

DHI GROUP, INC.  
Form 10-Q  
April 29, 2015  
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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FORM 10-Q

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(Mark One)

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

For the quarter ended March 31, 2015

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

FOR THE TRANSITION PERIOD FROM \_\_\_\_\_ TO \_\_\_\_\_  
Commission File Number: 001-33584

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DHI Group, Inc.  
(Exact name of Registrant as specified in its Charter)

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Delaware  
(State or other jurisdiction of  
incorporation or organization)

20-3179218  
(I.R.S. Employer  
Identification No.)

1040 Avenue of the Americas, 8<sup>th</sup> Floor  
New York, New York  
(Address of principal executive offices)  
(212) 725-6550  
(Registrant's telephone number, including area code)

10018  
(Zip Code)

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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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller Reporting Company

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of April 24, 2015, there were 55,018,502 shares of the registrant's common stock, par value \$.01 per share, outstanding.

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SIGNATURES

Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002  
Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002  
Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002  
Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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## PART I

## ITEM 1. Financial Statements

## DHI GROUP, INC.

## CONDENSED CONSOLIDATED BALANCE SHEETS

(unaudited)

(in thousands, except per share data)

|   | March 31,<br>2015 | December 31,<br>2014 |
|---|-------------------|----------------------|
| <b>ASSETS</b>   |                   |                      |
| Current assets  |                   |                      |
| Cash and cash equivalents   | \$27,965          | \$26,777             |
| Accounts receivable, net of allowance for doubtful accounts of \$2,913 and \$2,888  | 45,970            | 49,048               |
| Deferred income taxes—current   | 3,340             | 3,373                |
| Income taxes receivable   | 1,444             | 3,973                |
| Prepaid and other current assets  | 5,348             | 4,764                |
| Total current assets  | 84,067            | 87,935               |
| Fixed assets, net   | 16,233            | 16,066               |
| Acquired intangible assets, net   | 76,282            | 81,345               |
| Goodwill  | 234,751           | 239,256              |
| Deferred financing costs, net of accumulated amortization of \$865 and \$761  | 1,216             | 1,320                |
| Deferred income taxes—non-current   | 249               | 399                  |
| Other assets  | 789               | 926                  |
| Total assets  | \$413,587         | \$427,247            |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>   |                   |                      |
| Current liabilities   |                   |                      |
| Accounts payable and accrued expenses   | \$21,691          | \$25,714             |
| Deferred revenue  | 90,771            | 86,444               |
| Current portion of acquisition related contingencies  | —                 | 3,883                |
| Current portion of long-term debt   | 3,125             | 2,500                |
| Deferred income taxes—current   | 5                 | 3                    |
| Income taxes payable  | 1,614             | 1,205                |
| Total current liabilities   | 117,206           | 119,749              |
| Long-term debt  | 101,750           | 108,000              |
| Deferred income taxes—non-current   | 14,599            | 15,478               |
| Accrual for unrecognized tax benefits   | 3,475             | 3,392                |
| Other long-term liabilities   | 2,766             | 2,830                |
| Total liabilities   | 239,796           | 249,449              |
| Commitments and contingencies (Note 7)  |                   |                      |
| Stockholders' equity  |                   |                      |
| Convertible preferred stock, \$.01 par value, authorized 20,000 shares; no shares issued and outstanding  | —                 | —                    |
| Common stock, \$.01 par value, authorized 240,000; issued 79,377 and 77,366 shares, respectively; outstanding: 54,961 and 54,142 shares, respectively | 794               | 774                  |
| Additional paid-in capital  | 338,981           | 332,985              |
| Accumulated other comprehensive loss  | (18,413           | ) (13,906            |
| Accumulated earnings  | 65,536            | 60,444               |
| Treasury stock, 24,416 and 23,224 shares, respectively  | (213,107          | ) (202,499           |
| Total stockholders' equity  | 173,791           | 177,798              |
| Total liabilities and stockholders' equity  | \$413,587         | \$427,247            |

See accompanying notes to the condensed consolidated financial statements.

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

|  | Three Months Ended March 31, |          |
|--|------------------------------|----------|
|  | 2015                         | 2014     |
| Revenues   | \$63,770                     | \$60,690 |
| Operating expenses:  |                              |          |
| Cost of revenues   | 9,625                        | 8,854    |
| Product development  | 7,089                        | 6,403    |
| Sales and marketing  | 20,678                       | 19,018   |
| General and administrative   | 11,272                       | 11,362   |
| Depreciation   | 2,203                        | 2,821    |
| Amortization of intangible assets  | 3,743                        | 4,311    |
| Change in acquisition related contingencies                                | —                            | 45       |
| Total operating expenses   | 54,610                       | 52,814   |
| Operating income   | 9,160                        | 7,876    |
| Interest expense   | (808)                        | (893)    |
| Other expense  | (27)                         | (8)      |
| Income before income taxes   | 8,325                        | 6,975    |
| Income tax expense   | 3,233                        | 2,580    |
| Net income   | \$5,092                      | \$4,395  |
| Basic earnings per share   | \$0.10                       | \$0.08   |
| Diluted earnings per share   | \$0.09                       | \$0.08   |
| Weighted-average basic shares outstanding                                  | 52,267                       | 53,105   |
| Weighted-average diluted shares outstanding                                | 54,292                       | 55,376   |
| See accompanying notes to the condensed consolidated financial statements. |                              |          |

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DHI GROUP, INC.  
 CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
 (unaudited)  
 (in thousands)

|  | Three Months Ended March 31, |          |
|--|------------------------------|----------|
|  | 2015                         | 2014     |
| Net income   | \$5,092                      | \$4,395  |
| Foreign currency translation adjustment                                    | (4,507                       | ) (1,086 |
| Total other comprehensive loss   | (4,507                       | ) (1,086 |
| Comprehensive income   | \$585                        | \$3,309  |
| See accompanying notes to the condensed consolidated financial statements. |                              |          |

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DHI GROUP, INC.  
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
 (unaudited)  
 (in thousands)

|  | Three Months Ended March 31, |          |
|--|------------------------------|----------|
|  | 2015                         | 2014     |
| Cash flows from operating activities:  |                              |          |
| Net income   | \$5,092                      | \$4,395  |
| Adjustments to reconcile net income to net cash flows from operating activities: |                              |          |
| Depreciation   | 2,203                        | 2,821    |
| Amortization of intangible assets  | 3,743                        | 4,311    |
| Deferred income taxes  | (586)                        | (1,452)  |
| Amortization of deferred financing costs   | 104                          | 93       |
| Stock based compensation   | 2,503                        | 2,346    |
| Change in acquisition related contingencies                                      | —                            | 45       |
| Change in accrual for unrecognized tax benefits                                  | 83                           | 153      |
| Changes in operating assets and liabilities, net of the effects of acquisitions: |                              |          |
| Accounts receivable  | 2,327                        | (4,143)  |
| Prepaid expenses and other assets  | (495)                        | (2,544)  |
| Accounts payable and accrued expenses  | (4,164)                      | (5,763)  |
| Income taxes receivable/payable  | 2,923                        | 2,169    |
| Deferred revenue   | 5,431                        | 9,587    |
| Other, net   | (44)                         | 2        |
| Net cash flows from operating activities   | 19,120                       | 12,020   |
| Cash flows from investing activities:  |                              |          |
| Payments for acquisitions, net of cash acquired                                  | —                            | (26,724) |
| Purchases of fixed assets  | (2,476)                      | (2,569)  |
| Net cash flows from investing activities   | (2,476)                      | (29,293) |
| Cash flows from financing activities:  |                              |          |
| Payments on long-term debt   | (10,625)                     | (3,625)  |
| Proceeds from long-term debt   | 5,000                        | 6,000    |
| Payments under stock repurchase plan   | (8,716)                      | (6,872)  |
| Payment of acquisition related contingencies                                     | (3,829)                      | (824)    |
| Proceeds from stock option exercises   | 3,287                        | 2,514    |
| Purchase of treasury stock related to vested restricted stock                    | (1,532)                      | (1,054)  |
| Excess tax benefit over book expense from stock based compensation               | 376                          | 197      |
| Net cash flows from financing activities   | (16,039)                     | (3,664)  |
| Effect of exchange rate changes  | 583                          | (373)    |
| Net change in cash and cash equivalents for the period                           | 1,188                        | (21,310) |
| Cash and cash equivalents, beginning of period                                   | 26,777                       | 39,351   |
| Cash and cash equivalents, end of period   | \$27,965                     | \$18,041 |
| See accompanying notes to the condensed consolidated financial statements.       |                              |          |



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DHI GROUP, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements of DHI Group, Inc. (“DHI” or the “Company”) (formerly known as Dice Holdings, Inc.) have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and disclosures normally included in annual audited consolidated financial statements prepared in accordance with generally accepted accounting principles in the United States of America (“U.S. GAAP”) have been omitted and condensed pursuant to such rules and regulations. In the opinion of the Company’s management, all adjustments (consisting of only normal and recurring accruals) have been made to present fairly the financial position, results of operations and cash flows of the Company for the periods presented. Although the Company believes that the disclosures are adequate to make the information presented not misleading, these financial statements should be read in conjunction with the Company’s audited consolidated financial statements as of and for the year ended December 31, 2014 included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2014 (the “Annual Report on Form 10-K”). Operating results for the three month period ended March 31, 2015 are not necessarily indicative of the results to be achieved for the full year.

Preparation of the condensed consolidated 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 at the date of the condensed consolidated financial statements and the reported amounts of revenue and expenses during the period. Management believes the most complex and sensitive judgments, because of their significance to the condensed consolidated financial statements, result primarily from the need to make estimates about the effects of matters that are inherently uncertain. Actual results could differ materially from management’s estimates reported in the condensed consolidated financial statements and footnotes thereto. There have been no significant changes in the Company’s assumptions regarding critical accounting estimates during the three month period ended March 31, 2015.

2. NEW ACCOUNTING STANDARDS

In April 2015, the Financial Accounting Standards Board (the “FASB”) issued ASU No. 2015-03, Simplifying the Presentation of Debt Issuance Costs. The new standard requires that debt issuance costs be presented on the balance sheet as a direct deduction from the carrying amount of the related debt liability. The recognition and measurement for debt issuance costs is not affected by this standard. The updated standard becomes effective for reporting periods (interim and annual) beginning after December 15, 2015, with early adoption permitted. The new standard must be applied retrospectively to all periods presented in the financial statements. The Company is assessing the potential impact of the new standard on its consolidated financial statements.

3. ACQUISITIONS

OilCareers—In March 2014, the Company acquired from the Daily Mail and General Trust PLC all of the issued and outstanding shares of OilCareers Limited, OilCareers.com, Inc. and OilCareers Pty Limited (collectively, “OilCareers”), a leading recruitment site for oil and gas professionals in Europe. The purchase price consisted of \$26.1 million, paid in cash at closing, and \$0.3 million paid in the second quarter of 2014 to settle certain working capital requirements. The valuation of assets and liabilities was completed during the second quarter of 2014. The OilCareers acquisition is not deemed significant to the Company’s financial results, thus limited disclosures are presented herein.



