

DHI GROUP, INC.
Form 10-K
February 08, 2019
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2018

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

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

Delaware 20-3179218
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

1450 Broadway, 29th Floor
New York, New York 10018
(Address of principal executive offices) (Zip Code)
(212) 725-6550

(Registrant's telephone number, including area code)
Securities registered pursuant to Section 12(b) of the Act:

Title of each class Name of exchange on which registered
Common Stock, par value \$0.01 per share New York Stock Exchange
Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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

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Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

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

Emerging Growth Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

The aggregate market value of common stock held by non-affiliates of the registrant was approximately \$124,000,000 as of June 29, 2018, the last business day of the registrant’s second fiscal quarter of 2018.

As of February 1, 2019, there were 53,193,270 shares of the registrant’s common stock, par value \$.01 per share, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Part III incorporates information from certain portions of the registrant’s definitive proxy statement to be filed with the Securities and Exchange Commission within 120 days after the fiscal year end of December 31, 2018.

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NOTE CONCERNING FORWARD-LOOKING STATEMENTS

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 information concerning our possible or assumed future results of operations, and 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:

- a review of strategic alternatives may occur from time to time and the possibility that such review will not result in a transaction;
- disruption resulting from unsolicited offers to purchase the company;
- our ability to execute our tech-focused strategy;
- loss of key executives and technical personnel and our ability to attract and retain key executives, including our CEO;
- increases in the unemployment rate, cyclicity or downturns in the United States or worldwide economy or the industries we serve, labor shortages, or job shortages;
- competition from existing and future competitors;
- changes in the recruiting and career services business and technologies, and the development of new products and services;
- decreases or delays in business-to-business technology advertising spending could harm our ability to generate advertising revenue;
- failure to develop and maintain our reputation and brand recognition;
- failure to increase or maintain the number of customers who purchase recruitment packages;
- failure to attract qualified professionals or grow the number of qualified professionals who use our websites;
- failure to timely and efficiently scale and adapt our existing technology and network infrastructure;
- capacity constraints, systems failures or breaches of network security;
- compliance with laws and regulations concerning collection, storage and use of professionals’ professional and personal information;
- our indebtedness;
- inability to borrow funds under our Credit Agreement (as defined below) or refinance our debt;
- results of operations fluctuate on a quarterly and annual basis;
- periods of operating and net losses and history of bankruptcy;
- covenants in our Credit Agreement;
- inability to successfully integrate recent and future acquisitions or identify and consummate future acquisitions;
- misappropriation or misuse of our intellectual property, claims against us for intellectual property infringement or the failure to enforce our ownership or use of intellectual property;
- compliance with changing corporate governance requirements and costs incurred in connection with being a public company;
- compliance with the continued listing standards of the New York Stock Exchange (the “NYSE”);
- volatility in our stock price;
- failure to maintain internal controls over financial reporting;
- U.S. and foreign government regulation of the internet and taxation;
- changes in foreign currency exchange rates;
- failure to realize the full potential of our network;
- decrease in user engagement;
- failure to halt the operations of websites that aggregate our data, as well as data from other companies;

failure of our businesses to attract, retain and engage users;
our foreign operations;
inability to expand into international markets;
unfavorable decisions in proceedings related to future tax assessments;
taxation risks in various jurisdictions for past or future sales;
write-offs of goodwill, tradename and intangible assets;
significant downturn not immediately reflected in our operating results; and
the UK's impending departure from the EU.

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NON-GAAP FINANCIAL MEASURES

Information contained herein contains certain non-GAAP financial measures. These measures are not in accordance with, or an alternative for, generally accepted accounting principles in the United States (“GAAP”). Such measures presented herein include adjusted earnings before interest, taxes, depreciation, amortization, non-cash stock based compensation expense, impairment, gain or loss on sale of business, and other income or expense (“Adjusted EBITDA”), and Adjusted EBITDA Margin. See Item 7 “Management’s Discussion and Analysis of Financial Condition and Results of Operations” for definitions of these measures as well as reconciliations to the comparable GAAP measure.

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PART I

Item 1. Business

Information Availability

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. Our reports filed with the SEC are also available by visiting <http://www.sec.gov>.

Introduction and Summary

This section provides an overview of DHI Group, Inc. (“Company” or “DHI”). Please see our consolidated financial statements included elsewhere in this report for additional discussion regarding our results of operations for the year ended December 31, 2018.

(in thousands)	FY 2018	FY 2017	Change
Revenues	\$161,570	\$207,950	(22)%
Operating income ⁽¹⁾	\$11,692	\$22,865	(49)%
Income before income taxes	\$9,602	\$19,397	(50)%
Net income ⁽²⁾	\$7,174	\$15,978	(55)%
Diluted earnings per share ⁽²⁾	\$0.14	\$0.33	(58)%
Net cash provided by operating activities	\$14,918	\$34,409	(57)%
Adjusted Revenues ⁽³⁾	\$152,258	\$158,465	(4)%
Adjusted EBITDA ⁽³⁾	\$32,032	\$36,973	(13)%
Adjusted EBITDA Margin ⁽³⁾	21	% 23	% n.m.

(1) Operating income for the year ended December 31, 2018 includes gain of \$3.4 million related to the sales of Rigzone and Hcareers and includes disposition related and other costs of \$7.6 million. Operating income for the year ended December 31, 2017 includes a gain of \$6.7 million related to the sale of the Health eCareers business, proceeds from restitution award of \$3.3 million in the OilPro related legal matter, disposition related and other costs of \$4.7 million and impairment of fixed assets of \$2.2 million.

(2) Net income and diluted earnings per share for the year ended December 31, 2018 includes \$4.7 million, net of tax, and \$0.09 per share related to the items identified in number 1 above as well as the impact of certain discrete tax items. Net income and diluted earnings per share for the year ended December 31, 2017 includes income of \$4.5 million, net of tax, and \$0.09 per share related to the items identified in number 1 above as well as the impact of certain discrete tax items.

(3) For a description of these non-GAAP measures and reasons why management believes they provide useful information to investors, please see “Management’s Discussion and Analysis of Financial Condition and Results of Operations, Liquidity and Capital Resources, and Non-GAAP Measures” located elsewhere in this report.

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Company Profile

DHI was incorporated in Delaware on June 28, 2005 and is a leading provider of data, insights and employment connections through specialized services for technology professionals. Our mission is to empower technology professionals and organizations that hire them to compete and win through expert insights and relevant employment connections by delivering three key value propositions:

• Providing the best search and match solution for recruiters and employers;

• Delivering the most relevant technology career related content; and

• Aggregating and analyzing workforce intelligence data to deliver specialized insights.

The majority of our revenues today are generated through the sale of recruitment packages, which allow customers to post jobs on our websites and source candidates through our resume databases. Recruitment packages are typically provided through contractual arrangements with annual, quarterly or monthly terms.

Our Products and Services

We help organizations find the best talent, and we help technology professionals find the best jobs and advance their careers. We do this through a number of products individually or bundled in packages, including:

• Resume databases. Each of our brands provides powerful, detailed searches of a large number of candidate resumes, bolstered with social data at Dice. Showing customers relevant talent makes their recruiting efforts more efficient.

• Job postings. Our job collections are focused on specific verticals tailored to technology, making it easier for tech professionals to search for relevant jobs. In turn, the applications received by our customers are more likely to be relevant and qualified compared to applications received from generalist sites. Thus, showing professionals the right job postings benefits both the talent and the recruiting organization.

• Unified Profile Index. The Unified Profile Index is a proprietary and unique index which gathers information about candidates from a large collection of social and web sources, combining that information with Dice's owned and licensed data. The UPI allows our customers to build broader pools of talent from across the web, giving them deeper career insights into the talent they discover.

• Content and data. Each of our brands provides tailored content to help professionals manage their careers and provide employers insight into recruiting strategies and trends.

Industry and Skill Focused Brands

During 2018 we offered our talent acquisition and career development products and tools through the following key brands:

Service	Yrs. in Operation	Specialized Focus	Primary Source of Revenues
Dice	28	Technology and engineering in the U.S.	Recruitment packages ¹
Dice Europe ²	16	Technology and engineering in the U.K. and Germany	Job postings and advertising
ClearanceJobs	16	Security-cleared professionals	Recruitment packages ¹
Targeted Job Fairs	30	Technology, energy and security-cleared professionals	Career fairs and open houses
eFinancialCareers	18	Financial services	Recruitment packages ¹ and job postings
Rigzone ³	20	Oil and gas	Recruitment packages ¹ and advertising
BioSpace ⁴	33	Biotechnology	Job postings and advertising
Hcareers ⁵	21	Hospitality	Job postings

¹ Recruitment packages are a combination of job postings and access to our searchable database of candidates.

² Dice Europe ceased operations on August 31, 2018.

³ Rigzone sold the RigLogix portion of the Rigzone business on February 20, 2018 and DHI transferred majority ownership of remaining Rigzone business to Rigzone management August 31, 2018.

⁴ Transferred majority ownership of BioSpace on January 31, 2018 to BioSpace management.

⁵ Hcareers was sold May 22, 2018.

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Dice has been a go-to destination for technology and engineering talent in the United States for the past 28 years. The job postings available on Dice, from both technology and non-technology companies across many industries, include positions for software engineers, big data professionals, systems administrators, database specialists, project managers, and a variety of other technology and engineering professionals. Dice had approximately 78,000 job postings as of December 31, 2018. During 2018, Dice in North America had on average approximately 1.4 million monthly users.

Customers can purchase recruitment packages, job postings or advertisements. Approximately 91% of Dice revenue was derived from recruitment packages in 2018. Recruitment packages, including utilizing Unified Profile Index, offer our customers the ability to access the candidate resume database and post up to a specified number of jobs at a single time. Customers are incentivized to purchase our recruitment packages on an annual basis.

Professionals can post their resumes, search jobs and access our career-related content, news and tools. Skill Center, a tool implemented by Dice, uses data aggregated from across the web to show skill trends, giving professionals insights into potential skills gaps and development areas. Salary Predictor and Salary Calculator offer real-time salary tools leveraging predictive analysis to help tech professionals and employers discover tailored salary estimates based on skills, job titles, years of experience and location.

Dice entered the European market in 2013 through the acquisition of The IT Job Board, a technology career site for the UK and Continental Europe. In 2015, we rebranded The IT Job Board to Dice Europe, which ceased operations on August 31, 2018.

ClearanceJobs is a leading Internet-based career network dedicated to matching security-cleared professionals with the best hiring companies searching for employees. Authorized U.S. government contractors, federal agencies, national laboratories and universities utilize The Cleared Network to quickly and easily find candidates with specific, active security clearance requirements to fill open jobs in a range of disciplines. The majority of candidates with resumes in our database have high-level security clearance. ClearanceJobs had approximately 48,000 job postings as of December 31, 2018. During 2018, ClearanceJobs had on average 556,000 unique monthly users.

eFinancialCareers is one of the world's leading financial services careers website, operating websites in multiple markets in four languages mainly across the United Kingdom, Continental Europe, Asia, Australia, the Middle East and North America. Professionals from across many sectors of the financial services industry, including asset management, risk management, investment banking, and information technology, use eFinancialCareers to advance their careers. eFinancialCareers extends its global footprint beyond its own sites through job posting distribution agreements with more than 30 finance and business websites around the world, including well-known publications and organizations. eFinancialCareers had approximately 15,000 job postings as of December 31, 2018. During 2018, eFinancialCareers had on average 2.2 million monthly users.

