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

FORM 10-K

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x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2017
or

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
Commission file number: 000-50129

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

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

1325 Avenue of the Americas, New York, NY 10019

(Address of principal executive offices) (Zip Code)
(212) 351-7300
(Registrant’s telephone number, including area code)

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

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

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

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

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 x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit to post such flies). Yes x No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K 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. x

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

Large accelerated filer	o		Accelerated filer	o
Non-accelerated filer	o	(do not check if a smaller reporting company)	Smaller reporting company	x
			Emerging growth company	o

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. o

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

The aggregate market value of the voting common stock held by non-affiliates of the registrant was approximately $37,596,000 based on the closing price of the Common Stock on the NASDAQ Global Select Market on June 30, 2017.

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

Class	**Outstanding on January 31, 2018**
Common Stock - $0.001 par value	**31,158,407**

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement for the 2018 Annual Meeting of Stockholders are incorporated by reference into Part III.

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PART I

ITEM 1. BUSINESS

Hudson Global, Inc. (the "Company" or "Hudson", "we", "us" and "our") provides specialized professional-level recruitment and related talent solutions worldwide. Core service offerings include Permanent Recruitment, Contracting, Recruitment Process Outsourcing ("RPO") and Talent Management Solutions. Hudson has approximately 1,500 employees and operates in 13 countries with three reportable geographic business segments: Hudson Americas, Hudson Asia Pacific, and Hudson Europe. We are a Delaware corporation and have operated as an independent publicly-held company since April 1, 2003 when Monster Worldwide, Inc., formerly TMP Worldwide, Inc., spun off its eResourcing division.

For the year ended December 31, 2017, the amounts and percentages of the Company's total gross margin from the three reportable segments were as follows:

	Gross Margin	
$ in thousands	Amount	Percentage
Hudson Americas	$ 14,420	7.8%
Hudson Asia Pacific	93,623	50.1%
Hudson Europe	78,693	42.1%
Total	$ 186,736	100.0%

The Company's core service offerings include:

Permanent Recruitment: Offered on both a retained and contingent basis, Hudson's Permanent Recruitment services leverage the Company's consultants, supported by the Company's specialists in the delivery of its proprietary methods to identify, select and engage the best-fit talent for critical client roles.

Contracting: In Contracting, Hudson provides a range of project management, interim management and professional contract staffing services. These services draw upon a combination of specialized recruiting and project management competencies to deliver a wide range of solutions. Hudson-employed professionals - either individually or as a team - are placed with client organizations for a defined period of time based on specific business needs.

RPO: Hudson RPO delivers both permanent recruitment and contracting outsourced recruitment solutions tailored to the individual needs of primarily mid-to-large-cap multinational companies. Hudson RPO's delivery teams utilize state-of-the-art recruitment process methodologies and project management expertise in their flexible, turnkey solutions to meet clients' ongoing business needs. Hudson RPO services include complete recruitment outsourcing, project-based outsourcing, contingent workforce solutions and recruitment consulting.

Talent Management Solutions: Featuring embedded proprietary talent assessment and selection methodologies, Hudson's Talent Management Solutions capability encompasses services such as talent assessment (utilizing a variety of competency, attitude and experiential testing), interview training, executive coaching, employee development and outplacement.

For the year ended December 31, 2017, the amounts and percentages of the Company's total gross margin from the core service offerings were as follows:

	Gross Margin	
$ in thousands	Amount	Percentage
Permanent Recruitment	$ 81,229	43.6 %
Contracting	32,138	17.2 %
RPO	42,090	22.5 %
Talent Management Solutions	31,404	16.8 %
Other	(125)	(0.1)%
Total	$ 186,736	100.0 %

On December 17, 2017, the Company entered into agreements to sell subsidiary businesses in Europe, Belgium and Asia Pacific (the "Sale Transactions"). The subsidiaries to be sold represent divisions of the Company that specialize in providing recruitment and talent management services to customers. The sales exclude the assets of the subsidiary's Recruitment Process Outsourcing Business ("RPO Business"). The closing of each Sale Transaction will be contingent upon the closing of each other Sale Transaction. The sales, taken together, constitute a sale of substantially all of the Company's assets under the Delaware General Corporation Law, and, as such, the Company is seeking stockholder approval of the sale of substantially all of the Company's assets pursuant to the agreements. Subject to receipt of stockholder approval and satisfaction of the customary closing conditions, the Company expects to close the transactions at the end of March 2018.

On June 15, 2015, the Company completed the sale of substantially all of the assets (excluding working capital) of its Hudson Information Technology (US) business (the "US IT business") to Mastech, Inc. As a result, the Company no longer has an Americas' Information Technology contracting practice. The Company also completed the sale of its Netherlands business to InterBalanceGroup BV effective April 30, 2015.

On November 7, 2014, the Company completed the sale of substantially all of the assets and liabilities of its Legal eDiscovery business in the United States and United Kingdom. As a result, the Company no longer has operations in the Legal eDiscovery business. In addition, the Company ceased direct operations in Sweden during the third quarter of 2014.

CLIENTS

The Company's clients include small to large-sized corporations and government agencies. For the year ended December 31, 2017, within revenue from continuing operations, there were approximately 60 Hudson Americas clients (as compared to approximately 50 in 2016), 2,600 Hudson Asia Pacific clients (as compared to 2,800 in 2016) and 2,900 Hudson Europe clients (as compared to 3,200 in 2016).

For the year ended December 31, 2017, no single client accounted for more than 10% of the Company's total revenue. As of December 31, 2017, no single client accounted for more than 10% of the Company's total outstanding accounts receivable.

EMPLOYEES

The Company employs approximately 1,500 people worldwide. In most jurisdictions, the Company's employees are not represented by a labor union or covered by a collective bargaining agreement. The Company regards its relationships with its employees as satisfactory.

SALES AND MARKETING

Hudson's employees include approximately 1,100 client-facing consultants who sell and deliver its portfolio of services to its existing client base of approximately 5,600 companies. The Company's consultant population has deep expertise in specific functional areas and industry sectors, and provides broad-based recruitment and solution services based on the needs of the client on a regional and global basis.

COMPETITION

The markets for the Company's services and products are highly competitive. There are few barriers to entry, so new entrants occur frequently, resulting in considerable market fragmentation. Companies in this industry compete on a number of parameters, including degree and quality of candidate and position knowledge, industry expertise, global presence, scalability, service quality, and efficiency in completing assignments. Typically, companies with greater strength in these parameters garner higher margins.

SEGMENT AND GEOGRAPHIC DATA

Financial information concerning the Company's reportable segments and geographic areas of operation is included in Note 19 of the Notes to Consolidated Financial Statements contained in Item 8 of this Form 10-K.

AVAILABLE INFORMATION

We maintain a website with the address *www.hudson.com*. We are not including the information contained on our website as part of, or incorporating it by reference into, this report. Through our website, we make available free of charge (other than an investor's own Internet access charges) our annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports

on Form 8-K, and amendments to these reports in a timely manner after we provide them to the Securities and Exchange Commission ("SEC").

ITEM 1A. RISK FACTORS

The following risk factors and other information included in this Annual Report on Form 10-K should be carefully considered. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may impair our business operations. If any of the following risks occur, our business, financial condition, results of operations, and cash flows could be materially adversely affected.

Our operations will be affected by global economic fluctuations.

Clients' demand for our services may fluctuate widely with changes in economic conditions in the markets in which we operate. Those conditions include slower employment growth or reductions in employment, which directly impact our service offerings. In addition, certain geopolitical events, including the United Kingdom’s vote to withdraw from the European Union ("Brexit"), have caused significant economic, market, political and regulatory uncertainty in some of the Company’s markets. We have limited flexibility to reduce expenses during economic downturns due to some overhead costs that are fixed in the short-term. Furthermore, we may face increased pricing pressures during these periods. For example, in prior economic downturns, many employers in our operating regions reduced their overall workforce to reflect the slowing demand for their products and services.

We may not be able to successfully execute our strategic initiatives or meet our long-term financial goals.

We have been engaged in strategic initiatives to refocus on our core business to maximize long-term stockholder value, to improve our cost structure and efficiency and to increase our selling efforts and developing new business. We cannot provide any assurance that we will be able to successfully execute these or other strategic initiatives or that we will be able to execute these initiatives on our expected timetable. We may not be successful in refocusing our core business and obtaining operational efficiencies or replacing revenues lost as a result of these strategic initiatives.

While the Sale Transactions are pending, it creates uncertainty about our future that could have a material adverse effect on our business, financial condition and results of operations.

While the Sale Transactions are pending, it creates uncertainty about our future. As a result of this uncertainty, our current or potential business partners may decide to delay, defer or cancel entering into new business arrangements with us pending closing or termination of the Sale Transactions. In addition, while the Sale Transactions are pending, we are subject to a number of risks, including:

- the diversion of management and employee attention from our day-to-day business;
- the possible inability to retain employees during the pendency of the Sale Transactions;
- the potential disruption to business partners and other service providers; and
- the possible inability to respond effectively to competitive pressures, industry developments and future opportunities.

The occurrence of any of these events individually or in combination could have a material adverse effect on our business, financial condition and results of operation.

You are not guaranteed any of the proceeds from the Sale Transactions.

The purchase price for each of the Sale Transactions will be paid directly to the Company or one of its subsidiaries. Hudson intends to use the proceeds from the Sale Transactions for the purposes of investing in its RPO business, reducing support staff costs, continuing Hudson’s existing share repurchase program and other general corporate purposes. Hudson could spend or invest the net proceeds from the Sale Transactions in ways with which our stockholders may not agree. The investment of these proceeds may not yield a favorable return.

We will be a very small public company with a large cash balance relative to our market capitalization.

Once the Sale Transactions are completed, we will remain a publicly traded company and will continue to be subject to the listing standards of The Nasdaq Stock Market and SEC rules and regulations, including the Dodd-Frank Wall Street Reform and Consumer Protection Act and the Sarbanes-Oxley Act of 2002. As a result, we will continue to incur additional ongoing operating expenses and we cannot assure how much of the cash proceeds, if any, will ultimately be distributed to stockholders.

Our ability to execute our strategy following the Sale Transactions depends on our ability to retain and recruit qualified management and/or advisors.

Our ability to execute our strategy following the closing of the Sale Transactions requires that we retain and recruit personnel with experience in our RPO Business.

Following the Sale Transactions, our profitability and growth will depend on the success of our remaining global RPO Business, which is subject to a variety of business risks and uncertainties.