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DHI GROUP, INC.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The final valuation of assets and liabilities recognized as of the acquisition date for OilCareers include (in thousands):

|                                       | OilCareers Acquisition |
|---------------------------------------|------------------------|
| Assets:                               |                        |
| Accounts receivable                   | \$1,082                |
| Acquired intangible assets            | 14,508                 |
| Goodwill                              | 15,078                 |
| Fixed assets                          | 98                     |
| Other assets                          | 196                    |
| Assets acquired                       | 30,962                 |
| Liabilities:                          |                        |
| Accounts payable and accrued expenses | \$567                  |
| Deferred revenue                      | 1,081                  |
| Deferred income taxes                 | 2,916                  |
| Liabilities assumed                   | 4,564                  |
| Net Assets Acquired                   | \$26,398               |

Goodwill results from the expansion of the Company's market share in the Energy vertical, from intangible assets that do not qualify for separate recognition, including an assembled workforce and site traffic, and from expected synergies from combining operations of OilCareers into the Company's existing operations. The amount of goodwill from the OilCareers acquisition expected to be deductible for tax purposes is \$1.2 million.

**4. FAIR VALUE MEASUREMENTS**

The FASB ASC topic on Fair Value Measurements and Disclosures defines fair value, establishes a framework for measuring fair value and requires certain disclosures for each major asset and liability category measured at fair value on either a recurring or nonrecurring basis. As a basis for considering assumptions, a three-tier fair value hierarchy is used, which prioritizes the inputs used in measuring fair value as follows:

Level 1 – Quoted prices for identical instruments in active markets.

Level 2 – Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-derived valuations, in which all significant inputs are observable in active markets.

Level 3 – Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

The carrying amounts reported in the Condensed Consolidated Balance Sheets for cash and cash equivalents, accounts receivable, accounts payable and accrued expenses, and long-term debt approximate their fair values.

The Company historically had obligations, to be paid in cash, related to its acquisitions if certain future operating and financial goals are met. The fair value of this contingent consideration is determined using an expected present value technique. Expected cash flows are determined using the probability weighted-average of possible outcomes that would occur should delivery of certain product enhancements occur. There is no market data available to use in valuing the contingent consideration; therefore, the Company developed its own assumptions related to the expected future delivery of product enhancements to estimate the fair value of these liabilities. A 2% discount rate is used to fair value the expected payments. The liabilities for the contingent consideration were established at the time of acquisition and are evaluated at each reporting period. The expense is included in "Change in Acquisition Related Contingencies" on the Condensed Consolidated Statements of Operations.



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DHI GROUP, INC.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The assets and liabilities measured at fair value on a recurring basis are as follows (in thousands):

|  | December 31, 2014   |  |  | Total   |
|--|---|--|--|---------|
|  | Fair Value Measurements Using   |  |  |         |
|  | Quoted Prices in<br>Active Markets for<br>Identical Assets<br>(Level 1) | Significant Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |         |
| Contingent consideration to be paid in cash for the acquisitions | \$—   | \$—  | \$3,883  | \$3,883 |

Reconciliations of liabilities measured and carried at fair value on a recurring basis with the use of significant unobservable inputs (Level 3) are as follows (in thousands):

|   | Three Months Ended March 31, |         |
|---|------------------------------|---------|
|   | 2015                         | 2014    |
| Contingent consideration for acquisitions   |                              |         |
| Balance at beginning of period              | \$3,883                      | \$9,793 |
| Cash payments                               | (3,829)                      | (824)   |
| Change in estimates included in earnings    | —                            | 45      |
| Change due to foreign exchange rate changes | (54)                         | 36      |
| Balance at end of period                    | \$—                          | \$9,050 |

## 5. ACQUIRED INTANGIBLE ASSETS, NET

Below is a summary of the major acquired intangible assets and the weighted-average amortization period for the acquired identifiable intangible assets (in thousands):

|                                  | As of March 31, 2015    |                          |   |                                 |                                 | Weighted-Average Amortization Period |
|----------------------------------|-------------------------|--------------------------|---|---------------------------------|---------------------------------|--------------------------------------|
|                                  | Total Cost              | Accumulated Amortization | Foreign Currency Translation Adjustment | Acquired Intangible Assets, Net |                                 |                                      |
| Technology                       | \$10,308                | \$ (7,618 )              | \$ (328 )                               | \$ 2,362                        |                                 | 3.5 years                            |
| Trademarks and brand names—Dice  | 39,000                  | —                        | —                                       | 39,000                          |                                 | Indefinite                           |
| Trademarks and brand names—Other | 23,419                  | (11,995 )                | (1,118 )                                | 10,306                          |                                 | 5.7 years                            |
| Customer lists                   | 63,373                  | (42,202 )                | (2,557 )                                | 18,614                          |                                 | 5.5 years                            |
| Candidate and content database   | 24,888                  | (18,715 )                | (173 )                                  | 6,000                           |                                 | 2.7 years                            |
| Acquired intangible assets, net  | \$160,988               | \$ (80,530 )             | \$ (4,176 )                             | \$ 76,282                       |                                 |                                      |
|                                  | As of December 31, 2014 |                          |   |                                 |                                 | Weighted-Average Amortization Period |
|                                  | Total Cost              | Accumulated Amortization | Foreign Currency Translation Adjustment | Accumulated Impairment          | Acquired Intangible Assets, Net |                                      |
| Technology                       | \$25,194                | \$ (20,481 )             | \$ (211 )                               | \$ (1,374 )                     | \$ 3,128                        | 3.5 years                            |
| Trademarks and brand names—Dice  | 39,000                  | —                        | —                                       | —                               | 39,000                          | Indefinite                           |
| Trademarks and brand names—Other | 26,889                  | (12,802 )                | (855 )                                  | (1,929 )                        | 11,303                          | 6.1 years                            |
| Customer lists                   | 69,116                  | (43,774 )                | (1,817 )                                | (3,281 )                        | 20,244                          | 5.5 years                            |
| Candidate and content database   | 44,670                  | (36,371 )                | 27                                      | (656 )                          | 7,670                           | 2.7 years                            |

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|                                 |           |             |   |           |   |           |             |
|---------------------------------|-----------|-------------|---|-----------|---|-----------|-------------|
| Order backlog                   | 2,718     | (2,718      | ) | —         | — | —         | 0.5 years   |
| Acquired intangible assets, net | \$207,587 | \$ (116,146 | ) | \$ (2,856 | ) | \$ (7,240 | ) \$ 81,345 |

During the first quarter of 2015, the Company retired certain fully amortized acquired intangible assets no longer in service.

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DHI GROUP, INC.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

OilCareers was acquired in March 2014 and the valuation of assets and liabilities was completed during the second quarter of 2014. Identifiable intangible assets for the OilCareers acquisition are included in the total cost as of December 31, 2014. The weighted-average amortization period for the technology, trademarks and brand names, customer lists and candidate and content database are 0.8 years, 2.0 years, 7.0 years and 2.0 years, respectively, related to the OilCareers acquisition. The weighted-average amortization period for the OilCareers trademarks and brand names was changed during the first quarter of 2015 due to the integration of the OilCareers brand with the Rigzone brand during 2015.

Based on the carrying value of the acquired finite-lived intangible assets recorded as of March 31, 2015, and assuming no subsequent impairment of the underlying assets, the estimated future amortization expense is as follows (in thousands):

|   |          |
|---|----------|
| April 1, 2015 through December 31, 2015 | \$10,360 |
| 2016                                    | 7,757    |
| 2017                                    | 4,858    |
| 2018                                    | 4,320    |
| 2019                                    | 4,015    |
| 2020 and thereafter                     | 5,972    |
| Total                                   | \$37,282 |

**6. INDEBTEDNESS**

**Credit Agreement**—In October 2013, the Company, together with Dice Inc. and Dice Career Solutions, Inc. (collectively, the “Borrowers”) entered into a Credit Agreement (the “Credit Agreement”), which provides for a \$50.0 million term loan facility and a revolving loan facility of \$200.0 million, with both facilities maturing in October 2018. The Company borrowed \$65.0 million under the new Credit Agreement to repay all outstanding indebtedness under the previously existing credit facility dated June 2012, terminating that facility. A portion of the proceeds was also used to pay certain costs associated with the Credit Agreement and for working capital purposes.

Borrowings under the Credit Agreement bear interest at the Company’s option, at a LIBOR rate or a base rate plus a margin. The margin ranges from 1.75% to 2.50% on LIBOR loans and 0.75% to 1.50% on base rate loans, determined by the Company’s most recent consolidated leverage ratio. The term loan requires quarterly payments of \$625,000 through December 31, 2015, quarterly payments of \$1.3 million from January 1, 2016 through December 31, 2017 and quarterly payments of \$8.8 million from January 1, 2018 through September 30, 2018 with the unpaid balance due at maturity and may be prepaid at any time without penalty. There are no scheduled payments for the revolving loan facility of \$200.0 million until maturity of the Credit Agreement in October 2018.

The Credit Agreement contains various customary affirmative and negative covenants and also contains certain financial covenants, including a consolidated leverage ratio and a consolidated interest coverage ratio. Negative covenants include restrictions on incurring certain liens; making certain payments, such as stock repurchases and dividend payments; making certain investments; making certain acquisitions; and incurring additional indebtedness. Restricted payments are allowed under the Credit Agreement to the extent the consolidated leverage ratio, calculated on a pro forma basis, is equal to or less than 2.0 to 1.0, plus an additional \$5.0 million of restricted payments. The Credit Agreement also provides that the payment of obligations may be accelerated upon the occurrence of customary events of default, including, but not limited to, non-payment, change of control, or insolvency. As of March 31, 2015, the Company was in compliance with all of the financial covenants under the Credit Agreement.

The obligations under the Credit Agreement are guaranteed by three of the Company’s wholly-owned subsidiaries, eFinancialCareers, Inc., Targeted Job Fairs, Inc., and Rigzone.com, Inc., and secured by substantially all of the assets of the Borrowers and the guarantors and stock pledges from certain of the Company’s foreign subsidiaries.

Debt issuance costs of \$872,000 were incurred and are being amortized over the life of the loan. These costs are included in interest expense. Unamortized deferred financing costs from the previous credit facility of \$878,000 are being amortized over the life of the new Credit Agreement.





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DHI GROUP, INC.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The amounts borrowed as of March 31, 2015 and December 31, 2014 are as follows (dollars in thousands):

|   | March 31,<br>2015 | December 31,<br>2014 |  |   |
|---|-------------------|----------------------|--|---|
| Amounts borrowed:                                 |                   |                      |  |   |
| Term loan facility                                | \$46,875          | \$47,500             |  |   |
| Revolving credit facility                         | 58,000            | 63,000               |  |   |
| Total borrowed                                    | \$104,875         | \$110,500            |  |   |
| Available to be borrowed under revolving facility | \$142,000         | \$137,000            |  |   |
| Interest rates:                                   |                   |                      |  |   |
| LIBOR rate loans:                                 |                   |                      |  |   |
| Interest margin                                   | 2.00              | % 2.00               |  | % |
| Actual interest rates                             | 2.19              | % 2.19               |  | % |

Future maturities as of March 31, 2015 are as follows (in thousands):

|   |           |
|---|-----------|
| April 1, 2015 through December 31, 2015 | \$1,875   |
| 2016                                    | 5,000     |
| 2017                                    | 5,000     |
| 2018                                    | 93,000    |
| Total minimum payments                  | \$104,875 |

Borrowings during the year ended December 31, 2014 were to fulfill temporary cash needs to fund operating activities.