Rigzone is a leading website dedicated to delivering online content, data, and career services in the oil and gas industry in North America, Europe, the Middle East, and Asia Pacific. Oil and gas companies, as well as companies that serve the energy industry, use Rigzone to find talent for roles such as petroleum engineers, sales professionals with energy industry expertise and skilled tradesmen. In addition to recruitment packages and advertising, Rigzone provides a number of data services products including Riglogix, RigEdge and RigOutlook. The RigLogix portion of the Rigzone business was sold on February 20, 2018 and a majority ownership of the remaining Rigzone business was transferred to Rigzone management on August 31, 2018.

Hcareers is a leading source for hospitality jobs across North America and is one of the largest providers of job postings for the hotel, restaurant, food service, casino and assisted living industries. Hospitality professionals like general managers, sales directors, and executive chefs use Hcareers to advance their careers. The Hcareers business was sold on May 22, 2018.

BioSpace is a leading resource for biotechnology careers, news and resources and has helped recruitment, communication and discovery among business and scientific leaders within the life sciences. In addition to recruitment packages, customers can purchase BioSpace's HotBeds campaigns, a unique branding and advertising product to assist regional clusters of companies with high demands for biotech talent. A majority ownership of the BioSpace business was transferred to BioSpace management on January 31, 2018.

Our Industry

We primarily operate in the talent discovery and acquisition segment of the broader market for human capital management services through career sites for technology professionals. There is a shortage of skilled professionals worldwide and we believe that the overall demand for talent acquisition and career development products and services has significant long-term growth potential.

We also believe that certain industries that employ highly-skilled and highly-paid professionals will experience particularly strong demand for effective recruiting solutions due to the scarcity of such professionals. For example, as of December 2018, the

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seasonally unadjusted U.S. unemployment rate was 2.1% for computer-related occupations and 2.4% in the finance sector, as compared to the overall national average of 3.9%, seasonally adjusted. Historically, the unemployment rate for college graduates has been lower than the unemployment rate for the U.S. overall. As of December 2018, the seasonally unadjusted unemployment rate for college graduates was 2.0%.

We believe that there are four major trends that will continue to shape demand for talent acquisition services:

Greater competition for professional talent. The candidate-employer relationship has changed, with the balance of power shifting towards the candidates. As more companies leverage technology to advance their business, employers will increasingly need to hire tech talent to compete. According to analysis of data from the Bureau of Labor statistics, Information technology jobs have grown to an average rate of 2.5% over the past 10 years, compared to 0.9% for all industries, primarily driven by the emergence of big data, cloud computing and information security.

Continued professional interest in career brands specific to industry and skills. Our services focus on domains or industries that require specialized skills and knowledge and, thus, customized content, profiles and search parameters. In addition, the technology professionals often share a sense of personal identity and community that goes beyond the confines of their careers. We believe that both specialized skills and the sense of personal identity and community lead professionals in our verticals to prefer specialized career brands over generalist ones.

Talent attraction and retention becoming more of a strategic priority for companies. The PWC 2018 US CEO Survey found that 27% of U.S. CEOs are ‘extremely concerned’ about the availability of key skills as a threat to their organizations’ growth prospects. In this environment where top talent is hard to find, organizations are increasingly prioritizing retention of talent. According to Deloitte’s Global Human Capital Trends 2018, 61% of human resources respondents are actively redesigning jobs around artificial intelligence (AI), robotics and new business models, resulting in a disruptive change in workforce needs, including skill development.

Increased use of data and analytics in human capital management and increased need for insights. As many companies prove the power of analytics in marketing and other business domains, organizations are seeking to gain a competitive advantage by applying data-driven insights to improve their hiring, retention and leadership capabilities. According to Deloitte’s Global Human Capital Trends 2018, 84% of surveyed companies believe that using people analytics is ‘very important or important.’

In this environment, we believe there is an opportunity for career management and talent acquisition tools that leverage the common interests, goals and skills of select professional communities. We believe that a focus on professional communities allows organizations to more efficiently identify talent, with more complete data and insights about that talent.

Our Value Proposition

We are a leading provider of data, insights and employment connections through specialized online professional communities organized around common professional interests and skill sets powered by technology. This specialized approach provides technology professionals with more relevant career related information and opportunities, enhancing their ability to maximize their careers. Through engaging with professionals, we are able to build rich and unique data sets around valuable talent pools. The combination of our focused online professional websites and rich data sets allows organizations to find and hire professional talent more efficiently and effectively, and therefore incentivizes them to source talent through our online professional communities. The benefits our services provide to both professionals and recruiting customers create a robust marketplace.

Benefits we provide to Professionals

Relevant employment connections. When professionals post their resumes or apply for jobs on our websites, they can make valuable connections with organizations who prize their skills and expertise. Professionals can avoid having to “sort through the clutter” on generalist career sites and get the most out of their time by using our more focused services. Skills/industry-specific career management tools, information and insights. We provide professionals with targeted and relevant career development tools, content and news. For example, Dice and ClearanceJobs provide professionals with market and salary information and local market trends. In addition, the Salary Predictor allows professionals to evaluate their market value and map out which skills will increase their value. eFinancialCareers provides industry-specialized online career content, as well as career guides targeted to college and graduate students. We

believe our career development services and tools provide professionals with the insights they need to propel their careers forward, and thus increase the engagement of professionals with our sites.

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Benefits we provide to our Customers

Large pools of qualified and hard-to-reach professionals. We seek to improve the efficiency of the recruiting process for our customers by providing efficient access to large pools of highly qualified and hard-to-reach professionals. Because the communities of professionals who visit our websites are highly-skilled and specialized within specific industries, we believe our customers who post jobs receive applications from candidates who are better qualified for the positions, and that they receive fewer irrelevant applications than when using generalist sites. In addition, since our resume data and resume search functions are highly tailored by specialty, we believe that our customers can more efficiently identify talent using our resume databases than by using broader services.

Relevant information on prospective candidates. We believe that the specialized nature of our job posting and resume search products makes them inherently more relevant and efficient for recruiting. In addition, our Unified Profile Index creates an aggregated profile of a professional's experience, contributions, and capabilities as well as their passions and interests. Using all of these products together gives our customers the most complete view of a prospective candidate, and allows them to not only identify the best talent but also tailor their recruiting approach to each individual.

Hyper-targeted candidate outreach and employer branding. We offer recruiting customers the ability to target hard-to-find professionals with messages in the online forums they frequent. Our Lengo service leverages our social aggregation capabilities to assemble candidate target lists based on specific factors like skill sets, work experience, location, or interests; then executes hyper-targeted employer branding or job search campaigns in online forums where specific potential candidates spend time.

Our Strategic Goals

Our company undertook a comprehensive strategic review that began in 2017 and continued into 2018, that resulted in deeper focus and execution of our tech-focused growth strategy designed to reinvigorate our core business and broaden our market opportunity. Our goal has been to further the mission of being the leading technology talent acquisition resource serving and engaging tech professionals across all industries. In addition, we have executed a plan to leverage our tech talent acquisition franchise to expand our next-generation talent acquisition solutions to the broader talent acquisition market, across industries and geographic markets. There are four components to our tech-focused strategy:

Focus resources behind our core tech talent brands. We believe that focusing on technology talent acquisition provides us with the best opportunity to win in our increasingly competitive industry. Moreover, to capture the technology market opportunity we need to move quickly, so we plan to focus incremental investments behind the businesses that fall within our tech-focused portfolio - Dice, eFinancialCareers, and ClearanceJobs.

• Deepen the integration of Unified Profile Index through enhanced data analytic capabilities and new go-to-market strategies;

• Improve performance attribution for tech-focused talent acquisition brands by accelerating integration with customers' applicant tracking systems (ATS);

• Launch a suite of new value-add Dice recruitment products, such as matching capabilities and products which build deeper trust with the tech community; and

• Leverage eFinancialCareers finance franchise and global footprint to capitalize on the Fintech evolution in financial services.

Increase engagement with professional talent. In today's evolving digital media ecosystem, it is critical for our success to be an indispensable career marketplace for talent to connect with the right opportunities in order to gain insights and information about professionals that are valuable to our recruiting customers.

• Offer technology professionals a comprehensive career management platform that provides skill specific insights that help align professionals' goals and careers; and

• Increase the adoption and utility of the Dice products to increase engagement with technology professionals.

Develop next-generation talent acquisition solutions. As our industry continues to evolve, the talent acquisition ecosystem is becoming more complex and recruiters are pursuing more sophisticated search strategies. This environment creates demand for next-generation recruitment solutions, such as social sourcing, targeted employer branding, and candidate relationship management, among others, that are likely to gain share within the online and

broader talent acquisition market in the coming years. We own a suite of next-generation solutions that are well positioned to benefit from this trend, which we believe will be a key source of growth for our company. Further leverage our data aggregation and analysis capabilities through services like Lengo with our tech-focused talent acquisition brands to offer customers more comprehensive solutions.

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Acquire complementary assets to accelerate growth. The ongoing evolution and fragmentation of our market provides us with the opportunity to launch or acquire new services to enhance our offering to professionals and recruiting customers.

Marketing and Sales

We focus our long-term marketing efforts on growing the number of professionals who visit and engage with our websites, which we believe increases the attractiveness of our websites to our customers. We use a combination of direct marketing, branding and communications initiatives, including content, to increase our brand awareness, traffic, new resumes posted and applications to job postings. We primarily engage in search engine marketing, online advertising, and participation in industry events, social media marketing and content marketing. Many of our brands use strategic alliances with relevant publishers, trade associations and industry groups to increase reach and traffic. Some of our brands have also invested in broader awareness campaigns that include outdoor advertising in select cities where competition for their respective specializations is high.

Our customer marketing efforts are primarily focused on lead generation activities, such as email campaigns and participation in industry events. We also use marketing communications, such as media relations, social media, and thought leadership content, to enhance brand awareness and client relationships.

We sell our products primarily through our direct sales force. We have a number of direct sales teams organized by brand, market segment, and geography. Our field sales groups target Fortune 1000 companies, large staffing and recruiting firms and other large and mid-size businesses. Our in-house sales teams focus on generating new business from recruiters and small and mid-size companies, renewing customer contracts, increasing the service levels customers' purchase and servicing the needs of our largest clients. As of December 31, 2018, we employed approximately 88 sales personnel in the United States and approximately 39 in the rest of the world. In addition to our internal sales organization, we also use ad networks to help generate ad sales.

We also maintain teams of account managers and customer support specialists who work to ensure customers get the most from our products and services by providing training and assistance. In addition, our customer support departments perform some compliance functions, such as reviewing the websites for false or inaccurate job postings.

Customers

We currently serve a diversified customer base consisting of approximately 12,000 customers in total. No one customer accounted for more than 10% of our revenues in 2018. Our customers include small, mid-sized and large direct employers, staffing companies, recruiting agencies, consulting firms and marketing departments of companies. As of December 31, 2018, notable customers of the Dice and ClearanceJobs included AT&T, Adecco, Amazon, Apple, Cisco, Dell, IBM, Kforce, Manpower, Microsoft, NCI, Oracle, and Samsung. Notable customers of eFinancialCareers included Barclays, Bank of China, BlackRock, Bloomberg, BNY Mellon, Citibank, Credit Suisse, Ernst & Young, Goldman Sachs, HSBC, Moody's, Morgan Stanley, Qatar National Bank, Societe Generale, State Street, and UBS AG.