After completion of the Sale Transactions, we will be focused on our global RPO Business. Any evaluation of our RPO Business and our prospects following the Sale Transactions must be considered in light of the risks and uncertainties stated above, as well as the following:

- the ability to maintain our relationships with our existing clients;
- the ability to attract new clients;
- potential capital costs used for investment in the RPO Business, including potential costs to complete a reduction in support staff costs;
- the ability to achieve on a timely basis the anticipated cost savings as a result of the planned reduction in support staff; and
- the ability to operate within the limitations imposed by our credit facility and to maintain or generate the amount of cash required to operate the RPO Business.

If we are unable to address these risks, our business, results of operations and prospects following the closing of the Sale Transactions could suffer.

If we fail to complete the Sale Transactions, our business may be harmed.

We cannot assure you that the Sale Transactions will be completed. The closing of the Sale Transactions is subject to the satisfaction of a number of conditions, including, among others, the requirement that stockholders approve the Sale Transactions and that each Sale Transaction will be contingent upon the closing of each other Sale Transaction. We cannot guarantee that we will be able to meet all of the closing conditions of the sale agreements. If we are unable to meet all of the closing conditions for a specific sale agreement, the applicable purchaser is not obligated to close on such Sale Transaction. We also cannot be sure that other circumstances will not arise that would allow a purchaser to terminate a sale agreement prior to its closing. If stockholders do not approve the Sale Transactions or we do not close some or all the Sale Transactions, the Board of Directors will be forced to evaluate other alternatives, which may be less favorable to us than the proposed Sale Transactions.

In addition, if the Sale Transactions are not consummated, our directors, executive officers and other employees will have expended extensive time and effort and will have experienced significant distractions from their work during the pendency of the Sale Transactions and we will have incurred significant transaction costs, in each case, without any commensurate benefit, which may have a material and adverse effect on our stock price and results of operations.

If the proposed Sale Transactions are not completed, we may explore other potential transactions, but alternatives may be less favorable to us.

If the proposed Sale Transactions are not completed, we may explore other strategic alternatives, including a sale of the subsidiary businesses in Europe, Belgium and Asia Pacific to another party or parties. An alternative transaction may have terms that are less favorable to us than the terms of the proposed Sale Transactions, or we may be unable to reach agreement with any third party on an alternate transaction that we would consider to be reasonable.

Our operating results fluctuate from quarter to quarter; no single quarter is predictive of future periods' results.

Our operating results fluctuate quarter to quarter primarily due to the vacation periods during the first quarter in the Asia Pacific region and the third quarter in the Americas and Europe regions. Demand for our services is typically lower during

traditional national vacation periods when clients and candidates are on vacation.

Our revenue can vary because our clients can terminate their relationship with us at any time with limited or no penalty.

We provide professional mid-level personnel on temporary assignment-by-assignment basis, which clients can generally terminate at any time or reduce their level of use when compared to prior periods. Our professional recruitment business is also significantly affected by our clients' hiring needs and their views of their future prospects. These factors can also affect our RPO business. Clients may, on very short notice, terminate, reduce or postpone their recruiting assignments with us and, therefore, affect demand for our services. This could have a material adverse effect on our business, financial condition and results of operations.

Our markets are highly competitive.

The markets for our services are highly competitive. Our markets are characterized by pressures to provide high levels of service, incorporate new capabilities and technologies, accelerate job completion schedules and reduce prices. Furthermore, we face competition from a number of sources. These sources include other executive search firms and professional search, staffing and consulting firms. Several of our competitors have greater financial and marketing resources than we do. Due to competition, we may experience reduced margins on our services, loss of market share and our customers. If we are not able to compete effectively with current or future competitors as a result of these and other factors, our business, financial condition and results of operations could be materially adversely affected.

We have no significant proprietary technology that would preclude or inhibit competitors from entering the mid-level professional staffing markets. We cannot provide assurance that existing or future competitors will not develop or offer services that provide significant performance, price, creative or other advantages over our services. In addition, we believe that, with continuing development of information technology, the industries in which we compete may attract new competitors. Specifically, the increased use of the web-based and mobile technology may attract technology-oriented companies to the professional staffing industry. We cannot provide assurance that we will be able to continue to compete effectively against existing or future competitors. Any of these events could have a material adverse effect on our business, financial condition and results of operations.

We have had periods of negative cash flows and operating losses that may recur in the future.

We have experienced negative cash flows and reported operating and net losses in the past. For example, we had net losses for the years ended December 31, 2017 and 2016. We cannot provide any assurance that we will have positive cash flows or operating profitability in the future, particularly to the extent the global economy recovers slowly or slows down. If our revenue declines or if operating expenses exceed our expectations, we may not be profitable and may not generate positive operating cash flows.

Our credit facilities restrict our operating flexibility.

Our credit facilities contain various restrictions and covenants that restrict our operating flexibility including:

- borrowings limited to eligible receivables;
- lenders' ability to impose restrictions, such as payroll or other reserves;
- limitations on payments of dividends by our subsidiaries to us, which may restrict our ability to pay dividends to our shareholders;
- restrictions on our ability to make additional borrowings, or to consolidate, merge or otherwise fundamentally change our ownership;
- limitations on capital expenditures, investments, dispositions of assets, guarantees of indebtedness, permitted acquisitions and repurchases of stock; and
- limitations on certain intercompany payments of expenses, interest and dividends.

These restrictions and covenants could have adverse consequences for investors, including the consequences of our need

to use a portion of our cash flow from operations for debt service, rather than for our operations, restrictions on our ability to incur additional debt financing for future working capital or capital expenditures, a lesser ability for us to take advantage of significant business opportunities, such as acquisition opportunities, the potential need for us to undertake equity transactions which may dilute the ownership of existing investors, and our inability to react to market conditions by selling lesser-performing assets.

In addition, a default, amendment or waiver to our credit facilities to avoid a default may result in higher rates of interest and could impact our ability to obtain additional borrowings. Finally, debt incurred under our credit facilities bears interest at variable rates. Any increase in interest expense could reduce the funds available for operations.

Extensions of credit under our existing agreements are permitted based on a borrowing base, which is an agreed percentage of eligible accounts receivable, less required reserves, applicable letters of credit and outstanding borrowings. If the amount or quality of our accounts receivable deteriorates, then our ability to borrow under these credit facilities will be directly affected. Furthermore, our receivables facilities with National Australia Bank Limited and Bank of New Zealand do not have a stated maturity date and can be terminated by National Australia Bank Limited and Bank of New Zealand upon 90 days' written notice, and our receivables finance agreement with Lloyds Bank PLC and Lloyds Bank Commercial Finance can be terminated by Lloyds Bank PLC and Lloyds Bank Commercial Finance upon three months' written notice. We cannot provide assurance that we will be able to borrow under these credit facilities if we need cash to fund working capital or other needs.

If sources of liquidity are not available or if we cannot generate sufficient cash flows from operations, then we may be required to obtain additional sources of funds through additional operating improvements, capital markets transactions, asset sales or financing from third parties, or a combination thereof and, under certain conditions, such transactions could substantially dilute the ownership of existing stockholders. We cannot provide assurance that the additional sources of funds will be available, or if available, would have reasonable terms.

Our investment strategy subjects us to risks.

From time to time, we make investments as part of our growth plans. Investments may not perform as expected because they are dependent on a variety of factors, including our ability to effectively integrate new personnel and operations, our ability to sell new services, and our ability to retain existing or gain new clients. Furthermore, we may need to borrow more cash from lenders or sell equity or debt securities to the public to finance future investments and the terms of these financings may be adverse to us.

We face risks related to our international operations.

We conduct direct operations in 13 countries and face both translation and transaction risks related to foreign currency exchange. For the year ended December 31, 2017, approximately 92% of our gross margin was earned outside of the United States ("U.S."). Our financial results could be materially affected by a number of factors particular to international operations. These include, but are not limited to, difficulties in staffing and managing international operations, operational issues such as longer customer payment cycles and greater difficulties in collecting accounts receivable, changes in tax laws or other regulatory requirements, issues relating to uncertainties of laws and enforcement relating to the regulation and protection of intellectual property, and currency fluctuation. If we are forced to discontinue any of our international operations, we could incur material costs to close down such operations.

Regarding the foreign currency risk inherent in international operations, the results of our local operations are reported in the applicable foreign currencies and then translated into U.S. dollars at the applicable foreign currency exchange rates for inclusion in our financial statements. In addition, we generally pay operating expenses in the corresponding local currency. Because of devaluations and fluctuations in currency exchange rates or the imposition of limitations on conversion of foreign currencies into U.S. dollars, we are subject to currency translation exposure on the revenue and income of our operations in addition to economic exposure. Our consolidated U.S. dollar cash balance could be lower because a significant amount of cash is generated outside of the U.S. This risk could have a material adverse effect on our business, financial condition and results of operations.

We depend on our key management personnel.

Our success depends to a significant extent on our senior management team. The loss of the services of one or more key senior management team member could have a material adverse effect on our business, financial condition and results of operations. In addition, if one or more key employees join a competitor or form a competing company, the resulting loss of existing or potential clients could have a material adverse effect on our business, financial condition and results of operations.

Failure to attract and retain qualified personnel could negatively impact our business, financial condition and results of operations.

Our success also depends upon our ability to attract and retain highly-skilled professionals who possess the skills and experience necessary to meet the staffing requirements of our clients. We must continually evaluate and upgrade our base of available qualified personnel to keep pace with changing client needs and emerging technologies. Furthermore, a substantial number of our contractors during any given year may terminate their employment with us and accept regular staff employment with our clients. Competition for qualified professionals with proven skills is intense, and demand for these individuals is expected to remain strong for the foreseeable future. There can be no assurance that qualified personnel will continue to be available to us in sufficient numbers. If we are unable to attract the necessary qualified personnel for our clients, it may have a negative impact on our business, financial condition and results of operations.

We face risks in collecting our accounts receivable.

In virtually all of our businesses, we invoice customers after providing services, which creates accounts receivable. Delays or defaults in payments owed to us could have a significant adverse impact on our business, financial condition and results of operations. Factors that could cause a delay or default include, but are not limited to, global economic conditions, business failures, and turmoil in the financial and credit markets.

In certain situations, we provide our services to clients under a contractual relationship with a third-party vendor manager, rather than directly to the client. In those circumstances, the third-party vendor manager is typically responsible for aggregating billing information, collecting receivables from the client and paying staffing suppliers once funds are received from the client. In the event that the client has paid the vendor manager for our services and we are unable to collect from the vendor manager, we may be exposed to financial losses.

If we are unable to maintain costs at an acceptable level, our operations could be adversely impacted.

Our ability to reduce costs in line with our revenues is important for the improvement of our profitability. Efforts to improve our efficiency could be affected by several factors including turnover, client demands, market conditions, changes in laws, and availability of talent. If we fail to realize the expected benefits of these cost reduction initiatives, this could have an adverse effect on our financial condition and results of operations.

