UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-Q/A

(Amendment No. 1)

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

For the quarterly period ended June 30, 2022

or

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

For the transition period from ______ to ______

Commission file number: 001-38704

HUDSON GLOBAL, INC.

(Exact name of registrant as specified in its charter)

Delaware	**59-3547281**
(State or other jurisdiction of incorporation or organization)	**(IRS Employer Identification No.)**

53 Forest Avenue, Suite 102, Old Greenwich, CT 06870
(Address of principal executive offices) (Zip Code)
(475) 988-2068
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, $0.001 par value	**HSON**	**The NASDAQ Stock Market LLC**
Preferred Share Purchase Rights		**The NASDAQ Stock Market LLC**

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding on July 20, 2022
Common Stock - $0.001 par value	2,822,187

EXPLANATORY NOTE

Hudson Global, Inc. (the “Company” or “Hudson”, “we”, “us”, and “our”) is filing this Amendment (this “Amended Form 10-Q”) to its Quarterly Report on Form 10-Q/A for the quarter ended June 30, 2022 (the “Original Form 10-Q”), originally filed with the U.S. Securities and Exchange Commission (the “SEC”) on August 11, 2022.

As disclosed in the Company’s Current Report on Form 8-K, as filed with the SEC on March 30, 2023, the Company is restating its previously issued unaudited condensed consolidated financial statements for the three- and six-month periods ended June 30, 2022. Subsequent to the filing of the Original Form 10-Q, management identified an error related to the accounting treatment of a discretionary bonus paid by the Company on behalf of a customer. The effect of this error is an understatement of revenue and direct contracting costs and reimbursed expenses in the amount of $5.762 million for the three- and six-month periods ended June 30, 2022. This Amended Form 10-Q amends revenue and direct contracting costs and reimbursed expenses accordingly. The error had no impact on the Company’s consolidated balance sheet, consolidated statement of cash flows, net income, the presentation of non-GAAP metrics EBITDA and adjusted EBITDA, or any other accounts for such periods. Please see Note 16 to this Amended Form 10-Q, Restatement of Previously Reported Financial Statements for additional information and a summary of the accounting impacts of these adjustments to revenue and direct contracting costs and reimbursed expenses.

As a result of the error, the Company has concluded there was a material weakness in the Company’s internal control over financial reporting as of June 30, 2022 and that its disclosure controls and procedures were ineffective as of June 30, 2022. See additional discussion included in Part I Item 4 and Part II Item 1A of this Amended Form 10-Q.

We are filing this Amended Form 10-Q to amend and restate the Original Form 10-Q with modification as necessary to reflect the restatement. The following items have been amended to reflect the restatement:

Part I, Item 1. Condensed Consolidated Statements of Operations

Part I, Item 1. Note 4 - Revenue Recognition

Part I, Item 1. Note 14 - Segment and Geographic Data

Part I, Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

Part 1, Item 3. Quantitative and Qualitative Disclosures about Market Risk

Part I, Item 4. Controls and Procedures

Part II, Item 1A. Risk Factors

In addition, this Amended Form 10-Q updates the signature page. In accordance with Rule 12b-15 under the Exchange Act, the Company is also including with this Amended Form 10-Q new certifications required by Sections 302 and 906 of the Sarbanes-Oxley Act of 2022 from the Company’s Chief Executive Officer (as principal executive officer) and Chief Financial Officer (as principal financial officer) dated as of the filing date of this Amended Form 10-Q (included in Part II, Item 6. “Exhibits” and attached as Exhibits 31.1, 31.2, 32.1, and 32.2).

This Amended Form 10-Q is presented as of the filing date of the Original Form 10-Q and does not reflect events occurring after that date, or modify or update disclosures in any way other than as required to reflect the restatements as described below. Accordingly, this Amended Form 10-Q should be read in conjunction with our filings with the SEC subsequent to the date on which we filed the Original Form 10-Q. Among other things, forward-looking statements made in the Original Form 10-Q have not been revised to reflect events, results or developments that occurred or facts that became known to the Company after the date of the Original Form 10-Q, other than the restatement.

PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

HUDSON GLOBAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(As restated, see Note 16)		(As restated, see Note 16)	
Revenue	$ 56,723	$ 39,674	$ 108,640	$ 74,135
Operating expenses:				
Direct contracting costs and reimbursed expenses	29,449	24,583	55,793	46,326
Salaries and related	19,221	12,281	37,482	22,871
Office and general	2,757	2,018	5,188	3,642
Marketing and promotion	1,079	384	2,034	760
Depreciation and amortization	337	113	661	223
Total operating expenses	52,843	39,379	101,158	73,822
Operating income	3,880	295	7,482	313
Non-operating income (expense):				
Interest income, net	3	9	5	19
Other expense, net	(9)	(37)	(58)	(90)
Income before income taxes	3,874	267	7,429	242
Provision for income taxes	781	389	1,317	567
Net income (loss)	$ 3,093	$ (122)	$ 6,112	$ (325)
Earnings (loss) per share:				
Basic	$ 1.02	$ (0.04)	$ 2.04	$ (0.11)
Diluted	$ 0.98	$ (0.04)	$ 1.95	$ (0.11)
Weighted-average shares outstanding:				
Basic	3,028	2,906	2,997	2,899
Diluted	3,146	2,906	3,132	2,899

See accompanying notes to Condensed Consolidated Financial Statements.

HUDSON GLOBAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME (LOSS)
(in thousands, except per share amounts)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Comprehensive income (loss):				
Net income (loss)	$ 3,093	$ (122)	$ 6,112	$ (325)
Other comprehensive income (loss):				
Foreign currency translation adjustment, net of income taxes	(1,412)	(18)	(1,275)	(244)
Total other comprehensive loss, net of income taxes	(1,412)	(18)	(1,275)	(244)
Comprehensive income (loss)	$ 1,681	$ (140)	$ 4,837	$ (569)

See accompanying notes to Condensed Consolidated Financial Statements.

HUDSON GLOBAL, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except per share amounts)
(Unaudited)

	June 30, 2022	December 31, 2021
ASSETS		
Current assets:		
Cash and cash equivalents	$ 25,849	$ 21,714
Accounts receivable, less allowance for doubtful accounts of $64 and $196, respectively	31,646	25,748
Restricted cash, current	165	222
Prepaid and other	1,770	1,476
Total current assets	59,430	49,160
Property and equipment, net of accumulated depreciation of $823 and $807, respectively	446	371
Operating lease right-of-use assets	943	477
Deferred tax assets, net	1,494	1,345
Restricted cash	190	177
Goodwill	4,219	4,219
Intangible assets, net of accumulated amortization of $1,087 and $532, respectively	4,933	5,488
Other assets	5	5
Total assets	$ 71,660	$ 61,242
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 999	$ 871
Accrued salaries, commissions, and benefits	13,965	10,961
Accrued expenses and other current liabilities	8,245	6,748
Note payable – short term	1,869	750
Operating lease obligations, current	491	363
Total current liabilities	25,569	19,693
Income tax payable	78	470
Operating lease obligations	462	118
Note payable – long term	—	1,250
Other liabilities	383	395
Total liabilities	26,492	21,926
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $0.001 par value, 10,000 shares authorized; none issued or outstanding	—	—
Common stock, $0.001 par value, 20,000 shares authorized; 3,816 and 3,694 shares issued; 2,822 and 2,707 shares outstanding, respectively	4	4
Additional paid-in capital	490,490	489,249
Accumulated deficit	(428,411)	(434,523)
Accumulated other comprehensive loss, net of applicable tax	(1,360)	(85)
Treasury stock, 994 and 987 shares, respectively, at cost	(15,555)	(15,329)
Total stockholders' equity	45,168	39,316
Total liabilities and stockholders' equity	$ 71,660	$ 61,242

See accompanying notes to Condensed Consolidated Financial Statements.

HUDSON GLOBAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Six Months Ended June 30,	
	2022	**2021**
Cash flows from operating activities:		
Net income (loss)	$ 6,112	$ (325)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	661	223
Provision for doubtful accounts	11	—
Benefit from deferred income taxes	(232)	(245)
Stock-based compensation	1,241	1,096
Changes in operating assets and liabilities, net of effect of dispositions:		
Increase in accounts receivable	(7,353)	(6,392)
(Increase) decrease in prepaid and other assets	(394)	66
Increase in accounts payable, accrued expenses and other liabilities	5,135	4,164
Net cash provided by (used in) operating activities	5,181	(1,413)
Cash flows from investing activities:		
Capital expenditures	(130)	(122)
Net cash used in investing activities	(130)	(122)
Cash flows from financing activities:		
Cash paid for net settlement of employee restricted stock units	(226)	(4)
Net cash used in financing activities	(226)	(4)
Effect of exchange rates on cash, cash equivalents and restricted cash	(734)	(132)
Net increase (decrease) in cash, cash equivalents and restricted cash	4,091	(1,671)
Cash, cash equivalents, and restricted cash, beginning of the period	22,113	26,199
Cash, cash equivalents, and restricted cash, end of the period	$ 26,204	$ 24,528
Supplemental disclosures of cash flow information:		
Cash received during the period for interest	$ 6	$ 19
Net cash payments during the period for income taxes	$ 1,614	$ 458
Cash paid for amounts included in operating lease liabilities	$ 264	$ 238
Supplemental non-cash disclosures:		
Right-of-use assets obtained in exchange for operating lease liabilities	$ 772	$ 672

See accompanying notes to Condensed Consolidated Financial Statements.

HUDSON GLOBAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands)
(unaudited)

	Three Months Ended				Six Months Ended			
	June 30, 2022		June 30, 2021		June 30, 2022		June 30, 2021	
	Shares	Value	Shares	Value	Shares	Value	Shares	Value
Total stockholders' equity, beginning balance	2,805	$ 42,792	2,688	$ 34,151	2,707	$ 39,316	2,685	$ 34,280
Common stock and additional paid-in capital:								
Beginning balance	3,799	489,799	3,675	487,131	3,694	489,253	3,672	486,829
Stock-based compensation expense	17	695	2	794	122	1,241	5	1,096
Ending balance	3,816	490,494	3,677	487,925	3,816	490,494	3,677	487,925
Treasury stock:								
Beginning balance	(994)	(15,555)	(987)	(15,327)	(987)	(15,329)	(987)	(15,325)
Purchase of treasury stock	—	—	—	—	—	—	—	—
Purchase of net settled restricted stock from employees	—	—	—	(2)	(7)	(226)	—	(4)
Ending balance	(994)	(15,555)	(987)	(15,329)	(994)	(15,555)	(987)	(15,329)
Accumulated other comprehensive income (loss):								
Beginning balance		52		300		(85)		526
Other comprehensive loss		(1,412)		(18)		(1,275)		(244)
Ending balance		(1,360)		282		(1,360)		282
Accumulated deficit:								
Beginning balance		(431,504)		(437,953)		(434,523)		(437,750)
Net income (loss)		3,093		(122)		6,112		(325)
Ending balance		(428,411)		(438,075)		(428,411)		(438,075)
Total stockholders' equity, ending balance	2,822	$ 45,168	2,690	$ 34,803	2,822	$ 45,168	2,690	$ 34,803

See accompanying notes to Condensed Consolidated Financial Statements.

HUDSON GLOBAL, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except share and per share amounts)
(unaudited)

NOTE 1 – BASIS OF PRESENTATION

These interim unaudited condensed consolidated financial statements have been prepared in accordance with United States of America ("U.S.") generally accepted accounting principles ("U.S. GAAP") for interim financial information and with the instructions to Form 10-Q and Article 8 of Regulation S-X of the U.S. Securities and Exchange Commission ("SEC") for interim financial reporting and should be read in conjunction with the consolidated financial statements and related notes of Hudson Global, Inc. and its subsidiaries (the "Company") filed in its Annual Report on Form 10-K for the year ended December 31, 2021.

The preparation of 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, and the reported amounts of operating revenues and expenses. These estimates are based on management's knowledge and judgments. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation of the Company's financial position, results of operations, and cash flows at the dates and for the periods presented have been included. The results of operations for interim periods are not necessarily indicative of the results of operations for the full year. The condensed consolidated financial statements include the accounts of the Company and all of its wholly owned subsidiaries. Intra-entity balances and transactions between and among the Company and its subsidiaries have been eliminated in consolidation. Certain prior period amounts have been reclassified to conform to the current year presentation with no material impact on the condensed consolidated financial statements. For more information, see Note 2 to the Condensed Consolidated Financial Statements.

NOTE 2 – DESCRIPTION OF BUSINESS

The Company is comprised of the operations, assets, and liabilities of the Company's three regional businesses: the Americas, Asia Pacific, and Europe. The Company provides Recruitment Process Outsourcing ("RPO") permanent recruitment and contracting outsourced recruitment solutions. These services are tailored to the individual needs of primarily mid-to-large-cap multinational companies. The Company's RPO delivery teams utilize state-of-the-art recruitment process methodologies and project management expertise in their flexible, turnkey solutions to meet clients' ongoing business needs. The Company's RPO services include complete recruitment outsourcing, project-based outsourcing, contingent workforce solutions, and recruitment consulting.

On October 29, 2021, Hudson completed the acquisition of Karani, LLC, a Chicago-headquartered recruiting services provider that primarily serves U.S.-based customers from its operations in India and the Philippines. Karani, LLC partners with recruitment and staffing firms to assist with recruiting, sourcing, screening, onboarding, and other talent-related services across a variety of industries. This acquisition has enhanced the Company's global delivery capability by adding a substantial presence in India and the Philippines, fostering business in new markets, and further developing the Company's technology recruitment capabilities.

On October 1, 2020, the Company completed its acquisition of Coit Staffing, Inc., which expanded its presence in the technology sector and established a Technology Group located in San Francisco. In addition to providing RPO services to clients in the tech sector, the Technology Group operates jointly with the Company's existing teams in the Americas, Asia Pacific, and Europe to provide continuous access to knowledge regarding new and emerging technologies in the RPO, Managed Solutions Provider, and Total Talent Solutions spaces, enabling the Company to better serve its clients around the world.

The Company operates directly in fourteen countries with three reportable geographic business segments: Americas, Asia Pacific, and Europe. See Note 14 to the Condensed Consolidated Financial Statements for further details regarding the reportable segments.

In December 2019, a novel strain of coronavirus, referred to as COVID-19, was reported. On March 11, 2020, the World Health Organization declared the outbreak to be a pandemic, based on the rapid increase in exposure globally. Some countries around the world have imposed quarantines and restrictions on travel and mass gatherings to slow the spread of the virus. COVID-19 continues to have an impact around the world and presents risks to the Company, which the Company is unable to fully evaluate or foresee at the current time. However, the Company is vigilantly monitoring the business environment surrounding COVID-19 and continues to proactively address this situation as it evolves. The Company believes it can continue to take appropriate actions to manage the business in this challenging environment due to the flexibility of its workforce and the strength of its balance sheet.

