



Q3 2023 Earnings Call

November 10, 2023



Hudson Global, Inc.

Forward-Looking Statements

This presentation 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 presentation, 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, global economic fluctuations; rising inflationary pressures and interest rates; the adverse impacts of the coronavirus, or COVID-19 pandemic; the Company's ability to successfully achieve its strategic initiatives; risks related to the Company's large cash balance relative to its market capitalization as a small public company; risks related to potential acquisitions or dispositions of businesses by the Company; the Company's ability to operate successfully as a company focused on its RPO business; risks related to fluctuations in the Company's operating results from quarter to quarter; the ability of clients to terminate their relationship with the Company at any time; competition in the Company's markets; the negative cash flows and operating losses that may recur in the future; risks relating to how future credit facilities may affect or restrict our operating flexibility; risks associated with the Company's investment strategy; risks related to international operations, including foreign currency fluctuations, political events, natural disasters or health crises, including the ongoing COVID-19 pandemic, the Russia-Ukraine war; the Hamas-Israel war, and potential conflict in the Middle East; the Company's dependence on key management personnel; the Company's ability to attract and retain highly skilled professionals, management, and advisors; the Company's ability to collect accounts receivable; the Company's ability to maintain costs at an acceptable level; the Company's heavy reliance on information systems and the impact of potentially losing or failing to develop technology; risks related to providing uninterrupted service to clients; 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; the Company's ability to utilize net operating loss carry-forwards; volatility of the Company's stock price; the impact of government regulations; restrictions imposed by blocking arrangements; a material weakness in our internal control over financial reporting that could have a significant adverse effect on our business and the price of our common stock; and the potential for a shutdown of the U.S. government if the U.S. Congress is unable to agree on terms for a spending bill sufficient to fund U.S. government operations. Additional information concerning these and other factors is contained in the Company's filings with the Securities and Exchange Commission. These forward-looking statements speak only as of the date of this document. 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.

Q3 2023: Consolidated Financial Results

US\$ in Millions, except EPS

	'+ / - ⁽¹⁾	CC ⁽²⁾	Q3 2023	Q3 2022
Revenue	-	19.1%	\$39.4	\$48.7
	-	17.9%		
Adjusted net revenue	-	20.0%	\$19.4	\$24.2
	-	19.9%		
SG&A ⁽³⁾⁽⁴⁾	-	18.0%	\$17.4	\$21.2
	-	18.0%		
Adjusted EBITDA ⁽⁵⁾	-	33.4%	\$2.0	\$3.0
	-	32.9%		
Net Income (Loss)	-	44.2%	\$0.5	\$1.0
Basic EPS			\$0.17	\$0.31
Diluted EPS			\$0.17	\$0.30
Adjusted Diluted EPS ⁽⁵⁾			\$0.24	\$0.58

⁽¹⁾ + / - indicates whether the caption was higher (+) or lower (-) than the comparison period.

⁽²⁾ CC represents constant currency.

⁽³⁾ Excludes stock compensation expense of \$0.1 million and \$0.5 million for the three months ending September 30, 2023 and 2022, respectively.

⁽⁴⁾ Excludes non-recurring expenses of \$0.2 million and \$0.9 million for the three months ending September 30, 2023 and 2022, respectively.

⁽⁵⁾ Adjusted EBITDA and Adjusted Diluted EPS are non-GAAP financial measures. Please reference slide 13 of this presentation for a reconciliation of these non-GAAP measures.

Q3 YTD 2023: Consolidated Financial Results

US\$ in Millions, except EPS

	'+ / - ⁽¹⁾		CC ⁽²⁾	YTD 2023	YTD 2022
Revenue	-	19.0%		\$127.4	\$157.3
	-	16.4%	CC		
Adjusted net revenue	-	17.3%		\$63.7	\$77.0
	-	15.8%	CC		
SG&A ⁽³⁾⁽⁴⁾	-	8.2%		\$57.9	\$63.1
	-	6.4%	CC		
Adjusted EBITDA ⁽⁵⁾	-	58.5%		\$5.8	\$14.0
	-	57.3%	CC		
Net Income (Loss)	-	79.3%		\$1.5	\$7.1
Basic EPS				\$0.48	\$2.35
Diluted EPS				\$0.47	\$2.25
Adjusted Diluted EPS ⁽⁵⁾				\$0.82	\$3.05

⁽¹⁾ + / - indicates whether the caption was higher (+) or lower (-) than the comparison period.