## 7. COMMITMENTS AND CONTINGENCIES

## Leases

The Company leases equipment and office space under operating leases expiring at various dates through December 2025. Future minimum lease payments under non-cancellable operating leases as of March 31, 2015 are as follows (in thousands):

|   |          |
|---|----------|
| April 1, 2015 through December 31, 2015 | \$2,830  |
| 2016                                    | 3,682    |
| 2017                                    | 3,348    |
| 2018                                    | 3,353    |
| 2019                                    | 3,339    |
| 2020 and thereafter                     | 10,218   |
| Total minimum payments                  | \$26,770 |

Rent expense was \$1.0 million for each of the three month periods ended March 31, 2015 and 2014, and is included in General and Administrative expense in the Condensed Consolidated Statements of Operations.

## Litigation

The Company is subject to various claims from taxing authorities, lawsuits and other complaints arising in the ordinary course of business. The Company records provisions for losses when claims become probable and the amounts are reasonably estimable. Although the outcome of these legal matters cannot be determined, it is the opinion of management that the final resolution of these matters will not have a material effect on the Company's financial condition, operations or liquidity.



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DHI GROUP, INC.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## Tax Contingencies

The Company operates in a number of tax jurisdictions and is subject to audits and reviews by various taxation authorities with respect to income, payroll, sales and use and other taxes and remittances. The Company may become subject to future tax assessments by various authorities for current or prior periods. The determination of the Company's worldwide provision for taxes requires judgment and estimation. There are many transactions and calculations where the ultimate tax determination is uncertain. The Company has recorded certain provisions for our tax estimates which we believe are reasonable.

## 8. EQUITY TRANSACTIONS

Stock Repurchase Plans—The Company's board of directors approved a stock repurchase program that permits the Company to repurchase its common stock. The following table summarizes the Stock Repurchase Plans approved by the board of directors:

|  | IV                             | V                              |
|--|--------------------------------|--------------------------------|
| Approval Date                                | December 2013                  | December 2014                  |
| Authorized Repurchase Amount of Common Stock | \$50 million                   | \$50 million                   |
| Effective Dates                              | December 2013 to December 2014 | December 2014 to December 2015 |

The Company is currently under Stock Repurchase Plan V, which will expire no later than December 2015. Under each plan, management has discretion in determining the conditions under which shares may be purchased from time to time.

During the quarter ended March 31, 2015, purchases of the Company's common stock pursuant to Stock Repurchase Plans were as follows:

| Total Number of Shares Purchased | Average Price Paid per Share | Dollar Value of Shares Purchased | Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs |
|----------------------------------|------------------------------|----------------------------------|--|
| 1,027,981                        | \$8.91                       | \$9,161,447                      | \$40,838,500   |

Approximately \$448,000 of share repurchases had not settled as of March 31, 2015 and are included in accounts payable and accrued expenses in the accompanying Condensed Consolidated Balance Sheets. There were no unsettled share repurchases as of December 31, 2014.

## 9. ACCUMULATED OTHER COMPREHENSIVE LOSS

Accumulated other comprehensive loss, net consists of the following components, net of tax, (in thousands):

|  | March 31,<br>2015 | December 31,<br>2014 |
|--|-------------------|----------------------|
| Foreign currency translation adjustment                    | \$(18,416 )       | \$(13,909 )          |
| Unrealized gains on investments, net of tax of \$0 and \$0 | 3                 | 3                    |
| Total accumulated other comprehensive loss, net            | \$(18,413 )       | \$(13,906 )          |

Changes in accumulated other comprehensive loss during the three month period ended March 31, 2015 are as follows (in thousands):

|                   | Foreign<br>currency<br>translation<br>adjustment | Unrealized<br>gains on<br>investments | Total       |
|-------------------|--|---------------------------------------|-------------|
| Beginning balance | \$(13,909 )                                      | \$3                                   | \$(13,906 ) |

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|   |           |       |           |   |
|---|-----------|-------|-----------|---|
| Other comprehensive loss before reclassifications | (4,507    | ) —   | (4,507    | ) |
| Net current-period other comprehensive loss       | (4,507    | ) —   | (4,507    | ) |
| Ending balance                                    | \$(18,416 | ) \$3 | \$(18,413 | ) |

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DHI GROUP, INC.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Changes in accumulated other comprehensive loss during the three month period ended March 31, 2014 are as follows (in thousands):

|   | Foreign<br>currency<br>translation<br>adjustment | Unrealized<br>gains on<br>investments | Total      |
|---|--|---------------------------------------|------------|
| Beginning balance                                 | \$(6,117 )                                       | \$3                                   | \$(6,114 ) |
| Other comprehensive loss before reclassifications | (1,086 )   | —                                     | (1,086 )   |
| Net current-period other comprehensive loss       | (1,086 )   | —                                     | (1,086 )   |
| Ending balance                                    | \$(7,203 )                                       | \$3                                   | \$(7,200 ) |

## 10. STOCK BASED COMPENSATION

Under the 2012 Omnibus Equity Award Plan, the Company has granted stock options, restricted stock and Performance-Based Restricted Stock Units (“PSUs”) to certain employees and directors. Compensation expense for stock-based awards made to employees and directors in return for service is recorded in accordance with Compensation-Stock Compensation of the FASB ASC. The Company estimates forfeitures that it expects will occur and records expense based upon the number of awards expected to vest.

The Company recorded total stock based compensation expense of \$2.5 million and \$2.3 million during the three month periods ended March 31, 2015 and 2014, respectively. At March 31, 2015, there was \$24.3 million of unrecognized compensation expense related to unvested awards, which is expected to be recognized over a weighted-average period of approximately 2.0 years.

PSUs—PSUs are granted to employees of the Company and its subsidiaries. These shares are part of the compensation plan for services provided by the employees. The fair value of PSUs is measured using the Monte Carlo pricing model. The expense related to the PSUs is recorded over the vesting period. There was no cash flow impact resulting from the grants.

During the three month period ended March 31, 2015, the Company granted 415,000 PSUs. These shares will vest on the dates the Compensation Committee certifies the Company’s achievement of stock price performance relative to the Russell 2000 Index, provided that the recipient remains employed through such date. Performance will be measured over three separate measurement periods: a one-year measurement period, a two-year measurement period and a three-year measurement period. For performance periods one and two, vesting is not to exceed total grant divided by three. For performance period three, vesting is no less than zero and no greater than 150% of initial grant less shares vested in performance periods one and two. The fair value of PSUs is measured using the Monte Carlo pricing model using the following assumptions:

|   | Three Months Ended<br>March 31, 2015 |   |
|---|--------------------------------------|---|
| Weighted average fair value of PSUs granted | \$9.25                               |   |
| Dividend yield                              | —                                    | % |
| Risk free interest rate                     | 1.1                                  | % |
| Expected volatility                         | 33.6                                 | % |

Restricted Stock—Restricted stock is granted to employees of the Company and its subsidiaries, and to non-employee members of the Company’s Board. These shares are part of the compensation plan for services provided by the employees or Board members. The closing price of the Company’s stock on the date of grant is used to determine the fair value of the grants. The expense related to the restricted stock grants is recorded over the vesting period. There was no cash flow impact resulting from the grants.



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DHI GROUP, INC.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

A summary of the status of restricted stock awards as of March 31, 2015 and 2014 and the changes during the periods then ended is presented below:

|                                       | Three Months Ended March 31,<br>2015 |   | Three Months Ended March 31,<br>2014 |   |
|---------------------------------------|--------------------------------------|---|--------------------------------------|---|
|                                       | Shares                               | Weighted-<br>Average Fair<br>Value at Grant<br>Date | Shares                               | Weighted-<br>Average Fair<br>Value at Grant<br>Date |
| Non-vested at beginning of the period | 1,786,581                            | \$8.45  | 1,560,375                            | \$9.81  |
| Granted—Restricted Stock              | 1,068,000                            | \$8.83  | 785,000                              | \$7.19  |
| Forfeited during the period           | (57,250)                             | ) \$8.07  | (54,125)                             | ) \$9.62  |
| Vested during the period              | (473,131)                            | ) \$9.27  | (450,369)                            | ) \$10.17   |
| Non-vested at end of period           | 2,324,200                            | \$8.47  | 1,840,881                            | \$8.61  |

Stock Options—The fair value of each option grant is estimated using the Black-Scholes option-pricing model. This valuation model requires the Company to make assumptions and judgments about the variables used in the calculation, including the fair value of the Company's common stock, the expected life (the period of time that the options granted are expected to be outstanding), the volatility of the Company's common stock, a risk-free interest rate and expected dividends. The expected life of options granted is derived from historical exercise behavior. The risk-free rate for periods within the expected life of the option is based on the U.S. Treasury rates in effect at the time of grant. The expense is measured at the grant-date fair value of the award and recognized as compensation expense on a straight-line basis over the service period, which is the vesting period. No stock options were granted during the three month period ended March 31, 2015. The fair value of each option grant is estimated using the Black-Scholes option-pricing model using the following assumptions:

|  | Three Months Ended<br>March 31, 2014 |   |
|--|--------------------------------------|---|
| The weighted average fair value of options granted | \$2.62                               |   |
| Dividend yield                                     | —                                    | % |
| Weighted average risk free interest rate           | 1.56                                 | % |
| Weighted average expected volatility               | 40.88                                | % |
| Expected life (in years)                           | 4.6                                  |   |

A summary of the status of options granted as of March 31, 2015 and 2014, and the changes during the periods then ended is presented below:

|  | Three Months Ended March 31, 2015 |                                    |                              |
|--|-----------------------------------|------------------------------------|------------------------------|
|  | Options                           | Weighted-Average<br>Exercise Price | Aggregate<br>Intrinsic Value |
| Options outstanding at beginning of period | 4,667,738                         | \$ 6.14                            | \$19,357,512                 |
| Exercised                                  | (578,465)                         | ) \$ 6.15                          | \$1,926,544                  |
| Forfeited                                  | (25,037)                          | ) \$ 10.28                         | —                            |
| Options outstanding at end of period       | 4,064,236                         | \$ 6.18                            | \$12,593,742                 |
| Exercisable at end of period               | 3,112,636                         | \$ 5.51                            | \$11,818,654                 |

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DHI GROUP, INC.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

|  | Three Months Ended March 31, 2014 |                                 |                           |
|--|-----------------------------------|---------------------------------|---------------------------|
|  | Options                           | Weighted-Average Exercise Price | Aggregate Intrinsic Value |
| Options outstanding at beginning of period | 7,536,601                         | \$ 5.53                         | \$17,493,907              |
| Granted                                    | 589,000                           | \$ 7.20                         | —                         |
| Exercised                                  | (497,346 )                        | \$ 5.07                         | \$1,069,105               |
| Forfeited                                  | (119,204 )                        | \$ 10.30                        | —                         |
| Options outstanding at end of period       | 7,509,051                         | \$ 5.62                         | \$17,674,282              |
| Exercisable at end of period               | 5,988,158                         | \$ 4.87                         | \$17,512,912              |

The weighted-average remaining contractual term of options exercisable at March 31, 2015 is 2.1 years. The following table summarizes information about options outstanding as of March 31, 2015:

| Exercise Price     | Options Outstanding |  | Options Exercisable |
|--------------------|---------------------|--|---------------------|
|                    | Number Outstanding  | Weighted-Average Remaining Contractual Life (in years) | Number Exercisable  |
| \$ 0.20 - \$ 0.99  | 313,791             | 0.4  | 313,791             |
| \$ 1.00 - \$ 3.99  | 721,364             | 0.6  | 721,364             |
| \$ 4.00 - \$ 5.99  | 516,070             | 1.6  | 516,070             |
| \$ 6.00 - \$ 8.99  | 1,683,673           | 3.9  | 1,071,448           |
| \$ 9.00 - \$ 14.50 | 829,338             | 4.6  | 489,963             |
|                    | 4,064,236           |  | 3,112,636           |

**11. SEGMENT INFORMATION**

The Company changed its reportable segments during the first quarter of 2015 to reflect the current operating structure. Accordingly, all prior periods have been recast to reflect the current segment presentation.