We rely on our information systems, and if we lose our information processing capabilities or fail to further develop our technology, our business could be adversely affected.

Our success depends in large part upon our ability to store, retrieve, process, and manage substantial amounts of information, including our client and candidate databases. To achieve our strategic objectives and to remain competitive, we must continue to develop and enhance our information systems. This may require the acquisition of equipment and software and the development, either internally or through independent consultants, of new proprietary software. If we are unable to design, develop, implement and utilize, in a cost-effective manner, information systems that provide the capabilities necessary for us to compete effectively, or if we experience any interruption or loss of our information processing capabilities, for any reason, this could adversely affect our business, financial condition and results of operations.

As we operate in an international environment, we are subject to greater cyber-security risks and incidents. We also use mobile devices, social networking and other online activities to connect with our candidates, clients and business partners. While we have implemented measures to prevent security breaches and cyber incidents, our measures may not be effective and any security breaches or cyber incidents could adversely affect our business, financial condition and results of operations.

Our business depends on uninterrupted service to clients.

Our operations depend on our ability to protect our facilities, computer and telecommunication equipment and software systems against damage or interruption from fire, power loss, cyber attacks, sabotage, telecommunications interruption, weather conditions, natural disasters and other similar events. Additionally, severe weather can cause our employees or contractors to miss work and interrupt delivery of our service, potentially resulting in a loss of revenue. While interruptions of these types that have occurred in the past have not caused material disruption, it is not possible to predict the type, severity or frequency of interruptions in the future or their impact on our business.

We may be exposed to employment-related claims, legal liability and costs from clients, employees and regulatory authorities that could adversely affect our business, financial condition or results of operations, and our insurance coverage may not cover all of our potential liability.

We are in the business of employing people and placing them in the workplaces of other businesses. Risks relating to these activities include:

- claims of misconduct or negligence on the part of our employees;
- claims by our employees of discrimination or harassment directed at them, including claims relating to actions of our clients;
- claims related to the employment of illegal aliens or unlicensed personnel;
- claims for payment of workers' compensation and other similar claims;
- claims for violations of wage and hour requirements;
- claims for entitlement to employee benefits;
- claims of errors and omissions of our temporary employees;
- claims by taxing authorities related to our independent contractors and the risk that such contractors could be considered employees for tax purposes;
- claims by candidates that we place for wrongful termination or denial of employment;
- claims related to our non-compliance with data protection laws, which require the consent of a candidate to transfer resumes and other data; and
- claims by our clients relating to our employees' misuse of client proprietary information, misappropriation of funds, other misconduct, criminal activity or similar claims.

We are exposed to potential claims with respect to the recruitment process. A client could assert a claim for matters such as breach of a blocking arrangement or recommending a candidate who subsequently proves to be unsuitable for the position filled. Similarly, a client could assert a claim for deceptive trade practices on the grounds that we failed to disclose certain referral information about the candidate or misrepresented material information about the candidate. Further, the current employer of a candidate whom we place could file a claim against us alleging interference with an employment contract. In addition, a candidate could assert an action against us for failure to maintain the confidentiality of the candidate's employment search or for alleged discrimination or other violations of employment law by one of our clients.

We may incur fines and other losses or negative publicity with respect to these problems. In addition, some or all of these claims may give rise to litigation, which could be time-consuming to our management team, costly and could have a negative effect on our business. In some cases, we have agreed to indemnify our clients against some or all of these types of liabilities. We cannot assure that we will not experience these problems in the future, that our insurance will cover all claims, or that our insurance coverage will continue to be available at economically-feasible rates.

Our ability to utilize net operating loss carry-forwards may be limited.

The Company has U.S. net operating loss carry-forwards ("NOLs") that expire through 2037. Section 382 of the U.S. Internal Revenue Code imposes an annual limitation on a corporation's ability to utilize NOLs if it experiences an "ownership change." In general terms, an ownership change may result from transactions increasing the ownership of certain stockholders in the stock of a corporation by greater than 50% over a three-year period. The Company has experienced ownership changes in the past. Ownership changes in our stock, some of which are outside of our control, could result in a limitation in our ability to use our NOLs to offset future taxable income, could cause U.S. Federal income taxes to be paid earlier than otherwise would be paid if such limitation were not in effect and could cause such NOLs to expire unused, reducing or eliminating the benefit of such NOLs.

There may be volatility in our stock price.

The market price for our common stock has fluctuated in the past and could fluctuate substantially in the future. For example, during 2017, the market price of our common stock reported on the NASDAQ Global Select Market ranged from a high of $2.40 to a low of $1.00. Factors such as general macroeconomic conditions adverse to workforce expansion, the announcement of variations in our quarterly financial results or changes in our expected financial results could cause the market price of our common stock to fluctuate significantly. Further, due to the volatility of the stock market, our relatively low daily trading volume or actions by significant stockholders, the price of our common stock could fluctuate for reasons unrelated to our operating performance.

Our future earnings could be reduced as a result of the imposition of licensing or tax requirements or new regulations that prohibit, or restrict certain types of employment services we offer.

In many jurisdictions in which we operate, the provision of temporary staffing is heavily regulated. For example, governmental regulations can restrict the length of contracts of contract employees and the industries in which they may be used. In some countries, special taxes, fees or costs are imposed in connection with the use of contract workers.

The countries in which we operate may:

- create additional regulations that prohibit or restrict the types of employment services that we currently provide;
- impose new or additional benefit requirements;
- require us to obtain additional licensing to provide staffing services;
- impose new or additional restrictions on movements between countries;
- increase taxes, such as sales or value-added taxes, payable by the providers of staffing services;
- increase the number of various tax and compliance audits relating to a variety of regulations, including wage and hour laws, unemployment taxes, workers' compensation, immigration, and income, value-added and sales taxes; or
- revise transfer pricing laws or successfully challenge our transfer prices, which may result in higher foreign taxes or tax liabilities or double taxation of our foreign operations.

Any future regulations that make it more difficult or expensive for us to continue to provide our staffing services may have a material adverse effect on our business, financial condition and results of operations.

Provisions in our organizational documents and Delaware law will make it more difficult for someone to acquire control of us.

Our certificate of incorporation and by-laws and the Delaware General Corporation Law contain several provisions that make it more difficult to acquire control of us in a transaction not approved by our Board of Directors, including transactions in which stockholders might otherwise receive a premium for their shares over then current prices, and that may limit the ability of stockholders to approve transactions that they may deem to be in their best interests. Our certificate of incorporation and by-laws currently include provisions:

- authorizing our Board of Directors to issue shares of our preferred stock in one or more series without further authorization of our stockholders;
- requiring that stockholders provide advance notice of any stockholder nomination of directors or any new business to be considered at any meeting of stockholders; and
- providing that vacancies on our Board of Directors will be filled by the remaining directors then in office.

In addition, Section 203 of the Delaware General Corporation Law generally provides that a corporation may not engage

in any business combination with any interested stockholder during the three-year period following the time that the stockholder becomes an interested stockholder, unless a majority of the directors then in office approve either the business combination or the transaction that results in the stockholder becoming an interested stockholder or specified stockholder approval requirements are met.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

All of the Company's operating offices are located in leased premises. Our principal executive office is located at 1325 Avenue of the Americas, New York, New York, 10019, where we occupy space under a lease expiring in December 2018 with approximately 7,000 aggregate square feet.

Hudson Americas shares our principal executive office and maintains no other leased locations. Hudson Asia Pacific maintains 16 leased locations with approximately 126,000 aggregate square feet. Hudson Europe maintains 16 leased locations with approximately 142,000 aggregate square feet. All leased space is considered to be adequate for the operation of its business, and no difficulties are foreseen in meeting any future space requirements.

ITEM 3. LEGAL PROCEEDINGS

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

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

EXECUTIVE OFFICERS OF THE REGISTRANT

The following table sets forth certain information, as of March 1, 2018, regarding the executive officers of Hudson Global, Inc.:

Name	Age	Title
Stephen A. Nolan	57	Chief Executive Officer
Patrick Lyons	54	Chief Financial Officer and Chief Accounting Officer
David F. Kirby	43	Senior Vice President, Treasury and Investor Relations

The following biographies describe the business experience of our executive officers:

Stephen A. Nolan has served as Chief Executive Officer since May 2015, with overall responsibility for the Company's growth strategy, operational execution, and overall performance. Until August 2015, Mr. Nolan also served concurrently as Executive Vice President and Chief Financial Officer, a position he held since joining the Company in May 2013. Mr. Nolan also served as the Company's Controller from March 2014 to March 2015. Mr. Nolan has more than 30 years of experience in accounting and finance, and has served as Chief Financial Officer for both Adecco Group North America and DHL Global Forwarding North America. From 2004 until 2012, Mr. Nolan served as Chief Financial Officer of Adecco Group North America, a staffing and human capital division of Adecco SA, one of the world's leading human resources service providers. During his tenure at Adecco, he helped drive strong performance during a market downturn, spearheaded a major back office transformation and led the acquisition of MPS. Earlier in his career, he spent 15 years with Reckitt Benckiser, including two in the UK. Mr. Nolan is a Chartered Accountant and began his career as Audit Senior with PricewaterhouseCoopers in Ireland.

Patrick Lyons has served as Chief Financial Officer and Chief Accounting Officer since August 2015 with overall responsibility for the Company's global accounting and finance functions. Prior to that, Mr. Lyons served as Vice President, Planning since 2010 and prior to that as Chief Financial Officer, Americas, since joining the Company in 2006. Having served for more than 25 years in professional services financial management and leadership roles, Mr. Lyons combines analytical rigor with hands-on execution focus, driving accountability and accuracy in financial reporting, cost control and profitability. Before joining the Company, Mr. Lyons held Chief Financial Officer roles at two staffing companies, Strategic Legal Resources and Adecco Staffing USA. Previously, Mr. Lyons worked for the TNT Group and Arthur Andersen where he qualified as a Chartered Accountant.

David F. Kirby, has served as Senior Vice President, Treasury and Investor Relations since August 2015. Prior to that, Mr. Kirby served as Vice President, Finance since 2011 and as Assistant Treasurer since 2008. Prior to that, Mr. Kirby served in a variety of roles in finance, treasury and investor relations since joining the Company in 2001. Prior to joining the Company, Mr. Kirby held positions at TMP Worldwide, TransportEdge, and Merrill Lynch.

Executive officers are elected by and serve at the discretion of the Board of Directors. There are no family relationships between any of our directors or executive officers.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

MARKET FOR COMMON STOCK

As the Company is a "smaller reporting company," it is not required to provide the performance graph required in paragraph (e) of Item 201 of Regulation S-K.