⁽²⁾ CC represents constant currency.

⁽³⁾ Excludes stock compensation expense of \$1.0 million and \$1.8 million for the nine months ending September 30, 2023 and 2022, respectively.

⁽⁴⁾ Excludes non-recurring expenses of \$1.1 million and \$2.4 million for the nine months ending September 30, 2023 and 2022, respectively.

⁽⁵⁾ Adjusted EBITDA and Adjusted Diluted EPS are non-GAAP financial measures. Please reference slide 14 of this presentation for a reconciliation of these non-GAAP measures.

Q3 2023: Americas

US\$ in Millions

	'+ / - ⁽¹⁾	CC ⁽²⁾	Q3 2023	Q3 2022
Revenue	-	42.9%	\$7.2	\$12.6
	-	42.8% CC		
Adjusted net revenue	-	42.5%	\$6.9	\$11.9
	-	42.5% CC		
SG&A ⁽³⁾	-	34.8%	\$6.7	\$10.2
	-	34.5% CC		
Adjusted EBITDA ⁽⁴⁾	-	82.9%	\$0.3	\$1.8
	-	82.8% CC		
Adjusted EBITDA, as a % of Adjusted net revenue			4.5%	15.3%

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⁽²⁾ CC represents constant currency.

⁽³⁾ Excludes stock compensation expense and non-recurring expenses.

⁽⁴⁾ Adjusted EBITDA is a non-GAAP financial measure. Please reference slide 13 of this presentation for a reconciliation of non-GAAP measures.

Q3 2023: Asia Pacific

US\$ in Millions, except EPS

	'+ / - ⁽¹⁾		CC ⁽²⁾	Q3 2023	Q3 2022
Revenue	-	12.9%		\$26.1	\$30.0
	-	9.5%	CC		
Adjusted net revenue	+	4.5%		\$8.7	\$8.3
	+	8.3%	CC		
SG&A ⁽³⁾	-	4.0%		\$6.3	\$6.5
	-	0.3%	CC		
Adjusted EBITDA ⁽⁴⁾	+	35.9%		\$2.3	\$1.7
	+	40.1%	CC		
Adjusted EBITDA, as a % of Adjusted net revenue				26.8%	20.6%

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⁽²⁾ CC represents constant currency.

⁽³⁾ Excludes stock compensation expense.

⁽⁴⁾ Adjusted EBITDA is a non-GAAP financial measure. Please reference slide 13 of this presentation for a reconciliation of non-GAAP measures.

Q3 2023: Europe

US\$ in Millions

	'+ / - (1)	CC (2)	Q3 2023	Q3 2022
Revenue	-	0.6%	\$6.1	\$6.2
	-	7.7%		
Adjusted net revenue	-	3.3%	\$3.8	\$3.9
	-	10.1%		
SG&A ⁽³⁾	+	2.3%	\$3.6	\$3.5
	-	5.0%		
Adjusted EBITDA ⁽⁴⁾	-	54.9%	\$0.2	\$0.4
	-	58.1%		
Adjusted EBITDA, as a % of Adjusted net revenue			5.1%	11.0%

(1) + / - indicates whether the caption was higher (+) or lower (-) than the comparison period.