The Company has five reportable segments: Tech & Clearance, Finance, Energy, Healthcare and Hospitality. The Tech & Clearance reportable segment includes the Dice, ClearanceJobs, and The IT Job Board services, as well as related career fairs. The Finance reportable segment includes the eFinancialCareers service worldwide. The Energy reportable segment includes the Rigzone service, OilCareers service (since the date of acquisition) and related career fairs. The Healthcare reportable segment includes HEALTHeCAREERS and BioSpace services. The Hospitality reportable segment includes Hcareers. Management has organized its reportable segments based upon the industry verticals served. Each of the reportable segments generates significant revenue from sales of recruitment packages and related services.

The Company has other services and activities that individually are not more than 10% of consolidated revenues, operating income or total assets. These include Slashdot Media, WorkDigital and IT Media and are reported in the "Corporate & Other" category, along with corporate-related costs which are not considered in a segment.

The Company's foreign operations are comprised of The IT Job Board operations and a portion of the eFinancialCareers, OilCareers and Rigzone services, which operate in Europe, the financial centers of the gulf region of the Middle East and Asia Pacific. The Company's foreign operations also include Hcareers, which operates in Canada.





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DHI GROUP, INC.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The following table shows the segment information (in thousands):

|                    | Three Months Ended March 31, |          |
|--------------------|------------------------------|----------|
|                    | 2015                         | 2014     |
| By Segment:        |                              |          |
| Revenues:          |                              |          |
| Tech & Clearance   | \$33,324                     | \$31,834 |
| Finance            | 8,585                        | 8,809    |
| Energy             | 6,319                        | 5,921    |
| Healthcare         | 7,067                        | 6,451    |
| Hospitality        | 4,011                        | 2,931    |
| Corporate & Other  | 4,464                        | 4,744    |
| Total revenues     | \$63,770                     | \$60,690 |
| Depreciation:      |                              |          |
| Tech & Clearance   | \$1,588                      | \$1,569  |
| Finance            | 132                          | 136      |
| Energy             | 51                           | 36       |
| Healthcare         | 277                          | 699      |
| Hospitality        | 45                           | 59       |
| Corporate & Other  | 110                          | 322      |
| Total depreciation | \$2,203                      | \$2,821  |
| Amortization:      |                              |          |
| Tech & Clearance   | \$880                        | \$964    |
| Finance            | 19                           | 19       |
| Energy             | 1,746                        | 775      |
| Healthcare         | 464                          | 1,820    |
| Hospitality        | 505                          | 573      |
| Corporate & Other  | 129                          | 160      |
| Total amortization | \$3,743                      | \$4,311  |

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DHI GROUP, INC.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

|  | Three Months Ended March 31, |              |          |            |             |                      |           |
|--|------------------------------|--------------|----------|------------|-------------|----------------------|-----------|
|  | 2015                         | 2014         |          |            |             |                      |           |
| Operating income (loss):   |                              |              |          |            |             |                      |           |
| Tech & Clearance   | \$11,169                     | \$10,959     |          |            |             |                      |           |
| Finance  | 1,291                        | 1,694        |          |            |             |                      |           |
| Energy   | (190)                        | ) 1,193      |          |            |             |                      |           |
| Healthcare   | (559)                        | ) (2,252)    |          |            |             |                      |           |
| Hospitality  | 1,176                        | 230          |          |            |             |                      |           |
| Corporate & Other  | (3,727)                      | ) (3,948)    |          |            |             |                      |           |
| Operating income   | 9,160                        | 7,876        |          |            |             |                      |           |
| Interest expense   | (808)                        | ) (893)      |          |            |             |                      |           |
| Other expense  | (27)                         | ) (8)        |          |            |             |                      |           |
| Income before income taxes   | \$8,325                      | \$6,975      |          |            |             |                      |           |
| Capital expenditures:  |                              |              |          |            |             |                      |           |
| Tech & Clearance   | \$1,301                      | \$1,290      |          |            |             |                      |           |
| Finance  | 310                          | 321          |          |            |             |                      |           |
| Energy   | 53                           | —            |          |            |             |                      |           |
| Healthcare   | 806                          | 336          |          |            |             |                      |           |
| Hospitality  | 16                           | 4            |          |            |             |                      |           |
| Corporate & Other  | 31                           | 122          |          |            |             |                      |           |
| Total capital expenditures   | \$2,517                      | \$2,073      |          |            |             |                      |           |
| By Geography:  |                              |              |          |            |             |                      |           |
| Revenues:  |                              |              |          |            |             |                      |           |
| United States  | \$49,042                     | \$44,988     |          |            |             |                      |           |
| Non-United States  | 14,728                       | 15,702       |          |            |             |                      |           |
| Total revenues   | \$63,770                     | \$60,690     |          |            |             |                      |           |
|  | March 31,                    | December 31, |          |            |             |                      |           |
|  | 2015                         | 2014         |          |            |             |                      |           |
| Total assets:  |                              |              |          |            |             |                      |           |
| Tech & Clearance   | \$185,410                    | \$185,558    |          |            |             |                      |           |
| Finance  | 69,277                       | 69,960       |          |            |             |                      |           |
| Energy   | 78,043                       | 85,043       |          |            |             |                      |           |
| Healthcare   | 21,874                       | 20,794       |          |            |             |                      |           |
| Hospitality  | 30,519                       | 33,777       |          |            |             |                      |           |
| Corporate & Other  | 28,464                       | 32,115       |          |            |             |                      |           |
| Total assets   | \$413,587                    | \$427,247    |          |            |             |                      |           |
| The following table shows the carrying amount of goodwill by reportable segment as of December 31, 2014 and March 31, 2015 and the changes in goodwill for the three month period ended March 31, 2015 (in thousands): |                              |              |          |            |             |                      |           |
|  | Tech &<br>Clearance          | Finance      | Energy   | Healthcare | Hospitality | Corporate<br>& Other | Total     |
| Goodwill at December 31, 2014  | \$ 95,946                    | \$53,473     | \$50,187 | \$6,269    | \$15,871    | \$17,510             | \$239,256 |
| Foreign currency translation adjustment  | (418)                        | ) (2,026)    | ) —      | —          | (1,274)     | ) (787)              | ) (4,505) |

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|                            |           |           |           |          |           |           |            |
|----------------------------|-----------|-----------|-----------|----------|-----------|-----------|------------|
| Goodwill at March 31, 2015 | \$ 95,528 | \$ 51,447 | \$ 50,187 | \$ 6,269 | \$ 14,597 | \$ 16,723 | \$ 234,751 |
|----------------------------|-----------|-----------|-----------|----------|-----------|-----------|------------|

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DHI GROUP, INC.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 12. EARNINGS PER SHARE

Basic earnings per share (“EPS”) is computed based on the weighted-average number of shares of common stock outstanding. Diluted EPS is computed based on the weighted-average number of shares of common stock outstanding plus common stock equivalents assuming exercise of stock options, where dilutive. Options to purchase approximately 1.9 million, 3.1 million shares were outstanding during the three month periods ended March 31, 2015 and 2014, respectively, but were excluded from the calculation of diluted EPS for the periods then ended because the options’ exercise price was greater than the average market price of the common shares. The following is a calculation of basic and diluted earnings per share and weighted-average shares outstanding (in thousands, except per share amounts):

|   | Three Months Ended March 31, |         |
|---|------------------------------|---------|
|   | 2015                         | 2014    |
| Income from continuing operations—basic and diluted | \$5,092                      | \$4,395 |
| Weighted-average shares outstanding—basic           | 52,267                       | 53,105  |
| Add shares issuable upon exercise of stock options  | 2,025                        | 2,271   |
| Weighted-average shares outstanding—diluted         | 54,292                       | 55,376  |
| Basic earnings per share                            | \$0.10                       | \$0.08  |
| Diluted earnings per share                          | \$0.09                       | \$0.08  |

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with our unaudited condensed consolidated financial statements and the related notes included elsewhere in this report. See also our consolidated financial statements and the notes thereto and the section entitled "Note Concerning Forward-Looking Statements" in our Annual Report on Form 10-K for the year ended December 31, 2014 (Dice Holdings, Inc. as of December 31, 2014).

Information contained herein contains forward-looking statements. You should not place undue reliance on those statements because they are subject to numerous uncertainties and factors relating to our operations and business environment, all of which are difficult to predict and many of which are beyond our control. Forward-looking statements include, without limitation, information concerning our possible or assumed future results of operations, including descriptions of our business strategy. These statements often include words such as "may," "will," "should," "believe," "expect," "anticipate," "intend," "plan," "estimate" or similar expressions. These statements are based on assumptions that we have made in light of our experience in the industry as well as our perceptions of historical trends, current conditions, expected future developments and other factors we believe are appropriate under the circumstances. Although we believe that these forward-looking statements are based on reasonable assumptions, you should be aware that many factors could affect our actual financial results or results of operations and could cause actual results to differ materially from those in the forward-looking statements. These factors include, but are not limited to, competition from existing and future competitors in the highly competitive market in which we operate, failure to adapt our business model to keep pace with rapid changes in the recruiting and career services business, failure to maintain and develop our reputation and brand recognition, failure to increase or maintain the number of customers who purchase recruitment packages, cyclicalities or downturns in the economy or industries we serve, failure to attract qualified professionals to our websites or grow the number of qualified professionals who use our websites, failure to successfully identify or integrate acquisitions, U.S. and foreign government regulation of the Internet and taxation, our ability to borrow funds under our revolving credit facility or refinance our indebtedness and restrictions on our current and future operations under such indebtedness. These factors and others are discussed in more detail in our filings with the Securities and Exchange Commission, including our Annual Report on Form 10-K for the fiscal year ended December 31, 2014, under the headings "Risk Factors," "Forward-Looking Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Information contained herein contains certain non-GAAP financial measures. These measures are not in accordance with, or an alternative for measures in accordance with U.S. GAAP. Such measures presented herein include adjusted earnings before interest, taxes, depreciation, amortization, non-cash stock based compensation expense, and other non-recurring income or expense ("Adjusted EBITDA"), and free cash flow. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources."