NOTE 3 – ACCOUNTING PRONOUNCEMENTS

Adoption of New Accounting Pronouncements

On January 1, 2021, the Company adopted Accounting Standards Update ("ASU") 2019-12, "Income Taxes ("Topic 740"): Simplifying the Accounting for Income Taxes". The standard simplifies accounting for income taxes by removing certain exceptions to the general principles in Topic 740. This ASU also clarifies and amends existing guidance to improve consistent application. For public business entities, this standard is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2020. The adoption of this standard did not have a material impact on the Company's condensed consolidated financial statements.

Recent Accounting Standard Update Not Yet Adopted

In June 2016, the Financial Accounting Standards Board (the "FASB") issued ASU 2016-13, "Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments". This standard requires an impairment model (known as the current expected credit loss ("CECL") model) that is based on expected losses rather than incurred losses. Under the new guidance, each reporting entity should estimate an allowance for expected credit losses, which is intended to result in more timely recognition of losses. This model replaces multiple existing impairment models in current U.S. GAAP, which generally require a loss to be incurred before it is recognized. The new standard applies to trade receivables arising from revenue transactions such as contract assets and accounts receivable. Under Accounting Standards Codification ("ASC") 606, revenue is recognized when, among other criteria, it is probable that an entity will collect the consideration it is entitled to when goods or services are transferred to a customer. When trade receivables are recorded, they become subject to the CECL model and estimates of expected credit losses on trade receivables over their contractual life will be required to be recorded at inception based on historical information, current conditions, and reasonable and supportable forecasts. This guidance is effective for smaller reporting companies with annual periods beginning after December 15, 2022, including the interim periods in the year. Early adoption is permitted. The Company is evaluating the effect of adopting this new accounting guidance, and will adopt the guidance when it becomes effective.

NOTE 4 – REVENUE RECOGNITION

Nature of Services

We account for a contract when both parties to the contract have approved the contract, the rights of the parties are identified, payment terms are identified, the contract has commercial substance, and collectability of consideration is probable. Revenues are recognized over time, using an input or output method, as the control of the promised services is transferred to the client in an amount that reflects the consideration we expect to be entitled to in exchange for those services. The majority of our contracts are short-term in nature as they include termination clauses that allow either party to cancel within a short termination period, without cause. Revenue includes billable travel and other reimbursable costs and is reported net of sales or use taxes collected from clients and remitted to taxing authorities.

We generally determine standalone selling prices based on the prices included in our client contracts, using expected cost plus profit, or other observable prices. The price as specified in our client contracts is generally considered the standalone selling price as it is an observable input that depicts the price as if sold to a similar client in similar circumstances. Certain client contracts have variable consideration, including usage-based fees that increase the transaction price and volume rebates or other similar items that generally reduce the transaction price. We estimate variable consideration using the expected value method based on the terms of the client contract and historical evidence. These amounts may be constrained and are only included in revenue to the extent we do not expect a significant reversal when the uncertainty associated with the variable consideration is resolved. Our estimated amounts of variable consideration subject to constraints are not material and we do not believe that there will be significant changes to our estimates.

We record accounts receivable when our right to consideration becomes unconditional. Contract assets primarily relate to our rights to consideration for services provided that such rights to consideration are conditional on satisfaction of future performance obligations. A contract liability for deferred revenue is recorded when consideration is received, or is unconditionally due, from a client prior to transferring control of services to the client under the terms of a contract. Deferred revenue balances typically result from advance payments received from clients prior to transferring control of services. Other than deferred revenue, we do not have any material contract assets or liabilities as of and for the six months ended June 30, 2022 and 2021. As of June 30, 2022 and December 31, 2021, deferred revenue was $132 and $533, respectively.

Payment terms vary by client and the services offered. We consider payment terms that exceed one year to be extended payment terms. Substantially all of the Company's contracts include payment terms of 90 days or less, and we do not extend payment terms beyond one year.

We primarily record revenue on a gross basis in the Consolidated Statements of Operations and Comprehensive Income based upon the following key factors:

- We maintain the direct contractual relationship with the client and are responsible for fulfilling the service promised to the client.
- We maintain control over our contractors while the services to the client are being performed, including our contractors' billing rates, and are ultimately responsible for paying them.

RPO Recruitment. We provide complete recruitment outsourcing, project-based outsourcing, and recruitment consulting for clients' permanent staff hires. We recognize revenue for our RPO recruitment over time in an amount that reflects the consideration we expect to be entitled to and have an enforceable right to payment in exchange for our services. The client simultaneously receives and consumes the benefits of the services as they are provided. The transaction prices contain both fixed fees and variable consideration. Variable consideration is constrained by candidates accepting offers of permanent employment. We recognize revenue on fixed fees as the performance obligations are satisfied and variable fees as the constraint is lifted. We do not incur incremental costs to obtain our RPO recruitment contracts. The costs to fulfill these contracts are expensed as incurred.

We recognize permanent placement revenue when employment candidates accept offers of permanent employment. We have a substantial history of estimating the financial impact of permanent placement candidates who do not remain with our clients through a guarantee period. Fees to clients are generally calculated as a percentage of the new employee's annual compensation. No fees for permanent placement services are charged to employment candidates.

Contracting. We provide RPO clients with a range of outsourced professional contract staffing services and managed service provider services, sometimes offered on a standalone basis and sometimes offered as part of a blended total talent solution. We recognize revenue for our contracting services over time as services are performed in an amount that reflects the consideration we expect to be entitled to and have an enforceable right to payment in exchange for our services, which is generally calculated as hours worked multiplied by the agreed-upon hourly bill rate. The client simultaneously receives and consumes the benefits of the services as they are provided. We do not incur incremental costs to obtain our contracting contracts. The costs incurred to fulfill these contracts are expensed as incurred.

In the first quarter of 2022, one contracting customer ended its agreement with the Company. For the full year ended December 31, 2021, the contracting customer had revenue of $44,888, or 27% of the Company's revenue, which is reported as revenue in the Company's Condensed Consolidated Statements of Operations, and Direct contracting costs and reimbursed expenses of $43,980, which is reported as Direct contracting costs and reimbursed expenses in the Company's Condensed Consolidated Statements of Operations. Revenue less direct contracting costs and reimbursed expenses for this customer was $908, or 1% of the Company's total revenue less direct contracting costs and reimbursed expenses of $68,157, for the full year ended December 31, 2021. The Company does not believe that the loss of this customer will have a material adverse impact on the Company and its subsidiaries.

Unsatisfied performance obligations. As a practical expedient, we do not disclose the value of unsatisfied performance obligations for (i) contracts with an expected original duration of one year or less and (ii) contracts for which we recognize revenue at the amount to which we have the right to invoice for services performed.

(in thousands, except share and per share amounts)

Disaggregation of Revenue

The following table presents our disaggregated revenues by revenue source. For additional information on the revenues by geographical segment, see Note 14 to the Condensed Consolidated Financial Statements.

	Three Months Ended June 30,	
	2022 (As restated)	2021
RPO Recruitment	$ 26,714	$ 14,646
Contracting	30,009	25,028
Total Revenue	$ 56,723	$ 39,674

	Six Months Ended June 30,	
	2022 (As restated)	2021
RPO Recruitment	$ 51,974	$ 27,032
Contracting	56,666	47,103
Total Revenue	$ 108,640	$ 74,135

NOTE 5 – ACQUISITIONS

Karani, LLC

On October 29, 2021, the Company entered into a membership interest purchase agreement (the "MIPA") by and among the Company, Hudson Global Resources Management, Inc. ("HGRM"), a wholly owned subsidiary of the Company, and Daniel Williams ("Williams"), and completed the acquisition (the "Karani Acquisition") by HGRM of all of the membership interests of Karani, LLC, a Delaware limited liability company.

Karani, LLC partners with recruitment and staffing firms to assist with recruiting, sourcing, screening, onboarding, and other talent-related services across a variety of industries to customers primarily located in the United States. On the date of acquisition, Karani, LLC had approximately 560 employees in India and 120 employees in the Philippines.

As outlined in the MIPA, Williams received (i) $6,805 in cash subject to certain adjustments set forth in the MIPA at the closing of the Karani Acquisition; and (ii) a non-interest bearing promissory note in the aggregate principal amount of $2,000, payable in installments on the six-month and eighteen-month anniversaries of the closing date subject to the satisfaction of certain conditions as further described in the MIPA. There are no employment stipulations for Williams associated with the MIPA.

The Karani Acquisition was accounted for as a business combination under the acquisition method of accounting. The purchase price of $8,673, which consists of the amount paid in cash of $6,805, a promissory note of $2,000, and a working capital credit of $132, was allocated to the net tangible and intangible assets and liabilities based on their fair values on the acquisition date of October 29, 2021, with the excess recorded as goodwill. The purchase price included $737 of cash and cash equivalents acquired. The Company incurred transaction costs related to the acquisition of approximately $200 that were expensed as part of Office and general on the Consolidated Statements of Operations included in the Company's Annual Report on Form 10-K for the year ended December 31, 2021. In addition to the purchase price, Hudson agreed to pay a $250 retention payment to the Chief Financial Officer of Karani, LLC, which is classified as compensation expense, recorded on a straight-line basis.

The Company's Consolidated Statements of Operations for the three and six months ended June 30, 2022 included external revenue of $2,548 and $5,116, respectively and net income of $124 and $359, from the acquired company, respectively.

(in thousands, except share and per share amounts)

Below is a summary of the fair value of the net assets acquired on the acquisition date based on external valuations at the date of acquisition.

	Fair Value
Assets Acquired:	
Cash and cash equivalents	$ 737
Accounts receivable	1,521
Restricted cash, current	50
Prepaid expenses and other assets	177
Property and equipment	119
Operating lease right-of-use assets	100
Restricted cash	3
Other long-term assets	19
Intangible assets	4,540
Goodwill	2,131
Assets Acquired	$ 9,397
Liabilities Assumed:	
Accrued expenses and other current liabilities	$ 436
Operating lease obligations, current	88
Operating lease obligations, non current	12
Other long-term liabilities	188
Liabilities Assumed	$ 724
Fair value of assets acquired and consideration transferred	$ 8,673

Intangible assets are amortized on a straight-line basis over their estimated useful lives. The following table sets forth the components of identifiable intangible assets acquired and their estimated useful lives on the date of acquisition.

	Fair Value	Useful Life
Developed technology	$ 640	3 years
Customer lists	2,800	6 years
Trade name	1,100	10 years
Total identifiable assets	$ 4,540	

Unaudited Pro Forma Financial Information

The following unaudited consolidated pro forma information gives effect to the acquisition of Karani, LLC as if the transaction had occurred on January 1, 2021.

	Three Months Ended June 30, 2021	Six Months Ended June 30, 2021
Revenue	$ 41,731	$ 77,883
Net loss	$ (9)	$ (237)

The unaudited pro forma supplemental information provided above is based on estimates and assumptions that the Company believes are reasonable, and reflects the pro forma impact of additional amortization related to the fair value of acquired intangible assets for the three and six months ended June 30, 2021. This supplemental pro forma information has been prepared for comparative purposes and is not intended to reflect what would have occurred had the Karani Acquisition taken place on January 1, 2021.

Coit Staffing, Inc.

On October 1, 2020, the Company, entered into an asset purchase agreement (the “APA”) by and among the Company, Hudson Coit, Inc. (“Buyer”), a wholly-owned subsidiary of the Company Coit Staffing, Inc. (“Seller”), Joe Belluomini, and Tim Farrelly (together with Mr. Belluomini, the “Principals”) and completed the acquisition by Buyer of substantially all of the assets used in the business of the Seller, as set forth in the APA (the “Coit Acquisition”).

Per the terms of the APA, the Seller received (i) $3,997 in cash subject to certain adjustments set forth in the APA at the closing of the Coit Acquisition; (ii) a promissory note in the aggregate principal amount of $1,350, payable in annual installments of $450 per year on the first, second, and third anniversaries of the closing; (iii) $500 in shares of the Company’s common stock, with the amount of such shares to be determined by dividing $500 by the weighted average price of the Company’s common stock for the five trading days prior to the closing date, to be issued in three equal installments on each of the 10-month, 20-month, and 30-month anniversaries of the closing date; and (iv) earn-out payments not to exceed $1,500 and $2,030 in the years ended December 31, 2021 and 2022, respectively, based upon the achievement of certain performance thresholds in those years. In addition the Principals each entered into employment agreements with the Company for a term of two years.

The Coit Acquisition was accounted for as a business combination under the acquisition method of accounting. The purchase price consists of the amount paid in cash of $3,997, which was allocated to the net tangible and intangible assets and liabilities based on their fair values on the acquisition date of October 1, 2020, with the excess recorded as goodwill. The Company incurred transaction costs related to the acquisition of $436 that were expensed as part of Office and general on the Consolidated Statements of Operations included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2020.

The promissory note and shares of the Company’s common stock to be paid to the Seller as outlined in the APA are tied to the continuing employment of the Principals at the Company, and therefore have been accounted for as compensation expense. This compensation expense is recorded on a straight-line basis under the assumption that the Principals will remain employed by the Company, and therefore that the note will be paid in full and the shares will be issued. For the three and six months ended June 30, 2022, the Company recognized $32 and $74, respectively, in stock-based compensation associated with the 52,226 restricted shares of common stock which were issued over 30 months (for additional information, see Note 6 to the Condensed Consolidated Financial Statements). In addition, in the three and six months ended June 30, 2022, the Company recognized expense of $113 and $225, respectively, related to the promissory note, and $507 and $1,015, respectively, related to earn-out payments. The amount due associated with the promissory note payable to the Principals is reflected in Accrued expenses and other current liabilities on the Condensed Consolidated Balance Sheets. The compensation expense recognized of $652 and $1,314 for the three and six months ended June 30, 2022, respectively, is reflected in Salaries and related expenses on the Condensed Consolidated Statements of Operations.

The Company’s Consolidated Statements of Operations for the three and six months ended June 30, 2022 included revenue of $5,915 and $11,897, respectively, and net income of $995 and $2,254, respectively, from the acquired company.

(in thousands, except share and per share amounts)

NOTE 6 – STOCK-BASED COMPENSATION

Incentive Compensation Plan

The Company maintains the Hudson Global, Inc. 2009 Incentive Stock and Awards Plan, as amended and restated on May 24, 2016 and further amended on September 14, 2020 (the "ISAP"), pursuant to which it can issue equity-based compensation incentives to eligible participants. The ISAP permits the granting of stock options, restricted stock, restricted stock units, and other types of equity-based awards. The Compensation Committee (the "Compensation Committee") of the Board of Directors (the "Board") will establish such conditions as it deems appropriate on the granting or vesting of stock options, restricted stock, restricted stock units, and other types of equity-based awards. As determined by the Compensation Committee, equity awards also may be subject to immediate vesting upon the occurrence of certain events following a change in control of the Company. The Company primarily grants restricted stock and restricted stock units to its employees. A restricted stock unit is equivalent to one share of the Company's common stock and is payable only in common stock of the Company issued under the ISAP.