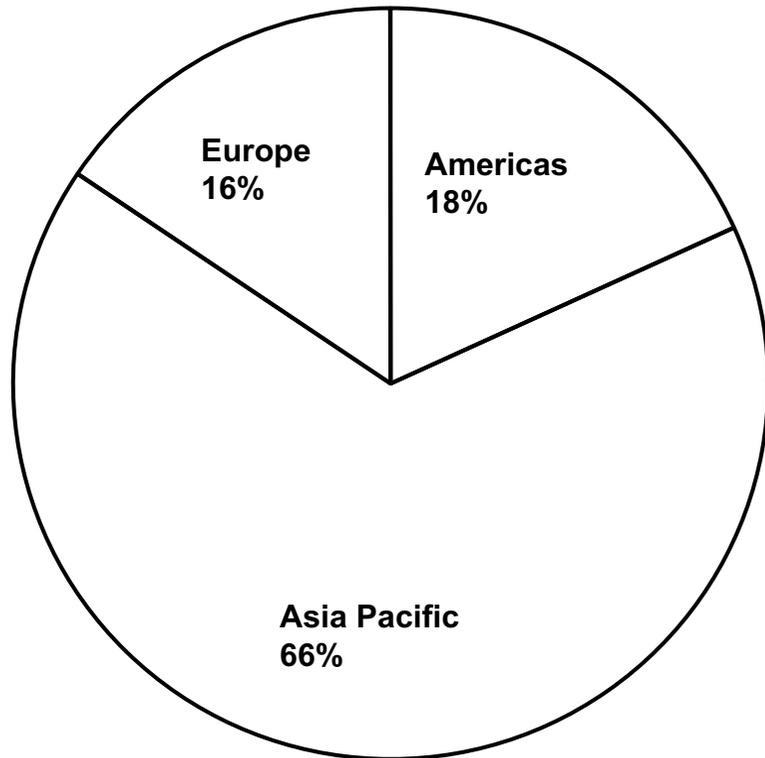
(2) CC represents constant currency.

(3) Excludes stock compensation expense and non-recurring expenses.

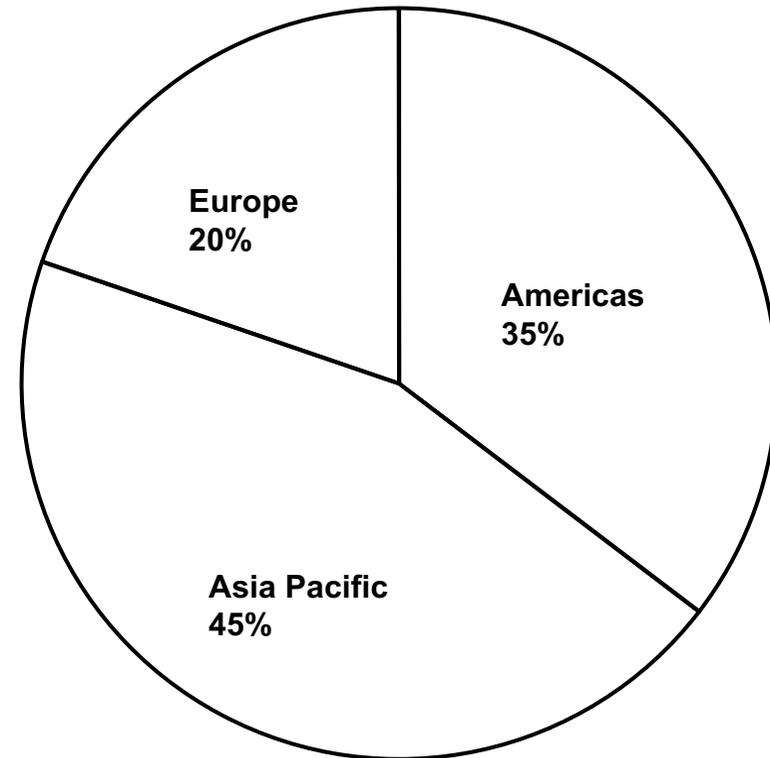
(4) Adjusted EBITDA is a non-GAAP financial measure. Please reference slide 13 of this presentation for a reconciliation of non-GAAP measures.

