



DHI Group, Inc. (DHX)

Expect 4Q:21 Revenue Growth Approached 20% Year-To-Year, Driven By Favorable Secular Trends, Positive Bookings Activity And Successful Sales And Marketing Initiatives; Maintain \$9 Price Target

	2020		2021E		2022E		2023E	
		OLD	NEW	OLD	NEW	OLD	NEW	
Mar.	\$0.03	\$0.00A		\$0.02	\$0.01	\$0.04		
June	0.02	0.02A		0.03	0.01	0.05		
Sep.	0.03	(0.01)A		0.04		0.05		
Dec.	<u>0.03</u>	<u>0.01</u>		<u>0.04</u>		<u>0.07</u>		
EPS	\$0.10	\$0.01		\$0.14	\$0.11	\$0.22		
P/E		NM			54.1x	27.0x		
Adj. EBITDA (mil)	\$22.6	\$25.8			\$29.0	\$34.8		
EV / Adj. EBITDA		11.8x			10.5x	8.7x		

Note: NR = Not Rated. Risk Ratings: H = Highly risky; M = Moderately risky. 1Q:20 excludes \$0.12 one-time impairment and other charges. 3Q:20 excludes \$0.60 non-cash impairment and other charges. 1H:21 excludes \$0.60 loss from discontinued operations and other one-time items. 3Q:21 excludes \$0.04 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)	\$0.01	\$0.11	\$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.

Release Date	Conference Call	Time (Eastern)	Contact	Co. Guidance	Consensus
Early February	N/A	N/A	N/A	4Q:21 yoy rev growth "approaching 20%"	\$0.01

- **DHX will present at the Sidoti Winter Small Cap Conference on January 19th at 1:45 pm Eastern. We expect commentary that supports our thesis that the business is at an inflection point, buoyed by several secular tailwinds we see. Investors can access the conference site to view the presentation and request 1x1s [here](#).**
- **The company logged year over year growth of 13% in 3Q:21, with Dice (72% of revenue) up 12% from 3Q:20; this reflected increased bookings activity, a growing base of recruitment package customers (RPCs) and a 48% rise in backlog.**
- **For 4Q:21, management guided for year-to-year revenue growth "approaching 20%". Given the secular tailwinds, recent bookings activity and renewal rates, we are confident that DHX hit this mark last quarter. Additionally, results appear to be benefitting from successful sales and marketing initiatives.**
- **We expect these strategic investments to continue through at least mid-2022, which will dampen margins, by our model. We, thus, expect EPS contracted to \$0.01 in 4Q:21, from \$0.03 a year prior. Anticipating elevated spending here through 1H:22, we trim our 2022 EPS outlook, reducing our full-year estimate to \$0.11, from \$0.14.**
- **We highlight positive free cash flow expectations of \$0.24 per share for 2021, \$0.28 for 2022 and \$0.33 for 2023. DHX ended 3Q:21 with a net debt position of \$14.5 million. However, we forecast a year-end 2023 net cash balance of \$10 million.**
- **Our \$9 price target is 40x our unchanged 2023 EPS estimate of \$0.22. This target also implies an EV-to-Adjusted EBITDA multiple in the mid- to high-teens on a trailing twelve month and forward estimate basis, better approximating where peers, that have similar subscription-based models, trade.**

NR

Price Target: \$9

Price: \$5.95

Risk Rating: M

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Key Statistics

Analysts Covering	4
Market Cap (Mil)	\$290
Enterprise Value	\$304
52-Week Range (NYSE)	7-2
5-Year EPS CAGR	25%
Avg. Daily Trading Volume	187,000
Shares Out (Mil)	49,542
Float Shares (Mil)	43,916
Insider Ownership	12%
Institutional Holdings	74%
Annualized Dividend	Nil
Dividend Yield	N/A
FCF Per Share (2023E)	\$0.33
FCF Yield (2023E)	5.5%
Net Cash Per Share (2023E)	\$0.19
Price to Book Value	2.5x
Return on Equity (2023E)	8.7%
Total Debt to Capital	19%
Interest Coverage Ratio	-2.0x
Short Interest %	1.1%
Short Interest Days To Cover	2.5
Russell 2000	2,194
Russell 2000 – Last 12	3.8%
DHX – Last 12 Months	163.3%



Source: FactSet Prices

- **The Moderately Risky rating reflects DHX's history of sustained profitability (absent one-time items), improving revenue trends and the company's sound financial profile.**

We remind investors that DHX's 3Q:21 results showcased a business in ramp mode. Revenue in 3Q:21 was up 13% year-to-year and 7% sequentially. *ClearanceJobs* (CJ; 28% of 3Q:21 revenue), an online marketplace that connects government-cleared technologists and professionals to U.S. government contractors and direct agencies, was again a strong performer, up in the mid-teens year-over-year in 3Q:21, which was on par with growth rates achieved in recent periods. The highlight in the 3Q:21 earnings report, in our view, was the rapid improvement seen within the core *Dice* brand (72% of 3Q:21 revenue); revenue was up more than 12% from 3Q:20 and up 8% sequentially, driven by a robust and improving pipeline of bookings activity. We remind investors that Dice revenue was *down* 2% annually in 2019 and another 11% in 2020 (during the height of the pandemic), suggesting that the business is now in the early innings of a strong recovery.

