>(321)</b>	<b>586</b>	<b>(4,419)</b>	<b>(1,010)</b>	<b>3,706</b>	<b>4,228</b>
<b>Ending Cash and Equivalents</b>	<b>5,381</b>	<b>27,823</b>	<b>27,475</b>	<b>26,805</b>	<b>7,640</b>	<b>7,319</b>	<b>7,905</b>	<b>3,486</b>	<b>6,630</b>	<b>10,336</b>	<b>14,564</b>
<b>Per Share Data (Diluted Shares):</b>											
Gross Cash Flow	0.61	0.13	0.14	0.15	0.53	0.12	0.14	0.15	0.61	0.63	0.70
Operating Cash Flow	0.44	0.06	0.14	0.09	0.39	0.13	0.27	0.14	0.76	0.75	0.78
Free Cash Flow	0.17	(0.03)	0.06	0.01	0.05	0.06	0.21	0.05	0.44	0.43	0.45
Free Cash Flow (ex Stock-Based Comp)	0.06	(0.06)	0.03	(0.03)	(0.08)	0.02	0.16	0.01	0.27	0.31	0.33
Cash and Equivalents	0.10	0.57	0.55	0.56	0.16	0.15	0.17	0.08	0.14	0.21	0.30
Number of Shares (Diluted)	51,633	49,134	49,691	47,955	48,278	48,606	47,227	45,807	47,660	49,000	49,000

Sources: Sidoti & Company, LLC estimates; Company reports

DHI GROUP, INC.

Table 3: DHI Group, Inc. Balance Sheet (\$ in thousands)

	2019	Mar	Jun	Sep	2020	MarA	JunA	SepA	2021E	2022E	2023E
<b>Assets</b>											
Current Assets:											
Cash	\$ 5,381	\$ 27,823	\$ 27,475	\$ 26,805	\$ 4,542	\$ 7,319	\$ 7,905	\$ 3,486	\$ 6,630	\$ 10,336	\$ 14,564
Accounts Receivable, net	21,158	22,982	18,119	16,698	16,134	23,645	13,727	15,267	19,380	22,219	24,960
Income Taxes Receivable	2,353	2,072	2,132	2,495	533	595	174	-	-	-	-
Current Assets of Discon. Operations					8,175						
Prepaid and Other Current Assets	4,180	3,827	3,227	3,585	4,101	3,768	4,000	4,563	4,522	4,799	5,265
Total Current Assets	33,072	56,704	50,953	49,583	33,485	37,840	27,471	23,490	32,371	39,193	46,628
Fixed Assets, net	20,352	21,126	22,256	23,695	23,033	24,114	21,982	21,201	20,360	17,921	15,855
Acquired Intangible Assets, net	39,000	31,800	31,800	23,800	23,800	23,800	23,800	23,800	23,800	23,800	23,800
Capitalized Contract Costs	7,515	6,579	6,467	6,542	6,189	8,519	6,695	7,029	8,075	8,532	8,775
Goodwill	156,059	152,305	152,082	131,132	128,100	133,684	128,100	128,100	128,100	128,100	128,100
Operating Lease Right-of-Use Asset	19,712	18,383	17,592	17,003	10,804	15,600	9,771	7,333	7,000	6,000	5,000
Equity Investment							3,640	3,640	3,640	3,640	3,640
Investments, at Fair Value								3,000	3,000	3,000	3,000
Other Assets	2,604	824	1,115	1,381	1,378	1,750	1,542	1,590	1,500	1,500	1,500
<b>Total Assets</b>	<b>\$ 278,321</b>	<b>\$ 287,728</b>	<b>\$ 282,273</b>	<b>\$ 253,145</b>	<b>\$ 240,987</b>	<b>\$ 245,307</b>	<b>\$ 223,001</b>	<b>\$ 219,183</b>	<b>\$ 227,846</b>	<b>\$ 231,686</b>	<b>\$ 236,298</b>
<b>Liabilities</b>											
Current Liabilities:											
Accounts Payable and Accrued Expenses	\$ 18,908	\$ 11,857	\$ 14,426	\$ 15,928	\$ 15,308	\$ 13,007	\$ 13,325	\$ 16,142	\$ 20,188	\$ 23,641	\$ 25,935
Operating Lease Liabilities	3,643	3,417	3,244	3,324	2,075	3,411	2,246	2,102	2,250	2,250	2,250
Deferred Revenue	50,568	54,838	46,644	41,410	35,547	51,762	42,230	42,486	43,605	49,770	54,600
Income Taxes Payable	984	847	1,028	966	-	799	997	-	-	-	-
Total Current Liabilities	74,103	70,959	65,342	61,628	65,385	68,979	58,798	60,730	66,043	75,661	82,785
Long-Term Debt, net	9,435	36,472	36,509	36,546	19,583	19,619	15,656	17,693	17,000	12,000	2,500
Deferred Income Taxes	12,823	11,530	11,987	10,597	9,765	9,613	8,932	9,174	9,852	11,021	12,090
Deferred Revenue	1,058	691	525	508	1,035	1,038	958	917	1,000	1,000	1,000
Unrecognized Tax Benefits	1,787	1,706	1,769	1,849	941	1,414	1,024	995	1,000	1,000	1,000
Operating Lease Liabilities	16,664	15,546	14,959	14,305	9,371	12,889	8,191	7,591	7,000	7,000	7,000
Other Long-Term Liabilities	1,256	1,225	1,917	2,595	2,049	2,325	1,944	1,924	3,000	3,000	3,000
<b>Total Liabilities</b>	<b>117,126</b>	<b>138,129</b>	<b>133,008</b>	<b>128,028</b>	<b>113,417</b>	<b>115,877</b>	<b>95,503</b>	<b>99,024</b>	<b>104,894</b>	<b>110,681</b>	<b>109,375</b>
<b>Shareholders' Equity</b>											
Common Stock	696	710	712	714	714	735	733	733	735	750	765
Additional Paid-In Capital	227,227	229,023	230,638	232,163	233,554	235,312	237,614	237,500	238,167	241,698	245,229
Accumulated Other Comprehensive Loss	(29,248)	(33,113)	(33,318)	(30,599)	(28,519)	(28,222)	-	-	-	-	-
Accumulated Earnings	83,986	77,436	78,598	51,276	53,971	56,642	26,431	23,997	27,450	34,207	44,829
Treasury Stock	(121,466)	(124,457)	(128,065)	(129,137)	(132,150)	(135,037)	(137,280)	(142,071)	(143,400)	(155,650)	(163,900)
<b>Total Shareholders' Equity</b>	<b>161,195</b>	<b>149,599</b>	<b>148,565</b>	<b>124,417</b>	<b>127,570</b>	<b>129,430</b>	<b>127,498</b>	<b>120,159</b>	<b>122,952</b>	<b>121,005</b>	<b>126,923</b>
<b>Liabilities and Shareholders' Equity</b>	<b>\$ 278,321</b>	<b>\$ 287,728</b>	<b>\$ 281,573</b>	<b>\$ 252,445</b>	<b>\$ 240,987</b>	<b>\$ 245,307</b>	<b>\$ 223,001</b>	<b>\$ 219,183</b>	<b>\$ 227,846</b>	<b>\$ 231,686</b>	<b>\$ 236,298</b>
Selected Data:											
Working Capital	(41,031)	(14,255)	(14,389)	(12,045)	(31,900)	(31,139)	(31,327)	(37,240)	(33,671)	(36,468)	(36,157)
Current Ratio (times)	0.45	0.80	0.78	0.80	0.51	0.55	0.47	0.39	0.49	0.52	0.56
Pro-Forma ROA (average, ttm)	4.7%	3.9%	3.3%	2.3%	1.4%	2.1%	1.7%	1.1%	0.7%	2.9%	4.5%
Pro-Forma ROE (average, ttm)	8.2%	7.4%	6.1%	4.3%	2.5%	4.0%	3.0%	2.1%	1.3%	5.5%	8.5%
Total Debt-to-Total-Capital Ratio	16%	27%	27%	30%	20%	22%	17%	19%	18%	15%	8%
Net Cash (Debt) Per Share	(0.08)	(0.18)	(0.18)	(0.20)	(0.31)	(0.25)	(0.17)	(0.31)	(0.22)	(0.04)	0.24
BV per share	2.99	2.77	2.81	2.36	2.49	2.48	2.48	2.44	2.40	2.38	2.50
Tangible Book Value per share	0.10	(0.05)	(0.07)	(0.13)	(0.01)	(0.08)	(0.01)	(0.16)	(0.10)	(0.14)	(0.02)
DSO	51	70	59	55	47	72	53	55	52	53	53