The Compensation Committee administers the ISAP and may designate any of the following as a participant under the ISAP: any officer or other employee of the Company or its affiliates or individuals engaged to become an officer or employee; consultants or other independent contractors who provide services to the Company or its affiliates; and non-employee directors of the Company. On May 17, 2022, the Company's stockholders at the 2022 Annual Meeting of Stockholders approved amendments to the ISAP to, among other things, increase the number of shares of the Company's common stock that are reserved for issuance by 250,000 shares. As of June 30, 2022, there were 237,138 shares of the Company's common stock available for future issuance under the ISAP.

All share issuances related to stock compensation plans are issued from the aforementioned stock available for future issuance under stockholder approved compensation plan.

In the first quarter of 2021, the Company granted restricted stock units subject to performance vesting conditions for the years ended December 31, 2021 and December 31, 2020 of 73,596 and 53,075, respectively. In addition, in the first quarter of 2021, the Company granted 25,500 of discretionary time-vested stock units to certain employees that were not subject to performance conditions. For the six months ended June 30, 2022, the Company granted 50,160 restricted stock units subject to performance vesting conditions for the year ended December 31, 2022, and granted 4,250 of discretionary time-vested stock units to certain employees that were not subject to performance conditions.

A summary of the quantity and vesting conditions for stock-based units granted to the Company's employees for the six months ended June 30, 2022 was as follows:

Vesting conditions	Number of Restricted Stock Units Granted
Performance and service conditions - Type 1 [(1)] [(2)]	34,493
Performance and service conditions - Type 2 [(1)] [(2)]	15,667
Service conditions only - Type 1 [(2)]	4,250
Total shares of stock award granted	54,410

(1) The performance conditions with respect to restricted stock units may be satisfied as follows:

(a) For employees from the Americas, Asia Pacific, and Europe, (i) 70% of the restricted stock units may be earned on the basis of performance as measured by a "regional adjusted EBITDA", and (ii) 30% of the restricted stock units may be earned on the basis of performance as measured by a "group adjusted EBITDA";

(b) For grants to Corporate office employees subject to 2022 performance conditions, 100% of the restricted stock units may be earned on the basis of performance as measured by a "group adjusted EBITDA"; and.

(c) For grants to Coit Principals subject to 2022 performance conditions, 100% of the restricted stock units may be earned on the basis of performance as measured by a "Coit EBITDA".

(in thousands, except share and per share amounts)

(2) To the extent restricted stock units are earned, such restricted stock units will vest on the basis of service as follows:

(a) 33% and 66.6% for Type 1 and Type 2, respectively, of the restricted stock units will vest on the first anniversary of the grant date;

(b) 33% and 16.7% for Type 1 and Type 2, respectively, of the restricted stock units will vest on the second anniversary of the grant date; and

(c) 34% and 16.7% for Type 1 and Type 2, respectively, of the restricted stock units will vest on the third anniversary of the grant date; provided that, in each case, the employee remains employed by the Company from the grant date through the applicable service vesting date.

The Company also maintains the Director Deferred Share Plan (the "Director Plan") as part of the ISAP pursuant to which it can issue restricted stock units to its non-employee directors. A restricted stock unit is equivalent to one share of the Company's common stock and is payable only in common stock issued under the ISAP upon a director ceasing service as a member of the Company's Board. The restricted stock units vest immediately upon grant and are credited to each of the non-employee director's retirement accounts under the Director Plan. Restricted stock units issued under the Director Plan contain the right to a dividend equivalent award in the form of additional restricted stock units. The dividend equivalent award is calculated using the same rate as the cash dividend paid on a share of the Company's common stock, and then divided by the closing price of the Company's common stock on the date the dividend is paid to determine the number of additional restricted stock units to grant. Dividend equivalent awards have the same vesting terms as the underlying awards. During the six months ended June 30, 2022, the Company granted 7,161 restricted stock units to its non-employee directors pursuant to the Director Plan.

As of June 30, 2022, 221,447 restricted stock units are deferred under the Company's ISAP.

On October 1, 2020, the Company granted 52,226 restricted shares of common stock to be issued over 30 months in connection with the acquisition of Coit Staffing, Inc. See Note 5 for additional information.

For the three and six months ended June 30, 2022 and 2021, the Company's stock-based compensation expense related to restricted stock units and restricted shares of common stock were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Restricted shares of common stock (see Note 5)	$ 32	$ 92	$ 74	$ 182
Restricted stock units	663	702	1,167	914
Total	$ 695	$ 794	$ 1,241	$ 1,096

Restricted Stock Units

As of June 30, 2022, the Company had $2,688 of unrecognized stock-based compensation expense related to outstanding unvested restricted stock units. The Company expects to recognize that cost over a weighted average service period of 1.46 years. Restricted stock units have no voting or dividend rights until the awards are vested.

Changes in the Company's restricted stock units for the six months ended June 30, 2022 and 2021 were as follows:

(in thousands, except share and per share amounts)

	Six Months Ended June 30, 2022					
	Performance-based		Time-based/Director		Total	
	Number of Shares of Restricted Stock Units	Weighted Average Grant-Date Fair Value	Number of Shares of Restricted Stock Units	Weighted Average Grant-Date Fair Value	Number of Shares of Restricted Stock Units	Weighted Average Grant-Date Fair Value
Unvested restricted stock units at January 1,	121,393	$ 15.88	46,500	$ 17.15	167,893	$ 16.23
Granted	50,160	$ 35.37	11,411	$ 38.39	61,571	$ 35.93
Shares earned above target (a)	36,884	$ 16.70	—	$ —	36,884	$ 16.70
Vested	(78,251)	$ 15.99	(15,246)	$ 26.10	(93,497)	$ 17.63
Forfeited	—	$ —	(3,675)	$ 16.04	(3,675)	$ 16.04
Unvested restricted stock units at June 30,	130,186	$ 23.56	38,990	$ 19.97	169,176	$ 22.73

(a) The number of shares earned above target are based on the performance targets established by the Compensation Committee at the initial grant date.

	Six Months Ended June 30, 2021					
	Performance-based		Time-based/Director		Total	
	Number of Shares of Restricted Stock Units	Weighted Average Grant-Date Fair Value	Number of Shares of Restricted Stock Units	Weighted Average Grant-Date Fair Value	Number of Shares of Restricted Stock Units	Weighted Average Grant-Date Fair Value
Unvested restricted stock units at January 1,	14,676	$ 15.45	—	$ —	14,676	$ 15.45
Granted	126,671	$ 15.79	45,362	$ 15.92	172,033	$ 15.83
Vested	(8,543)	$ 15.68	(19,862)	$ 17.70	(28,405)	$ 17.09
Forfeited	(11,411)	$ 14.54	—	$ —	(11,411)	$ 14.54
Unvested restricted stock units at June 30,	121,393	$ 15.88	25,500	$ 14.54	146,893	$ 15.65

Shares of Common Stock

As of June 30, 2022, the Company had approximately $50 of unrecognized stock-based compensation expense related to outstanding unvested restricted shares of common stock issued in connection with the Coit Acquisition (for additional information, see Note 5). These shares had a grant price of $9.57 and a remaining average expected life of 0.75 years. Restricted shares of common stock have no voting or dividend rights until the awards are vested.

Changes in the Company’s restricted shares of common stock for the six months ended June 30, 2022 and 2021 were as follows:

(in thousands, except share and per share amounts)

	Six Months Ended June 30,					
	2022			2021		
	Number of Restricted Shares of Common Stock		Weighted Average Grant-Date Fair Value	Number of Restricted Shares of Common Stock		Weighted Average Grant-Date Fair Value
Unvested restricted shares of common stock at January 1,	34,818	$	9.57	52,226	$	9.57
Vested	(17,408)	$	9.57	—	$	—
Unvested restricted shares of common stock at June 30,	17,410	$	9.57	52,226	$	9.57

NOTE 7 – INCOME TAXES

Income Tax Provision

Under ASC 270, “Interim Reporting”, and ASC 740-270, “Income Taxes – Intra Period Tax Allocation”, the Company is required to adjust its effective tax rate for each quarter to be consistent with the estimated annual effective tax rate. Jurisdictions with a projected loss for the full year where no tax benefit can be recognized are excluded from the calculation of the estimated annual effective tax rate. Applying the provisions of ASC 270 and ASC 740-270 could result in a higher or lower effective tax rate during a particular quarter, based upon the mix and timing of actual earnings versus annual projections.

Effective Tax Rate

The provision for income taxes for the six months ended June 30, 2022 was $1,317 on a pre-tax income of $7,429, compared to a provision for income taxes of $567 on pre-tax income of $242 for the same period in 2021. The Company’s effective income tax rate was positive 18% and positive 234% for the six months ended June 30, 2022 and 2021, respectively. For the six months ended June 30, 2022 and 2021, the effective tax rates differed from the U.S. Federal statutory rate of 21% primarily due to changes in valuation allowances in the U.S. and certain foreign jurisdictions, which reduces or eliminates the effective tax rate on current year profits or losses, foreign tax rate differences, taxes on repatriations or deemed repatriation of foreign profits, and non-deductible expenses.

Uncertain Tax Positions

As of both June 30, 2022 and December 31, 2021, the Company had $360, respectively, of unrecognized tax benefits, excluding interest and penalties, which if recognized in the future, would lower the Company’s effective income tax rate.

The Company recognizes accrued interest and penalties related to unrecognized tax benefits as part of the provision for income taxes. As of June 30, 2022 and December 31, 2021, the Company had $119 and $110, respectively, of accrued interest and penalties associated with unrecognized tax benefits.

Based on information available as of June 30, 2022, it is reasonably possible that the total amount of unrecognized tax benefits could decrease by up to $400 over the next 12 months as a result of projected resolutions of global tax examinations and controversies and potential expirations of the applicable statutes of limitations.

In many cases, the Company’s unrecognized tax benefits are related to tax years that remain subject to examination by the relevant tax authorities. Tax years with net operating losses (“NOLs”) remain open until such losses expire or until the statutes of limitations for those years when the NOLs are used expire. As of June 30, 2022, the Company’s open tax years, which remain subject to examination by the relevant tax authorities, are between 2014 and 2021 depending on the jurisdiction.

The Company believes that its unrecognized tax benefits as of June 30, 2022 are appropriately reflected for all years subject to examination above.

Net Operating Losses ("NOLs"), Capital Losses, and Valuation Allowance

The Company recorded a valuation allowance against all of our deferred tax assets for NOLs and Capital Losses as of June 30, 2022 and December 31, 2021. We intend to continue maintaining a full valuation allowance on our deferred tax assets for NOLs until there is sufficient evidence to support the reversal of all or some portion of these allowances in the future.

NOTE 8 – EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share is computed by dividing the Company's net income (loss) by the weighted average number of shares outstanding during the period. When the effects are not anti-dilutive, diluted earnings (loss) per share is computed by dividing the Company's net income (loss) by the weighted average number of shares outstanding and the impact of all dilutive potential common shares, primarily stock options "in-the-money", unvested restricted stock, and unvested restricted stock units. The dilutive impact of stock options, unvested restricted stock, and unvested restricted stock units is determined by applying the "treasury stock" method. Performance-based restricted stock awards are included in the computation of diluted earnings per share only to the extent that the underlying performance conditions: (i) are satisfied prior to the end of the reporting period; or (ii) would be satisfied if the end of the reporting period were the end of the related performance period and the result would be dilutive under the treasury stock method. Stock awards subject to vesting or exercisability based on the achievement of market conditions are included in the computation of diluted earnings per share only when the market conditions are met.

A reconciliation of the numerators and denominators of the basic and diluted earnings (loss) per share calculations for the three and six months ended June 30, 2022 and 2021 were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Earnings (loss) per share ("EPS"):				
Basic	$ 1.02	$ (0.04)	$ 2.04	$ (0.11)
Diluted	$ 0.98	$ (0.04)	$ 1.95	$ (0.11)
EPS numerator - basic and diluted:				
Net income (loss)	$ 3,093	$ (122)	$ 6,112	$ (325)
EPS denominator (in thousands):				
Weighted average common stock outstanding - basic	3,028	2,906	2,997	2,899
Common stock equivalents: restricted stock units and restricted shares of common stock	118	— (a)	135	— (a)
Weighted average number of common stock outstanding - diluted	3,146	2,906	3,132	2,899

(a) The diluted weighted average number of shares of common stock outstanding did not differ from the basic weighted average number of shares of common stock outstanding because the effects of any potential common stock equivalents (see Note 6 to the Condensed Consolidated Financial Statements for further details on unvested restricted stock units) were anti-dilutive and therefore not included in the calculation of the denominator of dilutive earnings (loss) per share.

(in thousands, except share and per share amounts)

The weighted average number of shares outstanding used in the computation of diluted net earnings or loss per share for the three and six months ended June 30, 2022 and 2021 did not include the effect of the following potentially outstanding shares of common stock because the effect would have been anti-dilutive:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Unvested restricted shares of common stock	—	52,226	—	52,226
Unvested restricted stock units	30,493	146,893	15,338	146,893
Total	30,493	199,119	15,338	199,119

NOTE 9– GOODWILL AND INTANGIBLE ASSETS

Goodwill

The Company recorded goodwill of $2,131 on October 29, 2021 in connection with the Karani Acquisition and goodwill of $2,088 in connection with the Coit Acquisition. (See Note 5 for further information).

Intangible Assets

The Company's intangible assets consisted of the following components:

June 30, 2022	Weighted Average Remaining Amortization Useful Lives (in years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Non-compete agreements	0.3	$ 80	$ (70)	$ 10
Trade name	7.7	1,500	(213)	1,287
Customer lists	4.8	3,800	(661)	3,139
Developed technology	2.3	640	(143)	497
		$ 6,020	$ (1,087)	$ 4,933

December 31, 2021	Weighted Average Remaining Amortization Useful Lives (in years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Non-compete agreements	0.8	$ 80	$ (50)	$ 30
Trade name	8.2	1,500	(118)	1,382
Customer lists	5.3	3,800	(328)	3,472
Developed technology	2.8	640	(36)	604
		$ 6,020	$ (532)	$ 5,488

Amortization expense for the three and six months ended June 30, 2022 was $278 and $555, respectively. Intangible assets are amortized on a straight-line basis over their estimated useful lives. No impairment in the value of amortizable intangible assets was recognized during six months ended June 30, 2022 and 2021.