You should keep in mind that any forward-looking statement made by us herein, or elsewhere, speaks only as of the date on which it is made. New risks and uncertainties come up from time to time, and it is impossible to predict these events or how they may affect us. We have no obligation to update any forward-looking statements after the date hereof, except as required by federal securities laws.

Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, proxy and information statements and other material information concerning us are available free of charge on the Investors page of our website at [www.dhigroupinc.com](http://www.dhigroupinc.com). Our reports filed with the SEC are also available at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549, by calling 1-800-SEC-0330, or by visiting <http://www.sec.gov>.

Overview

We are a leading provider of specialized websites and services for professional communities including technology and security clearance, financial services, energy, healthcare and hospitality. Our mission is to empower professionals and organizations to compete and win through specialized insights and relevant connections. Employers and recruiters use our websites and services to source and hire the most qualified professionals in select and highly-skilled occupations, while professionals use our websites and services to find the best employment opportunities in and most timely news and information about their respective areas of expertise.

In online recruitment, we target employment categories in which there is a long-term scarcity of highly skilled, highly qualified professionals relative to market demand. Our websites serve as online marketplaces where employers and recruiters find and recruit prospective employees, and where professionals find relevant job opportunities and information to further their careers.

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In online media, we serve the technology community and the marketing and advertising professionals who want to reach this audience where they create, improve, compare and distribute open source software or debate and discuss current news and issues.

Our websites offer job postings, news and content, open source software, career development and recruiting services tailored to the specific needs of the professional community that each website serves.

Through our predecessors, we have been in the recruiting and career development business for almost 25 years. Based on our operating structure, we have identified five reportable segments under the Segment Reporting topic of the FASB ASC.

Our reportable segments include:

• Tech & Clearance— Dice, ClearanceJobs, The IT Job Board and related career fairs

• Finance— eFinancialCareers

• Energy— Rigzone, OilCareers (acquired in March 2014) and related career fairs

• Healthcare— HEALTHeCAREERS and BioSpace

• Hospitality— Hcareers

We have other services and activities that individually are not more than 10% of consolidated revenues, operating income or total assets. These include Slashdot Media, WorkDigital and IT Media and are reported in the “Corporate & Other” category, along with corporate-related costs which are not considered in a segment.

### Recent Developments

Effective April 21, 2015, the Company changed its corporate name from “Dice Holdings, Inc.” to “DHI Group, Inc.” The corporate name change was effected pursuant to Section 242 of the Delaware General Corporation Law by filing a certificate of amendment to the Company’s Amended and Restated Certificate of Incorporation with the Delaware Secretary of State.

The DHI name embodies the Company’s focus on Delivering Hire Insights to employers and professionals and better represents the evolution of the Company into a diverse portfolio of specialized websites and services that serve targeted constituents and are unified under one corporate umbrella. DHI now has its own distinct identity, allowing the Company’s Dice brand to continue reinforcing its position as the leading digital career resource for technology and engineering professionals.

The brand names and positioning of the Company’s specialized websites and services, each of which provides unique value to employers and professionals, will remain unchanged.

### Our Revenues and Expenses

We derive the majority of our revenues from customers who pay fees, either annually, quarterly or monthly, to post jobs on our websites and to access our searchable databases of resumes. Our fees vary by customers based on the number of individual users of our databases of resumes, the number and type of job postings purchased and the terms of the package purchased. Our Tech & Clearance segment sells recruitment packages that can include both access to our databases of resumes and Open Web profiles, as well as job posting capabilities. Our Finance, Energy, Healthcare and Hospitality segments sell job postings and access to our resume databases either as part of a package or individually. We believe the key metrics that are material to an analysis of our businesses are our total number of recruitment package customers and the revenue, on average, that these customers generate. At March 31, 2015 and December 31, 2014, Dice had approximately 7,800 total recruitment package customers. Deferred revenue is a key metric of our business as it indicates a level of sales already made that will be recognized as revenue in the future. Deferred revenue reflects the impact of our ability to sign customers to longer term contracts. We recorded deferred revenue of \$90.8 million and \$86.4 million at March 31, 2015 and December 31, 2014, respectively.

We also generate revenue from advertising on our various websites or from lead generation and marketing solutions provided to our customers. Advertisements include various forms of rich media and banner advertising, text links, sponsorships, and custom content marketing solutions. Lead generation information utilizes advertising and other methods to deliver leads to a customer.

Our ability to continue to grow our revenues will largely depend on our ability to grow our customer bases in the markets in which we operate by acquiring new recruitment package customers and advertisers while retaining a high proportion of the customers we currently serve, and to expand the breadth of services our customers purchase from us.



We continue to make investments in our business and infrastructure to help us achieve our long-term growth objectives.

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Other material factors that may affect our results of operations include our ability to attract qualified professionals that become engaged with our websites and our ability to attract customers with relevant job opportunities. The more qualified professionals that use our websites, the more attractive our websites become to employers and advertisers, which in turn makes them more likely to become our customers, resulting positively on our results of operations. If we are unable to continue to attract qualified professionals to engage with our websites, our customers may no longer find our services attractive, which could have a negative impact on our results of operations. Additionally, we need to ensure that our websites remain relevant in order to attract qualified professionals to our websites and to engage them in high-valued tasks, such as posting resumes and/or applying to jobs.

The largest components of our expenses are personnel costs and marketing and sales expenditures. Personnel costs consist of salaries, benefits, and incentive compensation for our employees, including commissions for salespeople. Personnel costs are categorized in our statement of operations based on each employee's principal function. Marketing expenditures primarily consist of online advertising and direct mailing programs.

Critical Accounting Policies

There have been no material changes to our critical accounting policies as compared to the critical accounting policies described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014.

Results of Operations

Three Months Ended March 31, 2015 Compared to the Three Months Ended March 31, 2014

Revenues

|                   | Three Months Ended March 31,       |          | Increase   | Percent |   |
|-------------------|------------------------------------|----------|------------|---------|---|
|                   | 2015                               | 2014     | (decrease) | Change  |   |
|                   | (in thousands, except percentages) |          |            |         |   |
| Tech & Clearance  | \$33,324                           | \$31,834 | \$1,490    | 4.7     | % |
| Finance           | 8,585                              | 8,809    | (224)      | (2.5)   | % |
| Energy            | 6,319                              | 5,921    | 398        | 6.7     | % |
| Healthcare        | 7,067                              | 6,451    | 616        | 9.5     | % |
| Hospitality       | 4,011                              | 2,931    | 1,080      | 36.8    | % |
| Corporate & Other | 4,464                              | 4,744    | (280)      | (5.9)   | % |
| Total revenues    | \$63,770                           | \$60,690 | \$3,080    | 5.1     | % |

Our revenues were \$63.8 million for the three month period ended March 31, 2015 compared to \$60.7 million for the same period in 2014, an increase of \$3.1 million, or 5.1%.

We experienced an increase in the Tech & Clearance segment revenue of \$1.5 million, or 4.7%. Revenue at Dice increased by \$708,000 compared to the same period in 2014. Our customers' usage of our websites increased, as demonstrated through an increase in average monthly revenue per recruitment package customer of approximately 3% from the three month period ended March 31, 2014 to the three month period ended March 31, 2015. Recruitment package customer count decreased from 8,000 at March 31, 2014 to 7,800 at March 31, 2015. Revenues for related career fairs and ClearanceJobs increased by \$498,000 for the three month period ended March 31, 2015 as compared to the same period in 2014, primarily due to ClearanceJobs as a result of improved market conditions and enhanced product offerings. The IT Job Board revenue increased by \$284,000 for the three month period ended March 31, 2015 as compared to the same period in 2014 due primarily to the fair value adjustment to deferred revenue, which decreased revenue by \$179,000 for the three month period ended March 31, 2014, and did not recur in the current period. Beginning in 2015, the IT Media portion of The IT Job Board business was reported in the Corporate & Other segment and prior year periods were recast.

The Finance segment experienced a decrease in revenue of \$224,000, or 2.5%. Currency had a negative impact on revenue for the three month period ended March 31, 2015, decreasing revenue by approximately \$640,000. In functional currency, revenue increased 10% in the Asia Pacific region, 4% in Continental Europe, 3% in the UK and 2% in North America.

Revenues for the Energy segment totaled \$6.3 million for the three month period ended March 31, 2015, an increase of \$398,000 or 6.7% from the comparable 2014 period. The increase was a result of the OilCareers acquisition in March 2014,



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which was partially offset by declines in the Rigzone business due to difficult macro-environment conditions in the energy market.

The Healthcare segment, consisting of HEALTHeCAREERS and BioSpace, increased revenue by \$616,000, or 9.5% from the comparable 2014 period. The fair value adjustment to deferred revenue decreased revenue by \$413,000 for the three month period ended March 31, 2014 and did not recur in the current period.

Revenues for the Hospitality segment, which represents Hcareers, increased \$1.1 million, or 36.8% primarily due to the fair value adjustment to deferred revenue and increased usage by customers. The fair value adjustment to deferred revenue decreased revenue by \$524,000 for the three month period ended March 31, 2014, and did not recur in the current period.

Revenues from the Corporate & Other segment, which consists of revenue from Slashdot Media, WorkDigital and IT Media (recast in 2015 for all periods), decreased by \$280,000 or 5.9% reflecting a decline in certain revenue streams at Slashdot Media.

## Cost of Revenues

|                        | Three Months Ended March 31,       |         | Increase | Percent |   |
|------------------------|------------------------------------|---------|----------|---------|---|
|                        | 2015                               | 2014    |          | Change  |   |
|                        | (in thousands, except percentages) |         |          |         |   |
| Cost of revenues       | \$9,625                            | \$8,854 | \$771    | 8.7     | % |
| Percentage of revenues | 15.1                               | % 14.6  | %        |         |   |

Our cost of revenues for the three month period ended March 31, 2015 was \$9.6 million compared to \$8.9 million for the same period in 2014, an increase of \$771,000, or 8.7%. The Healthcare segment increased \$251,000 due to increased commissions and employee-related expenses. Cost of revenues for the Corporate & Other segment increased \$194,000, of which Slashdot Media contributed an increase of \$139,000 due to increased spend with external partners for lead generation, offset by lower headcount. The Tech & Clearance segment experienced an increase of \$157,000, of which Dice contributed an increase of \$393,000 due to additional headcount and increased licensing and consulting costs. Partially offsetting this increase at the Tech & Clearance segment was The IT Job Board decrease of \$192,000 due to expiration of the maintenance agreement with the previous parent company and infrastructure costs.