Q3 2023 Regional Split

Revenue

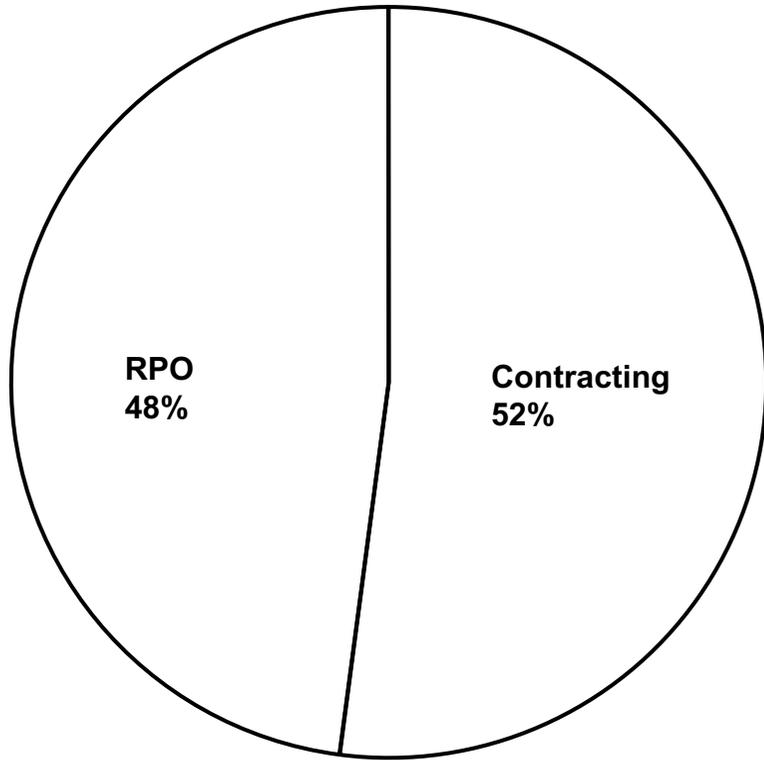


Adjusted Net Revenue

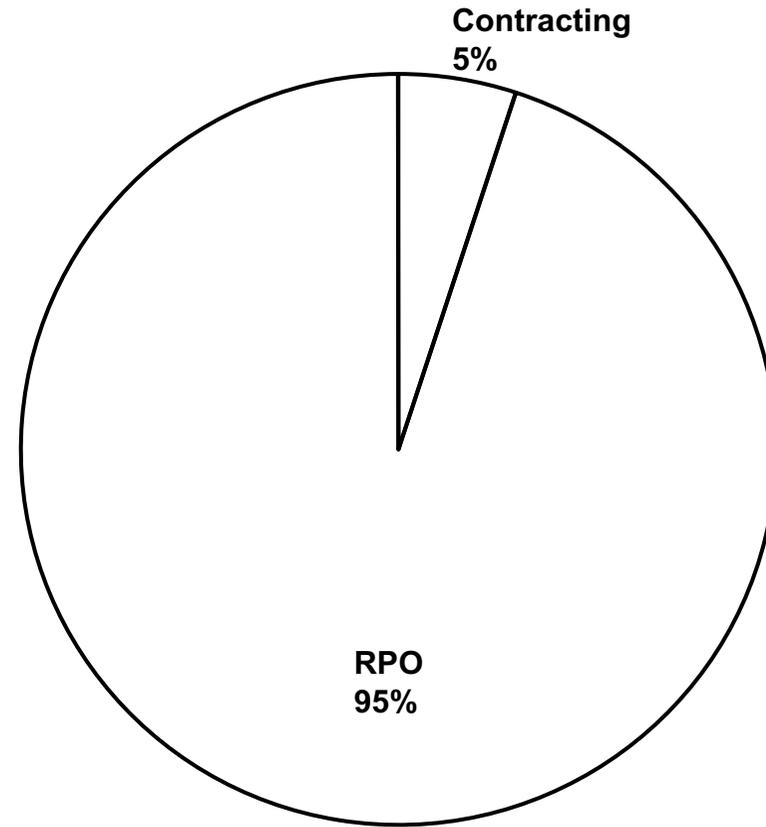


Q3 2023 Services Split

Revenue



Adjusted Net Revenue



Balance Sheet: Selected Items

US\$ in Millions

	Q3 2023	Q4 2022
Selected Assets		
Cash	\$21.6	\$27.1
Restricted Cash	\$0.4	\$0.4
Accounts Receivable	\$24.9	\$26.3
Shareholders' Equity		
Stockholders' Equity	\$46.6	\$45.8
Working Capital		
Current Assets	\$49.0	\$55.5
Current Assets ex-cash	\$27.3	\$28.4
Current Liabilities	\$13.1	\$21.1
Working Capital	\$35.8	\$34.4
Working Capital ex-cash	\$14.2	\$7.3