The Company's common stock was listed for trading on the NASDAQ Global Select Market during 2017 under the symbol "HSON." On January 31, 2018, there were approximately 369 holders of record of the Company's common stock.

The following is a list by fiscal quarter of the market prices of the Company's common stock.

	Market Price	
	High	Low
2017		
Fourth quarter	$ 2.40	$ 1.29
Third quarter	$ 1.56	$ 1.26
Second quarter	$ 1.55	$ 1.05
First quarter	$ 1.50	$ 1.00
2016		
Fourth quarter	$ 1.70	$ 1.20
Third quarter	$ 2.41	$ 1.46
Second quarter	$ 2.74	$ 1.85
First quarter	$ 2.97	$ 2.22

DIVIDENDS

In December 2015, our Board of Directors determined that we would pay a quarterly cash dividend on our common stock. The Company paid two cash dividends of $0.05 per share during fiscal 2016, the first on March 25, 2016 to shareholders of record as of March 15, 2016 and the second on June 24, 2016 to shareholders of record as of June 14, 2016. As a result, for the year ended December 31, 2016, the Company paid a total of $3.4 million in dividends to shareholders. The cash dividend payments are applied to accumulated deficit.

In September 2016, the Board of Directors determined that the acceleration of the Company's stock repurchase program was a better use of capital and, accordingly, stopped paying a quarterly cash dividend. Payment of any future cash dividends is at the discretion of the Board of Directors and will depend upon our financial condition, capital requirements, earnings and other factors deemed relevant by our Board of Directors. In addition, the terms of the credit agreements of our subsidiaries may restrict such subsidiaries from paying dividends and making other distributions to us that would provide us with cash to pay dividends to our shareholders.

ISSUER PURCHASES OF EQUITY SECURITIES

The Company's purchases of its common stock during the fourth quarter of fiscal 2017 were as follows:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (a)
October 1, 2017 - October 31, 2017	21,341	1.52	21,341	$ 2,751,000
November 1, 2017 - November 30, 2017	59,518	1.47	59,518	2,663,000
December 1, 2017 - December 31, 2017	25,785	1.34	25,785	2,628,000
Total	106,644	$ 1.45	106,644	$ 2,628,000

(a) On July 30, 2015, the Company announced that its Board of Directors authorized the repurchase of up to $10.0 million of the Company's common stock. The authorization does not expire. As of December 31, 2017, the Company had repurchased 3,639,405 shares for a total cost of approximately $7.4 million under this authorization. From time to time, the Company may enter into a Rule 10b5-1 trading plan for purposes of repurchasing common stock under this authorization.

ITEM 6.   SELECTED FINANCIAL DATA

The following table shows selected financial data of the Company that has been adjusted to reflect the classification of certain businesses as discontinued operations. The data has been derived from, and should be read together with, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and corresponding notes and the Consolidated Financial Statements included in Items 7 and 8 of this Form 10-K.

	Year Ended December 31,				
$ in thousands, except per share data	2017	2016	2015	2014	2013
SUMMARY OF OPERATIONS (a):					
Revenue	$ 456,721	$ 422,744	$ 463,197	$ 581,192	$ 562,572
Gross margin	$ 186,736	$ 174,417	$ 187,710	$ 222,845	$ 209,429
Business reorganization	$ 712	$ 1,580	$ 5,828	$ 3,789	$ 5,440
Operating income (loss)	$ 277	$ (7,587)	$ 3,241	$ (17,486)	$ (27,152)
Income (loss) from continuing operations	$ (2,920)	$ (8,933)	$ 1,607	$ (15,786)	$ (30,211)
Income (loss) from discontinued operations, net of income taxes	$ (21)	$ 143	$ 722	$ 2,592	$ (184)
Net income (loss)	$ (2,941)	$ (8,790)	$ 2,329	$ (13,194)	$ (30,395)
Basic income (loss) per share from continuing operations	$ (0.09)	$ (0.27)	$ 0.05	$ (0.48)	$ (0.93)
Basic net income (loss) per share	$ (0.09)	$ (0.26)	$ 0.07	$ (0.40)	$ (0.94)
Diluted income (loss) per share from continuing operations	$ (0.09)	$ (0.27)	$ 0.05	$ (0.48)	$ (0.93)
Diluted net income (loss) per share	$ (0.09)	$ (0.26)	$ 0.07	$ (0.40)	$ (0.94)
OTHER FINANCIAL DATA:					
Net cash provided by (used in) operating activities	$ 2,426	$ (9,420)	$ (17,351)	$ (17,840)	$ 2,513
Net cash provided by (used in) investing activities	$ (1,471)	$ (2,724)	$ 21,648	$ 16,731	$ (2,557)
Net cash provided by (used in) financing activities	$ (2,518)	$ (2,930)	$ 644	$ (1,256)	$ (497)
BALANCE SHEET DATA:					
Current assets	$ 97,043	$ 84,142	$ 106,143	$ 118,921	$ 134,323
Total assets	$ 111,640	$ 101,812	$ 124,949	$ 139,672	$ 158,829
Current liabilities	$ 60,577	$ 50,579	$ 51,591	$ 67,117	$ 69,818
Total stockholders’ equity	$ 43,152	$ 41,885	$ 61,180	$ 59,257	$ 74,385
OTHER DATA:					
EBITDA (loss) (b)	$ 2,515	$ (4,744)	$ 6,820	$ (11,725)	$ (20,471)

(a) Effective June 14, 2015, the Company completed the sale of substantially all of the assets (excluding working capital) of its US IT business to Mastech, Inc. The Company also completed the sale of its Netherlands business to InterBalanceGroup BV effective April 30, 2015. In addition, during 2015, the Company’s Board of Directors and management approved the exit of operations in certain countries within Central and Eastern Europe (Ukraine, Czech Republic, and Slovakia), Luxembourg and Ireland. As these actions did not meet the requirements for classification as discontinued operations, the operating results and gain (loss) on sale and exit of businesses are presented as components of income (loss) from continuing operations. See Note 3 included in Item 8 of this Form 10-K for additional information.

Effective November 9, 2014, the Company completed the sale of substantially all of the assets and certain liabilities of its Legal eDiscovery business in the U.S and U.K. to Document Technologies, LLC and DTI of London Limited. In addition, the Company ceased its operations in Sweden within the Hudson Europe segment during the third quarter of 2014. The results of operations of the Legal eDiscovery business and the Company's operations in Sweden have been reclassified to discontinued operations for all periods presented and has been excluded from continuing operations in accordance with the provisions of Accounting Standards Codification ("ASC") 205-20-45, "*Reporting Discontinued Operations*." See Note 4 included in Item 8 of this Form 10-K for additional information.

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

Management also uses this measurement to evaluate working capital requirements. EBITDA should not be considered in isolation or as a substitute for operating income and net income prepared in accordance with generally accepted accounting principles or as a measure of the Company's profitability. See Note 19 to the Consolidated Financial Statements for further EBITDA segment and reconciliation information.

ITEM 7.MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") should be read in conjunction with the Consolidated Financial Statements and the notes thereto, included in Item 8 of this Form 10-K. This MD&A contains forward-looking statements. Please see "FORWARD-LOOKING STATEMENTS" for a discussion of the uncertainties, risks and assumptions associated with these statements. This MD&A also uses the non-generally accepted accounting principle measure of earnings before interest, taxes, depreciation and amortization ("EBITDA"). See Note 19 to the Consolidated Financial Statements for EBITDA segment reconciliation information.

This MD&A includes the following sections:

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

Executive Overview

The Company has expertise in recruiting mid-level professional talent across all management disciplines in a wide range of industries. The Company matches clients and candidates to address client needs on a part time, full time and interim basis. Part of that expertise is derived from research on hiring trends and the Company's clients' current successes and challenges with their staff. This research has helped enhance the Company's understanding about the number of new hires that do not meet its clients' long-term goals, the reasons why, and the resulting costs to the Company's clients. With operations in 13 countries and relationships with specialized professionals around the world, the Company brings a strong ability to match talent with opportunities by assessing, recruiting, developing and engaging the best and brightest people for the Company's clients. The Company combines broad geographic presence, world-class talent solutions and a tailored, consultative approach to help businesses and professionals achieve maximum performance. The Company's focus is to continually upgrade its service offerings, delivery capability and assessment tools to make candidates more successful in achieving its clients' business requirements.

The Company's proprietary frameworks, assessment tools and leadership development programs, coupled with its broad geographic footprint, have allowed the Company to design and implement regional and global recruitment solutions that the Company believes greatly enhance the quality of its client's hiring.

To accelerate the implementation of the Company's strategy, the Company has engaged in the following initiatives:

- Investing in the core businesses and practices that present the greatest potential for profitable growth.
- Facilitating growth and development of the global RPO business.
- Building and differentiating the Company's brand through its unique talent solutions offerings.
- Improving further the Company's cost structure and efficiency of its support functions and infrastructure.

2017 Strategic Actions

On December 17, 2017, the Company, entered into agreements to sell subsidiary businesses in Europe, Belgium and Asia Pacific (the "Sale Transactions"). The subsidiaries to be sold represent divisions of the Company that specialize in providing recruitment and talent management services to customers. The closing of each Sale Transaction will be contingent upon the closing of each other Sale Transaction.

The Europe sale agreement relates to the sale of the Company's European operations and is dated as of December 17, 2017 and was amended on January 25, 2018. This transaction excludes the Company's operations in Belgium and RPO business in Europe.

Under the terms of the Europe sale agreement, Morgan Philips Group S.A. ("Europe Purchaser") will make a cash payment at closing of the Europe purchase price, which is $10.5 million and subject to the following adjustments. At closing, the $10.5 million amount will be adjusted by adding the amount of the closing cash balance of the Company's Europe subsidiaries (excluding Belgium) (the "Europe Subsidiaries"), subtracting the amount of the closing debt balance of the Europe Subsidiaries and adding the amount of the difference (which may be positive or negative) between the closing working capital (effectively the current assets minus the current liabilities but excluding cash and debt) and the trailing twelve month average of the working capital of the Europe Subsidiaries.

The Belgium sale agreement relates to the sale of the Company's Belgium operations and is, dated as of December 17, 2017 and was amended on January 25, 2018. This transaction, excludes the Company's RPO business in Belgium.

Under the terms of the Belgium sale agreement, Value Plus NV ("Belgium Purchaser") will make a cash payment at closing of the Belgium purchase price, which is $28.3 million minus the items listed below from December 31, 2016 through the closing date.