## Product Development Expenses

|                        | Three Months Ended March 31,       |         | Increase | Percent |   |
|------------------------|------------------------------------|---------|----------|---------|---|
|                        | 2015                               | 2014    |          | Change  |   |
|                        | (in thousands, except percentages) |         |          |         |   |
| Product development    | \$7,089                            | \$6,403 | \$686    | 10.7    | % |
| Percentage of revenues | 11.1                               | % 10.6  | %        |         |   |

Product development expenses for the three month period ended March 31, 2015 were \$7.1 million compared to \$6.4 million for the same period in 2014, an increase of \$686,000 or 10.7%. An increase of \$418,000 was experienced in the Tech & Clearance segment, primarily driven by salaries and related costs from additional headcount. The Healthcare segment increased by \$295,000, primarily due to increased software and compensation costs. Energy increased \$180,000 due to additional salaries and related costs for the increased number of employees.

The Corporate & Other segment experienced a decrease of \$156,000 attributable primarily to a decrease of \$398,000 due to reduced salaries and related costs at Slashdot Media and a decrease of \$209,000 due to Corporate severance costs incurred in the three month period ended March 31, 2014. These decreases are offset by \$238,000 increased consulting fees at Slashdot Media and an increase of \$226,000 at WorkDigital due to headcount and related costs. The Finance segment decreased by \$103,000 primarily driven by decreased consulting fees and reduced spend on product initiatives.

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## Sales and Marketing Expenses

|                        | Three Months Ended March 31,       |          | Increase | Percent |   |
|------------------------|------------------------------------|----------|----------|---------|---|
|                        | 2015                               | 2014     |          | Change  |   |
|                        | (in thousands, except percentages) |          |          |         |   |
| Sales and marketing    | \$20,678                           | \$19,018 | \$1,660  | 8.7     | % |
| Percentage of revenues | 32.4                               | % 31.3   | %        |         |   |

Sales and marketing expenses for the three month period ended March 31, 2015 were \$20.7 million compared to \$19.0 million for the same period in 2014, an increase of \$1.7 million or 8.7%. The Tech & Clearance segment experienced an increase in sales and marketing expense of \$1.3 million. The increase was due to increased digital marketing costs of \$749,000 at Dice. Sales expense at Dice increased by \$374,000 due to increased commissions costs and additional headcount. The Energy segment sales and marketing expense increased by \$472,000 primarily due to increased marketing initiatives and compensation costs related to the OilCareers acquisition. Sales and marketing expenses for the Hospitality segment increased by \$114,000 due to increased commissions, consulting expenses and advertising costs.

## General and Administrative Expenses

|                            | Three Months Ended March 31,       |          | Decrease | Percent |    |
|----------------------------|------------------------------------|----------|----------|---------|----|
|                            | 2015                               | 2014     |          | Change  |    |
|                            | (in thousands, except percentages) |          |          |         |    |
| General and administrative | \$11,272                           | \$11,362 | \$(90)   | (0.8    | )% |
| Percentage of revenues     | 17.7                               | % 18.7   | %        |         |    |

General and administrative expenses for the three month period ended March 31, 2015 were \$11.3 million compared to \$11.4 million for the same period in 2014, a decrease of \$90,000 or 0.8%.

Stock-based compensation expense was \$2.5 million, an increase of approximately \$160,000 compared to the same period in 2014. The increase was due to the annual grant of equity awards made in the current period.

General and administrative expense for the Tech & Clearance segment decreased \$617,000 in the three month period ended March 31, 2015, as compared to the same period in 2014 due to a \$394,000 decrease primarily related to cost savings from the integration of The IT Job Board business, decreased compensation expense and decreased office costs as The IT Job Board facilities are now integrated. The remaining decrease of \$223,000 at the Tech & Clearance segment was due to lower employee and related expenses. The Finance segment increased \$314,000 due primarily to additional headcount and related costs and office relocation costs. The Healthcare segment increased by \$119,000 due to increased recruiting fees. The \$105,000 increase in general and administrative expense for the Energy segment was primarily attributable to increased expenses related to the OilCareers acquisition. These increases in general and administrative expense were offset by a decrease of \$155,000 at Corporate & Other due to severance costs incurred in the three month period ended March 31, 2014.

## Depreciation

|                        | Three Months Ended March 31,       |         | Decrease | Percent |    |
|------------------------|------------------------------------|---------|----------|---------|----|
|                        | 2015                               | 2014    |          | Change  |    |
|                        | (in thousands, except percentages) |         |          |         |    |
| Depreciation           | \$2,203                            | \$2,821 | \$(618)  | (21.9   | )% |
| Percentage of revenues | 3.5                                | % 4.6   | %        |         |    |

Depreciation expense for the three month period ended March 31, 2015 was \$2.2 million compared to \$2.8 million for the same period of 2014, a decrease of \$618,000 or 21.9%. The decrease was due to lower depreciable fixed assets in the current period.



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## Amortization of Intangible Assets

|                        | Three Months Ended March 31,       |         | Decrease | Percent |
|------------------------|------------------------------------|---------|----------|---------|
|                        | 2015                               | 2014    |          | Change  |
|                        | (in thousands, except percentages) |         |          |         |
| Amortization           | \$3,743                            | \$4,311 | \$(568)  | (13.2)% |
| Percentage of revenues | 5.9                                | % 7.1   | %        |         |

Amortization expense for the three month period ended March 31, 2015 was \$3.7 million compared to \$4.3 million for the same period in 2014, a decrease of \$568,000 or 13.2%. Amortization expense for the three month period ended March 31, 2015 decreased by \$1.4 million due to certain intangible assets at HEALTHeCAREERS becoming fully amortized. This decrease in amortization expense was partially offset by an increase of \$1.0 million due to the OilCareers acquisition.

## Change in Acquisition Related Contingencies

During the three month period ended March 31, 2015, there was no expense related to the change in acquisition related contingencies, compared to \$45,000 of expense in the prior year period due to The IT Job Board and WorkDigital acquisitions. In January 2014, a payment of \$824,000 related to The IT Job Board was made to the seller. In October 2014, a final deferred purchase price payment of \$5.0 million related to the WorkDigital acquisition was made to the seller. The final deferred purchase price payment totaling approximately \$3.8 million related to The IT Job Board was made to the seller in February 2015.

## Operating Income

Operating income for the three month period ended March 31, 2015 was \$9.2 million compared to \$7.9 million for the same period in 2014, an increase of \$1.3 million or 16.3%. The increase was primarily driven by the Healthcare segment due to a decrease in amortization expense and the Hospitality segment due to increased revenues.

## Interest Expense

|                        | Three Months Ended March 31,       |       | Decrease | Percent |
|------------------------|------------------------------------|-------|----------|---------|
|                        | 2015                               | 2014  |          | Change  |
|                        | (in thousands, except percentages) |       |          |         |
| Interest expense       | \$808                              | \$893 | \$(85)   | (9.5)%  |
| Percentage of revenues | 1.3                                | % 1.5 | %        |         |

Interest expense for the three month period ended March 31, 2015 was \$808,000 compared to \$893,000 for the same period in 2014, a decrease of \$85,000 or 9.5%.

## Income Taxes

|                            | Three Months Ended March 31,       |         |
|----------------------------|------------------------------------|---------|
|                            | 2015                               | 2014    |
|                            | (in thousands, except percentages) |         |
| Income before income taxes | \$8,325                            | \$6,975 |
| Income tax expense         | 3,233                              | 2,580   |
| Effective tax rate         | 38.8                               | % 37.0  |

The effective income tax rate was 38.8% and 37.0% for the three month periods ended March 31, 2015 and March 31, 2014, respectively. The rate was higher in the current period because of state law changes which impacted our apportionment methodology, increasing our effective state tax rate.

## Earnings per Share

Basic earnings per share was \$0.10 and \$0.08 for the three month periods ended March 31, 2015 and March 31, 2014, respectively, an increase of \$0.02 or 25.0%. Diluted earnings per share was \$0.09 and \$0.08, respectively, an increase of \$0.01





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or 12.5%. The increases were primarily due to an increase in net income and decreased weighted-average shares outstanding due to stock repurchases.

Liquidity and Capital Resources

Non-GAAP Measures

We have provided certain non-GAAP financial information as additional information for our operating results. These measures are not in accordance with, or an alternative for measures in accordance with GAAP and may be different from similarly titled non-GAAP measures reported by other companies. We believe the presentation of non-GAAP measures, such as Adjusted EBITDA, and free cash flow, provides useful information to management and investors regarding certain financial and business trends relating to our financial condition and results of operations.

Adjusted EBITDA

Adjusted EBITDA is a non-GAAP metric used by management to measure operating performance. Management uses Adjusted EBITDA as a performance measure for internal monitoring and planning, including preparation of annual budgets, analyzing investment decisions and evaluating profitability and performance comparisons between us and our competitors. We also use this measure to calculate amounts of performance based compensation under the senior management incentive bonus program. Adjusted EBITDA, as defined in our Credit Agreement as “Consolidated EBITDA,” represents net income plus (to the extent deducted in calculating such net income) interest expense, income tax expense, depreciation and amortization, non-cash stock option expenses, losses resulting from certain dispositions outside the ordinary course of business, certain writeoffs in connection with indebtedness, impairment charges with respect to long-lived assets, expenses incurred in connection with an equity offering or any other offering of securities by the Company, extraordinary or non-recurring non-cash expenses or losses, transaction costs in connection with the Credit Agreement up to \$250,000, deferred revenues written off in connection with acquisition purchase accounting adjustments, writeoff of non-cash stock compensation expense, and business interruption insurance proceeds, minus (to the extent included in calculating such net income) non-cash income or gains, interest income, and any income or gain resulting from certain dispositions outside of the ordinary course of business.

We also consider Adjusted EBITDA, as defined above, to be an important indicator to investors because it provides information related to our ability to provide cash flows to meet future debt service, capital expenditures and working capital requirements and to fund future growth, as well as to monitor compliance with financial covenants. We present Adjusted EBITDA as a supplemental performance measure because we believe that this measure provides our board of directors, management and investors with additional information to measure our performance, provide comparisons from period to period and company to company by excluding potential differences caused by variations in capital structures (affecting interest expense) and tax positions (such as the impact on periods or companies of changes in effective tax rates or net operating losses), and to estimate our value.

We present Adjusted EBITDA because covenants in our Credit Agreement contain ratios based on this measure. Our Credit Agreement is material to us because it is one of our primary sources of liquidity. If our Adjusted EBITDA were to decline below certain levels, covenants in our Credit Agreement that are based on Adjusted EBITDA may be violated and could cause a default and acceleration of payment obligations under our Credit Agreement. See Note 6 “Indebtedness” for additional information on the covenants for our Credit Agreement.

Adjusted EBITDA is not a measurement of our financial performance under GAAP and should not be considered as an alternative to net income, operating income or any other performance measures derived in accordance with GAAP or as an alternative to cash flow from operating activities as a measure of our profitability or liquidity.