The company is presenting at the *Sidoti Winter Small Cap Conference* next week. Similar to the presentation at the *Sidoti December Virtual Investor Conference*, we expect upbeat commentary about DHX's market opportunity and the environment. Of note, we see favorable secular tailwinds behind technologist job growth. U.S. companies are digitizing their businesses and DHX is well positioned to help them procure the needed talent. Furthermore, the company's unique search algorithm allows recruiters to search their community based on very specific skills; this is proving to be a significant differentiator, in our view. The company also addressed its significant market opportunity. For example, Dice ended 3Q:21 with 5,770 subscription clients (up 9% year-over-year). The company sees 18,000 staffing and recruiting firms in the U.S. and has targeted over 80,000 commercial accounts that are mid- to large enterprises with their own internal recruiting teams. At CJ, there were 1,816 subscription clients in 3Q:21, up 8% from 3Q:20. Management believes that there are over 12,000 government contractors in the marketplace. The biggest white space opportunity for the company, however, is engaging directly with government agencies, of which there are over 100, according to the company; as of today, only 1% of CJ revenue comes from these types of relationships but the pool is growing.

We estimate 4Q:21 revenue was up almost 20% year-to-year, on par with guidance, to \$32.3 million. This assumes a 20%-plus gain for *Dice* and another mid-teen advance for CJ. Our adjusted EBITDA margin projection of 20.8% is consistent with 3Q:21. We note 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". As a reminder, DHX spent 2019-2020 "building a better product" for candidates and clients to engage on the platform. For 2021-2022, the focus is on sales and marketing execution, which is already proving successful given the 3Q:21 results and 4Q:21 guidance. Accordingly, we think the Street will remain focused on revenue performance in coming quarters, before shifting to operating leverage and margin expansion, which we expect to be a late-2022 and 2023 event. Given the elevated sales and marketing spend in the near-term, we estimate EPS fell to \$0.01 in 4Q:21, from \$0.03 a year ago. Also, upon reviewing our model we are now reflecting higher expected sales and marketing expense through 1H:22; adjusting for this lowers our full-year 2022 EPS estimate to \$0.11, from \$0.14.

Exhibit 1: DHI Group, Inc. Earnings Preview Summary (\$ in '000s, except per share data)

	4Q:21 Estimated	4Q:20 Actual*	Variance	% change
Revenue*	\$ 32,300	\$ 27,037	\$5,263	19.5%
Gross Profit	28,101	23,283	4,818	20.7%
Gross Margin	87.0%	86.1%		
Adjusted EBITDA	6,713	5,016	1,697	33.8%
Adjusted EBITDA Margin	20.8%	18.6%		
Operating Income	484	1,004	(520)	-51.8%
Operating Margin	1.5%	3.7%		
Net Income (Loss)	311	1,229	(918)	-74.7%
Diluted GAAP EPS	\$ 0.01	\$ 0.03	(0.02)	-74.7%

Sources: Company filings and Sidoti & Company, LLC estimates

*Excludes the contribution from eFC, which was spun off at the end of 2Q:21 and will be excluded from DHX's operating results going fwd.

DHX has a solid financial profile. The company ended 3Q:21 with net debt of \$14.5 million and \$72 million on an existing credit facility (average interest rate of 2%). Given our free cash flow forecasts of \$0.24 per share in 2021, \$0.28 in 2022 and \$0.33 in 2023, we expect the company to repay debt, ending 2023 with total debt of \$2.5 million and a net cash balance of about \$10 million. We think capital allocation priorities will center on reducing debt and share buybacks; 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 a \$2.62 average price, 530,000 shares in 2Q:21 at a \$3.30 average and 1.8 million shares in 3Q:21 at a \$3.72 average; \$11 million remains on the buyback authorization.

Valuation

We maintain a \$9 price target. We highlight the recent accelerating 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. Also, given the recent bookings trends, outlook and upbeat commentary, we are increasingly confident that the business is at an inflection point. We, thus, derive our \$9 price target by applying a 40x multiple to our unchanged 2023 EPS estimate of \$0.22. This target implies that DHX shares should trade at a mid- to upper-teen multiple of trailing-twelve month and forward adjusted EBITDA, closer to peers that have subscription-based models. The Moderately Risky rating reflects DHX's history of sustained profitability and sound financial profile.

