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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 10, 2022

HUDSON GLOBAL, INC.
(Exact name of registrant as specified in charter)

Delaware
(State or other jurisdiction
of incorporation)

001-38704
(Commission
File Number)

59-3547281
(I.R.S. Employer
Identification No.)

53 Forest Avenue, Suite 102
Old Greenwich, CT 06870
(Address of Principal Executive Offices)

Registrant's telephone number, including area code (203) 409-5628

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, \$0.001 par value	HSN	The NASDAQ Stock Market LLC
Preferred Share Purchase Rights		The NASDAQ Stock Market LLC

Indicate by check mark whether the Registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

On May 10, 2022, Hudson Global, Inc. (the "Company") issued a press release announcing its financial results for the three months ended March 31, 2022. A copy of such press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

Included in Exhibit 99.1 are references to "liquidity." The Company believes that this non-GAAP measure provides investors useful information about its combined available cash and borrowing capacity.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS.

(a) Financial Statements.

None.

(b) Pro Forma Financial Information.

None.

(c) Shell Company Transactions

None.

(d) Exhibits

The exhibit listed in the following Exhibit Index is provided as part of the information furnished under Item 2.02 of this Current Report on Form 8-K:

EXHIBIT INDEX

99.1 [Press Release of Hudson Global, Inc. issued on May 10, 2022](#)

SIGNATURES

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

HUDSON GLOBAL, INC.
(Registrant)

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

Dated: May 10, 2022

For Immediate Release

Hudson Global Reports 2022 First Quarter Results

OLD GREENWICH, CT - May 10, 2022 - Hudson Global, Inc. (Nasdaq: HSON) ("Hudson Global" or "the Company"), a leading global total talent solutions company, announced today financial results for the first quarter ended March 31, 2022.

2022 First Quarter Summary

- Revenue of \$51.9 million increased 50.7% from the first quarter of 2021 and 58.0% in constant currency.
- Adjusted net revenue of \$25.6 million increased 101.1% from the first quarter of 2021 and 107.1% in constant currency.
- Net income increased to \$3.0 million, or \$0.97 per diluted share, compared to net loss of \$0.2 million, or \$0.07 per diluted share, for the first quarter of 2021. Adjusted net income per diluted share (non-GAAP measure)* was \$1.23 compared to \$0.07 in the first quarter of 2021.
- Adjusted EBITDA (non-GAAP measure)* was \$5.2 million compared to adjusted EBITDA of \$0.8 million in the first quarter of 2021.
- Total cash including restricted cash was \$19.5 million at March 31, 2022.

"Our business exhibited very strong growth in revenue, adjusted net revenue, and adjusted EBITDA across all three regions in the first quarter of 2022 versus the prior year quarter," said Jeff Eberwein, Chief Executive Officer of Hudson Global. "Coit and Karani, our 2020 and 2021 acquisitions, respectively, have integrated very well and have delivered exceptional results thus far. Globally, the demand for our services remains robust and we expect to continue to deliver strong growth going forward."

* The Company provides non-GAAP measures as a supplement to financial results based on accounting principles generally accepted in the United States ("GAAP"). Constant currency, adjusted EBITDA, EBITDA, adjusted net income or loss, and adjusted net income or loss per diluted share are defined in the segment tables at the end of this release and a reconciliation of such non-GAAP measures to the most directly comparable GAAP measures is included within such segment tables.

Regional Highlights

All growth rate comparisons are in constant currency.

Americas

In the first quarter of 2022, Americas revenue of \$14.6 million increased 220% and adjusted net revenue of \$13.7 million increased 226% from the first quarter of 2021. Strong organic growth in the Americas as well as the acquisition of Karani in Q4 2021 contributed to the region's growth. EBITDA increased to \$2.4 million in the first quarter of 2022 compared to EBITDA loss of \$0.3 million in same period last year. The region recorded adjusted EBITDA of \$3.5 million in the first quarter of 2022 compared to adjusted EBITDA of \$0.2 million in the same period last year.

Asia Pacific

Asia Pacific revenue of \$31.1 million increased 30% and adjusted net revenue of \$8.2 million increased 50% in the first quarter of 2022 compared to the same period in 2021. EBITDA was \$2.0 million in the first quarter of 2022 compared to EBITDA of \$0.8 million in the same period one year ago, and adjusted EBITDA was \$2.4 million compared to adjusted EBITDA of \$1.1 million in the first quarter of 2021.