(in thousands, except share and per share amounts)

Estimated future amortization expense for intangible assets for the remainder of the fiscal year ending December 31, 2022, and for each of the next fiscal years are as follows:

2022	$	545
2023		1,070
2024		1,034
2025		787
2026		577
Thereafter		920
	$	4,933

The change in the book value of amortizable intangible assets is as follows:

	January 1, 2022 Beginning Balance		Acquisition		Amortization		June 30, 2022 Ending Balance	
Non-compete agreements	$	30	$	—	$	(20)	$	10
Trade name		1,382		—		(95)		1,287
Customer lists		3,472		—		(333)		3,139
Developed technology		604		—		(107)		497
	$	5,488	$	—	$	(555)	$	4,933

NOTE 10 – COMMITMENTS AND CONTINGENCIES

Litigation and Complaints

The Company is subject, from time to time, to various claims, lawsuits, contracts disputes, and other complaints from, for example, clients, candidates, suppliers, landlords for both leased and subleased properties, former and current employees, and regulators or tax authorities arising in the ordinary course of business. The Company routinely monitors claims such as these, and records provisions for losses when the claim becomes probable and the amount due is estimable. Although the outcome of these claims cannot be determined, the Company believes that the final resolution of these matters will not have a material adverse effect on the Company's financial condition, results of operations or liquidity.

For matters that reach the threshold of probable and estimable, the Company establishes reserves for legal, regulatory, and other contingent liabilities. The legal reserves are included under the caption "Other non-current liabilities" in the Condensed Consolidated Balance Sheets. The Company did not have any legal reserves as of June 30, 2022 and December 31, 2021.

Operating Leases

Our office space leases have lease terms of one year to five years. Some of these operating leases include options to extend the lease terms, and some operating leases include options to terminate the leases earlier than the expiration of the full terms. These options are considered in our determination of the valuation of our right-of-use assets and lease liabilities.

None of our operating leases include implicit rates, and we have determined that the difference between the contractual cost basis and the present value of lease payments calculated using incremental borrowing rates is not material. Our operating lease costs for the six months ended June 30, 2022 and 2021 were $586 and $358, respectively (reflected in Net cash used in operating activities). The weighted average remaining lease term of our operating leases as of June 30, 2022 was 2.9 years.

(in thousands, except share and per share amounts)

As of June 30, 2022, future minimum operating lease payments are as follows:

	2022	2023	2024	2025	2026	2027	Total
Minimum lease payments	$ 260	$ 346	$ 152	$ 92	$ 94	$ 9	$ 953

Invoice Finance Credit Facility

On April 8, 2019, the Company's Australian subsidiary ("Australian Borrower") entered into an invoice finance credit facility agreement (the "NAB Facility Agreement") with National Australia Bank Limited ("NAB"). The NAB Facility Agreement provides the Australian Borrower with the ability to borrow funds based on a percentage of eligible trade receivables up to a maximum of 4 million Australian dollars. No receivables have terms greater than 90 days, and any risk of loss is retained by the Australian Borrower. The interest rate is calculated as the variable receivable finance indicator rate, plus a margin of 1.60% per annum. Borrowings under this facility are secured by substantially all of the assets of the Australian Borrower. The NAB Facility Agreement does not have a stated maturity date and can be terminated by either the Australian Borrower or NAB upon 90 days written notice. As of June 30, 2022, there were no amounts outstanding under the NAB Facility Agreement. Interest expense and fees incurred on the NAB Facility Agreement were $4 and $9 for the three and six months ended June 30, 2022, respectively, and $5 and $10 for the three and six months ended June 30, 2021, respectively.

The NAB Facility Agreement contains various restrictions and covenants for the Australian Borrower including (1) that EBITDA must be at least two times total interest paid on debt on a 12-month rolling basis; (2) minimum tangible net worth must be at least 2.5 million Australian dollars and be equal to at least 25% of total tangible assets on June 30 and December 31 (as defined in the NAB Facility Agreement); and (3) additional periodic reporting requirements to NAB. The Australian Borrower was in compliance with all financial covenants under the NAB Facility Agreement as of June 30, 2022.

Amounts borrowed from the NAB Facility may be large, contain short maturities and have quick turnovers. Amounts borrowed and repaid are presented on a net basis on the Condensed Consolidated Statements of Cash Flows.

NOTE 11 – ACCUMULATED OTHER COMPREHENSIVE LOSS

Accumulated other comprehensive loss, net of applicable tax, consisted of the following:

	June 30, 2022	December 31, 2021
Foreign currency translation adjustments	$ (1,360)	$ (85)
Accumulated other comprehensive loss	$ (1,360)	$ (85)

NOTE 12 – STOCKHOLDERS' EQUITY

Common Stock

On July 30, 2015, the Company announced that its Board authorized the repurchase of up to $10,000 of the Company's common stock. The Company intends to make purchases from time to time as market conditions warrant. This authorization does not expire. During the six months ended June 30, 2022 and 2021, no purchases of shares were made by the Company under this authorization. As of June 30, 2022, under the July 30, 2015 authorization, the Company had repurchased an aggregate of 432,563 shares for a total cost of $8,297.

HUDSON GLOBAL, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except share and per share amounts)
(unaudited)

NOTE 13 – SHELF REGISTRATION STATEMENT

On June 30, 2022, the Company filed a shelf registration on Form S-3 with the SEC. Under the Form S-3, the Company may offer, issue and sell, from time to time, in one or more offerings and series, together or separately, shares of its common stock, shares of preferred stock, debt securities, subscription rights, purchase contracts, or units, which together shall have an aggregate initial offering price not to exceed $100,000,000. The registration statement was declared effective by the SEC on July 26, 2022. As of June 30, 2022, no securities had been offered or issued under the registration statement.

NOTE 14 – SEGMENT AND GEOGRAPHIC DATA

Segment Reporting

The Company operates in three reportable segments: the Hudson regional businesses of Americas, Asia Pacific, and Europe. Corporate expenses are reported separately for the three reportable segments and pertain to certain functions, such as executive management, corporate governance, investor relations, legal, accounting, tax, and treasury. A portion of these expenses are attributed to the reportable segments for providing the above services to them, and have been allocated to the segments as management service expenses, and are included in the segments' non-operating other income (expense). Segment information is presented in accordance with ASC 280, "*Segment Reporting.*" This standard is based on a management approach that requires segmentation based upon the Company's internal organization and disclosure of revenue and certain expenses based upon internal accounting methods. The Company's financial reporting systems present various data for management to run the business, including internal profit and loss statements prepared on a basis not consistent with U.S. GAAP. Accounts receivable and long-lived assets are the only significant asset separated by segment for internal reporting purposes.

HUDSON GLOBAL, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except share and per share amounts)
(unaudited)

	Americas	Asia Pacific	Europe (As restated)	Corporate	Inter-Segment Elimination	Total (As restated)
For The Three Months Ended June 30, 2022						
Revenue, from external customers	$ 14,415	$ 29,944	$ 12,364	$ —	$ —	$ 56,723
Inter-segment revenue	46	—	7	—	(53)	—
Total revenue	$ 14,461	$ 29,944	$ 12,371	$ —	$ (53)	$ 56,723
Adjusted net revenue, from external customers [(a)]	$ 13,809	$ 9,174	$ 4,291	$ —	$ —	$ 27,274
Inter-segment adjusted net revenue	45	(45)	(4)	—	4	—
Total adjusted net revenue	$ 13,854	$ 9,129	$ 4,287	$ —	$ 4	$ 27,274
EBITDA (loss) [(b)]	$ 2,291	$ 2,262	$ 551	$ (896)	$ —	$ 4,208
Depreciation and amortization	(321)	(9)	(6)	(1)	—	(337)
Intercompany dividend/interest (expense) income, net	—	(81)	1,214	1,300	(2,433)	—
Interest income, net	—	1	—	2	—	3
Provision for income taxes	$ (26)	$ (544)	$ (92)	$ (119)	—	$ (781)
Net income (loss)	$ 1,944	$ 1,629	$ 1,667	$ 286	$ (2,433)	$ 3,093
For The Six Months Ended June 30, 2022						
Revenue, from external customers	$ 29,026	$ 61,077	$ 18,537	$ —	$ —	$ 108,640
Inter-segment revenue	99	12	38	—	(149)	—
Total revenue	$ 29,125	$ 61,089	$ 18,575	$ —	$ (149)	$ 108,640
Adjusted net revenue, from external customers [(a)]	$ 27,511	$ 17,387	$ 7,949	$ —	$ —	$ 52,847
Inter-segment adjusted net revenue	61	(53)	(12)	—	4	—
Total adjusted net revenue	$ 27,572	$ 17,334	$ 7,937	$ —	$ 4	$ 52,847
EBITDA (loss) [(b)]	$ 4,705	$ 4,289	$ 698	$ (1,607)	$ —	$ 8,085
Depreciation and amortization	(626)	(20)	(13)	(2)	—	(661)
Intercompany dividend/interest (expense) income, net	—	(156)	1,214	1,375	(2,433)	—
Interest income, net	—	2	—	3	—	5
Provision for income taxes	$ (68)	$ (1,075)	$ (76)	$ (98)	$ —	$ (1,317)
Net income (loss)	$ 4,011	$ 3,040	$ 1,823	$ (329)	$ (2,433)	$ 6,112
As of June 30, 2022						
Accounts receivable, net	$ 11,531	$ 13,557	$ 6,332	$ 226	$ —	$ 31,646
Long-lived assets, net of accumulated depreciation and amortization [(b)]	$ 9,479	$ 67	$ 50	$ 2	$ —	$ 9,598
Total assets	$ 26,543	$ 24,072	$ 13,008	$ 8,037	$ —	$ 71,660

HUDSON GLOBAL, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except share and per share amounts)
(unaudited)

	Americas	Asia Pacific	Europe	Corporate	Inter-Segment Elimination	Total
For The Three Months Ended June 30, 2021						
Revenue, from external customers	$ 5,366	$ 28,801	$ 5,507	$ —	$ —	$ 39,674
Inter-segment revenue	—	15	—	—	(15)	—
Total revenue	$ 5,366	$ 28,816	$ 5,507	$ —	$ (15)	$ 39,674
Adjusted net revenue, from external customers [(a)]	$ 4,993	$ 6,880	$ 3,218	$ —	$ —	$ 15,091
Inter-segment adjusted net revenue	(15)	15	—	—	—	—
Total adjusted net revenue [(a)]	$ 4,978	$ 6,895	$ 3,218	$ —	$ —	$ 15,091
EBITDA (loss) [(b)]	$ (173)	$ 1,003	$ 476	$ (935)	$ —	$ 371
Depreciation and amortization	(87)	(17)	(8)	(1)	—	(113)
Intercompany (expense) interest income, net	—	(86)	—	86	—	—
Interest (expense) income, net	—	1	—	8	—	9
Provision for income taxes	$ (8)	$ (243)	$ (123)	$ (15)	$ —	$ (389)
Net income (loss)	$ (268)	$ 658	$ 345	$ (857)	$ —	$ (122)
For The Six Months Ended June 30, 2021						
Revenue, from external customers	$ 9,927	$ 54,141	$ 10,067	$ —	$ —	$ 74,135
Inter-segment revenue	—	15	—	—	(15)	—
Total revenue	$ 9,927	$ 54,156	$ 10,067	$ —	$ (15)	$ 74,135
Adjusted net revenue, from external customers [(a)]	$ 9,202	$ 12,638	$ 5,969	$ —	$ —	$ 27,809
Inter-segment adjusted net revenue	(15)	15	—	—	—	—
Total adjusted net revenue	$ 9,187	$ 12,653	$ 5,969	$ —	$ —	$ 27,809
EBITDA (loss) [(b)]	$ (451)	$ 1,765	$ 546	$ (1,414)	$ —	$ 446
Depreciation and amortization	(173)	(31)	(17)	(2)	—	(223)
Intercompany (expense) interest income, net	—	(171)	—	171	—	—
Interest (expense) income, net	—	2	—	17	—	19
(Provision for) benefit from income taxes	$ (17)	$ (437)	$ (140)	$ 27	$ —	$ (567)
Net income (loss)	$ (641)	$ 1,128	$ 389	$ (1,201)	$ —	$ (325)
As of December 31, 2021						
Accounts receivable, net	$ 8,765	$ 12,073	$ 4,910	$ —	$ —	$ 25,748
Long-lived assets, net of accumulated depreciation and amortization [(b)]	$ 9,964	$ 68	$ 42	$ 4	$ —	$ 10,078
Total assets	$ 22,214	$ 21,744	$ 9,370	$ 7,914	$ —	$ 61,242

(a) Adjusted net revenue is net of the Direct contracting costs and reimbursed expenses caption on the Condensed Consolidated Statements of Operations. Direct contracting costs and reimbursed expenses include the direct staffing costs of salaries, payroll taxes, employee benefits, travel expenses, and insurance costs for the Company's contractors and reimbursed out-of-pocket expenses and other direct costs. The region where services are provided, the mix of RPO recruitment and contracting, and the functional nature of the staffing services provided can affect operating income and EBITDA. The salaries, commissions, payroll taxes, and employee benefits related to recruitment professionals are included under the caption "Salaries and related" in the Consolidated Statements of Operations.

(b) SEC Regulation S-K Item 229.10(e)1(ii)(A) defines EBITDA as earnings before interest, taxes, depreciation and amortization. EBITDA is presented to provide additional information to investors about the Company's operations on a basis consistent with the measures that the Company uses to manage its operations and evaluate its performance.

(in thousands, except share and per share amounts)

Management also uses this measurement to evaluate working capital requirements. EBITDA should not be considered in isolation or as a substitute for operating income and net income prepared in accordance with U.S. GAAP or as a measure of the Company's profitability.

Geographic Data Reporting

A summary of revenues for the three and six months ended June 30, 2022 and 2021 and net assets by geographic area as of June 30, 2022 and 2021 and as of December 31, 2021, were as follows:

	Australia	United States	United Kingdom (As restated)	Other	Total (As restated)
For The Three Months Ended June 30, 2022					
Revenue [a]	$ 26,724	$ 13,866	$ 11,946	$ 4,187	$ 56,723
For The Three Months Ended June 30, 2021					
Revenue [a]	$ 26,543	$ 5,067	$ 5,005	$ 3,059	$ 39,674
For The Six Months Ended June 30, 2022					
Revenue [a]	$ 55,110	$ 27,762	$ 17,720	$ 8,048	$ 108,640
For The Six Months Ended June 30, 2021					
Revenue [a]	$ 50,017	$ 9,315	$ 8,876	$ 5,927	$ 74,135
As of June 30, 2022					
Long-lived assets, net of accumulated depreciation and amortization [b]	$ 33	$ 9,482	$ 50	$ 33	$ 9,598
Net assets	$ 9,869	$ 24,949	$ 3,375	$ 6,975	$ 45,168
As of December 31, 2021					
Long-lived assets, net of accumulated depreciation and amortization [b]	$ 29	$ 9,968	$ 42	$ 39	$ 10,078
Net assets	$ 7,925	$ 21,510	$ 2,729	$ 7,152	$ 39,316

(a) Revenue by geographic region disclosed above is net of any inter-segment revenue and, therefore, represents only revenue from external customers according to the location of the operating subsidiary.

(b) Comprised of property and equipment, intangible assets and goodwill, net of accumulated depreciation and amortization.