Technology

We use a variety of open source and proprietary technologies to support our website services. Our websites provide a multitenancy technology platform with multiple application services developed to perform at scale. We primarily utilize Amazon Web Services (AWS) as our cloud infrastructure platform, which enables us to scale our compute, network, and storage capacity on an as-needed basis. Our application services and data connections are continually monitored 24/7 for performance and stability. Our application and infrastructure architecture enable us to ensure global reach, as well as advantages in resiliency and cloud delivery. Job seekers and customers can access our websites with any standard web browser, mobile web browsers, and iOS and Android applications. Our websites also utilize AWS disaster recovery, redundancy, and resiliency services, including multi-availability zone, multi-region, redundant storage and networking solutions, and self-healing capabilities.

Competition

The market for talent acquisition services is highly competitive with multiple online and offline competitors. With the evolution of the online recruiting model, there has been an increasing need to provide ease-of-use and relevance to professionals, as well as an efficient and cost-effective recruitment method for direct employers, recruiters and

staffing companies. Additionally, further technological advancements have made it easier for new competitors to emerge with minimal barriers to entry, and advertisers have many alternatives available to reach their target audiences. Our ability to maintain our existing customer base and generate new customers depends to a significant degree on the quality of our candidate databases and audiences, the quality of our services, our ability to enhance our websites and the underlying technology of our websites to meet the needs of a rapidly-evolving marketplace, our pricing strategy and ability to introduce value-added products and services, contracting alternatives such as

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subscription or consumption based models, and our reputation among our customers and potential customers, who are increasingly sophisticated and demanding. Our competitors include:

- social and professional networking sites, such as LinkedIn, Facebook, Twitter and Google;
- niche or specialist professional networking sites such as GitHub and Stack Overflow;
- generalist job boards, some of which have substantially greater resources and brand recognition than we do, such as CareerBuilder, Monster, StepStone, and Seek which, unlike specialized job boards, permit customers to enter into a single contract to find professionals across multiple occupational categories and attempt to fill all of their hiring needs through a single website;
- aggregators and distributors of job postings and profiles, including Indeed (owned by Recruit), TalentBin (owned by Monster Worldwide), Entelo, ZipRecruiter, Google and Craigslist;
- career-focused community sites such as Glassdoor;
- newspaper and magazine publishers, national and regional advertising agencies, executive search firms and search and selection firms that carry classified advertising, many of whom have developed, begun developing or acquired new media capabilities, such as recruitment websites, or have partnered with generalist job boards;
- specialized services focused specifically on the industries we service, such as FT.com, Doximity, Upwork and JobServe;
- new and emerging competitors with new business models and products;
- our customers, who seek to recruit candidates directly by using their own resources, including corporate websites; and
- general business sites and print publications, as well as technology news and information community sites, such as Google News, Digg.com and Reddit.com.

Intellectual Property

We seek to protect our intellectual property through a combination of service marks, trademarks, copyrights and other methods of restricting disclosure of our proprietary or confidential information. As we continue to develop and improve our technology, patents may become a more significant part of our intellectual property in the foreseeable future. We generally enter into confidentiality agreements with our employees, consultants and vendors. We also seek to control access to and distribution of our technology, documentation and other proprietary information.

We generally pursue the registration of the material service marks we own in the United States and internationally, as applicable. We own a number of registered, applied for and/or unregistered trademarks and service marks that we use in connection with our businesses. Our trademarks and registered trademarks in the United States and other countries include DICE, CLEARANCEJOBS.COM, and EFINANCIALCAREERS. Registrations for trademarks may be maintained indefinitely, as long as the trademark owner continues to use and police the trademarks and timely renews registrations with the applicable governmental office. Although we generally pursue the registration of our material service marks and other material intellectual property we own, where applicable, we have trademarks and/or service marks that have not been registered in the United States and/or other jurisdictions. We have not registered the copyrights in the content of our websites and do not intend to register such copyrights.

The steps we have taken to protect our copyrights, trademarks, service marks and other intellectual property may not be adequate, and third parties could infringe, misappropriate or misuse our intellectual property. If this were to occur, it could harm our reputation and affect our competitive position. See Item 1A. “Risk Factors-Misappropriation or misuse of our intellectual property could harm our reputation, affect our competitive position and cost us money.”

Investments

DHI has made investments through the following acquisitions during the past five years:

	Oil Careers Ltd. ⁽¹⁾
Date Acquired	March 2014
Description	A leading recruitment site for oil and gas professionals in Europe and included in our Rigzone brand
Brands Included	OilCareers.com; subsequently merged into Rigzone brand
Strategic Rationale	Expansion of Rigzone’s presence in non-U.S. markets
Purchase Price	\$26.1 mm in cash at closing and \$0.3 mm paid for working capital

(1) DHI transferred majority ownership of the Rigzone business to Rigzone management on August 31, 2018.

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Regulation and Legislation

User Privacy

We collect, store and use a variety of information about both professionals and customers on our website properties. Within the websites, the information that is collected, stored and used has been provided by the professionals or customers with the intent of making it publicly available. We do not ask professionals or customers to supply social security numbers. Our business data is separated from website operations by a variety of security layers including network segmentation, physical and logical access controls, firewalls, and many industry-accepted, best-practice information security controls.

We post our privacy policies on our websites so that our users can access and understand the terms and conditions applicable to the collection, storage and use of information collected from users. Our privacy policies also disclose the types of information we gather, how we use it and how a user can correct or change their information. Our privacy policies also explain the circumstances under which we share this information and with whom. Professionals who register for our websites have the option of indicating specific areas of interest in which they are willing to receive offers via email or postal mail. These offers contain content created either by us or our third-party partners.

To protect confidential information and to comply with our obligations to our users, we impose constraints on our customers to whom we provide user data, which are consistent with our commitments to our users. Additionally, when we provide lists to third parties, including to our advertiser customers, it is under contractual terms that are consistent with our obligations to our users and with applicable laws and regulations.

U.S. and Foreign Government Regulation

We are subject to a number of government regulations, both domestic and foreign, that regulate our products and online service offerings, including content, copyright infringement, user privacy, advertising and promotional activities, taxation, access charges, liability for third-party activities and jurisdiction. In addition, federal, state, local and foreign governmental organizations have enacted and also are considering, and may consider in the future, other legislative and regulatory proposals that would regulate the Internet. Areas of potential regulation include, but are not limited to, libel, electronic contracting, pricing, quality of products and services and intellectual property ownership. There are a number of U.S. and foreign laws and regulations that affect companies conducting business online. Certain laws regulate commercial electronic messages. Such laws frequently provide a right on the part of the recipient to request the sender to stop sending messages, and establish penalties for the sending of email messages that are not compliant with such laws, including messages that are intended to deceive the recipient as to source or content or that do not provide an electronic method of informing the sender of the recipient's decision not to receive further commercial emails.

We are subject to domestic and foreign laws and regulations regarding privacy and protection of data. Our privacy policies and terms of use agreements describe our practices concerning the use, storage, transmission and disclosure of user data. Any failure by us to comply with our privacy policies or terms of use agreements, or privacy-related laws and regulations, could result in proceedings against us by governmental authorities or others, which could harm our business. The interpretation of these privacy and data protection laws and various regulators' approach to their enforcement, as well as our products and services, continue to evolve over time. We face the risk that these laws may be interpreted and applied in conflicting ways in different jurisdictions or in a manner that is not consistent with our current data protection practices, or that new and unclear laws will be enacted. There currently are a number of proposals pending before federal, state, and foreign legislative and regulatory bodies. In addition, the European General Data Protection Regulation ("GDPR") took effect in May 2018 and applies to all of our European operations. The GDPR includes operational requirements for companies that receive or process personal data of residents of the European Union that are different than those previously in place in the European Union, and include significant penalties for non-compliance. Similarly, there are a number of legislative proposals in the United States, at both the federal and state level, that could impose new obligations in areas affecting our business. In addition, some countries are considering or have passed legislation implementing data protection requirements or requiring local storage and processing of data or similar requirements.

Complying with these varying domestic and foreign requirements could cause us to incur additional costs and change our business practices. Further, any failure by us to adequately protect our users' privacy and data could result in a loss

of confidence in our products and services and, ultimately, in a loss of customers, which could have an adverse effect on our business.

Furthermore, favorable laws may change, including for example in the United States where the FCC voted to repeal net neutrality regulations. Given uncertainty around these rules, including changing interpretations, amendments or repeal, coupled with potentially significant political and economic power of local network operators, we could experience discriminatory or anti-competitive practices that could impede our growth, cause us to incur additional expense or otherwise negatively affect our business.

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The application of laws and regulations affecting online business to our products and services is often unclear, and these laws and how various jurisdictions interpret these laws continue to evolve. Compliance with these laws may be expensive and could harm our business. Any failure by the Company to comply with these laws and regulations could result in actions against us by governmental authorities or other entities, which could harm our business, including governmental or court orders that we cease certain activities.

See Item 1A. Risk Factors "Our business is subject to U.S. and foreign government regulation of the Internet and taxation, which may have a material adverse effect on our business" and "Capacity constraints, systems failures or breaches of our network security could materially and adversely affect our business. If we fail to manage our technical operations infrastructure, our existing customers may experience services outages, and our new customers may experience delays in the deployment of our solution."

Employees

As of December 31, 2018, we had 484 employees. Our employees are not represented by any union and are not the subject of a collective bargaining agreement. We believe that we have a good relationship with our employees.

Item 1A. Risk Factors

We may from time to time consider strategic alternatives that may enhance stockholder value, which may result in the use of a significant amount of our management resources or significant costs, and we may not be able to fully realize the potential benefits of any such transaction.

We may consider from time to time strategic alternatives to ensure the Company's ownership structure optimizes the Company's ability to achieve growth initiatives through its strategic plan and to maximize stockholder value. The consideration of strategic alternatives could result in, among other things, a sale, merger, consolidation or business combination, asset divestiture, partnering or other collaboration agreements, or potential acquisitions or recapitalizations, in one or more transactions, or continuing to operate with our current business plan and strategy. There can be no assurance that any review of strategic alternatives will result in the identification or consummation of any transaction. Although there would be uncertainty that considering any possible transaction would result in definitive agreements or the completion of such transaction, we may devote a significant amount of our management resources to analyzing and pursuing such a transaction, which could negatively impact our operations. In addition, we may incur significant costs in connection with seeking such transactions or other strategic alternatives regardless of whether the transaction is completed. In the event that we consummate a strategic alternative in the future, we cannot be certain that we would fully realize the potential benefit of such a transaction and cannot predict the impact that such strategic transaction might have on our operations or stock price. We do not undertake to provide updates or make further comments regarding the evaluation of strategic alternatives, unless otherwise required by law.

We may not be successful in executing our tech-focused strategy which could have a material adverse effect on our results of operations.

We may not be successful in pursuing our tech-focused strategy, which includes narrowing priorities to initiatives related to connecting technology professionals with employers. There can be no assurance that the allocation of resources behind our Tech-focused business and sales and marketing efforts will result in the strengthening of our competitive position, the failure of which could have a material adverse effect on our financial condition and results of operations. As a result of our strategic focus on the tech sector and divesting our businesses operating in different sectors, we have an increased dependence on the economic health of that sector and may not have the mitigating benefits of exposure to a portfolio of diverse industries in the event of a tech sector downturn.