2023: Cash Flow Summary

US\$ in Millions

	QTD	YTD
	September-23	September-23
Net income	\$ 0.5	\$ 1.5
Depreciation and amortization	0.4	1.1
Benefit from deferred income taxes	0.3	—
Stock-based compensation	0.1	1.0
Change in accounts receivable	2.1	0.9
Change in prepaid and other assets	0.5	(0.4)
Change in accounts payable and other liabilities	(4.7)	(7.1)
Cash flow from operations	(0.7)	(3.0)
Capital expenditures	—	(0.1)
Free cash flow	(0.7)	(3.1)
Payments for business acquisition liabilities	—	(1.3)
Repurchase of treasury stock	(0.2)	(0.8)
Cash paid for net settlement of employee restricted stock units	—	(0.2)
Effect of exchange rates	(0.1)	(0.2)
Change in cash, cash equivalents, and restricted cash	\$ (1.0)	\$ (5.5)

Appendix

Reconciliation of Non-GAAP Financial Measures

Q3 2023	Americas	Asia Pacific	Europe	Corporate	Total	Q3 2022	Americas	Asia Pacific	Europe	Corporate	Total
Revenue	\$ 7.2	\$ 26.1	\$ 6.1	\$ —	\$ 39.4	Revenue	\$ 12.6	\$ 30.0	\$ 6.2	\$ —	\$ 48.7
Adjusted net revenue ⁽¹⁾	\$ 6.9	\$ 8.7	\$ 3.8	\$ —	\$ 19.4	Adjusted net revenue ⁽¹⁾	\$ 11.9	\$ 8.3	\$ 3.9	\$ —	\$ 24.2
Net income					\$ 0.5	Net income					\$ 1.0
Provision for income taxes					0.4	Provision for income taxes					0.3
Interest income, net					(0.1)	Interest income, net					—
Depreciation and amortization					0.4	Depreciation and amortization					0.4
EBITDA (loss) ⁽²⁾	\$ —	\$ 1.9	\$ (0.3)	\$ (0.4)	\$ 1.2	EBITDA (loss) ⁽²⁾	\$ 0.8	\$ 1.2	\$ 0.3	\$ (0.7)	\$ 1.6
Non-operating expense (income), including corporate administration charges	0.1	0.4	0.5	(0.5)	0.4	Non-operating expense (income), including corporate administration charges	0.1	0.3	0.1	(0.6)	—
Stock-based compensation expense	0.1	—	—	—	0.1	Stock-based compensation expense	0.2	0.1	0.1	0.2	0.5
Non-recurring items	—	—	—	0.1	0.1	Non-recurring items	0.1	—	—	0.1	0.2
Compensation expense related to acquisitions ⁽³⁾	0.1	—	—	—	0.1	Compensation expense related to acquisitions ⁽³⁾	0.6	—	—	—	0.6
Adjusted EBITDA (loss) ⁽²⁾	\$ 0.3	\$ 2.3	\$ 0.2	\$ (0.8)	\$ 2.0	Adjusted EBITDA (loss) ⁽²⁾	\$ 1.8	\$ 1.7	\$ 0.4	\$ (1.0)	\$ 3.0

⁽¹⁾ Represents Revenue less direct contracting costs and reimbursed expenses.

⁽²⁾ EBITDA is a non-GAAP measure defined as earnings before interest, income taxes, depreciation and amortization. Adjusted EBITDA is a non-GAAP measure defined as earnings before interest, income taxes, depreciation and amortization, non-operating income, stock-based compensation expense, and other items such as non-recurring severance and professional fees.

Per Diluted Share Three Months Ended

	September 30, 2023	September 30, 2022
Net income (loss)	\$ 0.17	\$ 0.30
Non-recurring items (after tax)	0.04	0.08
Compensation expense related to acquisitions (after tax) ⁽³⁾	0.04	0.20
Adjusted net income (loss) ⁽⁴⁾	\$ 0.24	\$ 0.58

⁽³⁾ Represents compensation expense payable per the terms of the Coit acquisition, including a promissory note for \$1.35 million payable over three years, and \$500k of the Company's common stock vesting over 30 months, as well as earn out payments. In addition, in 2022 represents compensation expense payable in the form of a CFO retention payment per the terms of the Karani acquisition.