Europe

Europe revenue in the first quarter of 2022 increased 40% to \$6.2 million and adjusted net revenue of \$3.7 million increased 37% from the first quarter of 2021. EBITDA increased slightly to \$0.1 million in the first quarter of 2022 compared to EBITDA of \$0.1 million in the same period one year ago. Adjusted EBITDA increased to \$0.3 million in the first quarter of 2022 compared to adjusted EBITDA of \$0.2 million in the first quarter of 2021.

Corporate Costs

In the first quarter of 2022, the Company's corporate costs were \$1.0 million compared to \$0.8 million in the prior year quarter, mainly due to compensation costs.

Liquidity and Capital Resources

The Company ended the first quarter of 2022 with \$19.5 million in cash, including \$0.4 million in restricted cash. The Company had negative \$2.4 million in cash flow from operations during the first quarter of 2022, roughly unchanged versus the first quarter of 2021.

Share Repurchase Program

Since the beginning of 2019, the Company has reduced its share count by 12% and continues to view share repurchases as an attractive use of capital. Under its \$10 million common stock share repurchase program, the Company has \$1.7 million remaining.

COVID-19 Update

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.

Conference Call/Webcast

The Company will conduct a conference call today at 12:00 p.m. ET to discuss this announcement. Individuals wishing to listen can access the webcast on the investor information section of the Company's web site at [hudsonrpo.com](https://www.hudsonrpo.com).

If you wish to join the conference call, please use the dial-in information below:

- Toll-Free Dial-In Number: (866) 220-5784
- International Dial-In Number: (615) 622-8063
- Conference ID #: 6679227

The archived call will be available on the investor information section of the Company's web site at [hudsonrpo.com](https://www.hudsonrpo.com).

About Hudson Global

Hudson Global, Inc. is a leading global total talent solutions provider operating under the brand name Hudson RPO. We deliver innovative, customized recruitment outsourcing and total talent solutions to organizations worldwide. Through our consultative approach, we develop tailored talent solutions designed to meet our clients' strategic growth initiatives. As a trusted advisor, we meet our commitments, deliver quality and value, and strive to exceed expectations.

For more information, please visit us at hudsonrpo.com or contact us at ir@hudsonrpo.com.

Investor Relations:

The Equity Group

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Forward-Looking Statements

This press release 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 press release, 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; the adverse impacts of the coronavirus, or COVID-19 pandemic; the Company's ability to successfully achieve its strategic initiatives; 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 loss of or material reduction in our business with any of the Company's largest customers; 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 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; and restrictions imposed by blocking arrangements. 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.

Financial Tables Follow

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

	Three Months Ended March 31,	
	2022	2021
Revenue	\$ 51,917	\$ 34,461
Operating expenses:		
Direct contracting costs and reimbursed expenses	26,344	21,743
Salaries and related	18,261	10,590
Office and general	2,431	1,624
Marketing and promotion	955	376
Depreciation and amortization	324	110
Total operating expenses	48,315	34,443
Operating income	3,602	18
Non-operating income (expense):		
Interest income, net	2	10
Other income (expense), net	(49)	(53)
Income (loss) before income taxes	3,555	(25)
Provision for income taxes	536	178
Net income (loss)	<u>\$ 3,019</u>	<u>\$ (203)</u>
Earnings (loss) per share:		
Basic	\$ 1.02	\$ (0.07)
Diluted	\$ 0.97	\$ (0.07)
Weighted-average shares outstanding:		
Basic	2,967	2,891
Diluted	3,117	2,891