If we fail to attract or retain key executives and personnel, there could be a material adverse effect on our business. Our performance is substantially dependent on the performance of senior management and key technical personnel. We have employment agreements, which include non-compete provisions, with all members of senior management and certain key technical personnel. However, we cannot assure you that any of these senior managers or others will

remain with us or that they will not compete with us in the event they cease to be employees, which could have a material adverse effect on our business, results of operations, financial condition and liquidity. In addition, we have not purchased key person life insurance on any members of our senior management. Our future success also depends upon our continuing ability to identify, attract, hire and retain highly qualified personnel, including skilled technical, management, product and technology, and sales and marketing personnel, all of whom are in high demand and are often subject to competing offers. There has in the past been, and there may in the future be, a shortage of qualified personnel in the career services market. We also compete for qualified personnel with other companies. A loss of a substantial number of qualified employees, or an inability to attract, retain and motivate additional highly skilled employees required for expansion of our business, could have a material adverse effect on our business. In addition, the recent significant

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decline in our stock price may undermine the use of our equity as a retention tool and may make it more difficult to retain key personnel.

We may be adversely affected by cyclicalities, volatility or an extended downturn in the United States or worldwide economy, or in or related to the industries we serve.

Our revenues are generated primarily from servicing customers seeking to hire qualified professionals in the technology and finance sectors. Demand for these professionals tends to be tied to economic and business cycles. Increases in the unemployment rate, specifically in the technology industry, cyclicalities or an extended downturn in the economy could cause our revenues to decline. For example, during the recession in 2001, employers reduced or postponed their recruiting efforts, including their recruitment of professionals in the technology industry. The 2001 economic recession, coupled with the substantial indebtedness incurred by our predecessor, Dice Inc., resulted in Dice Inc. filing for Chapter 11 protection in 2003. As of December 2018, the seasonally unadjusted U.S. unemployment rate was 2.1% for computer-related occupations, and 2.4% in the finance sector, as compared to the overall national average of 3.9%, seasonally adjusted. The increase in unemployment and decrease in recruitment activity experienced during 2008 and 2009 resulted in decreased demand for our services. During 2009, we experienced a 29% decline in revenues compared to 2008. If the economic environment experienced during 2008 and 2009 returns, our ability to generate revenue may be adversely affected.

In addition, the general level of economic activity in the regions and industries in which we operate significantly affects demand for our services. When economic activity slows, many companies hire fewer employees. Therefore, our operating results, business and financial condition could be significantly harmed by an extended economic downturn or future downturns, especially in regions or industries where our operations are heavily concentrated. Further, we may face increased pricing pressures during such periods as customers seek to use lower cost or fee services. Additionally, the labor market and certain of the industries we serve have historically experienced short-term cyclicalities. It is difficult to estimate the total number of passive or active job seekers or available job openings in the United States or abroad during any given period. If there is a labor shortage, qualified professionals may be less likely to seek our services, which could cause our customers to look elsewhere for attractive employees. Such labor shortages would require us to intensify our marketing efforts toward professionals so that professionals who post their resumes on our websites remain relevant to our customers, which would increase our expenses. Furthermore, if there is a shortage of available job openings in a particular region or sector we serve, the number of job postings on our websites could decrease, causing our business to be adversely affected. For example, the continued depression of oil prices led to decreased demand for energy professionals worldwide. Oil prices reached decade lows in 2016 and remained depressed. This decline in demand significantly decreased the sales of energy industry job postings and the use of related services and adversely impacted the results of Rigzone, a business we disposed of in 2018. As a result, we recorded a \$24.6 million impairment of goodwill and intangible assets and \$34.8 million impairment of goodwill at our Corporate & Other segment for the fiscal years ended December 31, 2016 and 2015, respectively.

Any economic downturn or recession in the United States or abroad for an extended period of time could have a material adverse effect on our business, financial condition, results of operations and liquidity. 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 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.

Volatility in global financial markets may also limit our ability to access the capital markets at a time when we would like, or need, to raise capital, which could have an impact on our ability to react to changing economic and business conditions. Accordingly, if the economy does not fully recover or worsens, our business, results of operations and financial condition could be materially and adversely affected.

A write-off of all or a part of our goodwill and intangible assets would hurt our operating results and reduce our net worth.

We have significant intangible assets and goodwill. Goodwill represents the excess of the total purchase price of our acquisitions over the estimated fair value of the net assets acquired. As of December 31, 2018, we had \$154.0 million and \$39.0 million of goodwill and acquired intangible assets, respectively, on our balance sheet, which represented

approximately 60% and 15%, respectively, of our total assets. We do not amortize goodwill under U.S. GAAP and instead are required to review goodwill at least annually for impairment. The indefinite-lived acquired intangible asset of \$39.0 million is not amortized and instead is reviewed annually for impairment. The fair value of the Dice tradename as of the most recent annual impairment testing date of October 1, 2018 resulted in the fair value exceeding the carrying value by 2%. During 2016, goodwill and intangible assets of \$24.6 million related to Rigzone were fully written off. During 2015, goodwill of \$34.8 million related to Rigzone was written off. During 2013, goodwill and intangible assets of \$14.9 million related to Slashdot Media and Health Callings was written off. During 2008, goodwill of \$7.2 million related to eFinancialCareers' North American operations was written off. In the event impairment is identified again in the future for any of our reporting units, a charge to earnings would be recorded. Although it

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would not affect our cash flow or financial position, a write-off in future periods of all or a part of our goodwill or intangible assets would have a material adverse effect on our overall results of operations. See Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies—Goodwill.”

Concerns regarding the global economic climate, the lingering effects of the European debt crisis, and market perceptions concerning the instability of the Euro could adversely impact our business.

Concerns persist regarding the global economic climate, the recent debt burden of certain Eurozone countries and their ability to meet future financial obligations, the overall stability of the euro and the suitability of the euro as a single currency given the diverse economic and political circumstances in individual Eurozone countries. These concerns, or market perceptions concerning these and related issues, could adversely affect demand for our services in the European market and our business, results of operations, financial condition and liquidity.

We operate in a highly competitive developing market and we may be unable to compete successfully against existing and future competitors.

The market for career services is highly competitive and barriers to entry in the market are relatively low. For example, there are tens of thousands of job boards currently operating on the Internet, and new competitors may emerge. We do not own any patented technology that would preclude or inhibit competitors from entering the recruiting and career development services market. We compete with other companies that direct all or portions of their websites toward certain segments or sub-segments of the industries we serve. We compete with generalist job boards, some of which have substantially greater resources and brand recognition than we do, such as CareerBuilder, Monster.com, Stepstone and Seek, which, unlike specialist job boards, permit customers to enter into a single contract to find professionals across multiple occupational categories and attempt to fill all of their hiring needs through a single website, as well as job boards focused specifically on the industries we service, such as FT.com, JobServe, Doximity, and Upwork. We also compete with newspaper and magazine publishers, national and regional advertising agencies, executive search firms and search and selection firms that carry classified advertising, many of whom have developed, begun developing or acquired new media capabilities, such as recruitment websites, or have recently partnered with generalist job boards. We also compete with general business sites and print publications, as well as technology news and information community sites, such as Google News, Digg.com and Reddit.com. In addition, we face competition from aggregators of classified advertising, including Indeed, TalentBin, Entelo, ZipRecruiter, Google, and Craigslist. Social and professional networking sites, such as LinkedIn, Facebook, Twitter and Google compete with us in providing professional services. Our Unified Profile Index service competes with Entelo, Gild and TalentBin. We also compete with new competitors, including career-focused community sites such as Glassdoor and talent relationship management software providers such as Avature and SmashFly, and emerging competitors with new business models and products that customers are more willing to trial during periods when talent is scarce. We must adapt our business model to keep pace with rapid changes in the recruiting and career services business, including rapidly changing technologies and the development of new products and services.

Providing online recruiting and career development services is a rapidly evolving business, and we will not be successful if our business model does not keep pace with new trends and developments. The adoption of recruiting and job seeking, particularly among those who have historically relied on traditional recruiting methods, requires acceptance of a new way of conducting business, exchanging information and applying for jobs. If we are unable to adapt our business model to keep pace with changes in the recruiting business, or if we are unable to continue to demonstrate the value of our online services to our customers, our business, results of operations, financial condition and liquidity could be materially adversely affected. Our success is also dependent on our ability to adapt to rapidly changing technology and to make investments to develop new products and services. Accordingly, to maintain our competitive position and our revenue base, we must continually modernize and improve the features, reliability and functionality of our service offerings and related products in response to our competitors. Future technological advances in the career services industry may result in the availability of new recruiting and career development offerings. Some of our competitors have longer operating histories, larger client bases, longer relationships with clients, greater brand or name recognition, or significantly greater financial, technical, marketing and public relations resources than we do. As a result, they may be in a position to respond more quickly to new or emerging technologies

and changes in customer requirements, and to develop and promote their products and services more effectively than we can. We may not be able to adapt to such technological changes or offer new products on a timely or cost-effective basis or establish or maintain competitive positions. If we are unable to develop and introduce new products and services, or enhancements to existing products and services, in a timely and successful manner, our business, results of operations, financial condition and liquidity could be materially and adversely affected.

Trends that could have a critical impact on our success include:

- rapidly changing technology in online recruiting;
- evolving industry standards relating to online recruiting;
- developments and changes relating to the Internet and mobile devices;
- evolving government regulations;

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• competing products and services that offer increased functionality;

• changes in requirements for customers and professionals; and

• privacy protection concerning data available and transactions conducted over the Internet.

If we fail to develop and maintain our reputation and brand recognition our business could be adversely affected.

We believe that establishing and maintaining the identity of our key brands, such as Dice, eFinancialCareers, and ClearanceJobs, is critical in attracting and maintaining the number of professionals and customers using our services, and that the importance of brand recognition will increase due to the growing number of Internet services similar to ours and relatively low barriers to entry. Promotion and enhancement of our brands will depend largely on our success in continuing to provide high quality recruiting and career development services. If users do not perceive our existing career and recruiting services to be of high quality, or if we introduce new services or enter into new business ventures that are not favorably received by users, the uniqueness of our brands could be diminished and accordingly the attractiveness of our websites to professionals and customers could be reduced. We may also find it necessary to increase substantially our financial commitment to creating and maintaining a distinct brand loyalty among users. If we cannot provide high quality career services, fail to protect, promote and maintain our brands or incur excessive expenses in an attempt to improve our career services or promote or maintain our brands, our business, results of operations, financial condition and liquidity could be materially adversely affected.

Our business is largely based on customers who purchase monthly or annual recruitment packages. Any failure to increase or maintain the number of customers who purchase recruitment packages could adversely impact our revenues.