- The declaration or payment of any dividend or other distribution of profits, reverses or assets to, or reduction of share capital or redemption or purchase of any shares from the Non-Belgium Hudson Group.
- The payment of any management, monitoring, service or other stockholder or director’s fees (excluding recurring information technology allocations) to Belgium Sellers.
- The payment of any costs by any of Belgium Purchaser or the Belgium Subsidiary to Hudson in connection with Hudson’s incentive stock and awards plan, whether payable before or after closing.
- Any taxation, interest or penalties paid or becoming payable as a consequence of any of the foregoing.
- Any agreement or arrangement made or entered into by the Belgium Group Companies to do or give effect to any matter referred to in the first two bullet points.

The APAC sale agreement relates to the sale of the Company's APAC operations and is dated as of December 17, 2017 and was amended on January 25, 2018. This transaction excludes the Company's RPO business in the APAC region.

Under the terms of the APAC sale agreement, Apache Group Holdings Pty Limited ("APAC Purchaser") will make a cash payment at closing of the APAC purchase price, which is $7.5 million subject to a reduction described in the following sentence. The $7.5 million base purchase price will be reduced to account for the aggregate of all dividends, distributions and management fees paid by an APAC Subsidiary to APAC Sellers from July 18, 2017 through the closing date, other than (1) management fees that are invoiced but unpaid as of July 31, 2017 and (2) any dividend or distribution of the proceeds from and on closing of the transfer of the RPO Business held by an APAC Subsidiary.

The sales, taken together, constitute a sale of substantially all of the Company’s assets under the Delaware General Corporation Law, and, as such, the Company is seeking stockholder approval of the sale of substantially all of the Company’s assets pursuant to the agreements. Subject to receipt of stockholder approval and satisfaction of other customary closing conditions, the Company expects to close the transactions at the end of March 2018.

Prior Period Strategic Actions

During the year ended December 31, 2015, the Company executed on strategic actions to focus on its core business lines

and growth opportunities. These actions included:

- In February 2015, the Company's management approved the exit of operations in certain countries within Central and Eastern Europe (Ukraine, Czech Republic and Slovakia). During the second quarter of 2015, the Company deemed the liquidation of those Central and Eastern Europe businesses to be substantially complete. As such, under ASC 830, *"Foreign Currency Matters,"* the Company transferred $1.2 million of accumulated foreign currency translation gains from accumulated other comprehensive income to the statement of operations within gain on sale and exit of businesses. See Note 3 to the Consolidated Financial Statements for additional information.

- In March 2015, the Company's management approved the exit of operations in Luxembourg. During the third quarter of 2015, the Company deemed the liquidation of its Luxembourg business to be substantially complete. As such, under ASC 830, *"Foreign Currency Matters,"* the Company transferred $0.1 million of accumulated foreign currency translation losses from accumulated other comprehensive income to the statement of operations within gain on sale and exit of businesses. See Note 3 to the Consolidated Financial Statements for additional information.

- On May 7, 2015, the Company completed the sale of its Netherlands business to InterBalance Group B.V., effective April 30, 2015, in a management buyout for $9.0 million, including cash sold of $1.1 million. The Company recognized a gain on sale of $2.8 million, net of closing and other direct transaction costs, on the divestiture of the Netherlands business which included $2.8 million of non-cash accumulated foreign currency translation losses. See Note 3 to the Consolidated Financial Statements for additional information.

- On June 15, 2015, the Company completed the sale of its Hudson Information Technology (US) business (the "US IT business") for $17.0 million in cash. The Company retained approximately $3.0 million in net working capital associated with the US IT business. The Company recognized a gain on sale of $15.9 million, net of closing and other direct transaction costs. See Note 3 to the Consolidated Financial Statements for additional information.

- In August 2015, the Company exited its operations in Ireland.

- In the fourth quarter of 2015, the Company substantially completed the migration of the remaining Americas business to a new, lower-cost, IT platform and shared service center and decommissioned the legacy support infrastructures.

Current Market Conditions

Economic conditions in most of the world's major markets improved during 2017. In the U.K., the 2016 referendum to exit the European Union (commonly referred to as "Brexit") adversely impacted global markets, including currencies, and resulted in a decline in the value of the British pound as compared to the U.S. dollar. A weaker British pound compared to the U.S. dollar during a reporting period causes local currency results of the Company's U.K. operations to be translated into fewer U.S. dollars. The Company's U.K. operations, future financial performance and translation of results may be affected, in part, by the outcome of tariff, trade, regulatory, and other negotiations as the U.K. negotiates its exit from the European Union.

Conditions in Continental Europe have shown improvement with GDP growth in most of the major markets, as well as forecasted GDP growth for the remainder of 2018, although the political situation in Spain could negatively impact GDP growth in the short term. Australia faces a modest GDP growth outlook in 2018, and the outlook for Asia is improving as China's growth has improved.

The Company closely monitors the economic environment and business climate in its markets and responds accordingly. At this time, the Company is unable to accurately predict the outcome of these events or changes in general economic and political conditions and their effect on the demand for the Company's services.

Financial Performance

For the year ended December 31, 2017, the Company increased revenue in most markets. On a constant currency basis, for the year ended December 31, 2017, revenue and gross margin increased by $33.6 million and $11.6 million, or 7.9% and 6.6%, respectively, compared to 2016. This was driven by revenue and gross margin growth in 11 countries, led by Australia, Belgium, New Zealand, China, Hong Kong, France and the Americas. The increases were partially offset by declines in revenue and gross margin in the U.K.

The following is a summary of the highlights for the years ended December 31, 2017, 2016 and 2015. These should be considered in the context of the additional disclosures in this MD&A.

- Revenue was $456.7 million for the year ended December 31, 2017, compared to $422.7 million for 2016, an increase of $34.0 million, or 8.0%.
    - On a constant currency basis, revenue increased $33.6 million, or 7.9%. Contracting revenue increased $21.9 million (up 8.1% compared to 2016) and permanent recruitment revenue increased $11.4 million (up 10.1% compared to 2016).

  Revenue was $422.7 million for the year ended December 31, 2016, compared to $463.2 million for 2015, a decrease of $40.5 million, or 8.7%.
    - On a constant currency basis, the Company's revenue decreased $18.9 million, or 4.3%. Contracting revenue decreased $17.4 million (down 6.0% compared to 2015) and permanent recruitment revenue decreased $2.2 million (down 1.9% compared to 2015).
- Gross margin was $186.7 million for the year ended December 31, 2017, compared to $174.4 million for 2016, an increase of $12.3 million, or 7.1%.
    - On a constant currency basis, gross margin increased $11.6 million, or 6.6%. Permanent recruitment gross margin increased $11.1 million (up 10.0% compared to 2016) and talent management gross margin increased $0.9 million (up 2.9% compared to 2016).

  Gross margin was $174.4 million for the year ended December 31, 2016, compared to $187.7 million for 2015, a decrease of $13.3 million, or 7.1%.
    - On a constant currency basis, gross margin decreased $6.6 million, or 3.7%. Contracting gross margin decreased $6.4 million (down 15.8% compared to 2015) and permanent recruitment gross margin decreased $1.9 million (down 1.7% compared to 2015). The decreases were partially offset by an increase in talent management gross margin of $1.5 million (up 5.2% compared to 2015).
- Selling, general and administrative expenses and other non-operating income (expense) ("SG&A and Non-Op") was $181.6 million for the year ended December 31, 2017, compared to $177.6 million for 2016, an increase of $4.0 million, or 2.3%.
    - On a constant currency basis, SG&A and Non-Op increased $3.6 million, or 2.0%. SG&A and Non-Op, as a percentage of revenue, was 39.8% for the year ended December 31, 2017, compared to 42.1% for 2016.

  SG&A and Non-Op was $177.6 million for the year ended December 31, 2016, compared to $194.9 million for 2015, a decrease of $17.3 million, or 8.9%.
    - On a constant currency basis, SG&A and Non-Op decreased $10.1 million, or 5.4%. SG&A and Non-Op, as a percentage of revenue, was 42.1% for the year ended December 31, 2016, compared to 42.5% for 2015.
- Business reorganization was $0.7 million for the year ended December 31, 2017, compared to $1.6 million for 2016, a decrease of $0.9 million, or $0.9 million on a constant currency basis.

  Business reorganization was $1.6 million for the year ended December 31, 2016, compared to $5.8 million for 2015, a decrease of $4.2 million, or $4.1 million on a constant currency basis.
- For the year ended December 31, 2017, the Company recorded a goodwill impairment of $1.9 million. See "Goodwill Impairment" below for further detail.
- EBITDA was $2.5 million for the year ended December 31, 2017, compared to EBITDA loss of $4.7 million for 2016. On a constant currency basis, EBITDA increased $6.9 million in 2017 compared to 2016.

  EBITDA loss was $4.7 million for the year ended December 31, 2016, compared to EBITDA of $6.8 million for 2015. On a constant currency basis, EBITDA loss increased $12.2 million in 2016 compared to 2015.
- Net loss was $2.9 million for the year ended December 31, 2017, compared to a net loss of $8.8 million for 2016. On a constant currency basis, net loss decreased $5.7 million in 2017 compared to 2016.

  Net loss was $8.8 million for the year ended December 31, 2016, compared to a net income of $2.3 million for 2015. On a constant currency basis, net loss increased $12.0 million in 2016 compared to 2015.

Held for Sale Accounting and Long-lived Assets

Under Financial Accounting Standards Board ("FASB") Accounting Standard Codification ("ASC") 360, "*Property, Plant, and Equipment*," a disposal group shall be classified as held for sale in the period in which certain criteria are met. Because the Company must obtain stockholder approval prior to closing the Sale Transactions, the criteria for held for sale accounting have not been met. As of December 31, 2017, the net assets included in the Sale Transactions are deemed held and used and included in continuing operations.

The Company is required to test a long-lived asset to be held and used for impairment if circumstances indicate that its carrying value might exceed its current fair value. The Company deemed the Sale Transactions to be a triggering event that required the Company to perform an impairment assessment with respect to long-lived assets, primarily property and equipment. The undiscounted future cash flows resulting from the long-lived assets use and eventual disposition, exceeded the asset groups' carrying values. Accordingly, management concluded the Company's long-lived assets were not impaired.

Goodwill Impairment

The Company recognized an impairment loss of $1.9 million for goodwill related to the China reporting unit during the year ended December 31, 2017. This non-cash loss was primarily due to the implied fair value of the reporting unit in the planned disposal not exceeding the reporting unit's carrying value. There were no impairment charges recorded in the years ended December 31, 2016 and 2015.

Constant Currency

The Company operates on a global basis, with the majority of its gross margin generated outside of the U.S. Accordingly, fluctuations in foreign currency exchange rates can affect our results of operations. For the discussion of reportable segment results of operations, the Company uses constant currency information. Constant currency compares financial results between periods as if exchange rates had remained constant period-over-period. The Company defines the term "constant currency" to mean that financial data for previously reported periods are translated into U.S. dollars using the same foreign currency exchange rates that were used to translate financial data for the current period. The Company’s management reviews and analyzes business results in constant currency and believes these results better represent the Company’s underlying business trends.