NOTE 15 – STOCKHOLDER RIGHTS PLAN

On October 15, 2018, the Company's Board of Directors declared a dividend to the Company's stockholders of record as of the close of business on October 25, 2018 (the "Record Date"), for each outstanding share of the Company's common stock, of one right (a "Right") to purchase one one-hundredth of a share of a new series of participating preferred stock of the Company. The terms of the Rights are set forth in the Rights Agreement, dated as of October 15, 2018 (as amended, the "Rights Agreement"), by and between the Company and Computershare Trust Company, N.A., as rights agent (the "Rights Agent"). The Company's stockholders approved the Rights Agreement at the Company's 2019 Annual Meeting of Stockholders held on May 6, 2019. On September 28, 2021, the Company and the Rights Agent entered into a First Amendment to Rights Agreement (the "Amendment") that amended the Rights Agreement to extend its term through October 15, 2024. The amendment was approved by the Board on September 28, 2021, subject to stockholder approval, and the Company's stockholders approved the Amendment at the Company's 2022 Annual Meeting of Stockholders held on May 17, 2022.

Each Right allows its holder to purchase from the Company one one-hundredth of a share of the Company's Series B Junior Participating Preferred Stock ("Series B Preferred Stock") for a purchase price of $3.50. Each fractional share of Series B Preferred Stock would give the stockholder approximately the same dividend, voting and liquidation rights as does one share of common stock. Prior to exercise, however, a Right does not give its holder any dividend, voting or liquidation rights.

The Board entered into the Rights Agreement in an effort to preserve the value of the Company's significant U.S. NOLs and other tax benefits. The Company's ability to utilize its NOLs may be substantially limited if the Company experiences an "ownership change" within the meaning of Section 382 of the Internal Revenue Code of 1986, as amended (the "Code"). In general, an "ownership change" would occur if the percentage of the Company's ownership by one or more "5-percent shareholders" (as defined in the Code) increases by more than 50 percent over the lowest percentage owned by such stockholders at any time during the prior three years. The Rights Agreement is designed to preserve the Company's tax benefits by deterring transfers of common stock that could result in an "ownership change" under Section 382 of the Code.

The Rights Agreement replaced the Company's prior rights agreement designed to preserve the value of the Company's NOLs, which was approved by stockholders in 2015 and expired in accordance with its terms in January 2018. The Company also has a provision in its Amended and Restated Certificate of Incorporation (the "Charter Provision") which generally prohibits transfers of its common stock that could result in an ownership change. In general terms, the Rights Agreement imposes a significant penalty upon any person or group that acquires beneficial ownership (as defined under the Rights Agreement) of 4.99% or more of the outstanding common stock without the prior approval of the Board (an "Acquiring Person"). Any Rights held by an Acquiring Person are void and may not be exercised.

The Rights will not be exercisable until the earlier of (i) 10 days after a public announcement by the Company that a person or group has become an Acquiring Person; and (ii) 10 business days (or a later date determined by the Board) after a person or group begins a tender or an exchange offer that, if completed, would result in that person or group becoming an Acquiring Person.

Until the date that the Rights become exercisable (the "Distribution Date"), common stock certificates will also evidence the Rights and will contain a notation to that effect. Any transfer of shares of common stock prior to the Distribution Date will constitute a transfer of the associated Rights. After the Distribution Date, the Rights will separate from the common stock and be evidenced by Right certificates, which the Company will mail to all holders of Rights that have not become void. After the Distribution Date, if a person or group already is or becomes an Acquiring Person, all holders of Rights, except the Acquiring Person, may exercise their Rights upon payment of the purchase price to purchase shares of common stock (or other securities or assets as determined by the Board) with a market value of two times the purchase price (a "Flip-in Event"). After the Distribution Date, if a Flip-in Event has already occurred and the Company is acquired in a merger or similar transaction, all holders of Rights, except the Acquiring Person, may exercise their Rights upon payment of the purchase price, to purchase shares of the acquiring or other appropriate entity with a market value of two times the purchase price of the Rights. Rights may be exercised to purchase Series B Preferred Stock only after the Distribution Date occurs and prior to the occurrence of a Flip-in Event as described above. A Distribution Date resulting from the commencement of a tender offer or an exchange offer as described in the second bullet point above could precede the occurrence of a Flip-in Event, in which case the Rights could be exercised to purchase Series B Preferred Stock. A Distribution Date resulting from any occurrence described in the first bullet point above would necessarily follow the occurrence of a Flip-in Event, in which case the Rights could be exercised to purchase shares of common stock (or other securities or assets) as described above.

The Rights will expire on the earliest of (i) October 15, 2024, or such earlier date as of which the Board determines that the Rights Agreement is no longer necessary for the preservation of the Company's tax benefits, (ii) the time at which the Rights are redeemed, (iii) the time at which the Rights are exchanged, (iv) the effective time of the repeal of Section 382 of the Code if the Board determines that the Rights Agreement is no longer necessary for the preservation of the Company's tax benefits, (v) the first day of a taxable year to which the Board determines that no NOLs or other tax benefits may be carried forward, and (vi) the close of business on the first business day following the certification of the voting results of the Company's 2022 Annual Meeting of Stockholders, if stockholder approval has not been obtained prior to such date.

The Board may redeem all (but not less than all) of the Rights for a redemption price of $0.001 per Right at any time before the later of the Distribution Date and the date of the first public announcement or disclosure by the Company that a person or group has become an Acquiring Person. Once the Rights are redeemed, the right to exercise the Rights will terminate, and the only right of the holders of such Rights will be to receive the redemption price.

The Board may adjust the purchase price of the Series B Preferred Stock, the number of shares of Series B Preferred Stock issuable and the number of outstanding Rights to prevent dilution that may occur as a result of certain events, including, among others, a stock dividend, a stock split or a reclassification of the Series B Preferred Stock or common stock.

(in thousands, except share and per share amounts)

Before the time the Rights cease to be redeemable, the Board may amend or supplement the Rights Agreement without the consent of the holders of the Rights, except that no amendment may decrease the redemption price below $0.001 per Right.

NOTE 16 – RESTATEMENT OF PREVIOUSLY REPORTED FINANCIAL STATEMENTS

Subsequent to the filing of the Original Form 10-Q, management identified an error related to the accounting treatment of a discretionary bonus paid by the Company on behalf of a customer, specifically on the failure to properly evaluate whether the Company was to be considered the principal or the agent in a non-routine transaction. The effect of this error is an understatement of revenue and direct contracting costs and reimbursed expenses in the amount of $5.762 million for the three- and six-month periods ended June 30, 2022. This Amended Form 10-Q amends revenue and direct contracting costs and reimbursed expenses accordingly. The error had no impact on the Company's consolidated balance sheet, consolidated statement of cash flows, net income, or any other accounts for such periods.

SEC Staff Accounting Bulletin No. 99, "Materiality," and FASB, Statement of Financial Accounting Concepts No. 2 "Qualitative Characteristics of Accounting Information" indicate that quantifying and aggregating errors is only the beginning of an analysis of materiality and that both quantitative and qualitative factors must be considered in determining whether individual errors are material. The Company evaluated the corrections and has determined that the impact is material for the period ended June 30, 2022. The assessment resulted in the amendment of the previously reported financial statements reported in the Company's Form 10-Q for the second quarter of 2022.

The condensed consolidated financial statements and certain of the notes to the condensed consolidated financial statements for the three and six months ended June 30, 2022 have been restated to reflect the corrections. The impact of the restatement is shown in the tables below.

	Three Months Ended June 30, 2022			Six Months Ended June 30, 2022		
	As Previously Reported	Adjustment	As Restated	As Previously Reported	Adjustment	As Restated
Revenue	50,961	5,762	56,723	102,878	5,762	108,640
Direct contracting costs and reimbursed expenses	23,687	5,762	29,449	50,031	5,762	55,793

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") should be read in conjunction with the Condensed Consolidated Financial Statements and the notes thereto, included in Part I of this Form 10-Q. The reader should also refer to the Condensed Consolidated Financial Statements and notes of Hudson Global, Inc. and its subsidiaries (the "Company") filed in its Annual Report on Form 10-K for the year ended December 31, 2021. This MD&A contains forward-looking statements. Please see "FORWARD-LOOKING STATEMENTS" for a discussion of the uncertainties, risks and assumptions associated with these statements. This MD&A also uses the non-generally accepted accounting principle measure of earnings before interest, taxes, depreciation and amortization ("EBITDA"). See Note 14 to the Condensed Consolidated Financial Statements in Part I, Item 1 of this Form 10-Q for EBITDA segment reconciliation information. The tables and information in this MD&A were derived from exact numbers and may have immaterial rounding differences.

This MD&A includes the following sections:

- Executive Overview
- Results of Operations
- Liquidity and Capital Resources
- Contingencies
- Recent Accounting Pronouncements
- Critical Accounting Policies
- Forward-Looking Statements

Executive Overview

The Company's objective is to increase value to the Company's stockholders by providing global Recruitment Process Outsourcing ("RPO") solutions to customers. With direct operations in fourteen countries and relationships with specialized professionals and organizations around the globe, the Company brings a strong ability to match talent with opportunities by assessing, recruiting, developing, and engaging highly successful people for the Company's clients. The Company combines broad geographic presence, world-class talent solutions and a tailored, consultative approach to help businesses and professionals achieve maximum performance. The Company seeks to continually upgrade its service offerings and delivery capability tools to make candidates more successful in achieving its clients' business requirements.

The Company's proprietary frameworks, assessment tools, and leadership development programs, coupled with its global footprint, allow the Company to design and implement regional and global outsourced recruitment solutions that the Company believes greatly enhance the quality and efficiency of its clients' hiring.

To meet the Company's objective, the Company engages in the following initiatives:

- Facilitating growth and development of the global RPO business through strategic investments in people, innovation, and technology;
- Building and differentiating the Company's brand through its unique outsourcing solutions offerings; and
- Improving the Company's cost structure and efficiency of its support functions and infrastructure.

We continue to explore all strategic alternatives to maximize value for stockholders. We may pursue our goals through organic growth, strategic initiatives, or other alternatives. Additionally, we will also continue to monitor capital markets for opportunities to repurchase shares, and consider other actions designed to enhance value to our stockholders, including to review information regarding potential acquisitions, as well as to provide information about our business to third parties, from time to time.

This MD&A discusses the results of the Company's business for the three and six months ended June 30, 2022 and 2021.

Current Market Conditions

After a partial recovery in 2021, economic conditions in most of the world's major markets are expected to slow down in 2022. Higher than expected inflation in most markets and the continuing impact of the war in Ukraine, as well as new variants of the COVID-19 virus, have tempered earlier expectations of continued recovery. Policy measures enacted by U.S. and foreign governments to combat the economic impact of the virus provided support to local economies, but many of these measures have since been discontinued. In addition, the continued uncertainty has resulted in volatility in global currencies. Stronger foreign currencies in other markets compared to the U.S. dollar during a reporting period cause local currency results of the Company's foreign operations to be translated into more U.S. dollars. The Company closely monitors the economic environment and business climate in its markets and responds accordingly.

COVID-19 Pandemic

The continuing impact of COVID-19 and its variants around the world presents significant risks to the Company, which the Company is unable to fully evaluate or even to foresee at the current time. However, the Company is vigilantly monitoring the business environment surrounding COVID-19 and continues to proactively address this situation as it evolves. The Company believes it can continue to take appropriate actions to manage the business in this challenging environment due to the flexibility of its workforce and the strength of its balance sheet.

The COVID-19 pandemic affected the Company's operations in prior years and may continue to do so in the future. The COVID-19 pandemic may impact the Company's business, operations, and financial results and conditions, directly and indirectly, including without limitation impacts on the health of the Company's management and employees, marketing and sales operations, customer and consumer behaviors, as well as the overall economy. The scope and nature of these impacts, most of which are beyond the Company's control, continue to evolve and the outcomes are uncertain.

Management cannot predict the continued impact that the COVID-19 pandemic may continue to have on the Company's sales or on economic conditions generally. The ultimate extent of the effects of the COVID-19 pandemic on the Company is highly uncertain and will depend on future developments, and such effects could exist for an extended period of time even after the pandemic might ends.

The following is a summary of the Company's financial performance highlights for the three and six months ended June 30, 2022 and 2021. This summary should be considered in the context of the additional disclosures in this MD&A which further highlight Company results by segment.

Summary of Financial Performance Highlights for the Three Months Ended June 30, 2022

- Revenue was $56.7 million for the three months ended June 30, 2022, compared to $39.7 million for the same period in 2021, an increase of $17.0 million, or 43.0%. The increase in revenue was principally driven by growth in the Americas.
    - On a constant currency basis, the Company's revenue increased $19.6 million, or 53.0%, primarily due to an increase in RPO recruitment revenue of $12.8 million, or 92.2%, compared to the same period in 2021. Contracting revenue increased $6.8 million, or 29.4%, compared to the same period in 2021, which also contributed to the increase in the Company's revenue. Revenue also included an increase of $2.5 million from the Karani Acquisition (for additional information on the Karani Acquisition, see Note 5 to the Condensed Consolidated Financial Statements in Part I, Item 1 of this Form 10-Q).
- Adjusted net revenue was $27.3 million for the three months ended June 30, 2022, compared to $15.1 million for the same period in 2021, an increase of $12.2 million, or 80.7%.
    - On a constant currency basis, adjusted net revenue increased $13.0 million, or 90.6%, primarily due to an increase in RPO recruitment adjusted net revenue of $12.7 million, or 94.9% compared to the same period in 2021. Contracting adjusted net revenue increased by $0.3 million, or 29.5%, compared to the same period in 2021. Adjusted net revenue included an increase of $2.5 million from the Karani Acquisition.
- Selling, general and administrative expenses (including salaries and related expenses) and other non-operating income (expense) ("SG&A and Non-Op") was $23.1 million for the three months ended June 30, 2022, compared to $14.7 million for the same period in 2021, an increase of $8.3 million, or 56.7%.

- On a constant currency basis, SG&A and Non-Op increased $9.0 million, or 64.1%, as compared to the same period in 2021. SG&A and Non-Op as a percentage of revenue was 40.7% for the three months ended June 30, 2022, compared to 37.9% for the same period in 2021.

- EBITDA was $4.2 million for the three months ended June 30, 2022, compared to EBITDA of $0.4 million for the same period in 2021, an increase in EBITDA of $3.8 million. On a constant currency basis, EBITDA increased $4.0 million.

- Net income was $3.1 million for the three months ended June 30, 2022, compared to net loss of $0.1 million for the same period in 2021, an increase in net income of $3.2 million. On a constant currency basis, net income increased $3.3 million.