Our customers typically include recruiters, staffing firms, consulting firms and direct hiring companies. Customers can choose to purchase recruitment packages, classified postings or advertisements. Most of our revenues are generated by the fees we earn from our customers who purchase monthly or long-term recruitment packages. Our growth depends on our ability to retain our existing monthly and annual recruitment package customers and to increase the number of customers who purchase recruitment packages, as well as introduce new pricing options. Any of our customers may decide not to continue to use our services in favor of alternate services, lack of need, or because of budgetary constraints or other reasons. We cannot assure you that we will be successful in continuing to attract new customers or retaining existing customers or that our future sales efforts in general will be effective. If our existing customers choose not to use our services, decrease their use of our services, or change from being recruitment package customers to purchasing individual classified postings, our services, job postings and resumes posted on our websites could be reduced, search activity on our websites could decline, the usefulness of our services to customers could be diminished, and we could experience declining revenues and/or incur significant expenses. Dice U.S. recruitment package customers at December 31, 2018, 2017 and 2016 were 6,200, 6,450, and 7,050, respectively.

If we fail to attract qualified professionals to our websites or grow the number of qualified professionals who use our websites, our revenues could decline.

The value of our websites to our customers is dependent on our ability to continuously attract professionals with the experience, education and skill-set our customers seek. For example, the professionals who post their resumes on Dice.com are highly educated, with approximately 85% having a bachelor's degree or higher as of January 2019. Our online surveys indicate that almost 82% of professionals who use Dice.com have more than five years of experience, over half have greater than 10 years of experience, and the majority are currently employed. To grow our businesses, we must continue to convince qualified professionals that our services will assist them in finding employment, so that customers will choose to use our services to find employees. We do not know the extent to which we have penetrated the market of qualified professionals in the industries we serve or the extent to which we will be able to grow the number of qualified professionals who use our websites. If we are unable to increase the number of professionals using our websites, or if the professionals who use our websites are viewed as unattractive by our customers, our customers could seek to list jobs and search for professionals elsewhere, which could cause our revenues to decline. We may not timely and effectively scale and adapt our existing technology and network infrastructure to ensure that our websites are accessible within an acceptable load time.

A key element to our continued growth is the ability of our users (whom we define as anyone who visits our website, regardless of whether or not they are a customer), enterprises and professional organizations in all geographies to

access our website within acceptable load times. We call this “website performance.” We have experienced, and may in the future experience, website disruptions, outages and other performance problems due to a variety of factors, including infrastructure changes, human or software errors, capacity constraints due to an overwhelming number of users accessing our website simultaneously, and denial of service or fraud or security attacks. In some instances, we may not be able to identify the cause or causes of these website performance problems within an acceptable period of time. It may become increasingly difficult to maintain and improve the performance of our websites, especially during peak usage times and as our solutions become more complex and our user traffic increases. If our websites are unavailable when users attempt to access them or do not load as quickly as they expect, users may seek other websites to obtain the information for which they are looking, and may not return to our websites as often in the future, or at all. This would negatively impact our ability to attract customers, enterprises and professional organizations and increase engagement on our

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websites. We expect to continue to make significant investments to maintain and improve website performance and to enable rapid releases of new features and products. To the extent that we do not effectively address capacity constraints, upgrade our systems as needed and continually develop our technology and network architecture to accommodate actual and anticipated changes in technology, our business and operating results may be harmed. Capacity constraints, systems failures or breaches of our network security could materially and adversely affect our business. If we fail to manage our technical operations infrastructure, our existing customers may experience services outages, and our new customers may experience delays in the deployment of our solution.

We derive almost all of our revenues from the purchase of recruitment products and services and employment advertising offered on our Dice, eFinancialCareers, and ClearanceJobs websites. As a result, our operations depend on our ability to maintain and protect our website services, most of which are housed within Amazon Web Services. System failures, including network, software or hardware failures, which cause interruption or an increase in response time of our services, could substantially decrease usage of our services and could reduce the attractiveness of our services to both our customers and professionals. An increase in the volume of queries conducted through our services could strain the capacity of the software or hardware we employ. This could lead to slower response times or system failures and prevent users from accessing our websites for extended periods of time, thereby decreasing usage and attractiveness of our services. Our technology operations are dependent in part on our ability to protect our operating systems against:

- physical damage from acts of God;
- terrorist attacks or other acts of war;
- power loss;
- telecommunications failures;
- network, hardware or software failures;
- physical and electronic break-ins;
- cyber security attacks;
- computer viruses or worms;
- identity theft; and
- similar events.

Although we maintain insurance against fires, floods and general business interruptions, the amount of coverage may not be adequate in any particular case. Furthermore, the occurrence of any of these events could result in interruptions, delays or cessations in service to users of our services, which could materially impair or prohibit our ability to provide our services and significantly impact our business.

Additionally, overall Internet usage could decline if any well-publicized compromise of security occurs or if there is a perceived lack of security of personal and corporate information stored within our systems to facilitate hiring and recruitment business processes. “Hacking” involves efforts to gain unauthorized access to information or systems or to cause intentional malfunctions or loss or corruption of data, software, hardware or other computer equipment, and online job boards, in particular, have been targeted by hackers who seek to gain unauthorized access to job seeker and customer data for purposes of implementing “phishing” or other schemes. Despite our implementation of numerous security measures; including access controls, network security, information security risk management processes, software development security, cryptography, operational security, business continuity and disaster recovery, and physical security, our websites, servers, databases and other systems may be vulnerable to computer hackers, physical or electronic break-ins, sabotage, computer viruses, worms and similar disruptions from unauthorized tampering with our computer systems. Our systems, like the systems of many other websites, have been targeted in the past in cyber attacks and hacks and will continue to be subject to such attacks. Because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently, such techniques often are not recognized until launched against a target and may originate from less regulated and remote areas around the world, we may be unable to proactively address these techniques or to implement adequate preventative measures. We will continue to review and enhance our security measures in an attempt to prevent unauthorized and unlawful intrusions, although in the future it is possible we may not be able to prevent all intrusions, and such intrusions could result in our network

security or computer systems being compromised and possibly result in the misappropriation or corruption of proprietary or personal information or cause disruptions in our services. We might be required to expend significant capital and resources to protect against, remediate or alleviate problems caused by such intrusions. We may also not have a timely remedy against a hacker who is able to penetrate our network security. Our networks could also be affected by viruses or malware or other similar disruptive problems, and we could inadvertently transmit these viruses or malware to our users or other third parties. Our hardware and back-up systems could fail causing our services to be interrupted. Any of these occurrences, and negative publicity arising from any such occurrences, could harm our business or give rise to a cause of action against us. Our general business interruption insurance policies have limitations with respect to covering interruptions caused by computer viruses or hackers. We have not added specific insurance coverage to protect against these risks. Our activities and the activities of third party contractors involve the storage, use and transmission of proprietary and personal information,

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including personal information collected from professionals who use our websites. Accordingly, security breaches could expose us to a risk of loss or litigation and possibly liabilities. We cannot assure that contractual provisions attempting to limit our liability in these areas will be successful or enforceable, or that other parties will accept such contractual provisions as part of our agreements. Any security breaches or our inability to provide users with continuous access to our networks could materially impact our ability to provide our services as well as materially impact the confidence of our customers in our services, either of which could have a material adverse effect on our business.

We may be liable with respect to the collection, storage and use of the personal and professional information of the professionals, who use our websites and our current practices may not be in compliance with proposed new laws and regulations.

Our business depends on our ability to collect, store, use and disclose personal and professional data from the professionals who use our websites. Our policies concerning the collection, use and disclosure of personally identifiable information are described on our websites. In recent years, class action lawsuits have been filed and the Federal Trade Commission and state agencies have commenced investigations with respect to the collection, use, sale and storage by various Internet companies of users' personal and professional information. While we believe we are in compliance with current law, we cannot ensure that we will not be subject to lawsuits or investigations for violations of law. Moreover, our current practices regarding the collection, storage and use of user information may not be in compliance with currently pending legislative and regulatory proposals by the United States federal government and various state and foreign governments intended to limit the collection and use of user information. While we have implemented and intend to implement additional programs designed to enhance the protection of the privacy of our users, these programs may not conform to all or any of these laws or regulations and we may consequently incur civil or criminal liability for failing to conform. As a result, we may be forced to change our current practices relating to the collection, storage and use of user information. Our failure or our perceived failure to comply with laws and regulations could also lead to adverse publicity and a loss of consumer confidence if it were known that we did not take adequate measures to assure the confidentiality of the personally identifiable information that our users had given to us. This could result in a loss of customers and revenue and materially adversely impact the success of our business. Concern among prospective customers and professionals regarding our use of personal information collected on our websites, such as credit card numbers, email addresses, phone numbers and other personal information, could keep prospective customers from using our career services websites. Internet-wide incidents or incidents with respect to our websites, including misappropriation of our users' personal information, penetration of our network security, or changes in industry standards, regulations or laws could deter people from using the Internet or our websites to conduct transactions that involve confidential information, which could have a material adverse impact on our business. We generally comply with industry standards and are subject to the terms of our privacy policies and privacy-related obligations to third parties (including voluntary third-party certification bodies such as TRUSTe). We strive to comply with all applicable laws, policies, legal obligations and industry codes of conduct relating to privacy and data protection, to the extent possible. However, it is possible that these obligations may be interpreted and applied in new ways and/or in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules or our practices or that new regulations could be enacted.

In the past, we have relied on the U.S.-European Union Frameworks, as agreed to by the U.S. Department of Commerce and the European Union ("EU"), as one of the means to legally transfer European personal information from Europe to the United States. However, on October 6, 2015, the European Court of Justice invalidated the U.S.-EU Safe Harbor framework. On February 2, 2016, the U.S. and E.U. announced agreement on a new framework for transatlantic data flows entitled the EU-US Privacy Shield. However, it is possible that Privacy Shield may be challenged in EU courts and there is some uncertainty regarding its future validity and our ability to rely on it for EU to US data transfers.

Additionally, the EU has enacted the GDPR, which took effect on May 25, 2018. The GDPR implemented more stringent operational requirements for processors and controllers of personal data, including, for example, expanded disclosures about how personal information is to be used, limitations on retention of information, mandatory data

breach notification requirements and higher standards for controllers to demonstrate that they have obtained valid consent for certain data processing activities. The GDPR also provides for significant penalties for non-compliance. As a result of the GDPR, we expect regulatory and customer attention surrounding data privacy continue to increase. Furthermore, outside of the EU, we continue to see increased regulation of data privacy and security, including the adoption of more stringent subject matter specific state laws and national laws regulating the collection and use of data, as well as security and data breach obligations. For example, California recently adopted the California Consumer Privacy Act of 2018, or CCPA, which will come into effect beginning in January 2020. The CCPA has been characterized as the first "GDPR-like" privacy statute to be enacted in the United States because it mirrors a number of the key provisions of the GDPR. The CCPA establishes a new privacy framework for covered businesses by, among other things, creating an expanded definition of personal information, establishing new data privacy rights for consumers in the State of California and creating a new and potentially severe statutory damages framework for violations of the CCPA and for businesses that fail to implement reasonable security procedures and practices to prevent data breaches.

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The uncertainty and changes in the requirements of multiple jurisdictions may increase the cost of compliance, reduce demand for our websites, restrict our ability to offer services in certain locations or subject us to sanctions by national data protection regulators, all of which could harm our business, financial condition, and results of operations. Failure to provide adequate privacy protections and maintain compliance with the new data privacy laws, including the EU-U.S. Privacy Shield framework and the GDPR, could have a material adverse effect on our financial condition and results of operations.