We understand that although Adjusted EBITDA is frequently used by securities analysts, lenders and others in their evaluation of companies, Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for analysis of our liquidity or results as reported under GAAP. Some limitations are:

• Adjusted EBITDA does not reflect our cash expenditures, or future requirements for capital expenditures or contractual commitments;

• Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;

• Adjusted EBITDA does not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments on our debt;



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Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized often will have to be replaced in the future, and Adjusted EBITDA does not reflect any cash requirements for such replacements; and

Other companies in our industry may calculate Adjusted EBITDA differently than we do, limiting its usefulness as a comparative measure.

To compensate for these limitations, management evaluates our liquidity by considering the economic effect of excluded expense items independently, as well as in connection with its analysis of cash flows from operations and through the use of other financial measures, such as capital expenditure budget variances, investment spending levels and return on capital analysis.

A reconciliation of Adjusted EBITDA for the three month periods ended March 31, 2015 and 2014 (in thousands) follows:

|  | For the three months ended March 31, |          |
|--|--------------------------------------|----------|
|  | 2015                                 | 2014     |
| Reconciliation of Net Income to Adjusted EBITDA:           |                                      |          |
| Net income   | \$5,092                              | \$4,395  |
| Interest expense   | 808                                  | 893      |
| Income tax expense   | 3,233                                | 2,580    |
| Depreciation   | 2,203                                | 2,821    |
| Amortization of intangible assets                          | 3,743                                | 4,311    |
| Change in acquisition related contingencies                | —                                    | 45       |
| Non-cash stock compensation expense                        | 2,503                                | 2,346    |
| Deferred revenue adjustment                                | —                                    | 1,242    |
| Other  | 27                                   | 8        |
| Adjusted EBITDA  | \$17,609                             | \$18,641 |
| Reconciliation of Operating Cash Flows to Adjusted EBITDA: |                                      |          |
| Net cash provided by operating activities                  | \$19,120                             | \$12,020 |
| Interest expense   | 808                                  | 893      |
| Amortization of deferred financing costs                   | (104)                                | (93)     |
| Income tax expense   | 3,233                                | 2,580    |
| Deferred income taxes                                      | 586                                  | 1,452    |
| Change in accrual for unrecognized tax benefits            | (83)                                 | (153)    |
| Change in accounts receivable                              | (2,327)                              | 4,143    |
| Change in deferred revenue                                 | (5,431)                              | (9,587)  |
| Deferred revenue adjustment                                | —                                    | 1,242    |
| Changes in working capital and other                       | 1,807                                | 6,144    |
| Adjusted EBITDA  | \$17,609                             | \$18,641 |
| Free Cash Flow   |                                      |          |

We define free cash flow as net cash provided by operating activities minus capital expenditures. We believe free cash flow is an important non-GAAP measure for management and investors as it provides useful cash flow information regarding our ability to service, incur or pay down indebtedness or repurchase our common stock. We use free cash flow as a measure to reflect cash available to service our debt as well as to fund our expenditures. A limitation of using free cash flow versus the GAAP measure of net cash provided by operating activities is free cash flow does not represent the total increase or decrease in the cash balance from operations for the period since it includes cash used for capital expenditures during the period.



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We have summarized our free cash flow for the three month periods ended March 31, 2015 and 2014 (in thousands).

|                                | For the three months ended March 31, |          |
|--------------------------------|--------------------------------------|----------|
|                                | 2015                                 | 2014     |
| Cash from operating activities | \$19,120                             | \$12,020 |
| Purchases of fixed assets      | (2,476                               | ) (2,569 |
| Free cash flow                 | \$16,644                             | \$9,451  |

## Cash Flows

We have summarized our cash flows for the three month periods ended March 31, 2015 and 2014 (in thousands).

|                                | For the three months ended March 31, |           |
|--------------------------------|--------------------------------------|-----------|
|                                | 2015                                 | 2014      |
| Cash from operating activities | \$19,120                             | \$12,020  |
| Cash from investing activities | (2,476                               | ) (29,293 |
| Cash from financing activities | (16,039                              | ) (3,664  |

We have financed our operations primarily through cash provided by operating activities and borrowings under our revolving credit facility. At March 31, 2015, we had cash and cash equivalents of \$28.0 million compared to \$26.8 million at December 31, 2014. Cash and cash equivalents held in non-United States jurisdictions totaled approximately \$10.9 million at March 31, 2015. This cash is indefinitely reinvested in those jurisdictions. Cash balances and cash generation in the United States, along with the unused portion of our revolving credit facility, is sufficient to maintain liquidity and meet our obligations without being dependent on our foreign cash and earnings.

## Liquidity

Our principal internal sources of liquidity are cash and cash equivalents, as well as the cash flow that we generate from our operations. In addition, externally, we had \$142.0 million in borrowing capacity under our Credit Agreement at March 31, 2015. We believe that our existing cash, cash equivalents, cash generated from operations and available borrowings under our Credit Agreement will be sufficient to satisfy our currently anticipated cash requirements through at least the next 12 months and the foreseeable future thereafter. However, it is possible that one or more lenders under the revolving portion of the Credit Agreement may refuse or be unable to satisfy their commitment to lend to us or we may need to refinance our debt and be unable to do so. In addition, our liquidity could be negatively affected by a decrease in demand for our products and services. We may also make acquisitions and may need to raise additional capital through future debt financings or equity offerings to the extent necessary to fund such acquisitions, which we may not be able to do on a timely basis or on terms satisfactory to us or at all.

## Operating Activities

Net cash from operating activities primarily consists of net income adjusted for certain non-cash items, including depreciation, amortization, changes in deferred tax assets and liabilities, stock based compensation, and the effect of changes in working capital. Net cash provided by operating activities was \$19.1 million and \$12.0 million for the three month periods ended March 31, 2015 and 2014, respectively. The cash provided by operating activities during the 2015 period increased primarily due to cash generated from accounts receivable. Cash inflow from operations is dependent on the amount and timing of billings and cash collection from our customers. Additionally, the timing of tax payments impacted cash flow from operations.

## Investing Activities

During the three month period ended March 31, 2015, cash used by investing activities was \$2.5 million compared to cash used of \$29.3 million in the three month period ended March 31, 2014. Cash used by investing activities in the three month period ended March 31, 2015 was attributable to the \$2.5 million used to purchase fixed assets. Cash used by investing activities in the three month period ended March 31, 2014 was primarily attributable to \$26.1 million used to purchase the business of OilCareers.



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## Financing Activities

Cash used for financing activities during the three month periods ended March 31, 2015 and 2014 was \$16.0 million and \$3.7 million, respectively. The cash used during the current period was primarily due to \$5.6 million in net repayments on long-term debt, \$8.7 million of payments to repurchase the Company's common stock, and \$3.8 million in payment of acquisition related contingencies related to The IT Job Board acquisition. During the three month period ended March 31, 2014, the cash used was primarily due to \$2.4 million in net proceeds from long-term debt and \$6.9 million of payments to repurchase the Company's common stock.

## Credit Agreement

In October 2013, we entered into a new Credit Agreement, which provides for a \$50.0 million term loan facility and a revolving loan facility of \$200.0 million, with both facilities maturing in October 2018. The Company borrowed \$65.0 million under the new Credit Agreement to repay in full all outstanding indebtedness under the previously existing credit facility dated June 2012, terminating that facility. A portion of the proceeds was also used to pay certain costs associated with the Credit Agreement and for working capital purposes.

Borrowings under the Credit Agreement bear interest, at the Company's option, at a LIBOR rate or base rate plus a margin. The margin ranges from 1.75% to 2.50% on LIBOR loans and 0.75% to 1.50% on base rate loans, determined by the Company's most recent consolidated leverage ratio.

Quarterly payments of principal are required on the term loan facility, commencing in the first quarter of 2014. The facilities may be prepaid at any time without penalty and payments on the term loan facility result in a permanent reduction.

The Credit Agreement contains various customary affirmative and negative covenants and also contains certain financial covenants, including a consolidated leverage ratio and a consolidated interest coverage ratio. Negative covenants include restrictions on incurring certain liens; making certain payments, such as stock repurchases and dividend payments; making certain investments; making certain acquisitions; and incurring additional indebtedness. Restricted payments are allowed under the Credit Agreement to the extent the consolidated leverage ratio, calculated on a pro forma basis, is equal to or less than 2.0 to 1.0, plus an additional \$5.0 million of restricted payments. The Credit Agreement also provides that the payment of obligations may be accelerated upon the occurrence of customary events of default, including, but not limited to, non-payment, change of control, or insolvency. As of March 31, 2015, the Company was in compliance with all of the financial covenants under the Credit Agreement. Refer to Note 6 in the Notes to the Condensed Consolidated Financial Statements.

## Off-Balance Sheet Arrangements

We have no 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 is material to investors.

## Commitments and Contingencies

The following table presents certain minimum payments due and the estimated timing under contractual obligations with minimum firm commitments as of March 31, 2015:

|                               | Payments due by period |                     |           |           |                      |
|-------------------------------|------------------------|---------------------|-----------|-----------|----------------------|
|                               | Total                  | Less Than<br>1 Year | 2-3 Years | 4-5 Years | More Than<br>5 Years |
|                               | (in thousands)         |                     |           |           |                      |
| Credit Agreement              | \$104,875              | \$1,875             | \$10,000  | \$93,000  | \$—                  |
| Operating lease obligations   | 26,770                 | 2,830               | 7,030     | 6,692     | 10,218               |
| Total contractual obligations | \$131,645              | \$4,705             | \$17,030  | \$99,692  | \$10,218             |

We make commitments to purchase advertising from online vendors which we pay for on a monthly basis. We have no significant long-term obligations to purchase a fixed or minimum amount with these vendors.

Our principal commitments consist of obligations under operating leases for office space and equipment and long-term debt. As of March 31, 2015, we had \$104.9 million outstanding under our Credit Agreement. Interest

payments are due quarterly or at varying, specified periods (to a maximum of three months) based on the type of loan (LIBOR or base rate loan)

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we choose. See Note 6 “Indebtedness” in our condensed consolidated financial statements for additional information related to our Credit Agreement.

Future interest payments on our Credit Agreement are variable due to our interest rate being based on a LIBOR rate or a base rate. Assuming an interest rate of 2.19% (the rate in effect on March 31, 2015) on our current borrowings, interest payments are expected to be \$2.1 million for April through December 2015, \$5.4 million for 2016-2017 and \$1.9 million in 2018.

In February 2015, a final deferred purchase price payment of approximately \$3.8 million related to The IT Job Board acquisition was made to the seller.

As of March 31, 2015, we recorded approximately \$3.5 million of unrecognized tax benefits as liabilities, and we are uncertain if or when such amounts may be settled. Related to the unrecognized tax benefits considered permanent differences, we have also recorded a liability for potential penalties and interest. Included in the balance of unrecognized tax benefits at March 31, 2015 are \$3.5 million of tax benefits that if recognized, would affect the effective tax rate. The Company believes it is reasonably possible that as much as \$779,000 of its unrecognized tax benefits may be recognized in the next twelve months as a result of a lapse of the statute of limitations.