Summary of Financial Performance Highlights for the Six Months Ended June 30, 2022

- Revenue was $108.6 million for the six months ended June 30, 2022, compared to $74.1 million for the same period in 2021, an increase of $34.5 million, or 46.5%. The increase in revenue was principally driven by growth in the Americas.
  - On a constant currency basis, the Company's revenue increased $38.7 million, or 55.3%, primarily due to an increase in RPO recruitment revenue of $26.0 million, or 100.4%, while contracting revenue increased by $12.7 million, or 28.7% compared to the same period in 2021. Revenue included an increase of $5.1 million from the Karani Acquisition.

- Adjusted net revenue was $52.8 million for the six months ended June 30, 2022, compared to $27.8 million for the same period in 2021, an increase of $25.0 million, or 90.0%.
  - On a constant currency basis, adjusted net revenue increased $26.2 million, or 98.2%, mainly due to an increase in RPO recruitment adjusted net revenue of $25.6 million, or 102.8%, compared to the same period in 2021. Contracting adjusted net revenue increased $0.6 million, or 33.0%, compared to the same period in 2021, which also contributed to the Company's increase in adjusted net revenue. Adjusted net revenue included an increase of $5.1 million from the Karani Acquisition.

- SG&A and Non-Op was $44.8 million for the six months ended June 30, 2022, compared to $27.4 million for the same period in 2021, an increase of $17.4 million or 63.6%.
  - On a constant currency basis, SG&A and Non-Op increased $18.4 million or 69.7%, as compared to the same period in 2021. SG&A and Non-Op as a percentage of revenue was 41.2% for the six months ended June 30, 2022, compared to 37.7% for the same period in 2021.

- EBITDA was $8.1 million for the six months ended June 30, 2022, compared to EBITDA of $0.4 million for the same period in 2021, an increase in EBITDA of $7.6 million. On a constant currency basis, EBITDA increased $7.8 million.

- Net income was $6.1 million for the six months ended June 30, 2022, compared to net loss of $0.3 million for the same period in 2021, an increase in net income of $6.4 million. On a constant currency basis, net income increased $6.6 million.

Constant Currency (Non-GAAP measure)

The Company operates on a global basis, with the majority of its revenue generated outside of the U.S. Accordingly, fluctuations in foreign currency exchange rates can affect the Company's results of operations. For the discussion of reportable segment results of operations, the Company uses constant currency information. Constant currency compares financial results between periods as if exchange rates had remained constant period-over-period. The Company defines the term "constant currency" to mean that financial data for a previously reported period is translated into U.S. dollars using the same foreign currency exchange rates that were used to translate financial data for the current period. Constant currency metrics should not be considered in isolation or as a substitute for reported results prepared in accordance with generally accepted accounting principles ("GAAP") in the U.S. The Company's management reviews and analyzes business results in constant currency and believes these results better represent the Company's underlying business trends. Changes in foreign currency exchange rates generally impact only reported earnings.

Changes in revenue, adjusted net revenue, SG&A and Non-Op, operating income (loss), net income (loss), and EBITDA (loss) include the effect of changes in foreign currency exchange rates. The tables below summarize the impact of foreign currency exchange adjustments on the Company's operating results for the three and six months ended June 30, 2022 and 2021.

$ in thousands	Three Months Ended June 30, 2022 As reported (As restated)	Three Months Ended June 30, 2021 As reported	2021 Currency translation	2021 Constant currency	Six Months Ended June 30, 2022 As reported (As restated)	Six Months Ended June 30, 2021 As reported	2021 Currency translation	2021 Constant currency
Revenue:								
Americas	$ 14,415	$ 5,366	$ (10)	$ 5,356	$ 29,026	$ 9,927	$ (10)	$ 9,917
Asia Pacific	29,944	28,801	(2,018)	26,783	61,077	54,141	(3,475)	50,666
Europe	12,364	5,507	(565)	4,942	18,537	10,067	(707)	9,360
Total	$ 56,723	$ 39,674	$ (2,593)	$ 37,081	$ 108,640	$ 74,135	$ (4,192)	$ 69,943
Adjusted net revenue [(a)]:								
Americas	$ 13,809	$ 4,993	$ (10)	$ 4,983	$ 27,511	$ 9,202	$ (10)	$ 9,192
Asia Pacific	9,174	6,880	(438)	6,442	17,387	12,638	(718)	11,920
Europe	4,291	3,218	(333)	2,885	7,949	5,969	(423)	5,546
Total	$ 27,274	$ 15,091	$ (781)	$ 14,310	$ 52,847	$ 27,809	$ (1,151)	$ 26,658
SG&A and Non-Op [(b)]:								
Americas	$ 11,563	$ 5,151	$ (9)	$ 5,142	$ 22,867	$ 9,638	$ (9)	$ 9,629
Asia Pacific	6,867	5,892	(370)	5,522	13,045	10,888	(601)	10,287
Europe	3,736	2,742	(286)	2,456	7,239	5,423	(370)	5,053
Corporate	900	935	—	935	1,611	1,414	—	1,414
Total	$ 23,066	$ 14,720	$ (665)	$ 14,055	$ 44,762	$ 27,363	$ (980)	$ 26,383
Operating income (loss):								
Americas	$ 2,093	$ (168)	$ —	$ (168)	$ 4,414	$ (466)	$ —	$ (466)
Asia Pacific	2,575	1,338	(97)	1,241	4,849	2,402	(159)	2,243
Europe	681	553	(57)	496	937	753	(67)	686
Corporate	(1,469)	(1,428)	—	(1,428)	(2,718)	(2,376)	—	(2,376)
Total	$ 3,880	$ 295	$ (154)	$ 141	$ 7,482	$ 313	$ (226)	$ 87
Net income (loss), consolidated	$ 3,093	$ (122)	$ (79)	$ (201)	$ 6,112	$ (325)	$ (119)	$ (444)
EBITDA (loss) [(c)]:								
Americas	$ 2,291	$ (173)	$ (1)	$ (174)	$ 4,705	$ (451)	$ (1)	$ (452)
Asia Pacific	2,262	1,003	(69)	934	4,289	1,764	(116)	1,648
Europe	551	476	(47)	429	698	546	(54)	492
Corporate	(896)	(935)	—	(935)	(1,607)	(1,413)	(1)	(1,414)
Total	$ 4,208	$ 371	$ (117)	$ 254	$ 8,085	$ 446	$ (172)	$ 274

(a) Represents Revenue less the Direct contracting costs and reimbursed expenses caption on the Condensed Consolidated Statements of Operations.

(b) SG&A and Non-Op is a measure that management uses to evaluate the segments' expenses, which include the following captions on the Condensed Consolidated Statements of Operations: Salaries and related, other selling, general and administrative, and Other expense, net. Corporate management service allocations are included in the segments' other income (expense).

(c) See EBITDA reconciliation in the following section.

Use of EBITDA (Non-GAAP measure)

Management believes EBITDA is a meaningful indicator of the Company's performance that provides useful information to investors regarding the Company's financial condition and results of operations. Management considers EBITDA to be the best indicator of operating performance and most comparable measure across the regions in which the Company operates. Management uses this measure to evaluate capital needs and working capital requirements. EBITDA should not be considered in isolation or as a substitute for operating income, or net income prepared in accordance with U.S. GAAP or as a measure of the Company's profitability. EBITDA is derived from net income (loss) adjusted for the provision for (benefit from) income taxes, interest expense (income), and depreciation and amortization.

The reconciliation of EBITDA to the most directly comparable GAAP financial measure is provided in the table below:

	Three Months Ended June 30,		Six Months Ended June 30,	
$ in thousands	2022	2021	2022	2021
Net income (loss)	$ 3,093	$ (122)	$ 6,112	$ (325)
Adjustments to Net income (loss)				
Provision for income taxes	781	389	1,317	567
Interest income, net	(3)	(9)	(5)	(19)
Depreciation and amortization expense	337	113	661	223
Total adjustments from net income (loss) to EBITDA	1,115	493	1,973	771
EBITDA	$ 4,208	$ 371	$ 8,085	$ 446

Results of Operations

Americas *(reported currency)*

Revenue

	Three Months Ended June 30,				Six Months Ended June 30,			
	2022	2021			2022	2021		
$ in millions	As reported	As reported	Change in amount	Change in %	As reported	As reported	Change in amount	Change in %
Americas								
Revenue	$ 14.4	$ 5.4	$ 9.0	169 %	$ 29.0	$ 9.9	$ 19.1	192 %

For the three months ended June 30, 2022, RPO recruitment revenue increased by $8.8 million or 177%, while contracting revenue increased by $0.3 million, or 62%, as compared to the same period in 2021. The Karani Acquisition contributed 47 percentage points to the revenue growth (for additional information, see Note 5 to the Condensed Consolidated Financial Statements in Part I, Item 1 of this Form 10-Q).

For the six months ended June 30, 2022, RPO recruitment revenue increased by $18.4 million, or 202%, while contracting revenue increased by $0.7 million, or 81%, as compared to the same period in 2021. The Karani Acquisition contributed 52 percentage points to the revenue growth.

Adjusted Net Revenue

	Three Months Ended June 30,				Six Months Ended June 30,			
	2022	2021			2022	2021		
$ in millions	As reported	As reported	Change in amount	Change in %	As reported	As reported	Change in amount	Change in %
Americas								
Adjusted net revenue	$ 13.8	$ 5.0	$ 8.8	177 %	$ 27.5	$ 9.2	$ 18.3	199 %
Adjusted net revenue as a percentage of revenue	96 %	93 %	N/A	N/A	95 %	93 %	N/A	N/A

For the three and six months ended June 30, 2022, RPO recruitment adjusted net revenue increased by $8.8 million, or 178%, and $18.2 million, or 201%, respectively, compared to 2021. The Karani Acquisition contributed 51 and 56 percentage points to the adjusted net revenue growth for the three and six months ended June 30, 2022, respectively.

For the three months ended June 30, 2022, total adjusted net revenue as a percentage of revenue was 96%, compared to 93% in 2021. The increase in total adjusted net revenue as a percentage of revenue was attributed to the higher mix of RPO recruitment to contracting revenue.

For the six months ended June 30, 2022, total adjusted net revenue as a percentage of revenue was 95%, compared to 93% for the same period in 2021. The increase in total adjusted net revenue as a percentage of revenue was due to the same factors noted above.

SG&A and Non-Op

$ in millions	Three Months Ended June 30, 2022 As reported	2021 As reported	Change in amount	Change in %	Six Months Ended June 30, 2022 As reported	2021 As reported	Change in amount	Change in %
Americas								
SG&A and Non-Op	$ 11.6	$ 5.2	$ 6.4	124 %	$ 22.9	$ 9.6	$ 13.2	137 %
SG&A and Non-Op as a percentage of revenue	80 %	96 %	N/A	N/A	79 %	97 %	N/A	N/A

For the three months ended June 30, 2022, SG&A and Non-Op increased $6.4 million, or 124%, compared to the same period in 2021, while SG&A and Non-Op as a percentage of revenue decreased from 96% to 80%.

For the six months ended June 30, 2022, SG&A and Non-Op increased $13.2 million, or 137%, compared to the same period in 2021, while SG&A and Non-Op as a percentage of revenue decreased from 97% to 79%.

The decreases in SG&A and Non-Op as a percentage of revenue were primarily due to gains in adjusted net revenue outpacing higher consultant staff costs from investments in the sales team and industry marketing activities.

Operating Income and EBITDA

$ in millions	Three Months Ended June 30, 2022 As reported	2021 As reported	Change in amount	Change in %	Six Months Ended June 30, 2022 As reported	2021 As reported	Change in amount	Change in %
Americas								
Operating income (loss)	$ 2.1	$ (0.2)	$ 2.3	N/M	$ 4.4	$ (0.5)	$ 4.9	N/M
EBITDA (loss)	$ 2.3	$ (0.2)	$ 2.5	N/M	$ 4.7	$ (0.5)	$ 5.2	N/M
EBITDA (loss) as a percentage of revenue	16 %	(3)%	N/A	N/A	16 %	(5)%	N/A	N/A

N/M = not meaningful

For the three months ended June 30, 2022, operating income was $2.1 million, compared to an operating loss of $0.2 million in 2021, and EBITDA was $2.3 million, or 16% of revenue, compared to EBITDA loss of $0.2 million in 2021.

For the six months ended June 30, 2022, operating income was $4.4 million, compared to operating loss of $0.5 million in 2021, and EBITDA was $4.7 million, or 16% of revenue, compared to EBITDA loss of $0.5 million in 2021.

The increases in operating income and EBITDA were primarily due to the stronger adjusted net revenue results and lower SG&A and Non-Op as a percentage of revenue.

Asia Pacific (constant currency)

Revenue

	Three Months Ended June 30,				Six Months Ended June 30,			
	2022	2021			2022	2021		
$ in millions	As reported	Constant currency	Change in amount	Change in %	As reported	Constant currency	Change in amount	Change in %
Asia Pacific								
Revenue	$ 29.9	$ 26.8	$ 3.2	12 %	$ 61.1	$ 50.7	$ 10.4	21 %

For the three months ended June 30, 2022, RPO recruitment revenue increased $2.5 million, or 42%, and contracting revenue increased by $0.7 million, or 3%, compared to 2021, as discussed below.

In Australia, revenue increased $2.1 million, or 9%, for the three months ended June 30, 2022, compared to the same period in 2021. The increase was primarily in RPO recruitment revenue which grew $2.0 million, or 42%, while contracting revenue increased by $0.2 million, or 1%, compared to 2021. The change in recruitment revenue was due to new client wins and higher demand from existing clients.

In Asia, revenue increased $0.7 million, or 35%, for the three months ended June 30, 2022, compared to the same period in 2021. The change for the three months ended June 30, 2022 was due to new client wins and higher demand from existing clients.

For the six months ended June 30, 2022, contracting revenue increased by $5.4 million, or 14%, while RPO recruitment revenue increased by $5.0 million, or 46%.

In Australia, revenue increased $8.5 million, or 18%, for the six months ended June 30, 2022, compared to the same period in 2021. The increase was primarily in contracting revenue, which increased by $4.4 million, or 12%, while RPO recruitment revenue increased by $4.1 million, or 48%. The increases in contracting and recruitment revenue were primarily due to higher demand from existing clients, as well as the implementation of new client contracts.

In Asia, revenue increased $1.5 million, or 38%, for the six months ended June 30, 2022 compared to 2021, reflecting new client wins and higher demand from existing clients.

Adjusted net revenue

	Three Months Ended June 30,				Six Months Ended June 30,			
	2022	2021			2022	2021		
$ in millions	As reported	Constant currency	Change in amount	Change in %	As reported	Constant currency	Change in amount	Change in %
Asia Pacific								
Adjusted net revenue	$ 9.2	$ 6.4	$ 2.7	42 %	$ 17.4	$ 11.9	$ 5.5	46 %
Adjusted net revenue as a percentage of revenue	31 %	24 %	N/A	N/A	28 %	24 %	N/A	N/A

For the three months ended June 30, 2022, RPO recruitment adjusted net revenue increased $2.5 million, or 44%, while contracting adjusted net revenue increased $0.2 million, or 29%, compared to the same period in 2021.