Key Risks

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
Total Revenue*	\$ 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
Gross Profit	133,133	25,901	24,097	23,600	23,283	96,881	22,974	25,128	26,967	28,101	103,170	28,058	28,574	29,621	31,106	117,360	129,760
<u>Operating Expenses:</u>																	
Product Development	17,216	3,741	3,401	3,697	4,048	14,887	3,602	3,510	4,056	4,118	15,286	4,002	4,028	4,006	4,195	16,231	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	11,933	12,085	11,713	12,051	47,781	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	7,095	7,205	7,265	7,714	29,280	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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Expenses*	115,571	25,271	22,442	21,471	22,279	91,463	23,158	24,640	27,263	27,617	102,678	27,319	27,576	27,194	28,138	110,226	115,525
Operating Income (EBIT)	17,025	630	1,655	2,129	1,004	5,418	(184)	488	(296)	484	492	739	999	2,427	2,968	7,133	14,235
Interest Income (Expense) and Other, net	(701)	(183)	(161)	(274)	(209)	(827)	(195)	(87)	(791)	(70)	(1,143)	(60)	(50)	(50)	(50)	(210)	(180)
Income Before Income Taxes	16,324	447	1,494	1,855	795	4,591	(379)	401	(1,087)	414	(651)	679	949	2,377	2,918	6,923	14,055
Income Tax (Benefit)	3,773	365	332	694	(434)	957	(380)	(325)	(572)	104	(1,173)	170	237	594	730	1,731	3,514
Net Income (Loss) from Continuing Operations	12,551	82	1,162	1,161	1,229	3,634	1	726	(515)	311	522	509	712	1,783	2,189	5,192	10,541
Adj. Diluted EPS - Continuing Operations	\$ 0.24	\$ 0.03	\$ 0.02	\$ 0.03	\$ 0.03	\$ 0.10	\$ 0.00	\$ 0.02	\$ (0.01)	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.04	\$ 0.04	\$ 0.11	\$ 0.22
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	49,000	49,000	49,000	49,000	49,000	49,000	49,000
Adjusted EBITDA*	\$34,859	\$5,555	\$6,115	\$5,949	\$5,016	\$22,635	\$5,611	\$7,114	\$6,360	\$6,713	\$25,798	\$6,528	\$6,756	\$7,587	\$8,146	\$29,017	\$34,811
<u>Margin Analysis:</u>																	
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%	2.3%	3.1%	7.2%	8.4%	5.3%	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%	20.2%	20.6%	22.3%	22.9%	21.6%	23.5%
Effective Tax Rate	23.1%	81.7%	22.2%	25.0%	NM	7.0%	NM	NM	NM	25.0%	NM	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%	0.0%	2.5%	-1.7%	1.0%	0.4%	1.6%	2.2%	5.3%	6.2%	3.9%	7.1%
<u>Year-over-year comparisons:</u>																	
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%	NM	NM	NM	NM	NM	NM	99.6%
Net Income Growth	75.0%	-94.8%	-62.0%	-73.5%	-65.1%	-71.0%	NM	NM	NM	-74.7%	NM	NM	NM	NM	NM	NM	NM
Diluted EPS	68.1%	-4.9%	-60.4%	-70.0%	-63.0%	-58.9%	NM	-34.3%	NM	-74.7%	NM	NM	NM	NM	NM	NM	NM