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

	March 31, 2022	December 31, 2021
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 19,154	\$ 21,714
Accounts receivable, less allowance for doubtful accounts of \$197 and \$196, respectively	28,924	25,748
Restricted cash, current	173	222
Prepaid and other	2,426	1,476
Total current assets	50,677	49,160
Property and equipment, net of accumulated depreciation of \$849 and \$807, respectively	422	371
Operating lease right-of-use assets	1,110	477
Deferred tax assets, net	1,471	1,345
Restricted cash	195	177
Goodwill	4,219	4,219
Intangible assets, net of accumulated amortization of \$809 and \$532, respectively	5,211	5,488
Other assets	5	5
Total assets	<u>\$ 63,310</u>	<u>\$ 61,242</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,062	\$ 871
Accrued salaries, commissions, and benefits	8,251	10,961
Accrued expenses and other current liabilities	7,606	6,748
Note payable – short term	750	750
Operating lease obligations, current	521	363
Total current liabilities	18,190	19,693
Income tax payable	77	470
Operating lease obligations	599	118
Note payable – long term	1,250	1,250
Other liabilities	402	395
Total liabilities	20,518	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; 3,799 and 3,694 shares issued; 2,805 and 2,707 shares outstanding, respectively	4	4
Additional paid-in capital	489,795	489,249
Accumulated deficit	(431,504)	(434,523)
Accumulated other comprehensive income (loss), net of applicable tax	52	(85)
Treasury stock, 994 and 987 shares, respectively, at cost	(15,555)	(15,329)
Total stockholders' equity	42,792	39,316
Total liabilities and stockholders' equity	<u>\$ 63,310</u>	<u>\$ 61,242</u>

HUDSON GLOBAL, INC.
SEGMENT ANALYSIS - QUARTER TO DATE
RECONCILIATION OF ADJUSTED EBITDA

(in thousands)
(unaudited)

For The Three Months Ended March 31, 2022	Americas	Asia Pacific	Europe	Corporate	Total
Revenue, from external customers	\$ 14,611	\$ 31,133	\$ 6,173	\$ —	\$ 51,917
Adjusted net revenue, from external customers ⁽¹⁾	\$ 13,702	\$ 8,213	\$ 3,658	\$ —	\$ 25,573
Net income					\$ 3,019
Provision from income taxes					536
Interest income, net					(2)
Depreciation and amortization					324
EBITDA (loss) ⁽²⁾	\$ 2,414	\$ 2,027	\$ 147	\$ (711)	3,877
Non-operating expense (income), including corporate administration charges	212	259	116	(538)	49
Stock-based compensation expense	162	70	48	266	546
Non-recurring severance and professional fees	—	—	—	16	16
Compensation expense related to acquisitions ⁽³⁾	747	—	—	—	747
Adjusted EBITDA (loss) ⁽²⁾	\$ 3,535	\$ 2,356	\$ 311	\$ (967)	\$ 5,235
For The Three Months Ended March 31, 2021	Americas	Asia Pacific	Europe	Corporate	Total
Revenue, from external customers	\$ 4,561	\$ 25,340	\$ 4,560	\$ —	\$ 34,461
Adjusted net revenue, from external customers ⁽¹⁾	\$ 4,209	\$ 5,758	\$ 2,751	\$ —	\$ 12,718
Net loss					\$ (203)
Provision for income taxes					178
Interest income, net					(10)
Depreciation and amortization					110
EBITDA (loss) ⁽²⁾	\$ (278)	\$ 762	\$ 70	\$ (479)	75
Non-operating expense (income), including corporate administration charges	65	316	139	(467)	53
Stock-based compensation expense	111	43	19	129	302
Non-recurring severance and professional fees	15	—	—	17	32
Compensation expense related to acquisitions ⁽³⁾	291	—	—	—	291
Adjusted EBITDA (loss) ⁽²⁾	\$ 204	\$ 1,121	\$ 228	\$ (800)	\$ 753

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

(2) Non-GAAP earnings before interest, income taxes, and depreciation and amortization (“EBITDA”) and non-GAAP earnings before interest, income taxes, depreciation and amortization, non-operating income, stock-based compensation expense, and other non-recurring expenses (“Adjusted EBITDA”) are 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. EBITDA and Adjusted EBITDA should not be considered in isolation or as a substitute for operating income, cash flows from operating activities, 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. Furthermore, EBITDA and Adjusted EBITDA as presented above may not be comparable with similarly titled measures reported by other companies.

(3) Represents compensation expense payable per the terms of acquisition agreements.

HUDSON GLOBAL, INC.
RECONCILIATION OF CONSTANT CURRENCY MEASURES
(in thousands) (unaudited)

The Company operates on a global basis, with the majority of its revenue generated outside of the United States. Accordingly, fluctuations in foreign currency exchange rates can affect its results of operations. Constant currency information 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 are translated into U.S. dollars using the same foreign currency exchange rates that were used to translate financial data for the current period. Changes in revenue, adjusted net revenue, selling, general and administrative expenses (“SG&A”), other non-operating income (expense), operating income (loss) and EBITDA (loss) include the effect of changes in foreign currency exchange rates. The Company’s management reviews and analyzes business results in constant currency and believes these results better represent the Company’s underlying business trends. The Company believes that these calculations are a useful measure, indicating the actual change in operations. There are no significant gains or losses on foreign currency transactions between subsidiaries. Therefore, changes in foreign currency exchange rates generally impact only reported earnings.