In Australia, adjusted net revenue increased by $2.2 million, or 42%, for the three months ended June 30, 2022, compared to the same period in 2021. The increase was primarily reflected in RPO recruitment adjusted net revenue, which grew $2.0 million, or 45%, while contracting adjusted net revenue increased by $0.2 million, or 26%, compared to 2021.

In Asia, adjusted net revenue increased by $0.6 million, or 45%, for the three months ended June 30, 2022, compared to the same period in 2021.

Total adjusted net revenue as a percentage of revenue was 31% for the three months ended June 30, 2022, compared to 24% for the same period in 2021. The increase in total adjusted net revenue as a percentage of revenue was attributed to a greater mix of higher margin RPO recruitment revenue to contracting revenue.

For the six months ended June 30, 2022, RPO recruitment adjusted net revenue increased by $5.0 million, or 48%, while contracting adjusted net revenue increased by $0.4 million, or 30%, compared to the same period in 2021.

In Australia, adjusted net revenue increased by $4.5 million, or 47%, for the six months ended June 30, 2022, compared to the same period in 2021. The increase was primarily reflected in RPO recruitment adjusted net revenue, which grew $4.1 million, or 51%, while contracting adjusted net revenue increased by $0.4 million, or 27%, compared to 2021.

In Asia, adjusted net revenue increased by $1.0 million, or 41%, for the six months ended June 30, 2022, compared to the same period in 2021.

Total adjusted net revenue as a percentage of revenue was 28% for the six months ended June 30, 2022, compared to 24% for the same period in 2021. The increase in total adjusted net revenue as a percentage of revenue was attributed to the higher mix of higher margin RPO recruitment revenue to contracting revenue.

SG&A and Non-Op

	Three Months Ended June 30,				Six Months Ended June 30,			
	2022	2021			2022	2021		
$ in millions	As reported	Constant currency	Change in amount	Change in %	As reported	Constant currency	Change in amount	Change in %
Asia Pacific								
SG&A and Non-Op	$ 6.9	$ 5.5	$ 1.3	24 %	$ 13.0	$ 10.3	$ 2.8	27 %
SG&A and Non-Op as a percentage of revenue	23 %	21 %	N/A	N/A	21 %	20 %	N/A	N/A

For the three and six months ended June 30, 2022, SG&A and Non-Op increased $1.3 million or 24%, and $2.8 million or 27%, respectively, compared to the same periods in 2021. The increases in SG&A and Non-Op were primarily due to higher consultant staff costs.

For the three and six months ended June 30, 2022, SG&A and Non-Op as a percentage of revenue was 23% and 21%, as compared to 21% and 20%, respectively, for the same periods in 2021.

For the three and six months ended June 30, 2022, the increase in SG&A and Non-Op as a percentage of revenue was principally due to the lower mix of contracting revenue, where the majority of costs are reflected in adjusted net revenue.

Operating Income and EBITDA

	Three Months Ended June 30,				Six Months Ended June 30,			
	2022	2021			2022	2021		
$ in millions	As reported	Constant currency	Change in amount	Change in %	As reported	Constant currency	Change in amount	Change in %
Asia Pacific								
Operating income	$ 2.6	$ 1.2	$ 1.3	108 %	$ 4.8	$ 2.2	$ 2.6	116 %
EBITDA	$ 2.3	$ 0.9	$ 1.3	142 %	$ 4.3	$ 1.6	$ 2.6	160 %
EBITDA as a percentage of revenue	8 %	3 %	N/A	N/A	7 %	3 %	N/A	N/A

For the three months ended June 30, 2022, operating income was $2.6 million, compared to operating income of $1.2 million, and EBITDA was $2.3 million or 8% of revenue, compared to EBITDA of $0.9 million or 3% of revenue, compared to the same period in 2021.

For the six months ended June 30, 2022, operating income was $4.8 million, compared to operating income of $2.2 million, and EBITDA was $4.3 million or 7% of revenue, compared to EBITDA of $1.6 million or 3% of revenue, compared to for the same period in 2021.

The increases in operating income and EBITDA were principally due to the changes in adjusted net revenue, as described above.

Europe *(constant currency)*

Revenue

	Three Months Ended June 30,				Six Months Ended June 30,			
	2022	2021			2022	2021		
$ in millions	(As restated)	Constant currency	Change in amount (As restated)	Change in % (As restated)	(As restated)	Constant currency	Change in amount (As restated)	Change in % (As restated)
Europe								
Revenue	$ 12.4	$ 4.9	$ 7.4	150 %	$ 18.5	$ 9.4	$ 9.2	98 %

For the three months ended June 30, 2022, RPO recruitment revenue increased by $1.5 million or 51%, and contracting revenue increased $5.9 million or 299%, compared to the same period in 2021, as further discussed below.

In the U.K., for the three months ended June 30, 2022, revenue increased by $7.5 million, or 166%. The change was driven by increases in RPO recruitment and contracting revenue of $1.5 million and $5.9 million, respectively, due to higher demand from existing clients and the implementation of new client contracts.

In Continental Europe, total revenue decreased to $0.4 million for the three months ended June 30, 2022, a decrease of 6% compared to 2021, due to lower demand from existing recruitment clients.

For the six months ended June 30, 2022, RPO recruitment revenue increased by $2.6 million or 44%, while contracting revenue increased by $6.6 million or 185%, compared to the same period in 2021.

In the U.K., for the six months ended June 30, 2022, revenue increased by $9.5 million or 115%, compared to the same period in 2021. The increase was driven by higher RPO recruitment revenue of $2.8 million and higher contracting revenue of $6.6 million.

In Continental Europe, revenue decreased to $0.8 million for the six months ended June 30, 2022, compared to revenue of $1.1 million for the same period in 2021, due to the same factor noted above.

Adjusted Net Revenue

	Three Months Ended June 30,				Six Months Ended June 30,			
	2022	2021			2022	2021		
$ in millions	(As restated)	Constant currency	Change in amount	Change in %	(As restated)	Constant currency	Change in amount	Change in %
Europe								
Adjusted net revenue	$ 4.3	$ 2.9	$ 1.4	49 %	$ 7.9	$ 5.5	$ 2.4	43 %
Adjusted net revenue as a percentage of revenue	35 %	58 %	N/A	N/A	43 %	59 %	N/A	N/A

For the three months ended June 30, 2022, adjusted net revenue increased by $1.4 million or 49%, driven by an increase in RPO recruitment of $1.4 million, led by the U.K. as discussed below.

In the U.K., total adjusted net revenue for the three months ended June 30, 2022 increased by $1.4 million or 56%, compared to 2021. The increase was driven by RPO recruitment adjusted net revenue, which also increased by $1.4 million or 58%, compared to 2021.

In Continental Europe, total adjusted net revenue was $0.4 million for the three months ended June 30, 2022, for an increase of 2% compared to $0.4 million in 2021, due to higher demand from existing clients.

For the six months ended June 30, 2022, adjusted net revenue increased by $2.4 million or 43%, driven by an increase in RPO recruitment revenue, which also grew $2.4 million or 44%, compared to the same period in 2021.

In the U.K., total adjusted net revenue for the six months ended June 30, 2022 increased $2.6 million or 57%, compared to the same period in 2021. The increase in total adjusted net revenue in the U.K. was driven by an increase in RPO recruitment of $2.6 million.

In Continental Europe, for the six months ended June 30, 2022, total adjusted net revenue decreased by $0.2 million, or 21%, compared to the same period in 2021, due to lower demand from existing clients.

SG&A and Non-Op

	Three Months Ended June 30,				Six Months Ended June 30,			
	2022	2021			2022	2021		
$ in millions	(As restated)	Constant currency	Change in amount	Change in %	(As restated)	Constant currency	Change in amount	Change in %
Europe								
SG&A and Non-Op	$ 3.7	$ 2.5	$ 1.3	52 %	$ 7.2	$ 5.1	$ 2.2	43 %
SG&A and Non-Op as a percentage of revenue	30 %	50 %	N/A	N/A	39 %	54 %	N/A	N/A

For the three and six months ended June 30, 2022, SG&A and Non-Op increased $1.3 million or 52%, and $2.2 million or 43%, respectively, compared to the same periods in 2021. The increases in SG&A and Non-Op were a result of higher consultant staff costs and increased advertising activities in the current year.

For the three and six months ended June 30, 2022, SG&A and Non-Op as a percentage of revenue was 30% and 39%, compared to 50% and 54%, respectively in 2021. The increases in SG&A and Non-Op as a percentage of revenue were primarily due to the higher consultant staff costs and increased advertising activities outpacing gains in RPO recruitment revenue.

Operating Income and EBITDA

	Three Months Ended June 30,				Six Months Ended June 30,			
	2022	2021			2022	2021		
$ in millions	(As restated)	Constant currency	Change in amount	Change in %	(As restated)	Constant currency	Change in amount	Change in %
Europe								
Operating income	$ 0.7	$ 0.5	$ 0.2	37 %	$ 0.9	$ 0.7	$ 0.3	37 %
EBITDA	$ 0.6	$ 0.4	$ 0.1	29 %	$ 0.7	$ 0.5	$ 0.2	42 %
EBITDA as a percentage of revenue	4 %	9 %	N/A	N/A	4 %	5 %	N/A	N/A

For the three months ended June 30, 2022, operating income was $0.7 million, compared to operating income of $0.5 million for the same period in 2021, and EBITDA was $0.6 million or 4% of revenue, compared to EBITDA of $0.4 million for the same period in 2021.

For the six months ended June 30, 2022, operating income was $0.9 million compared to operating income of $0.7 million for the same period in 2021, and EBITDA was $0.7 million or 4% of revenue, compared to EBITDA of $0.5 million or 5% of revenue, for the same period in 2021.

The increases in operating income and EBITDA were principally due to the gains in RPO recruitment revenue noted above.

<u>The following are discussed in reported currency</u>

Corporate Expenses, Net of Corporate Management Expense Allocations

Corporate expenses were $0.9 million for the three months ended June 30, 2022 compared to $0.9 million for the three months ended June 30, 2021. The slight decrease was primarily due to lower stock compensation expense and an increase in corporate allocations, which were partially offset by higher professional fees.

For the six months ended June 30, 2022, corporate expenses were $1.6 million compared to $1.4 million for the same period in 2021, for an increase of $0.2 million. The increase was primarily due to higher staff costs, professional fees, and travel and entertainment expenses, which were partially offset by higher corporate allocations.

Depreciation and Amortization Expense

Depreciation and amortization expense was $0.3 million and $0.7 million for the three and six months ended June 30, 2022, compared to $0.1 million and $0.2 million for the same periods in 2021, respectively. The increases were driven by amortization expense associated with the acquisitions of Coit Staffing, Inc and Karani, LLC of $0.3 million and $0.6 million for the three and six months ended June 30, 2022, respectively. (See Note 5 to the Condensed Consolidated Financial Statements in Part I, Item 1 of this Form 10-Q)

Other Income (expense), Net

Other expense was $0.0 million for each of the three months ended June 30, 2022 and 2021. For the six months ended June 30, 2022, other expense of $0.1 million decreased slightly compared to other expense of $0.1 million in 2021.

Provision for Income Taxes

The provision for income taxes for the six months ended June 30, 2022 was $1.3 million on $7.4 million of pre-tax income, compared to a provision for income tax of $0.6 million on $0.2 million of pre-tax income for the same period in 2021. The effective tax rates for the six months ended June 30, 2022 and 2021 were positive 18% and positive 234%, respectively. For the six months ended June 30, 2022, the effective tax rate differed from the U.S. Federal statutory rate of 21% primarily due to state income taxes, changes in valuation allowances in the U.S. and certain foreign jurisdictions which reduces or eliminates the effective tax rate on current year profits or losses, foreign tax rate differences, taxes on repatriations or deemed repatriation of foreign profits, and non-deductible expenses.

Net Income (Loss)

Net income was $3.1 million for the three months ended June 30, 2022, compared to net loss of $0.1 million for the three months ended June 30, 2021. Basic and diluted earnings per share were $1.02 and $0.98, respectively, for the three months ended June 30, 2022, compared to basic and diluted loss per share of $0.04 for the same period in 2021.

Net income was $6.1 million for the six months ended June 30, 2022, compared to net loss of $0.3 million for the same period in 2021, an increase in net income of $6.4 million. Basic and diluted earnings per share were $2.04 and $1.95, respectively, for the six months ended June 30, 2022, compared to basic and diluted loss per share of $0.11 for the same period in 2021.

Liquidity and Capital Resources

As of June 30, 2022, cash and cash equivalents and restricted cash totaled $26.2 million, compared to $22.1 million as of December 31, 2021. The following table summarizes the Company's cash flow activities for the six months ended June 30, 2022 and 2021:

$ in millions	For the Six Months Ended June 30, 2022		For the Six Months Ended June 30, 2021	
Net cash provided by (used in) operating activities	$	5.2	$	(1.4)
Net cash used in by investing activities		(0.1)		(0.1)
Net cash used in financing activities		(0.2)		—
Effect of exchange rates on cash, cash equivalents, and restricted cash		(0.7)		(0.1)
Net increase (decrease) in cash, cash equivalents, and restricted cash	$	4.1	$	(1.7)

Cash Flows from Operating Activities

For the six months ended June 30, 2022, net cash provided by operating activities was $5.2 million, compared to $1.4 million of net cash used in operating activities in 2021, resulting in an increase in net cash provided by of $6.6 million. The increase in net cash provided resulted principally from higher net income and more favorable working capital comparisons to the prior year.

Cash Flows from Investing Activities

For each of the six months ended June 30, 2022 and 2021, net cash used in investing activities was $0.1 million.

Cash Flows from Financing Activities

For the six months ended June 30, 2022, net cash used in financing activities was $0.2 million, compared to net cash used in financing activities of $0.0 million in 2021. The increase in net cash used in financing activities was attributable to the payment of $0.2 million in taxes in connection with the net issuance of common stock upon the vesting of restricted stock units.

Invoice Finance Credit Facility

On April 8, 2019, the Company's Australian subsidiary ("Australian Borrower") entered into an invoice finance credit facility agreement (the "NAB Facility Agreement") with National Australia Bank Limited ("NAB"). The NAB Facility Agreement provides the Australian Borrower with the ability to borrow funds based on a percentage of eligible trade receivables up to a maximum of $4 million Australian dollars. No receivables have terms greater than 90 days, and any risk of loss is retained by the Australian Borrower. The interest rate is calculated as the variable receivable finance indicator rate, plus a margin of 1.60% per annum. Borrowings under this facility are secured by substantially all of the assets of the Australian Borrower. The NAB Facility Agreement does not have a stated maturity date and can be terminated by either the Australian Borrower or NAB upon 90 days written notice. As of June 30, 2022, there were no amounts outstanding under the NAB Facility Agreement. Interest expense and fees incurred on the NAB Facility Agreement were $4 and $9 for the three and six months ended June 30, 2022, respectively, and $5 and $10 for the three and six months ended June 30, 2021, respectively. The Australian Borrower was in compliance with all financial covenants under the NAB Facility Agreement as of June 30, 2022.