We have indebtedness which could affect our financial condition, and, if adverse changes in the credit markets occur, we may not be able to borrow funds under our revolving credit facility or refinance our indebtedness.

As of December 31, 2018, we had \$18.0 million of outstanding indebtedness under our credit agreement dated November 14, 2018 (the "Credit Agreement") and we had the ability to borrow an additional \$72.0 million. If we cannot generate sufficient cash flow from operations to service our debt, we may need to further refinance our debt, dispose of assets or issue equity to obtain necessary funds. We do not know whether we will be able to take any of these actions, if necessary, on a timely basis or on terms satisfactory to us or at all.

Our Credit Agreement consists of a revolving facility and matures in November 2023. The funding of the revolving facility is dependent on a number of financial institutions. It is possible that one or more of the lenders will refuse or be unable to satisfy their commitment to lend to us should we need to borrow funds under the revolving credit facility. If borrowings are unavailable to us and we cannot generate sufficient revenues to fund our operations, our business will be adversely affected. In addition, the inability to borrow could hinder growth if we need funds to complete an acquisition.

Our indebtedness could limit our ability to:

- obtain necessary additional financing for working capital, capital expenditures or other purposes in the future;
- plan for, or react to, changes in our business and the industries in which we operate;
- make future acquisitions or pursue other business opportunities; or
- react in an extended economic downturn.

The terms of our Credit Agreement may restrict our current and future operations, which would adversely affect our ability to respond to changes in our business and to manage our operations.

Our Credit Agreement contains, and any future indebtedness of ours would likely contain, a number of restrictive covenants that impose significant operating and financial restrictions on us, including restrictions on our ability to, among other things:

- incur additional debt;
- pay dividends and make other restricted payments;
- repurchase our own shares;
- create liens;
- make investments and acquisitions;
 - engage in sales of assets and subsidiary stock;
- enter into sale-leaseback transactions;
- enter into transactions with affiliates;
- transfer all or substantially all of our assets or enter into merger or consolidation transactions; and
- make capital expenditures.

Our Credit Agreement also requires us to maintain certain financial ratios. A failure by us to comply with the covenants or financial ratios contained in our Credit Agreement could result in an event of default under our Credit Agreement which could adversely affect our ability to respond to changes in our business and manage our operations. In the event of any default under our Credit Agreement, the lenders under our Credit Agreement will not be required to lend any additional amounts to us. Our lenders also could elect to declare all amounts outstanding to be due and payable and require us to apply all of our available cash to repay these amounts. If the indebtedness under our Credit Agreement were to be accelerated, there can be no assurance that our assets would be sufficient to repay this

indebtedness in full.

We expect our operating results to fluctuate on a quarterly and annual basis.

Our revenue and operating results could vary significantly from quarter-to-quarter and year-to-year and may fail to match our past performance because of a variety of factors, some of which are outside of our control. Any of these events could cause the market price of our common stock to fluctuate. Factors that may contribute to the variability of our operating results include:

- the size and seasonal variability of our customers' recruiting and marketing budgets;
- the emergence of new competitors in our market whether by established companies or the entrance of new companies;
- the cost of investing in our technology infrastructure may be greater than we anticipate;

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- our ability to increase our customer base and customer and professional engagement;
- disruptions or outages in the availability of our websites, actual or perceived breaches of privacy and compromises of our customers' or professionals' data;
- changes in our pricing policies or those of our competitors;
- macroeconomic changes, in particular, deterioration in labor markets, which would adversely impact sales of our hiring solutions, or economic growth that does not lead to job growth, for instance increases in productivity;
- costs associated with data security which is becoming increasingly complex;
- the timing and costs of expanding our organization and delays or inability in achieving expected productivity;
- the timing of certain expenditures, including hiring of employees and capital expenditures;
- our ability to increase sales of our products and solutions to new customers and expand sales of additional products and solutions to our existing customers;
- the extent to which existing customers renew their agreements with us and the timing and terms of those renewals; and
- general industry and macroeconomic conditions.

Our history of operations includes periods of operating and net losses, and we may incur operating and net losses in the future. Our significant net losses in periods prior to 2003 and the significant amount of indebtedness incurred by our predecessor led us to declare bankruptcy in early 2003.

Our history of operations includes periods of operating and net losses. Our significant net losses in periods prior to 2003 and the significant amount of indebtedness incurred by our predecessor led us to declare bankruptcy in early 2003. Although we have managed to achieve an increase in revenues since Dice Inc. emerged from bankruptcy, we have also increased our operating expenses significantly, expanded our net sales and marketing operations, made significant acquisitions and have continued to develop and extend our online career services with the expectation that our revenues will grow in the future. We may not generate sufficient revenues to pay for all of these operating or other expenses, which could have a material adverse effect on our business, results of operations and financial condition. If we are not able to successfully identify or integrate recent or future acquisitions our management's attention could be diverted, and our efforts to integrate future acquisitions could consume significant resources.

An important component of our tech-focused strategy is developing new capabilities that strengthen and expand our position in the global technology talent acquisition market and broaden the talent solutions through the acquisition of other complementary businesses and technologies (such as the 2013 acquisition of The IT Job Board, the 2012 WorkDigital acquisition, and the 2006 eFinancialGroup acquisition). Our further growth may depend in part on our ability to identify additional suitable acquisition opportunities or consummate such acquisitions on terms that are beneficial to us. We may not be able to identify suitable acquisition opportunities or consummate such acquisitions on favorable terms or at all. In addition, the anticipated results or operational benefits of any businesses we acquire may not be realized and we may not be successful in integrating other acquired businesses into our operations. Failure to manage and successfully integrate acquired businesses could harm our business. Even if we are successful in making an acquisition, we may encounter numerous risks, including the following:

- expenses, delays and difficulties in integrating the operations, technologies and products of acquired companies;
- potential disruption of our ongoing operations;
 - diversion of management's attention from normal daily operations of our business;
- inability to maintain key business relationships and the reputations of acquired businesses;
- the difficulty of integrating acquired technology and rights into our services and unanticipated expenses related to such integration;
- the impairment of relationships with customers and partners of the acquired companies or our customers and partners as a result of the integration of acquired operations;
- the impairment of relationships with employees of the acquired companies or our employees as a result of integration of new management personnel;
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entry into markets in which we have limited or no prior experience and in which our competitors have stronger market positions;

dependence on unfamiliar employees, affiliates and partners;

the amortization of acquired companies' intangible assets;

insufficient revenues to offset increased expenses associated with the acquisition;

inability to maintain our internal standards, controls, procedures and policies;

reduction or replacement of the sales of existing services by sales of products and services from acquired business lines;

potential loss of key employees of the acquired companies;

difficulties integrating the personnel and cultures of the acquired companies into our operations;

in the case of foreign acquisitions, uncertainty regarding foreign laws and regulations and difficulty integrating operations and systems as a result of cultural, systems and operational differences; and

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the impact of potential liabilities or unknown liabilities of the acquired businesses.

If any of these risks materialize, they could have a material adverse effect on our business, results of operations, financial condition and liquidity.

In addition, any acquisition of other businesses or technologies may require us to seek debt or equity financing. Such financing might not be available to us on acceptable terms or at all. The global financial markets have recently experienced declining equity valuations and disruptions in the credit markets due to liquidity imbalances and repricing of risk, which may impact our ability to obtain additional financing on reasonable terms or at all.

Misappropriation or misuse of our intellectual property could harm our reputation, affect our competitive position and cost us money.

Our success and ability to compete are dependent in part on the strength of our intellectual property rights, the content included on our websites, the goodwill associated with our trademarks, trade names and service marks, and on our ability to use U.S. and foreign laws to protect them. Our intellectual property includes, among other things, the content included on our websites, our logos, brands, domain names, the technology that we use to deliver our products and services, the various databases of information that we maintain and make available and the appearance of our websites. We claim common law protection on certain names and marks that we have used in connection with our business activities and the content included on our websites. We also own a number of registered or applied-for trademarks and service marks that we use in connection with our business, including DICE, CLEARANCEJOBS.COM, and EFINANCIALCAREERS some of which we have acquired through business acquisitions. Although we generally pursue the registration of material service marks and other material intellectual property we own, where applicable, we have copyrights, trademarks and/or service marks that have not been registered in the United States and/or other jurisdictions. We generally enter into confidentiality and work-for-hire agreements with our employees, consultants, and vendors to protect our intellectual property rights. We also seek to control access to and distribution of our technology, documentation and other proprietary information as well as proprietary information licensed from third parties. Policing our intellectual property rights worldwide is a difficult task, and we may not be able to identify infringing users. The steps we have taken to protect our proprietary rights may not be adequate, and third parties could infringe, misappropriate or misuse our intellectual property rights. If this were to occur, it could harm our reputation and affect our competitive position. It could also require us to spend significant time and money in litigation. In addition, the laws of foreign countries do not necessarily protect intellectual property rights to the same extent as the laws of the United States. We have licensed in the past (on a royalty free basis), and expect to license in the future, various elements of our distinctive trademarks, service marks, trade dress, content and similar proprietary rights to third parties. We enter into strategic marketing arrangements with certain third-party web site operators pursuant to which we license our trademarks, service marks and content to such third parties in order to promote our brands and services and to generate leads to our websites. While we attempt to ensure that the quality of our brands is maintained by these licensees, we cannot assure you that third-party licensees of our proprietary rights will always take actions to protect the value of our intellectual property and reputation, and if they fail to do so, such failure could adversely affect our business and reputation.

We could be subject to infringement and other claims relating to our services or the content on our websites that may result in costly litigation, the payment of damages or the need to revise the way we conduct business.

We cannot be certain that our technology, offerings, services or content do not or will not infringe upon the intellectual property or other proprietary rights of third parties, or otherwise violate laws. From time to time we receive notices alleging potential infringement of intellectual property or other proprietary rights of third parties or non-compliance with applicable laws. In seeking to protect our marks, copyrights, domain names and other intellectual property rights, or in defending ourselves against claims of infringement or non-compliance that may or may not be without merit, we could face costly litigation and the diversion of our management's attention and resources. Claims against us could result in the need to develop alternative trademarks, content, technology or other intellectual property or enter into costly royalty or licensing agreements, or substantially modify or cease to offer one or more of our services, which could have a material adverse effect on our business, results of operations, financial condition and liquidity. If we were found to have infringed on a third party's intellectual property or other proprietary rights, or failed to comply with applicable laws, among other things, the value of our brands and our business

reputation could be impaired, and our business could suffer.

If we are unable to enforce or defend our ownership or use of intellectual property, our business, competitive position and operating results could be harmed.

The success of our business depends in large part on our intellectual property rights, including existing and future trademarks and copyrights, which are and will continue to be valuable and important assets of our business. Our business could be harmed if we are not able to protect the content of our databases and our other intellectual property. We have taken measures to protect our intellectual property, such as requiring our employees and consultants with access to our proprietary information to execute confidentiality agreements. In the future, we may sue competitors or other parties who we believe to be infringing our intellectual property. We may in the future also find it necessary to assert claims regarding our intellectual property. These measures may not be sufficient or effective to protect our intellectual property. We also rely on laws, including those regarding copyrights and

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trademarks to protect our intellectual property rights. Current laws, or the enforceability of such laws, specifically in foreign jurisdictions, may not adequately protect our intellectual property or our databases and the data contained in them. In addition, legal standards relating to the validity, enforceability and scope of protection of intellectual property rights in Internet related businesses are uncertain and evolving, and we cannot assure you of the future viability or value of any of our proprietary rights. Others may develop technologies similar or superior to our technology. A significant impairment of our intellectual property rights could require us to develop alternative intellectual property, incur licensing or other expenses or limit our product and service offerings.