Changes in revenue, gross margin, SG&A and Non-Op, business reorganization, operating income (loss), net income (loss) and EBITDA (loss) include the effect of changes in foreign currency exchange rates. The tables below summarize the impact of foreign currency exchange rate adjustments on the Company’s operating results for the years ended December 31, 2017, 2016 and 2015.

$ in thousands	2017 As reported	2016 As reported	2016 Currency translation	2016 Constant currency	2015 As reported	2015 Currency translation	2015 Constant currency
Revenue:							
Hudson Americas	$ 16,196	$ 15,561	$ 22	$ 15,583	$ 28,627	$ (7)	$ 28,620
Hudson Asia Pacific	282,824	236,839	5,796	242,635	219,391	2,735	222,126
Hudson Europe	157,701	170,344	(5,400)	164,944	215,179	(23,846)	191,333
Total	$ 456,721	$ 422,744	$ 418	$ 423,162	$ 463,197	$ (21,118)	$ 442,079
Gross margin:							
Hudson Americas	$ 14,420	$ 13,609	$ 19	$ 13,628	$ 16,111	$ (7)	$ 16,104
Hudson Asia Pacific	93,623	84,126	1,442	85,568	89,682	(267)	89,415
Hudson Europe	78,693	76,682	(729)	75,953	81,917	(5,649)	76,268
Total	$ 186,736	$ 174,417	$ 732	$ 175,149	$ 187,710	$ (5,923)	$ 181,787
SG&A and Non-Op (a):							
Hudson Americas	$ 12,953	$ 12,862	$ 15	$ 12,877	$ 17,590	$ (24)	$ 17,566
Hudson Asia Pacific	88,916	83,954	1,204	85,158	85,684	(630)	85,054
Hudson Europe	73,567	74,514	(852)	73,662	83,617	(6,182)	77,435
Corporate	6,164	6,251	—	6,251	8,006	—	8,006
Total	$ 181,600	$ 177,581	$ 367	$ 177,948	$ 194,897	$ (6,836)	$ 188,061
Business reorganization:							
Hudson Americas	$ (82)	$ (39)	$ —	$ (39)	$ 1,108	$ —	$ 1,108
Hudson Asia Pacific	1	248	—	248	669	33	702
Hudson Europe	815	1,387	(2)	1,385	2,883	(173)	2,710
Corporate	(22)	(16)	—	(16)	1,168	—	1,168
Total	$ 712	$ 1,580	$ (2)	$ 1,578	$ 5,828	$ (140)	$ 5,688
Operating income (loss):							
Hudson Americas	$ 1,818	$ 1,090	$ 8	$ 1,098	$ 12,931	$ 12	$ 12,943
Hudson Asia Pacific	3,041	454	209	663	3,548	235	3,783
Hudson Europe	5,370	1,709	210	1,919	1,743	633	2,376
Corporate	(9,952)	(10,840)	—	(10,840)	(14,981)	—	(14,981)
Total	$ 277	$ (7,587)	$ 427	$ (7,160)	$ 3,241	$ 880	$ 4,121
Net income (loss), consolidated	$ (2,941)	$ (8,790)	$ 164	$ (8,626)	$ 2,329	$ 1,068	$ 3,397
EBITDA (loss) from continuing operations(b):							
Hudson Americas	$ 1,578	$ 770	$ 7	$ 777	$ 13,354	$ 20	$ 13,374
Hudson Asia Pacific	2,504	(338)	221	(117)	2,851	320	3,171
Hudson Europe	4,583	1,064	142	1,206	(207)	661	454
Corporate	(6,150)	(6,240)	—	(6,240)	(9,178)	—	(9,178)
Total	$ 2,515	$ (4,744)	$ 370	$ (4,374)	$ 6,820	$ 1,001	$ 7,821

(a) SG&A and Non-Op is a measure that management uses to evaluate the segments’ expenses, which include the following captions on the Consolidated Statements of Operations: Salaries and related, Office and general, Marketing and promotion and other income (expense), net. Corporate management fees are included in the segments’ other income (expense).

(b) See EBITDA reconciliation in the following section.

Use of EBITDA (Non-GAAP measure)

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

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

	Year Ended December 31,		
$ in thousands	**2017**	**2016**	**2015**
Net income (loss)	$ (2,941)	$ (8,790)	$ 2,329
Adjustment for income (loss) from discontinued operations, net of income taxes	(21)	143	722
Income (loss) from continuing operations	$ (2,920)	$ (8,933)	$ 1,607
Adjustments to income (loss) from continuing operations			
Provision for (benefit from) income taxes	2,284	742	646
Interest expense (income), net	403	357	722
Depreciation and amortization	2,748	3,090	3,845
Total adjustments from income (loss) from continuing operations to EBITDA (loss)	5,435	4,189	5,213
EBITDA (loss)	$ 2,515	$ (4,744)	$ 6,820

Contracting Data

The following table sets forth the Company's contracting revenue, gross margin and gross margin as a percentage of revenue for the years ended December 31, 2017, 2016 and 2015.

	Year Ended December 31,						
	2017	2016			2015		
$ in thousands	As reported	As reported	Currency translation	Constant currency	As reported	Currency translation	Constant currency
CONTRACTING DATA (a):							
Contracting revenue:							
Hudson Americas	$ 1,310	$ 1,459	$ 2	$ 1,461	$ 15,562	$ —	$ 15,562
Hudson Asia Pacific	206,573	168,577	4,811	173,388	142,350	3,302	145,652
Hudson Europe	84,219	100,741	(5,415)	95,326	147,140	(20,820)	126,320
Total	$ 292,102	$ 270,777	$ (602)	$ 270,175	$ 305,052	$ (17,518)	$ 287,534
Contracting gross margin:							
Hudson Americas	$ 126	$ 222	$ (1)	$ 221	$ 3,587	$ —	$ 3,587
Hudson Asia Pacific	22,548	20,052	566	20,618	17,937	574	18,511
Hudson Europe	11,185	13,849	(739)	13,110	21,044	(2,827)	18,217
Total	$ 33,859	$ 34,123	$ (174)	$ 33,949	$ 42,568	$ (2,253)	$ 40,315
Contracting gross margin as a percent of contracting revenue:							
Hudson Americas	9.6%	15.2%	N/A	15.1%	23.0%	N/A	23.0%
Hudson Asia Pacific	10.9%	11.9%	N/A	11.9%	12.6%	N/A	12.7%
Hudson Europe	13.3%	13.7%	N/A	13.8%	14.3%	N/A	14.4%
Total	11.6%	12.6%	N/A	12.6%	14.0%	N/A	14.0%

(a) Contracting gross margin and gross margin as a percentage of revenue are shown to provide additional information regarding the Company's ability to manage its cost structure and to provide further comparability relative to the Company's peers. Contracting gross margin is derived by deducting the direct costs of contracting from contracting revenue. The Company's calculation of gross margin may differ from those of other companies. See details in Results of Operations for further discussions of the changes in contracting revenue and gross margin.

Results of Operations (Discussion of significant matters is presented below):

Hudson Americas *(reported currency)*

Revenue

	Year Ended December 31,						
$ in millions	2017 As reported	2016 As reported	Change in amount	Change in %	2015 As reported	Change in amount	Change in %
Hudson Americas							
Revenue	$ 16.2	$ 15.6	$ 0.6	4.1%	$ 28.6	$ (13.1)	(45.6)%

For the year ended December 31, 2017, permanent recruitment revenue increased $0.8 million or 5.7%, partially offset by a decrease in contracting revenue of $0.1 million, or 10.2%, as compared to 2016. The increase was attributable to growth of existing RPO clients and new business implementations.

For the year ended December 31, 2016, contracting revenue decreased $14.1 million, or 90.6%, partially offset by an increase in permanent recruitment revenue of $1.0 million, or 7.9%, as compared to 2015. The decline in contracting revenue was directly attributable to the divestiture of the Company's US IT business in June 2015. The increase in permanent recruitment revenue was a result of growth in RPO, as compared to 2015.

Gross margin

	Year Ended December 31,						
$ in millions	2017 As reported	2016 As reported	Change in amount	Change in %	2015 As reported	Change in amount	Change in %
Hudson Americas							
Gross margin	$ 14.4	$ 13.6	$ 0.8	6.0%	$ 16.1	$ (2.5)	(15.5)%
Gross margin as a percentage of revenue	89.0%	87.5%	N/A	N/A	56.3%	N/A	N/A
Contracting gross margin as a percentage of contracting revenue	9.6%	15.2%	N/A	N/A	23.0%	N/A	N/A

For the year ended December 31, 2017, permanent recruitment gross margin increased $1.0 million, or 7.1%, partially offset by a decrease in contracting gross margin of $0.1 million, or 43.2%, as compared to 2016. The changes in gross margin were attributable to growth in RPO, as compared to the same period in 2016. Total gross margin, as a percentage of revenue, increased to 89.0% for 2017, as compared to 87.5% for 2016, and such increase was attributable to growth in permanent recruitment revenue.

For the year ended December 31, 2016, contracting gross margin decreased $3.4 million, or 93.8%, partially offset by an increase in permanent recruitment gross margin of $0.8 million, or 6.6%, as compared to 2015. The changes in gross margin were attributable to the same factors as described above for revenue. Contracting gross margin, as a percentage of revenue, was 15.2% for the year ended December 31, 2016, as compared to 23.0% for 2015. Total gross margin, as a percentage of revenue, increased to 87.5% for 2016, as compared to 56.3% for 2015, the change was attributable to the increase of permanent recruitment revenue as a percentage of total revenue following the divestiture of the Company's US IT business as described above.

SG&A and Non-Op

$ in millions	Year Ended December 31, 2017 As reported	2016 As reported	Change in amount	Change in %	2015 As reported	Change in amount	Change in %
Hudson Americas							
SG&A and Non-Op	$ 13.0	$ 12.9	$ 0.1	0.7%	$ 17.6	$ (4.7)	(26.9)%
SG&A and Non-Op as a percentage of revenue	80.0%	82.7%	N/A	N/A	61.4%	N/A	N/A

For the year ended December 31, 2017, SG&A and Non-Op increased $0.1 million, or 0.7%, as compared to 2016 due to higher costs of service delivery teams attributable to the growth in RPO.

For the year ended December 31, 2016, SG&A and Non-Op decreased $4.7 million, or 26.9%, as compared to 2015 due to lower sales and administrative costs as a result of the 2015 divestiture of the US IT business. The decline was also driven by the change in control stock-based compensation expense of $0.4 million recorded in June 2015.