Sources: Sidoti & Company, LLC estimates; Company reports

**Appendix**  
Required Disclosures

**Required Disclosures**

**DHI Group, Inc. (DHX-\$4.94) NR Price Target: \$8 Risk Rating: M**

Rating and Price Target History Table

Action	Date	Px	Rating	PT	Risk Rating
Initiation	4/29/19	2.9	NR	5	M
PT	11/25/20	2		5	
PT	1/19/21	2.4		5	
PT	2/5/21	2.5		5	
PT	4/5/21	3.4		5	
PT	5/6/21	3		5	
PT	5/20/21	3.2		5	
PT	6/24/21	3.1		5	
PT	7/2/21	3.4		5	
PT	8/6/21	3.8		6	
PT	8/23/21	3.8		6	
PT	9/10/21	4.3		7	
PT	10/18/21	4.9		7	



<b>Valuation</b>	We raise our price target to \$8 (from \$7) following the 3Q:21 earnings report. We highlight the recent accelerated growth in the core Dice brand, including a rapidly growing backlog and strong bookings activity, as well as an underappreciated SaaS-based model that lends itself to a high degree of revenue visibility, in our view. Accordingly, we contend that DHX shares merit a premium multiple, between where the stock trades today and the roughly 11x EV/revenue that larger human capital management technology peers trade at. Thus, at an unchanged 35x our new 2023 EPS estimate of \$0.22 (from \$0.19), we derive an \$8 target (from \$7). This target is also 12x-13x our forward adjusted EBITDA estimate, more on par with peers. The Moderately Risky rating reflects DHX's history of sustained profitability and sound financial profile.		
<b>Key Risks</b>	U.S. recession	Global competition	A shift in the supply and demand balance of tech professionals

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