We have incurred increased costs and will continue to incur these costs as a result of being a public company. As a public company, we have incurred and will continue to incur significant levels of legal, accounting and other expenses. In addition, the Sarbanes Oxley Act of 2002 (“Sarbanes Oxley”), the Dodd-Frank Act and related rules of the Securities and Exchange Commission (the “SEC”) and the NYSE regulate corporate governance practices of public companies and impose significant requirements relating to disclosure controls and procedures and internal control over financial reporting. Compliance with these public company requirements has increased our costs, required additional resources and made some activities more time consuming. We are required to expend considerable time and resources complying with public company regulations.

Actions of activist shareholders could cause us to incur substantial costs, divert management's attention and resources, and have an adverse effect on our business.

We have been the subject of activity by activist shareholders in the past and shareholder activism generally is increasing. Responding to shareholder activism can be costly and time-consuming, disrupt our operations, and divert the attention of management and our employees from our strategic initiatives. Activist campaigns can create perceived uncertainties as to our future direction, strategy, or leadership and may result in the loss of potential business opportunities, harm our ability to attract new employees, investors, customers, and other partners, and cause our stock price to experience periods of volatility.

If we do not meet the continued listing requirements of the NYSE our common stock may be delisted.

Our common stock is listed on the NYSE. The NYSE requires us to continue to meet certain listing standards, including standards related to the trading price of our common stock, as well as our global market capitalization. While we are currently in compliance with the NYSE continued listing requirements, we cannot assure you that we will remain in compliance. If we do not meet the NYSE's continued listing standards, we will be notified by the NYSE and we will be required to take corrective action to meet the continued listing standards; otherwise our common stock will be delisted from the NYSE. A delisting of our common stock on the NYSE would reduce the liquidity and market price of our common stock and the number of investors willing to hold or acquire our common stock, which could negatively impact our ability to access the public capital markets. A delisting would also reduce the value of our equity compensation plans, which could negatively impact our ability to retain key employees.

Our stock price has been volatile in the past and may be subject to volatility in the future.

The trading price of our common stock has been volatile in the past, including recent significant declines, and could be subject to fluctuations in response to various factors, some of which are beyond our control. Factors such as announcements of variations in our quarterly financial results and fluctuations in revenue could cause the market price of our common stock to fluctuate. Fluctuations in the valuation of companies perceived by investors to be comparable to us or in valuation metrics, such as our price to earnings ratio, could impact our stock price. Additionally, the stock markets have at times experienced price and volume fluctuations that have affected and might in the future affect the market prices of equity securities of many companies. These fluctuations have, in some cases, been unrelated or disproportionate to the operating performance of these companies. Further, the trading prices of publicly traded shares of companies in our industry have been particularly volatile and may be very volatile in the future. These broad market and industry fluctuations, as well as general economic, political and market conditions such as recessions, interest rate changes, international currency fluctuations or political unrest, may negatively impact the market price of our common stock.

Failure to maintain effective internal control over financial reporting could have a material adverse effect on our business, operating results and stock price.

Maintaining effective internal control over financial reporting is necessary for us to produce reliable financial reports and is important in helping to prevent financial fraud. If we are unable to maintain adequate internal controls, our business and operating results could be harmed. We are required to satisfy the requirements of Section 404 of Sarbanes Oxley and the related rules of the SEC, which require, among other things, our management to assess annually the effectiveness of our internal control over financial reporting and our independent registered public accounting firm to issue a report on that assessment. We may be unable to remedy deficiencies before the requisite deadlines for those reports. Any failure to remediate deficiencies noted by our independent registered public accounting firm or to implement required new or improved controls or difficulties encountered in their implementation could cause us to fail to meet our reporting obligations or result in material misstatements in our financial statements.

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If our management or our independent registered public accounting firm were to conclude in their reports that our internal control over financial reporting was not effective, investors could lose confidence in our reported financial information, and the trading price of our stock could drop significantly.

Our business is subject to U.S. and foreign government regulation of the Internet and taxation, which may have a material adverse effect on our business.

Congress and various state and local governments, as well as the EU, have passed legislation that regulates various aspects of the Internet, including content, copyright infringement, user privacy, taxation, access charges, liability for third-party activities and jurisdiction. In addition, federal, state, local and foreign governmental organizations are also considering legislative and regulatory proposals that would regulate the Internet. Areas of potential regulation include libel, pricing, quality of products and services and intellectual property ownership. A number of proposals have been made at the state and local level that would impose taxes on the sale of goods and services through the Internet. Such proposals, if adopted, could substantially impair the growth of commerce over the Internet and could adversely affect our business, future results of operations, financial condition and liquidity. We may be subject to restrictions on our ability to communicate with our customers through email and phone calls. Several jurisdictions have proposed or adopted privacy related laws that restrict or prohibit unsolicited email or “spam.” These laws may impose significant monetary penalties for violations. For example, the CAN-SPAM Act of 2003, or “CAN-SPAM,” imposes complex and often burdensome requirements in connection with sending commercial email. Key provisions of CAN-SPAM have yet to be interpreted by the courts. Depending on how it is interpreted, CAN-SPAM may impose burdens on our email marketing practices or services we offer or may offer. Although CAN-SPAM is thought to have preempted state laws governing unsolicited email, the effectiveness of that preemption is likely to be tested in court challenges. If any of those challenges are successful, our business may be subject to state laws and regulations that may further restrict our email marketing practices and the services we may offer. The scope of those regulations is unpredictable. Because a number of these laws are relatively new and still in the process of being implemented, we do not know how courts will interpret these laws. Therefore, we are uncertain as to how new laws or the application of existing laws will affect our business.

Changes in laws or regulations that adversely affect the growth, popularity or use of the internet, including laws impacting net neutrality, could decrease the demand for our service and increase our cost of doing business. Certain laws intended to prevent network operators from discriminating against the legal traffic that traverse their networks have been implemented in many countries, including across the E.U. In others, the laws may be nascent or non-existent. Furthermore, favorable laws may change, including for example in the United States where the FCC voted to repeal existing net neutrality regulations. Given uncertainty around these rules, including changing interpretations, amendments or repeal, coupled with potentially significant political and economic power of local network operators, we could experience discriminatory or anti-competitive practices that could impede our growth, cause us to incur additional expense or otherwise negatively affect our business.

Due to the global nature of the Internet, it is possible that the governments of other states and foreign countries might attempt to regulate its transmissions or prosecute us for violations of their laws. We might unintentionally violate such laws or such laws may be modified and new laws may be enacted in the future. Any such developments (or developments stemming from enactment or modification of other laws) may significantly harm our business, operating results and financial condition.

If our users or customers do not find our candidate profiles useful, it could adversely impact demand for our products and services and the growth of our business.

Our product integrates publicly available data on the internet to create aggregated profiles of prospective candidates’ professional experience and other employment-related data. These profiles are made available to our customers through our TalentSearch product to help them identify prospective technical candidates in a way that reduces their need to search multiple websites, while delivering more relevant candidates and useful employment information to recruiters and employers that use it. While we have invested substantial resources into the development of our Unified Profile Index product, there can be no assurance that we will continue to be able to access the data that is necessary to create the candidate profiles used in this product. Technology companies, social and professional networking websites or other companies may develop technology which competes with our Unified Profile Index product or we may be

prevented from aggregating the data we need to make this product useful, which could decrease the demand for this product. Moreover, candidates sought out through the socially aggregated profiles may not be interested in the opportunities presented to them by the recruiters and employers who use the product, which could decrease its demand. Any decrease in demand for our Unified Profile Index product may adversely affect our ability to differentiate ourselves from our competitors, which would have a material adverse effect on our business and operating results.

If Internet search engines' methodologies are modified or our search result page rankings decline for other reasons, our user engagement could decline.

We depend in part on various Internet search engines, such as Google, Bing and Yahoo!, to direct a significant amount of traffic to our websites. Our ability to maintain the number of visitors directed to our websites is not entirely within our control.

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Our competitors' search engine optimization, or SEO, efforts may result in their websites receiving a higher search result page ranking than ours, or Internet search engines could revise their methodologies in an attempt to improve their search results, which could adversely affect the placement of our search result page ranking. If search engine companies modify their search algorithms in ways that are detrimental to our new user growth or in ways that make it harder for our users to use our websites, or if our competitors' SEO efforts are more successful than ours, overall growth in our user base could slow, user engagement could decrease, and we could lose existing users. These modifications may be prompted by search engine companies entering the online professional networking market or aligning with competitors. Our websites have experienced fluctuations in search result rankings in the past, and we anticipate similar fluctuations in the future. Any reduction in the number of users directed to our websites would harm our business and operating results.

We may not be able to halt the operations of websites that aggregate our data as well as data from other companies, including social networks, or copycat websites that have misappropriated our data in the past or may misappropriate our data in the future. These activities could harm our brand and our business.

From time to time, third parties have misappropriated our data through website scraping, robots or other means and aggregated this data on their websites with data from other companies. In addition, "copycat" websites have misappropriated data on our network and attempted to imitate our brand or the functionality of our websites. These activities could degrade our brands and harm our business. When we have become aware of such websites, we have employed technological or legal measures in an attempt to halt their operations. However, we may not be able to detect all such websites in a timely manner and, even if we could, technological and legal measures may be insufficient to stop their operations. In some cases, particularly in the case of websites operating outside of the United States, our available remedies may not be adequate to protect us against such websites. Regardless of whether we can successfully enforce our rights against these websites, any measures that we may take could require us to expend significant financial or other resources.

If our business fails to attract and retain users, particularly users who create and post original content on our web properties, our financial results will be adversely affected.

Our reliance upon user-generated content requires that we develop and maintain tools and services designed to facilitate:

- creation of user-generated content;
- participation in discussion surrounding such user-generated content;
- evaluation of user-generated content; and
- distribution of user-generated content.

If our development efforts fail to facilitate such activities on our web properties, the level of user engagement and interaction will not increase and may decline. Even if we succeed in facilitating such activities on our sites, there can be no assurance that such improvements will be deployed in a timely or cost-effective manner.

If we fail to increase user engagement and interaction on our web properties, we will not attract and retain a loyal user base or the advertisers who desire to reach them, which will adversely affect our business and our ability to maintain or grow our revenue.

We face risks relating to our foreign operations.