Business reorganization

For the year ended December 31, 2017, business reorganization was a credit of $0.1 million, as compared to $0.0 million and $1.1 million for 2016 and 2015, respectively. Business reorganization incurred in 2015 were primarily related to severance for support personnel associated with the sale of the US IT business, lease exit and contract cancellation costs.

Operating Income and EBITDA

$ in millions	Year Ended December 31, 2017 As reported	2016 As reported	Change in amount	Change in %	2015 As reported	Change in amount	Change in %
Hudson Americas							
Operating income (loss):	$ 1.8	$ 1.1	$ 0.7	63.6%	$ 12.9	$ (11.8)	(91.5)%
EBITDA (loss)	$ 1.6	$ 0.8	$ 0.8	100.0%	$ 13.4	$ (12.6)	(94.0)%
EBITDA as a percentage of revenue	9.7%	4.9%	N/A	N/A	46.6%	N/A	N/A

(a) Information was not provided because the Company did not consider the change in percentage as a meaningful measure for the years in comparison.

For the year ended December 31, 2017, EBITDA was $1.6 million, or 9.7% of revenue, as compared to EBITDA of $0.8 million, or 4.9% of revenue, for 2016. The increase in EBITDA was primarily due to the increase in gross margin, partially offset by the increase in SG&A and Non-Op. Operating income was $1.8 million for the year ended December 31, 2017, as compared to $1.1 million for 2016.

For the year ended December 31, 2016, EBITDA was $0.8 million, or 4.9% of revenue, as compared to EBITDA of $13.4 million, or 46.6% of revenue, for 2015. The decrease in EBITDA was primarily due to the prior year gain on sale of the US IT business of $15.9 million, partially offset by a decrease in business reorganization, as compared to 2015. Operating income was $1.1 million for the year ended December 31, 2016, as compared to $12.9 million for 2015.

The difference between operating income (loss) and EBITDA (loss) for the years ended December 31, 2017, 2016 and 2015 was primarily due to corporate management fees and depreciation.

Hudson Asia Pacific *(constant currency)*

Revenue

	Year Ended December 31,						
	2017	**2016**			**2015**		
$ in millions	**As reported**	**Constant currency**	**Change in amount**	**Change in %**	**Constant currency**	**Change in amount**	**Change in %**
Hudson Asia Pacific							
Revenue	$ 282.8	$ 242.6	$ 40.2	16.6%	$ 222.1	$ 20.5	9.2%

For the year ended December 31, 2017, contracting, permanent recruitment and talent management revenue increased, $33.2 million, $6.0 million, and $1.2 million, or 19.1%, 10.6% and 9.3%, respectively, as compared to 2016.

In Australia and New Zealand, for the year ended December 31, 2017, revenue increased $36.4 million, or 16.7%, as compared to 2016. Contracting, permanent recruitment and talent management revenue increased $32.9 million, $2.1 million and $1.5 million, or 19.1%, 6.3% and 14.0%, respectively, for the year ended December 31, 2017, as compared to 2016. The increase in contracting revenue was in the public sector, partially offset by declines in the financial services and technical and engineering sectors.

In Asia, revenue increased $3.8 million, or 15.0%, for the year ended December 31, 2017, as compared to 2016. The increase in Asia was primarily in China.

For the year ended December 31, 2016, contracting revenue increased $27.7 million, or 19.0%, offset by decreases in permanent recruitment revenue and talent management revenue of $5.8 million and $1.6 million, or 9.4% and 11.0%, respectively, as compared to 2015.

In Australia and New Zealand, revenue increased $27.9 million, or 14.8%, for the year ended December 31, 2016, as compared to 2015. The increases were primarily in contracting and permanent recruitment increasing $27.2 million and $2.4 million, or 18.8% and 7.7%, respectively, partially offset by a decline in talent management of $1.8 million, or 14.4%, as compared to 2015.

In Asia, revenue decreased $7.4 million, or 22.4%, for the year ended December 31, 2016, as compared to 2015. The decrease in Asia was primarily in China.

Gross margin

	Year Ended December 31,						
	2017	**2016**			**2015**		
$ in millions	**As reported**	**Constant currency**	**Change in amount**	**Change in %**	**Constant currency**	**Change in amount**	**Change in %**
Hudson Asia Pacific							
Gross margin	$ 93.6	$ 85.6	$ 8.1	9.4%	$ 89.4	$ (3.8)	(4.3)%
Gross margin as a percentage of revenue	33.1%	35.3%	N/A	N/A	40.3%	N/A	N/A
Contracting gross margin as a percentage of contracting revenue	10.9%	11.9%	N/A	N/A	12.7%	N/A	N/A

For the year ended December 31, 2017, permanent recruitment and contracting gross margin increased $5.2 million and $1.9 million, or 9.4% and 9.4%, respectively, as compared to 2016.

In Australia and New Zealand, gross margin increased $4.4 million, or 7.2%, for the year ended December 31, 2017, as compared to 2016. The increase was primarily in contracting, permanent recruitment and talent management, which increased $1.9 million, $1.5 million and $1.3 million, or 9.4%, 4.4% and 16.7%, respectively, for the year ended December 31, 2017, as compared to 2016.

In Asia, gross margin increased $3.6 million, or 15.1%, for the year ended December 31, 2017, as compared to 2016. The increase in Asia was primarily in China.

Gross margin as a percentage of revenue, for the year ended December 31, 2017 was 33.1%, as compared to 35.3% for 2016. The decrease in total gross margin as a percentage of revenue for the year ended December 31,2017 resulted from a decline in the contracting gross margin percentage and higher growth in contracting gross margin as compared to 2016. Contracting gross margin, as a percentage of revenue, was 10.9% for the year ended December 31, 2016, as compared to 11.9%, for 2015 due to the growth in gross margin with large public sector clients in Australia and New Zealand, where the gross margin percentage is lower than the rest of the contracting business.

For the year ended December 31, 2016, permanent recruitment gross margins decreased $5.5 million, or 9.0%, offset by an increase in contracting gross margin of $2.1 million, or 11.4% as compared to 2015.

In Australia and New Zealand, gross margin increased $4.0 million, or 6.9%, for the year ended December 31, 2016, as compared to 2015. The increase was primarily in permanent recruitment and contracting increasing $2.8 million and $2.1 million, or 9.1% and 11.2%, respectively, for the year ended December 31, 2016, as compared to 2015. The increase was partially offset by a decline in talent management gross margin of $0.6 million, or 7.4%, for the year ended December 31, 2016, as compared to 2015.

In Asia, gross margin decreased $7.8 million, or 24.6%, for the year ended December 31, 2016, as compared to 2015. The decline in Asia was primarily in China.

Gross margin as a percentage of revenue, for the year ended December 31, 2016, was 35.3%, as compared to 40.3% for 2015. The decrease in total gross margin as a percentage of revenue for the year ended December 31, 2016 resulted from a decline in the permanent recruitment gross margin as a percentage of total gross margin, as compared to 2015. Contracting gross margin, as a percentage of revenue, was 11.9%, for the year ended December 31, 2016, as compared to 12.7%, for 2015 due to the same factors noted above.

SG&A and Non-Op

	Year Ended December 31,						
	2017	2016			2015		
$ in millions	As reported	Constant currency	Change in amount	Change in %	Constant currency	Change in amount	Change in %
Hudson Asia Pacific							
SG&A and Non-Op	$ 88.9	$ 85.2	$ 3.8	4.4%	$ 85.1	$ 0.1	0.1%
SG&A and Non-Op as a percentage of revenue	31.4%	35.1%	N/A	N/A	38.3%	N/A	N/A

For the year ended December 31, 2017, SG&A and Non-Op increased $3.8 million, or 4.4%, as compared to 2016. SG&A and Non-Op, as a percentage of revenue, was 31.4% for 2017, as compared to 35.1% for 2016.

For the year ended December 31, 2016, SG&A and Non-Op increased $0.1 million, or 0.1%, as compared to 2015.

SG&A and Non-Op, as a percentage of revenue was 35.1% for 2016, as compared to 38.3% for 2015.

Business reorganization

For the year ended December 31, 2017, business reorganization was $0.0 million, as compared to $0.2 million for 2016 and $0.7 million for 2015. Business reorganization incurred in 2016 was primarily for employee termination benefits. Business reorganization incurred in 2015 was primarily for lease termination payments in Australia and New Zealand.

Operating Income and EBITDA

$ in millions	Year Ended December 31,						
	2017	2016			2015		
	As reported	Constant currency	Change in amount	Change in %	Constant currency	Change in amount	Change in %
Hudson Asia Pacific							
Operating income (loss):	$ 3.0	$ 0.7	$ 2.4	(a)	$ 3.8	$ (3.1)	(81.6)%
EBITDA (loss)	$ 2.5	$ (0.1)	$ 2.6	(a)	$ 3.2	$ (3.3)	(103.1)%
EBITDA as a percentage of revenue	0.9%	— %	N/A	N/A	1.4%	N/A	N/A

(a) Information was not provided because the Company did not consider the change in percentage as a meaningful measure for the years in comparison.

For the year ended December 31, 2017, EBITDA was $2.5 million, or 0.9% of revenue, as compared to EBITDA loss of $0.1 million, or 0.0% of revenue, for 2016. The increase in EBITDA for the year ended December 31, 2017 was principally due to the increase in gross margin and decline in business reorganization partially offset by an increase in SG&A and Non-Op. Operating income for the year ended December 31, 2017 was $3.0 million, as compared to operating income of $0.7 million, for 2016.

For the year ended December 31, 2016, EBITDA loss was $0.1 million, or 0.0% of revenue, as compared to EBITDA of $3.2 million, or 1.4% of revenue, for 2015. The decrease in EBITDA for the year ended December 31, 2016 was principally due to a decrease in gross margin. Operating income for the year ended December 31, 2016 was $0.7 million, as compared to operating income of $3.8 million, for 2015.

The difference between operating income (loss) and EBITDA (loss) for the years ended December 31, 2017, 2016 and 2015 was principally due to corporate management fees and depreciation.

Hudson Europe *(constant currency)*

Revenue

	Year Ended December 31,						
	2017	2016			2015		
$ in millions	As reported	Constant currency	Change in amount	Change in %	Constant currency	Change in amount	Change in %
Hudson Europe							
Revenue	$ 157.7	$ 164.9	$ (7.2)	(4.4)%	$ 191.3	$ (26.4)	(13.8)%

For the year ended December 31, 2017, contracting and talent management revenue decreased $11.1 million and $0.9 million, or 11.7% and 3.6%, respectively, as compared to 2016, partially offset by an increases in permanent recruitment revenue of $4.7 million, or 10.9%.