*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
Cash Flows From Operating Activities											
Net Income	\$ 12,551	\$ (6,550)	\$ 1,862	\$ (27,322)	\$ (30,015)	\$ 2,671	\$ (30,211)	\$ (2,434)	\$ (29,689)	\$ 5,192	\$ 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	27,801	29,442	34,304
Operating Sources (Uses):											
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
Operating Cash Flow	22,923	2,933	7,087	4,424	18,683	6,424	12,874	6,325	34,993	35,487	37,978
CAPEX	(14,188)	(4,288)	(4,117)	(4,131)	(16,104)	(3,703)	(3,119)	(3,885)	(15,000)	(16,000)	(16,000)
Free Cash Flow	8,735	(1,355)	2,970	293	2,579	2,721	9,755	2,440	19,993	19,487	21,978
Free Cash Flow (ex Stock-Based Comp)	3,031	(3,151)	1,355	(1,232)	(3,748)	963	7,453	286	11,997	13,487	15,978
Cash Flows From Investing Activities											
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		
Cash Flows From Financing Activities											
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)
Beginning Cash and Equivalents	6,472	5,381	27,823	27,475	5,381	7,640	7,319	7,905	7,640	5,557	7,794
Effects of Exchange Rates	(86)	(212)	90	110	22	(30)	40	0	10	0	0
Change in Cash	(1,091)	22,442	(348)	(670)	2,259	(321)	586	(4,419)	(2,083)	2,237	4,228
Ending Cash and Equivalents	5,381	27,823	27,475	26,805	7,640	7,319	7,905	3,486	5,557	7,794	12,022
Per Share Data (Diluted Shares):											
Gross Cash Flow	0.61	0.13	0.14	0.15	0.53	0.12	0.14	0.15	0.57	0.60	0.70
Operating Cash Flow	0.44	0.06	0.14	0.09	0.39	0.13	0.27	0.14	0.71	0.72	0.78
Free Cash Flow	0.17	(0.03)	0.06	0.01	0.05	0.06	0.21	0.05	0.41	0.40	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	0.24	0.28	0.33
Cash and Equivalents	0.10	0.57	0.55	0.56	0.16	0.15	0.17	0.08	0.11	0.16	0.25
Number of Shares (Diluted)	51,633	49,134	49,691	47,955	48,278	48,606	47,227	45,807	49,000	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
Assets											
Current Assets:											
Cash	\$ 5,381	\$ 27,823	\$ 27,475	\$ 26,805	\$ 4,542	\$ 7,319	\$ 7,905	\$ 3,486	\$ 5,557	\$ 7,794	\$ 12,022
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	31,298	36,651	44,086
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
Total Assets	\$ 278,321	\$ 287,728	\$ 282,273	\$ 253,145	\$ 240,987	\$ 245,307	\$ 223,001	\$ 219,183	\$ 226,772	\$ 229,144	\$ 233,756
Liabilities											
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	7,500	7,500	7,500
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
Total Liabilities	117,126	138,129	133,008	128,028	113,417	115,877	95,503	99,024	105,394	111,181	109,875
Shareholders' Equity											
Common Stock	696	710	712	714	714	735	733	735	735	750	765
Additional Paid-In Capital	227,227	229,023	230,638	232,163	233,554	235,312	237,614	239,766	241,003	244,534	248,066
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	24,308	29,596	40,218
Treasury Stock	(121,466)	(124,457)	(128,065)	(129,137)	(132,150)	(135,037)	(137,280)	(144,339)	(144,668)	(156,918)	(165,168)
Total Shareholders' Equity	161,195	149,599	148,565	124,417	127,570	129,430	127,498	120,159	121,378	117,962	123,881
Liabilities and Shareholders' Equity	\$ 278,321	\$ 287,728	\$ 281,573	\$ 252,445	\$ 240,987	\$ 245,307	\$ 223,001	\$ 219,183	\$ 226,772	\$ 229,144	\$ 233,756
Selected Data:											
Working Capital	(41,031)	(14,255)	(14,389)	(12,045)	(31,900)	(31,139)	(31,327)	(37,240)	(34,745)	(39,010)	(38,699)
Current Ratio (times)	0.45	0.80	0.78	0.80	0.51	0.55	0.47	0.39	0.47	0.48	0.53
Pro-Forma ROA (average, ttm)	4.7%	3.9%	3.3%	2.3%	1.4%	1.3%	1.2%	0.6%	0.2%	2.3%	4.6%
Pro-Forma ROE (average, ttm)	8.2%	7.4%	6.1%	4.3%	2.5%	2.5%	2.3%	1.2%	0.4%	4.3%	8.7%
Total Debt-to-Total-Capital Ratio	16%	27%	27%	30%	20%	22%	17%	19%	18%	16%	9%
Net Cash (Debt) Per Share	(0.08)	(0.18)	(0.18)	(0.20)	(0.31)	(0.25)	(0.17)	(0.31)	(0.24)	(0.09)	0.19
BV per share	2.99	2.77	2.81	2.36	2.49	2.48	2.48	2.44	2.31	2.32	2.44
Tangible Book Value per share	0.10	(0.05)	(0.07)	(0.13)	(0.01)	(0.08)	(0.01)	(0.16)	(0.13)	(0.20)	(0.08)
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-\$5.95) NR Price Target: \$9 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	
PT	11/11/21	4.9		8	
PT	12/13/21	6.1		9	



Valuation	We maintain a \$9 price target. We highlight the recent accelerating 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. Also, given the recent bookings trends, outlook and upbeat commentary, we are increasingly confident that the business is at an inflection point. We, thus, derive our \$9 price target by applying a 40x multiple to our unchanged 2023 EPS estimate of \$0.22. This target implies that DHX shares should trade at a mid- to upper-teen multiple of trailing-twelve month and forward adjusted EBITDA, closer to peers that have subscription-based models. The Moderately Risky rating reflects DHX's history of sustained profitability and sound financial profile.		
Key Risks	U.S. recession	Global competition	A shift in the supply and demand balance of tech professionals

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