Liquidity Outlook

As of June 30, 2022, the Company had cash and cash equivalents on hand of $25.8 million. The Company also has the capability to borrow an additional 4 million Australian dollars under the NAB Facility Agreement. In addition, the Company issued a promissory note of $2.0 million, in connection with the acquisition of Karani, LLC. Other than as described above, the Company has no financial guarantees, outstanding debt or other lease agreements or arrangements that could trigger a requirement for an early payment or that could change the value of our assets. The Company believes that it has sufficient liquidity to satisfy its needs through at least the next 12 months, based on the Company's financial position as of June 30, 2022. The Company's near-term cash requirements during 2022 are primarily related to the funding of the Company's operations. For the full year 2022, the Company expects to make capital expenditures of less than $1.0 million.

As of June 30, 2022, $10.6 million of the Company's cash and cash equivalents noted above were held in the U.S. and the remainder were held outside the U.S., primarily in Australia ($6.1 million), the U.K. ($4.8 million), Hong Kong ($1.0 million), China ($0.6 million), Singapore ($0.6 million), Belgium ($0.5 million), India ($0.5 million), and Switzerland

($0.3 million). The majority of the Company's offshore cash is available to it as a source of funds, net of any tax obligations or assessments.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

Contingencies

From time to time in the ordinary course of business, the Company is subject to compliance audits by U.S. federal, state, local, and foreign government regulatory, tax, and other authorities relating to a variety of regulations, including wage and hour laws, unemployment taxes, workers' compensation, immigration, and income, value-added, and sales taxes. The Company is also subject to, from time to time in the ordinary course of business, various claims, lawsuits, and other complaints from, for example, clients, candidates, suppliers, landlords for both leased and subleased properties, former and current employees, and regulators or tax authorities. Periodic events and management actions such as business reorganization initiatives can change the number and types of audits, claims, lawsuits, contract disputes, or complaints asserted against the Company. Such events can also change the likelihood of assertion and the behavior of third parties to reach resolution regarding such matters.

The economic conditions in the recent past have given rise to many news reports and bulletins from clients, tax authorities, and other parties about changes in their procedures for audits, payment, plans to challenge existing contracts, and other such matters aimed at being more aggressive in the resolution of such matters in their own favor. The Company believes that it has appropriate procedures in place for identifying and communicating any matters of this type, whether asserted or likely to be asserted, and it evaluates its liabilities in light of the prevailing circumstances. Changes in the behavior of third parties could cause the Company to change its view of the likelihood of a claim and what might constitute a trend. Employment laws vary in the markets in which we operate, and in some cases, employees and former employees have extended periods during which they may bring claims against the Company.

For matters that reach the threshold of probable and estimable, the Company establishes reserves for legal, regulatory, and other contingent liabilities. The Company did not have any reserves as of June 30, 2022 and December 31, 2021. Although the outcome of these matters cannot be determined, the Company believes that none of the currently pending matters, individually or in the aggregate, will have a material adverse effect on the Company's financial condition, results of operations or liquidity.

Recent Accounting Pronouncements

See Note 3 to the Condensed Consolidated Financial Statements in Part I, Item 1 of this Form 10-Q for a full description of relevant recent accounting pronouncements, including the respective expected dates of adoption.

Critical Accounting Policies & Estimates

See "Critical Accounting Policies & Estimates" under Item 7 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2021 filed with the SEC on March 11, 2022 and incorporated by reference herein. There were no changes to the Company's critical accounting policies during the three months ended June 30, 2022.

FORWARD-LOOKING STATEMENTS

This Form 10-Q contains statements that the Company believes to be "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact included in this Form 10-Q, including statements regarding the Company's future financial condition, results of operations, business operations and business prospects, are forward-looking statements. Words such as "anticipate," "estimate," "expect," "project," "intend," "plan," "predict," "believe," and similar words, expressions, and variations of these words and expressions are intended to identify forward-looking statements. All forward-looking statements are subject to important factors, risks, uncertainties, and assumptions, including industry and economic conditions that could cause actual results to differ materially from those described in the forward-looking statements. Such factors, risks, uncertainties, and assumptions include, but are not limited to, (1) global economic fluctuations, (2) the adverse impacts of the coronavirus, or COVID-19 pandemic, (3) the Company's ability to successfully achieve its strategic initiatives, (4) risks related to potential acquisitions or dispositions of businesses by the Company, (5) the Company's ability to operate successfully as a company focused on its RPO business, (6) risks related to fluctuations in the Company's operating results from quarter to quarter, (7) the loss of or material reduction in our business with any of the Company's largest customers, (8) the ability of clients to terminate their relationship with the Company at any time, (9) competition in the Company's markets, (10) the negative cash flows and operating losses that may recur in the future, (11) risks relating to how future credit facilities may affect or restrict our operating flexibility, (12) risks associated with the Company's investment strategy, (13) risks related to international operations, including foreign currency fluctuations, political events, natural disasters or health crises, including the ongoing COVID-19 pandemic, (14) the Company's dependence on key management personnel, (15) the Company's ability to attract and retain highly skilled professionals, management, and advisors, (16) the Company's ability to collect accounts receivable, (17) the Company's ability to maintain costs at an acceptable level, (18) the Company's heavy reliance on information systems and the impact of potentially losing or failing to develop technology, (19) risks related to providing uninterrupted service to clients, (20) the Company's exposure to employment-related claims from clients, employers and regulatory authorities, current and former employees in connection with the Company's business reorganization initiatives, and limits on related insurance coverage, (21) the Company's ability to utilize net operating loss carry-forwards, (22) volatility of the Company's stock price, (23) the impact of government regulations, (24) restrictions imposed by blocking arrangements, and (25) those risks set forth in "Risk Factors in the Company's Annual Report on From 10-K for the year ended December 31, 2021." The foregoing list should not be construed to be exhaustive. Actual results could differ materially from the forward-looking statements contained in this Form 10-Q. In view of these uncertainties, you should not place undue reliance on any forward-looking statements, which are based on our current expectations. These forward-looking statements speak only as of the date of this Form 10-Q. The Company assumes no obligation, and expressly disclaims any obligation, to update any forward-looking statements, whether as a result of new information, future events or otherwise.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company conducts operations in various countries and faces both translation and transaction risks related to foreign currency exchange. For the six months ended June 30, 2022, the Company earned approximately 74% of its revenue outside the U.S., and it collected payments in local currency, and paid related operating expenses in such corresponding local currency. Revenues and expenses in foreign currencies translate into higher or lower revenues and expenses in U.S. dollars as the U.S. dollar weakens or strengthens against other currencies. Therefore, changes in exchange rates may affect our consolidated revenues and expenses (as expressed in U.S. dollars) from foreign operations. Specifically, the ongoing COVID-19 pandemic has negatively impacted certain currencies compared to the U.S. dollar in the countries where we do business.

Amounts invested in our foreign operations are translated into U.S. dollars at the exchange rates in effect at the balance sheet date. The resulting translation adjustments are recorded as a component of accumulated other comprehensive income in the stockholders' equity section of the Condensed Consolidated Balance Sheets. The translation of foreign currency into U.S. dollars is reflected as a component of stockholders' equity and does not impact our reported net income (loss).

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has conducted an evaluation of the design and operation of the Company's disclosure controls and procedures, as such term is defined under Rule 13a-15(e) of the Securities Exchange Act of 1934, as amended. At the time of the Original 10-Q Filing, management, including our Chief Executive Officer and Chief Financial Officer, initially concluded that our disclosure controls and procedures were effective as of June 30, 2022. As a result of the restatement of the Company's financial statements and the material weakness identified below, disclosure controls and procedures were not effective.

In connection with the preparation of the audited financial statements to be included in the 2022 Annual Report on Form 10-K, management identified a material weakness in the design and implementation of internal controls over the revenue recognition process, specifically the failure to properly evaluate whether the Company was to be considered the principal or the agent in a non-routine transaction involving a discretionary bonus paid by the Company on behalf of a customer. The material weakness resulted in an understatement of revenue and direct contracting costs and reimbursed expenses in the amount of $5.762 million for the three- and six-month periods ended June 30, 2022. The Company's remediation plan is described in the Company's Annual Report on Form 10-K for the year ended December 31, 2022.

Management is committed to remediating the material weakness in a timely fashion and to making continuous improvements to the Company's internal control over financial reporting. Management will continually assess the effectiveness of the remediation efforts and may determine to take additional measures to address control deficiencies or modify the remediation plan.

Changes in Internal Control Over Financial Reporting

Other than the material weakness discussed above, there were no changes in the Company's internal control over financial reporting that occurred during the quarter ended June 30, 2022 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Company is subject, from time to time, to various legal proceedings that are incidental to the conduct of its business. The Company is not involved in any pending legal proceeding that it believes would reasonably be expected to have a material adverse effect on its financial condition or results of operations.

ITEM 1A. RISK FACTORS

In addition to the risks set forth below and the information set forth in this Form 10-Q/A, you should carefully consider the “Risk Factors” included under Item 1A. to Part I of our Annual Report on Form 10-K for the year ended December 31, 2021. You should be aware that these risk factors and other information may not describe every risk facing the Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial could adversely affect our business, financial condition and results of operations.

We have identified a material weakness in our internal control over financial reporting which could, if not remediated or if we identify additional material weaknesses or other adverse findings in the future, impair our ability to report accurate and timely financial information, adversely affect investor confidence, and have a material and adverse effect on our financial condition and results of operations.

Management identified an error related to the accounting treatment of a discretionary bonus paid by the Company on behalf of a customer. The effect of this error is an understatement of revenue and direct contracting costs and reimbursed expenses in the amount of $5.762 million. The error had no impact on the Company’s consolidated balance sheet, consolidated statement of cash flows, net income, the presentation of the non-GAAP metric EBITDA, or any other accounts for such periods. As a result of the error, we identified a material weakness in the design and implementation of internal controls over the revenue recognition process, specifically the failure to properly evaluate whether the Company was to be considered the principal or the agent in a non-routine transaction involving a discretionary bonus paid by the Company on behalf of a customer. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

Management is developing new controls and anticipates that the new controls, as implemented and when tested for a sufficient period of time, will remediate the material weakness. If we are not successful in implementing these remediation measures or in developing other internal controls, it may impair our ability to report accurate and timely financial information. These remediation measures may be time consuming and costly and there is no assurance that the measures we take will remediate the material weakness identified or be sufficient to avoid potential future material weaknesses. Further, we will not be able to fully assess whether the steps we are taking will remediate the material weakness in our internal control over financial reporting until we have completed our implementation efforts and sufficient time passes in order to evaluate their effectiveness.

In addition, until we remediate the material weakness, or if we identify additional material weaknesses in our internal control over financial reporting, we may not detect errors on a timely basis and our financial statements may be materially misstated. In such case, we may be unable to maintain compliance with securities law requirements regarding timely filing of periodic reports in addition to applicable stock exchange listing requirements, investors may lose confidence in our financial reporting, and our stock price may decline as a result.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table summarizes purchases of common stock by the Company during the quarter ended June 30, 2022.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs [(a)]
April 1, 2022 - April 30, 2022	—	$ —	—	$ 1,703,000
May 1, 2022 - May 31, 2022	—	$ —	—	$ 1,703,000
June 1, 2022 - June 30, 2022	—	$ —	—	$ 1,703,000
Total	—	$ —	—	$ 1,703,000

(a) On July 30, 2015, the Company announced that its Board authorized the repurchase of up to $10.0 million of the Company's common stock. The authorization does not expire. See Note 12 to the Condensed Consolidated Financial Statements in Item 1 included in Part I of this Form 10-Q for further details. As of June 30, 2022, the Company had repurchased an aggregate of 432,563 shares for a total cost of approximately $8.3 million under this authorization. There were no share repurchases by the Company during the three months ended June 30, 2022. From time to time, the Company may enter into a Rule 10b5-1 trading plan for purposes of repurchasing common stock under this authorization.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

HUDSON GLOBAL, INC.
FORM 10-Q

EXHIBIT INDEX

The exhibits to this Form 10-Q are listed in the following Exhibit Index:

Exhibit No.	Description
31.1*	Certification by the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act.
31.2*	Certification by the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act.
32.1**	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350.
32.2**	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350.
101*	The following materials from Hudson Global, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2022 are filed herewith, formatted in iXBRL (Inline Extensible Business Reporting Language): (i) the Condensed Consolidated Statements of Operations for the three months and six months ended June 30, 2022 and 2021, (ii) the Condensed Consolidated Statements of Other Comprehensive Income (Loss) for the three months and six months ended June 30, 2022 and 2021, (iii) the Condensed Consolidated Balance Sheets as of June 30, 2022 and December 31, 2021, (iv) the Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2022 and 2021, (v) the Condensed Consolidated Statements of Stockholders' Equity for the three months and six months ended June 30, 2022 and 2021, and (vi) Notes to Condensed Consolidated Financial Statements.
104*	The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2022, formatted in iXBRL and contained in Exhibit 101.

*Filed herewith.

** Furnished, not filed.

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

		HUDSON GLOBAL, INC. (Registrant)	
Dated:	April 28, 2023	By:	/s/ JEFFREY E. EBERWEIN Jeffrey E. Eberwein Chief Executive Officer (Principal Executive Officer)
Dated:	April 28, 2023	By:	/s/ MATTHEW K. DIAMOND Matthew K. Diamond Chief Financial Officer (Principal Financial Officer)

Exhibit 31.1

CERTIFICATIONS

I, Jeffrey E. Eberwein, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Hudson Global, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: April 28, 2023

/s/ JEFFREY E. EBERWEIN
Jeffrey E. Eberwein
Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, Matthew K. Diamond, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Hudson Global, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: April 28, 2023

/s/ MATTHEW K. DIAMOND
Matthew K. Diamond
Chief Financial Officer

<u>Exhibit 32.1</u>

Written Statement of the Chief Executive Officer
Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

Solely for the purposes of complying with 18 U.S.C. Section 1350, I, the undersigned Chief Executive Officer of Hudson Global, Inc. (the “Company”), hereby certify, based on my knowledge, that the Quarterly Report on Form 10-Q of the Company for the quarter ended June 30, 2022 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ JEFFREY E. EBERWEIN

Jeffrey E. Eberwein
April 28, 2023

Exhibit 32.2

Written Statement of the Principal Financial Officer
Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

Solely for the purposes of complying with 18 U.S.C. Section 1350, I, the undersigned Principal Financial Officer of Hudson Global, Inc. (the "Company"), hereby certify, based on my knowledge, that the Quarterly Report on Form 10-Q of the Company for the quarter ended June 30, 2022 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ MATTHEW K. DIAMOND

Matthew K. Diamond
April 28, 2023