We operate websites serving numerous markets around the world. For the year ended December 31, 2018, approximately 25% of our total revenues were generated outside of the United States. Certain of these amounts are collected in local currency. As a result of operating outside the United States, we are at risk for exchange rate fluctuations between such local currencies and the United States dollar. To date, we have not engaged in exchange rate hedging activities. Even if we were to implement hedging strategies to mitigate this risk, these strategies might not eliminate our exposure to foreign exchange rate fluctuations and would involve costs and risks of their own, such as ongoing management time and expertise, external costs to implement the strategies and potential accounting implications. We are also subject to taxation in foreign jurisdictions. In addition, transactions between our foreign subsidiaries and us may be subject to United States and foreign withholding taxes. Applicable tax rates in foreign jurisdictions differ from those of the United States, and change periodically. The extent, if any, to which we will

receive credit in the United States for taxes we pay in foreign jurisdictions will depend upon the application of limitations set forth in the U.S. Internal Revenue Code, as well as the provisions of any tax treaties that may exist between the United States and such foreign jurisdictions. Our current or future international operations might not succeed for a number of reasons including:

- difficulties in staffing and managing foreign operations;
- competition from local recruiting services or employment advertising agencies;
- operational issues, such as longer customer payment cycles and greater difficulties in collecting accounts receivable;
- seasonal reductions in business activity;

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language and cultural differences;
taxation issues;
foreign exchange controls that might prevent us from repatriating income earned in countries outside the United States;
credit risk;
higher levels of payment fraud;
multiple and conflicting laws and regulations, including complications due to unexpected changes in these laws and regulations;
the burdens of complying with a wide variety of foreign laws and regulations;
difficulties in enforcing intellectual property rights in countries other than the United States; and
general political and economic trends.

Our future growth depends on our ability to expand operations in international markets. We may have limited experience or we may need to rely on business partners in these markets, and our future growth will be materially adversely affected if we are unsuccessful in our international expansion efforts.

We operate local websites in numerous markets around the world. Our future growth will depend significantly on our ability to expand our brands and product offerings in additional international markets. As we expand into new international markets, we may have only limited experience in marketing and operating our products and services in such markets. In other instances, we may have to rely on the efforts and abilities of foreign business partners in such markets. Certain international markets may be slower than domestic markets in adopting the online recruitment and advertising industry medium and, as a result, our operations in international markets may not develop at a rate that supports our level of investment. In addition, business practices in these new international markets may be unlike those in the other markets we serve and we may face increased exposure to fines and penalties under U.S. laws, such as the Foreign Corrupt Practices Act, the U.K. Anti-Bribery Act and local laws prohibiting corrupt payments to governmental officials. Although we have implemented policies and procedures designed to ensure compliance with these laws, we cannot be sure that our employees, contractors or agents will not violate our policies. Any such violations could materially damage our reputation, our brand, our international expansion efforts, our business and our operating results.

We may be impacted by unfavorable decisions in proceedings related to future tax assessments.

We operate in a number of jurisdictions and are from time to time subject to audits and reviews by various taxation authorities with respect to income, payroll, sales and use, and other taxes for current and past periods. We may become subject to future tax assessments by various authorities. The determination of our worldwide provision for income taxes and current and deferred tax assets and liabilities requires judgment and estimation. There are many transactions and calculations where the ultimate tax determination is uncertain. Although we believe our tax estimates are reasonable, the ultimate tax outcome may differ materially from the tax amounts recorded in our consolidated financial statements. Any amount we might be required to pay in connection with an ongoing audit or review or a future tax assessment may have a material adverse effect on our financial position, cash flows or overall results of operations.

Taxation risks could subject us to liability for past sales and cause our future sales to decrease.

We do not collect sales or use tax in certain jurisdictions on the services we provide in the United States. Our operations, and any future expansion of them, along with other aspects of our evolving business, may result in additional sales or use tax obligations.

Currently, the individual states' laws and regulations determine which services performed over the Internet are subject to sales tax. A number of states have been considering or have adopted initiatives that could impose sales tax on certain services delivered electronically. Additionally, many states have implemented laws or regulations requiring out-of-state vendors to collect sales tax following the U.S. Supreme Court's June 2018 decision in *Wayfair v. South Dakota, Inc.* regarding the tax filing obligations of remote sellers. If more states implement such laws or regulations, we could be required to collect sales tax in additional states. Also, a state may take the position that certain services we provide are subject to sales tax under existing regulations. The imposition by state and local governments of various taxes upon certain services delivered over the Internet could create administrative burdens for us, put us at a

competitive disadvantage if they do not impose similar obligations on all of our online competitors and potentially decrease our future sales.

We collect indirect tax (including value added tax and goods and services tax) as applicable on services sold by us on some of our international sites. Additional foreign countries may seek to impose indirect tax collection obligations on us.

A successful assertion by one or more jurisdictions that we should collect sales tax or other indirect tax on the sale of services could result in substantial tax liabilities for past sales, decrease our ability to compete, and otherwise harm our business.

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Because we recognize most of our revenue from our contracts over the term of the agreement, a significant downturn in these businesses may not be immediately reflected in our operating results.

We recognize revenue from sales of our recruiting contracts over the terms of the agreements, which, on average, is approximately 12 months. As a result, a significant portion of the revenue we report in each quarter is generated from agreements entered into during previous quarters. Consequently, a decline in new or renewed agreements in any one quarter may not significantly impact our revenue in that quarter but may, instead, negatively affect our revenue in future quarters. In addition, we may be unable to adjust our fixed costs in response to reduced revenue. Accordingly, the effect of significant declines in the sales of these offerings may not be reflected in our short-term results of operations.

The UK's impending departure from the EU could adversely affect us.

The U.K. held a referendum on June 23, 2016 on its membership in the E.U., in which a majority of voters in the U.K. voted to exit the E.U. (commonly referred to as "Brexit"). The U.K.'s departure from the E.U. is currently scheduled to take place on Friday, March 29, 2019. Brexit could cause disruptions to and create uncertainty surrounding our business, including affecting our relationships with our existing and future customers and employees based in the UK and Europe. For example, if as a result of Brexit, financial institutions move all or a portion of their operations out of the UK, it may result in decreased demand for jobs in the financial sector in the UK and could negatively impact the performance of our eFinancialCareers business. Further, the potential loss of the EU "passport," or any other potential restriction on free travel of UK citizens to Europe, and vice versa, could adversely impact the jobs market in general and our operations in Europe.

In addition, Brexit has resulted in significant volatility in the value of the British Pound Sterling and Euro currencies. Since our financial statements are denominated in U.S. dollars and we currently do not hedge currency risk, a decline in the value of the Pound or Euro may have an adverse impact on our financial condition and results of operations.

The ultimate effects of Brexit are uncertain and will depend on any agreements the UK makes to retain access to EU markets either during a transitional period or more permanently. Brexit could adversely affect European and worldwide economic and market conditions and could contribute to instability in global financial and foreign exchange markets. Uncertainty over the terms of the U.K.'s departure from the E.U. could harm our business and financial results. In addition, other E.U. member countries may consider referendums regarding their E.U. membership. These events, along with any political changes that may occur as a result of Brexit, could cause political and economic uncertainty in Europe. In addition, Brexit is likely to lead to legal uncertainty, including uncertainty regarding data protection, taxation, and potentially divergent national laws and regulations as the UK determines which EU laws to replace or replicate, including the GDPR. Any of these effects of Brexit, and others we cannot anticipate, could adversely affect our business, results of operations and financial condition.

We rely on the services of third-party data center hosting facilities. Interruptions or delays in those services could impair the delivery of our service and harm our business.

Our Dice, eFinancialCareers, and Clearancejobs, and Rigzone website applications utilize cloud computing technology. It is hosted pursuant to service agreements on technology platforms by third-party service providers, primarily through Amazon Web Services (AWS). We do not control the operation of these providers or their facilities, and the facilities are vulnerable to damage, interruption or misconduct. Unanticipated problems at these facilities could result in lengthy interruptions in our services. If the services of one or more of these providers are terminated, disrupted, interrupted or suspended for any reason, we could experience disruption in our ability to provide our services, which may harm our business and reputation. Further, any damage to, or failure of, the cloud services we use could result in interruptions in our services. Interruptions in our service may damage our reputation, reduce our revenue, cause us to issue credits or pay penalties, cause customers to terminate their agreements and adversely affect our renewal rates and our ability to attract new customers. While we believe our application and network architecture and use of multiple availability zones and regions within Amazon Web Services Cloud reduce our risk, our business would be harmed if our customers and potential customers believe our services are unreliable.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

We do not own any properties. Our corporate headquarters are located at 1450 Broadway, 29th Floor, New York, New York, where we lease approximately 4,000 square feet. We lease approximately 45,000 square feet of office space in Urbandale, Iowa; 15,000 square feet of office space in London, England; and 28,000 square feet of office space in Centennial, Colorado. In addition, we have small offices in Cincinnati, Ohio; Frankfurt, Germany; Dubai, United Arab Emirates; Singapore; Hong Kong; Beijing, China; and Shanghai, China.

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We are currently in the process of de-registering and liquidating our China locations as we no longer have ongoing trade purpose for them. During 2018, we subleased two of our leased properties. Our prior corporate headquarters, which was located at 1040 Avenue of Americas, New York, New York and included approximately 13,000 square feet, was subleased to a third party during the third quarter of 2018. We closed our San Jose office in the second quarter of 2018 and subleased the property, which included approximately 16,000 square feet, to a third party during the third quarter of 2018.

We believe that our facilities are generally adequate for current and anticipated future use, although we may from time to time lease additional facilities as operations require.

Item 3. 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 unrecorded pending legal proceedings. See also Note 9 of the Notes to Consolidated Financial Statements.

Item 4. Mine Safety Disclosures

None.

PART II

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Our common stock is listed on the NYSE under the ticker symbol “DHX”. We have not listed our stock on any other markets or exchanges. Prior to July 18, 2007, there was no public market for our common stock.

Holder

As of December 31, 2018, there were 23 stockholders of record of our common stock. A significant number of the outstanding shares of common stock which are beneficially owned by individuals and entities are registered in the name of Cede & Co. Cede & Co. is a nominee of The Depository Trust Company, a securities depository for banks and brokerage firms.

Dividend Policy

We have not declared or paid any cash dividends on our stock as a public company. We currently anticipate that all future earnings will be retained by the Company to support our long-term growth strategy. Accordingly, we do not anticipate paying periodic cash dividends on our stock for the foreseeable future.

Furthermore, we are restricted by our Credit Agreement in the amount of cash dividends that we can pay.

The payment of any future dividends will be at the discretion of our board of directors and subject to the Credit Agreement and will depend upon, among other things, future earnings, operations, capital requirements, our general financial condition, contractual restrictions and general business conditions.

Repurchases of Equity Securities

Our board of directors approved a stock repurchase program that permitted the Company to repurchase our common stock. The following table summarizes the stock repurchase plans approved by the board of directors:

	VI	VII
Approval Date	December 2015	May 2018
Authorized Repurchase Amount of Common Stock	\$50 million	\$7 million
Effective Dates	December 2015 to December 2016	May 2018 to May 2019

The Company is currently under the Stock Repurchase Plan VII, 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.

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During the three months ended December 31, 2018, purchases of our common stock pursuant to the Stock Repurchase Plans were as follows:

Period	(a) Total Number of Shares Purchased [1]	(b) Average Price Paid per Share [2]	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
October 1 through October 31, 2018	270,666	\$ 1.82	270,666	5,666,227
November 1 through November 30, 2018	169,144	\$ 1.78	169,144	5,378,290
December 1 through December 31, 2018	244,313	\$ 1.62	244,313	5,022,517
Total	684,123	\$ 1.74	684,123	

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

[2] Average price paid per share includes costs associated with the repurchases.

Securities Authorized for Issuance under Equity Compensation Plans

The following table sets forth information required by this item as of December 31, 2018 regarding compensation plans under which the Company's equity securities are authorized for issuance:

(a) Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights	(b) Weighted- Average Exercise Price of	(c)
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