⁽⁴⁾ Adjusted net income or loss per diluted share is a Non-GAAP measure defined as reported net income or loss per diluted share before items such as acquisition-related costs and non-recurring severance and professional fees after tax that is presented to provide additional information about the company's operations on a basis consistent with the measures which the company uses to manage its operations and evaluate its performance. Management also uses these measurements to evaluate capital needs and working capital requirements. Adjusted net income or loss per diluted share should not be considered in isolation or as a substitute for net income or loss per diluted share and other income or cash flow statement data prepared in accordance with generally accepted accounting principles or as a measure of the company's profitability or liquidity. Further, Adjusted net income or loss per diluted share as presented above may not be comparable with similarly titled measures reported by other companies.

Reconciliation of Non-GAAP Financial Measures

Q3 2023 YTD	Americas	Asia Pacific	Europe	Corporate	Total	Q3 2022 YTD	Americas	Asia Pacific	Europe	Corporate	Total
Revenue	\$ 25.0	\$ 81.8	\$ 20.6	\$ —	\$ 127.4	Revenue	\$ 41.6	\$ 91.0	\$ 24.7	\$ —	\$ 157.3
Adjusted net revenue ⁽¹⁾	\$ 24.1	\$ 26.7	\$ 12.9	\$ —	\$ 63.7	Adjusted net revenue ⁽¹⁾	\$ 39.4	\$ 25.7	\$ 11.9	\$ —	\$ 77.0
Net income					\$ 1.5	Net income					\$ 7.1
Provision for income taxes					1.1	Provision for income taxes					1.7
Interest income, net					(0.3)	Interest income, net					—
Depreciation and amortization					1.1	Depreciation and amortization					1.0
EBITDA (loss) ⁽²⁾	\$ (0.9)	\$ 5.5	\$ 1.0	\$ (2.2)	\$ 3.4	EBITDA (loss) ⁽²⁾	\$ 5.5	\$ 5.5	\$ 1.0	\$ (2.3)	\$ 9.7
Non-operating expense (income), including corporate administration charges	0.4	1.0	0.5	(1.6)	0.3	Non-operating expense (income), including corporate administration charges	0.5	0.9	0.3	(1.7)	—
Stock-based compensation expense	0.3	0.1	0.2	0.3	1.0	Stock-based compensation expense	0.5	0.2	0.2	0.8	1.8
Non-recurring items	0.1	—	0.1	0.5	0.8	Non-recurring items	0.2	—	—	0.2	0.4
Compensation expense related to acquisitions ⁽³⁾	0.3	—	—	—	0.3	Compensation expense related to acquisitions ⁽³⁾	2.0	—	—	—	2.0
Adjusted EBITDA (loss) ⁽²⁾	\$ 0.3	\$ 6.6	\$ 1.8	\$ (3.0)	\$ 5.8	Adjusted EBITDA (loss) ⁽²⁾	\$ 8.7	\$ 6.7	\$ 1.5	\$ (3.0)	\$ 14.0

⁽¹⁾ Represents Revenue less direct contracting costs and reimbursed expenses.

⁽²⁾ EBITDA is a non-GAAP measure defined as earnings before interest, income taxes, depreciation and amortization. Adjusted EBITDA is a non-GAAP measure defined as earnings before interest, income taxes, depreciation and amortization, non-operating income, stock-based compensation expense, and other items such as non-recurring severance and professional fees.

Per Diluted Share Nine Months Ended

	September 30, 2023	September 30, 2022
Net income	\$ 0.47	\$ 2.25
Non-recurring items (after tax)	0.24	0.12
Compensation expense related to acquisitions (after tax) ⁽³⁾	0.11	0.68
Adjusted net income ⁽⁴⁾	\$ 0.82	\$ 3.05

⁽³⁾ Represents compensation expense payable per the terms of the Coit acquisition, including a promissory note for \$1.35 million payable over three years, and \$500k of the Company's common stock vesting over 30 months, as well as earn out payments. In addition, in 2022 represents compensation expense payable in the form of a CFO retention payment per the terms of the Karani acquisition.

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Thank You!