	Three Months Ended March 31,			
	2022	2021		
	As reported	As reported	Currency translation	Constant currency
Revenue:				
Americas	\$ 14,611	\$ 4,561	\$ —	\$ 4,561
Asia Pacific	31,133	25,340	(1,456)	23,884
Europe	6,173	4,560	(142)	4,418
Total	\$ 51,917	\$ 34,461	\$ (1,598)	\$ 32,863
Adjusted net revenue ⁽¹⁾				
Americas	\$ 13,702	\$ 4,209	\$ —	\$ 4,209
Asia Pacific	8,213	5,758	(280)	5,478
Europe	3,658	2,751	(90)	2,661
Total	\$ 25,573	\$ 12,718	\$ (370)	\$ 12,348
SG&A:⁽²⁾				
Americas	\$ 11,092	\$ 4,421	\$ —	\$ 4,421
Asia Pacific	5,919	4,680	(218)	4,462
Europe	3,387	2,542	(79)	2,463
Corporate	1,249	947	—	947
Total	\$ 21,647	\$ 12,590	\$ (297)	\$ 12,293
Operating income (loss):				
Americas	\$ 2,321	\$ (298)	\$ —	\$ (298)
Asia Pacific	2,274	1,063	(62)	1,001
Europe	256	200	(10)	190
Corporate	(1,249)	(947)	—	(947)
Total	\$ 3,602	\$ 18	\$ (72)	\$ (54)
EBITDA (loss):				
Americas	\$ 2,414	\$ (278)	\$ —	\$ (278)
Asia Pacific	2,027	762	(49)	713
Europe	147	70	(6)	64
Corporate	(711)	(479)	—	(479)
Total	\$ 3,877	\$ 75	\$ (55)	\$ 20

- (1) Represents Revenue less the Direct contracting costs and reimbursed expenses caption on the Condensed Consolidated Statements of Operations.
- (2) SG&A is a measure that management uses to evaluate the segments’ expenses and includes salaries and related costs and other selling, general and administrative costs.

HUDSON GLOBAL, INC.
RECONCILIATION OF ADJUSTED NET LOSS PER DILUTED SHARE
(in thousands, except per share amounts)
(unaudited)

	Adjusted	Diluted Shares	Per Diluted
For The Three Months Ended March 31, 2022	Net Income	Outstanding	Share
Net income	\$ 3,019	3,117	\$ 0.97
Non-recurring items (after-tax)	16	3,117	0.01
Compensation expense related to acquisitions (after tax) ⁽²⁾	789	3,117	0.25
Adjusted net income ⁽³⁾	<u>\$ 3,824</u>	3,117	<u>\$ 1.23</u>

	Adjusted	Diluted Shares	Per Diluted
For The Three Months Ended March 31, 2021	Net Income	Outstanding ⁽¹⁾	Share
Net loss	\$ (203)	2,891	\$ (0.07)
Non-recurring items (after-tax)	32	2,932	0.01
Compensation expense related to acquisitions (after tax) ⁽²⁾	381	2,932	0.13
Adjusted net income ⁽³⁾	<u>\$ 210</u>	2,932	<u>\$ 0.07</u>

- (1) The weighted average number of shares outstanding used in the computation of diluted net loss per share for the three months ended March 31, 2021 did not include potentially outstanding shares of common stock because the effect would have been anti-dilutive. However, these shares have been added to the adjusted net income per share reconciliation when their impact would be dilutive.
- (2) 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.
- (3) Adjusted net income or loss per diluted share are Non-GAAP measures defined as reported net income or loss and 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 are presented to provide additional information about the Company's operations on a basis consistent with the measures that 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 substitutes for net income or loss and net income or loss per share and other income or cash flow statement data prepared in accordance with generally accepted accounting principles or as measures of the Company's profitability or liquidity. Further, adjusted net income or loss and adjusted net income or loss per diluted share as presented above may not be comparable with similarly titled measures reported by other companies.