### Cyclicality

The labor market and certain of the industries that we serve have historically experienced short-term cyclicality. However, we believe that the economic and strategic value provided by online career websites has led to an overall increase in the use of these services during the most recent labor market cycle. That increased usage has somewhat lessened the impact of cyclicality on our businesses as compared to traditional offline competitors.

Any slowdown in recruitment activity that occurs will negatively impact our revenues and results of operations. Alternatively, a decrease in the unemployment rate or a labor shortage, including as a result of an increase in job turnover, generally means that employers (including our customers) are seeking to hire more individuals, which would generally lead to more job postings and database licenses and have a positive impact on our revenues and results of operations. Based on historical trends, improvements in labor markets and the need for our services generally lag behind overall economic improvements. Additionally, there has historically been a lag from the time customers begin to increase purchases of our recruitment services and the impact to our revenues due to the recognition of revenue occurring over the length of the contract, which can be several months to a year.

The significant increase in the unemployment rate and general reduction in recruitment activity experienced in 2008 through 2009 is an example of how economic conditions can negatively impact our revenues and results of operations. During 2010 and the first half of 2011, we saw a significant improvement in recruitment activity, resulting in revenue and customer growth. From the second half of 2011 into 2014, we saw tougher market conditions in our finance segment and a less urgent recruiting environment for technology professionals. Declines in oil prices in 2014 and 2015 have decreased demand for energy professionals worldwide. This decline in demand and any future declines in demand for energy professionals could significantly decrease the use of our energy industry job posting websites and related services. If recruitment activity continues to be slow in the industries in which we operate during 2015 and beyond, our revenues and results of operations will be negatively impacted.

In our media businesses, advertisers can generally terminate their contracts with us at any time. Our advertisers’ spending patterns tend to be cyclical, reflecting overall macroeconomic conditions, seasonality and company-specific budgeting and buying patterns. Our advertisers are also concentrated in the technology sector and the economic conditions in this sector also impact their spending decisions. Because we derive a large part of our Media revenue from these advertisers, decreases in or delays of advertising spending could reduce our revenue or negatively impact our results from operations.

### Item 3. Quantitative and Qualitative Disclosures about Market Risk

We have exposure to financial market risks, including changes in foreign currency exchange rates, interest rates, and other relevant market prices.

#### Foreign Exchange Risk

We conduct business serving multiple markets, in four languages, mainly across Europe, Asia, Australia, and North America using the eFinancialCareers name. Rigzone, OilCareers, Slashdot Media, The IT Job Board and onTargetjobs

also conduct business outside the United States. For the three month periods ended March 31, 2015 and 2014, approximately 23% and 26% of our revenues, respectively, were earned outside the United States and collected in local currency. We are subject to risk for exchange rate fluctuations between such local currencies and the pound sterling and between local currencies and the

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United States dollar and the subsequent translation of the pound sterling to United States dollars. We currently do not hedge currency risk. A decrease in foreign exchange rates during a period would result in decreased amounts reported in our Condensed Consolidated Balance Sheets, Condensed Consolidated Statements of Operations, Comprehensive Income, and of Cash Flows. For example, if foreign exchange rates between the pound sterling and United States dollar decreased by 1.0%, the impact on our revenues during 2015 would have been a decrease of approximately \$122,000.

The financial statements of our non-United States subsidiaries are translated into United States dollars using current exchange rates, with gains or losses included in the cumulative translation adjustment account, which is a component of stockholders' equity. As of March 31, 2015 and December 31, 2014, our translation adjustment, net of tax, decreased stockholders' equity by \$18.4 million and \$13.9 million, respectively. The change from December 31, 2014 to March 31, 2015 is primarily attributable to the position of the United States dollar against the pound sterling.

### Interest Rate Risk

We have interest rate risk primarily related to borrowings under our Credit Agreement. Borrowings under our Credit Agreement bear interest, at our option, at a LIBOR rate or base rate plus a margin. The margin ranges from 1.75% to 2.50% on the LIBOR loans and 0.75% to 1.50% on the base rate, as determined by our most recent consolidated leverage ratio. As of March 31, 2015, we had outstanding borrowings of \$104.9 million under our Credit Agreement. If interest rates increased by 1.0%, interest expense in the remainder of 2015 on our current borrowings would increase by approximately \$790,000.

## Item 4. Controls and Procedures

### Evaluation of Disclosure Controls and Procedures

We have established a system of controls and procedures designed to ensure that information required to be disclosed in our periodic reports filed under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the time periods specified by the Exchange Act and in the rules and forms of the Securities and Exchange Commission (the "SEC"). These disclosure controls and procedures have been evaluated under the direction of our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") for the period covered by this report. Based on such evaluations, our CEO and CFO have concluded that the disclosure controls and procedures are effective to provide reasonable assurance that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified by the SEC, and that such information is accumulated and communicated to management, including the CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

### Changes in Internal Controls

No change in our internal control over financial reporting (as defined in Rules 13a-15(f) under the Exchange Act) occurred during the quarter ended March 31, 2015 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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## PART II

## Item 1. Legal Proceedings

From time to time we may be involved in disputes or litigation relating to claims arising out of our operations. We are currently not a party to any material pending legal proceedings.

## Item 1A. Risk Factors

We have disclosed under the heading “Risk Factors” in our Annual Report on Form 10-K the risk factors which materially affect our business, financial condition or results of operations. As of March 31, 2015 there have been no material changes from the risk factors previously disclosed. You should carefully consider the risk factors set forth in the Annual Report on Form 10-K and the other information set forth elsewhere in this Quarterly Report on Form 10-Q. You should be aware that these risk factors and other information may not describe every risk facing our Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

## Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Our Board of Directors approved a stock repurchase program that permits the Company to repurchase our common stock. The following table summarizes the Stock Repurchase Plans approved by the Board of Directors that were in effect in 2014 and 2015:

|  | Stock Repurchase Plan             |                             |
|--|-----------------------------------|-----------------------------|
|  | IV                                | V                           |
| Approval Date                                | December 2013                     | December 2014               |
| Authorized Repurchase Amount of Common Stock | \$50 million                      | \$50 million                |
| Effective Dates                              | December 2013 to<br>December 2014 | December 2014 to<br>present |

The Company is currently under Stock Repurchase Plan V, which will be in effect for up to one year. Under each plan, management has discretion in determining the conditions under which shares may be purchased from time to time.

During the three month period ended March 31, 2015, purchases of our common stock pursuant to Stock Repurchase Plan V were as follows:

| Period                               | (a) Total<br>Number of<br>Shares<br>Purchased (1) | (b) Average<br>Price Paid per<br>Share | (c) Total<br>Number of<br>Shares<br>Purchased as<br>Part of<br>Publicly<br>Announced<br>Plans or<br>Programs | (d) Approximate<br>Dollar Value of<br>Shares that May<br>Yet Be<br>Purchased<br>Under the Plans<br>or Programs |
|--------------------------------------|---|--|--|--|
| January 1 through January 31, 2015   | 381,101   | \$9.56                                 | 381,101  | \$46,356,913   |
| February 1 through February 28, 2015 | 496,880   | 8.39                                   | 496,880  | 42,188,179   |
| March 1 through March 31, 2015       | 150,000   | 9.00                                   | 150,000  | 40,838,553   |
| Total                                | 1,027,981   | \$8.91                                 | 1,027,981  |  |

(1) No shares of our common stock were purchased other than through a publicly announced plan or program.

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## Item 5. Other Information

The following disclosure would otherwise be filed on Form 8-K under Item 5.02:

On April 24, 2015, the Company held its 2015 annual meeting of stockholders (the "Annual Meeting"). At the time of the Annual Meeting, H. Raymond Bingham, a member of the Company's board of directors (the "Board"), did not stand for re-election as a director and retired from the Board. Mr. Bingham served as the Chairman of the Compensation Committee of the Company. At the Annual Meeting, the stockholders re-elected three Class II directors as described below.

The following disclosure would otherwise be filed on Form 8-K under Item 5.07:

The matters voted upon at the Annual Meeting were: (1) the re-election of three Class II directors; (2) the ratification of the selection of Deloitte & Touche LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2015; and (3) the approval, on an advisory basis, of the compensation of the Company's named executive officers.

The three nominees for election to the Board (Michael P. Durney, Golnar Sheikholeslami and Jim Friedlich) were each elected to serve for a three-year term (with the term expiring at the Company's 2018 annual meeting of stockholders). The results of the voting were as follows:

| Nominees              | For        | Withheld | Broker Non-Votes |
|-----------------------|------------|----------|------------------|
| Michael P. Durney     | 46,067,340 | 507,071  | 2,895,188        |
| Golnar Sheikholeslami | 45,945,380 | 629,031  | 2,895,188        |
| Jim Friedlich         | 46,065,904 | 508,507  | 2,895,188        |

The proposal to ratify the selection of Deloitte & Touche LLP as the Company's independent registered public accounting firm for the year ending December 31, 2015 was approved. The results of the voting were as follows:

| For        | Against | Abstain | Broker Non-Votes |
|------------|---------|---------|------------------|
| 49,336,475 | 61,804  | 71,320  | —                |

A majority of stockholders voting at the Annual Meeting approved, on an advisory basis, the compensation of the Company's named executive officers. The results of the voting were as follows:

| For        | Against   | Abstain | Broker Non-Votes |
|------------|-----------|---------|------------------|
| 45,374,343 | 1,090,176 | 109,892 | 2,895,188        |

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Item 6. Exhibits

|         |  |
|---------|--|
| 3.1     | Certificate of Amendment to the Amended and Restated Certificate of Incorporation of Dice Holdings, Inc., effective April 21, 2015 (Incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on April 21, 2015 (File No. 001-33584)). |
| 10.1*   | Form of Performance-Based Restricted Stock Unit Award Agreement under the Dice Holdings, Inc. 2012 Omnibus Equity Award Plan.  |
| 31.1*   | Certifications of Michael Durney, Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.  |
| 31.2*   | Certifications of John Roberts, Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.  |
| 32.1*   | Certifications of Michael Durney, Chief Executive Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.  |
| 32.2*   | Certifications of John Roberts, Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.  |
| 101.INS | XBRL Instance Document.  |
| 101.SCH | XBRL Taxonomy Extension Schema Document.   |
| 101.CAL | XBRL Taxonomy Extension Calculation Linkbase Document.   |
| 101.DEF | XBRL Taxonomy Extension Definition Linkbase Document.  |
| 101.LAB | XBRL Taxonomy Extension Label Linkbase Document.   |
| 101.PRE | XBRL Taxonomy Extension Presentation Linkbase Document.  |

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\* Filed herewith.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: April 29, 2015

DHI GROUP, INC.  
Registrant

/S/ MICHAEL P. DURNEY  
Michael P. Durney  
President and Chief Executive Officer  
(Principal Executive Officer)  
/S/ JOHN J. ROBERTS  
John J. Roberts  
Chief Financial Officer  
(Principal Financial Officer)

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EXHIBIT INDEX

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