In the U.K., for the year ended December 31, 2017, revenue decreased $11.9 million, or 10.8%, to $98.0 million, from $109.9 million in 2016. The decrease in the U.K. was driven by a decline in contracting revenue of $12.4 million, or 13.8%, as compared to 2016, primarily a result of reduced demand from large financial services contracting clients.

In Continental Europe, for the year ended December 31, 2017, total revenue was $59.7 million, as compared to $55.1 million for 2016, an increase of $4.7 million, or 8.5%. The increase was mainly driven by permanent recruitment revenue, which increased $4.3 million, or 17.2%.

For the year ended December 31, 2016, contracting revenue decreased $31.0 million, or 24.5%, as compared to 2015, partially offset by an increase in permanent recruitment and talent management revenue of $2.6 million and $1.7 million, or 6.4% and 7.4%, respectively, as compared to 2015. The decrease was driven by the sale of the Netherlands business in May 2015 and the decline in the U.K. business, partially offset by improvements in Continental Europe. Total revenue in the Netherlands for the year ended December 31, 2015 was $12.2 million and nil for the year ended December 31, 2016 as a result of the sale.

In the U.K., for the year ended December 31, 2016, revenue decreased $20.9 million, or 16.0%, to $109.9 million, from $130.8 million in 2015. The decrease in the U.K. was driven by declines in contracting and permanent recruitment revenue of $20.6 million and $0.4 million, or 18.7% and 2.5%, respectively, as compared to 2015. The declines were primarily a result of reduced demand from large financial services contracting clients.

In Continental Europe, for the year ended December 31, 2016, total revenue was $55.1 million, as compared to $60.5 million in 2015, a decrease of $5.5 million, or 9.0%. As noted above, the prior year divestiture were the primary driver of the decline. Excluding the decline from prior year divestiture, revenue in Continental Europe increased by $7.2 million, or 15.0%, for the year ended December 31, 2016, as compared to 2015.

Gross margin

	Year Ended December 31,						
	2017	2016			2015		
$ in millions	As reported	Constant currency	Change in amount	Change in %	Constant currency	Change in amount	Change in %
Hudson Europe							
Gross margin	$ 78.7	$ 76.0	$ 2.7	3.6%	$ 76.3	$ (0.3)	(0.4)%
Gross margin as a percentage of revenue	49.9%	46.0%	N/A	N/A	39.9%	N/A	N/A
Contracting gross margin as a percentage of contracting revenue	13.3%	13.8%	N/A	N/A	14.4%	N/A	N/A

For the year ended December 31, 2017, permanent recruitment gross margin increased $5.0 million, or 11.9%, partially offset by declines in contracting and talent management gross margin of $1.9 million and $0.3 million, or 14.7% and 1.5%, respectively, as compared to 2016.

In the U.K., total gross margin for the year ended December 31, 2017, decreased $1.5 million or 5.1%, as compared to 2016. Contracting gross margin declined $2.3 million, or 19.5%, partially offset by an increase in permanent and talent management gross margin of $0.7 million and $0.2 million, or 3.8% and 20.8%, respectively, for the year ended December 31, 2017, as compared to 2016.

In Continental Europe for the year ended December 31, 2017, total gross margin increased $4.3 million, or 9.4%, as compared to 2016. Permanent recruitment gross margin increased $4.3 million, or 17.6%, as compared to 2016.

For the year ended December 31, 2017, gross margin as a percentage of revenue, was 49.9%, as compared to 46.0%, for 2016. The increase in gross margin, as a percentage of revenue resulted from an increase in the relative mix of higher margin permanent recruitment revenue. Contracting gross margin, as a percentage of revenue, was 13.3% as compared to 13.8%, for 2016.

For the year ended December 31, 2016, contracting gross margin decreased $5.1 million, or 28.0%, partially offset by increases in permanent recruitment and talent management gross margins of $2.7 million and $1.7 million or 7.0% and 8.9%, respectively, as compared to 2015.

In the U.K., total gross margin decreased $3.6 million, or 10.5%, as compared to 2015. Contracting and permanent recruitment gross margin declined $3.1 million and $0.4 million, or 20.6% and 2.3%, respectively, as compared to 2015.

In Continental Europe for the year ended December 31, 2016, total gross margin increased $3.3 million, or 7.7%, as compared to 2015. The Netherlands divestiture in 2015 resulted in a decline in gross margin for the year ended December 31, 2016, of $2.9 million, as compared to 2015. Excluding the decline from prior year divestiture, for the year ended December 31, 2016 gross margin in Continental Europe increased $6.1 million, or 15.4%, as compared to 2015.

For the year ended December 31, 2016, gross margin as a percentage of revenue, was 46.0%, as compared to 39.9%, for 2015. The increase in gross margin, as a percentage of revenue resulted from an increase in the relative mix of higher margin permanent recruitment revenue. The contracting gross margin, as a percentage of revenue, was 13.8%, as compared to 14.3%, for 2015.

SG&A and Non-Op

	Year Ended December 31,						
	2017	**2016**			**2015**		
$ in millions	**As reported**	**Constant currency**	**Change in amount**	**Change in %**	**Constant currency**	**Change in amount**	**Change in %**
Hudson Europe							
SG&A and Non-Op	$ 73.6	$ 73.7	$ (0.1)	(0.1)%	$ 77.4	$ (3.8)	(4.9)%
SG&A and Non-Op as a percentage of revenue	46.6%	44.7%	N/A	N/A	40.5%	N/A	N/A

For the year ended December 31, 2017, SG&A and Non-Op decreased $0.1 million, or 0.1%, as compared to 2016. The decrease in SG&A and Non-Op were a result of lower occupancy costs partially offset by higher staff costs. SG&A and Non-Op, as a percentage of revenue, was 46.6% for 2017 compared to 44.7% for 2016.

For the year ended December 31, 2016 SG&A and Non-Op decreased $3.8 million, or 4.9%, as compared to 2015. The decline is a result of the 2015 divestiture of the Netherlands business, lower stock based compensation expense and actions taken to streamline business processes in 2015, including reduced real estate, back office support functions and corporate management fees, partially offset by higher staff costs in Continental Europe. The decline in stock based compensation expense is partially attributable to the prior year June 2015 change in control stock compensation expense of $0.6 million. SG&A and Non-Op, as a percentage of revenue, was 44.7% for 2016 compared to 40.5% for 2015.

Business reorganization

For the year ended December 31, 2017, business reorganization was $0.8 million, as compared to $1.4 million and $2.7 million in 2016 and 2015, respectively. Business reorganization was primarily due to changes in lease exit cost estimates in the U.K. Business reorganization in 2016 was primarily attributable to lease termination payments in France and changes in lease

termination payment estimates in the U.K. Business reorganization in 2015 was primarily attributable to lease termination payments and employee termination costs in the U.K., Central and Eastern Europe and Luxembourg.

Operating Income and EBITDA

	Year Ended December 31,						
	2017	2016			2015		
$ in millions	As reported	Constant currency	Change in amount	Change in %	Constant currency	Change in amount	Change in %
Hudson Europe							
Operating income (loss):	$ 5.4	$ 1.9	$ 3.5	(a)	$ 2.4	$ (0.5)	(a)
EBITDA (loss)	$ 4.6	$ 1.2	$ 3.4	(a)	$ 0.5	$ 0.8	(a)
EBITDA (loss) as a percentage of revenue	2.9%	0.7%	N/A	N/A	0.2%	N/A	N/A

(a) Information was not provided because the Company did not consider the change in percentage as a meaningful measure for the years in comparison.

For the year ended December 31, 2017, EBITDA was $4.6 million, or 2.9% of revenue, as compared to EBITDA of $1.2 million, or 0.7% of revenue, for 2016. The increase in EBITDA for the year ended December 31, 2017 was principally due to an increase in gross margin. Operating income was $5.4 million for the year ended December 31, 2017, as compared to operating income of $1.9 million, for 2016. SG&A and Non-Op, as a percentage of revenue, was 46.6% for 2017 compared to 44.7% for 2016.

For the year ended December 31, 2016, EBITDA was $1.2 million, or 0.7% of revenue, as compared to EBITDA of $0.5 million, or 0.2% of revenue, for 2015. The increase in EBITDA for the year ended year ended December 31, 2016 was principally due to lower business reorganization and SG&A and Non-Op, partially offset by a decrease in gross margin. Operating income was $1.9 million for the year ended year ended December 31, 2016, as compared to operating income of $2.4 million, for 2015.

The difference between operating income (loss) and EBITDA (loss) for the years ended December 31, 2017, 2016 and 2015 was principally due to corporate management fees and depreciation.

The following are discussed in reported currency

Corporate expenses, net of corporate management fees

For the year ended December 31, 2017, corporate expenses were $6.2 million as compared to $6.3 million for 2016, a decrease of $0.1 million, or 1.4%. The decrease was due to legal settlement costs associated with an arbitration claim that were recorded during 2016 (see Note 13), mostly offset by higher incentive compensation accruals resulting from improved financial performance in 2017, higher indirect transaction costs and lower corporate allocations to our regional business operations as compared to 2016. The increase in indirect transaction costs resulted from the previously discussed potential divestitures of the Company's recruitment and talent management businesses in Europe, Belgium and Asia Pacific. For the year ended December 31, 2017, corporate incurred approximately $2.1 million of indirect transaction costs, primarily consisting of professional fees, in connection with the potential divestitures.

For the year ended December 31, 2016, corporate expenses were $6.3 million, as compared to $8.0 million for 2015, a decrease of $1.8 million, or 21.9%. The decrease was due to savings associated with business reorganization efforts launched in 2015 and a decline in stock based compensation expense, offset by legal settlement costs associated with an arbitration claim (see Note 14) and lower corporate allocations to our regional business operations. The decline in stock based compensation expense is partially attributable to the June 2015 change in control stock compensation expense of $0.8 million.

For the years ended December 31, 2017, 2016 and 2015, corporate business reorganization were $0.0 million, 0.0 million and $1.2 million, respectively, and primarily consisted of lease termination payments and employee termination benefits.

Depreciation and Amortization Expense

Depreciation and amortization expense was $2.7 million, $3.1 million and $3.8 million for the years ended December 31, 2017, 2016 and 2015, respectively.

Interest Expense

Interest expense remained flat at $0.4 million for the years ended December 31, 2017 and 2016 and was $0.7 million for the year ended December 31, 2015.

Provision for (Benefit from) Income Taxes

On December 22, 2017, the President of the United States signed into law the Tax Cuts and Jobs Act (the "Tax Act"). The legislation significantly changes U.S. tax law by, among other things, lowering corporate income tax rates, implementing a territorial tax system and imposing a repatriation tax on deemed repatriated earnings of foreign subsidiaries. The Company recognized the income tax effects of the Tax Act in its 2017 financial statements in accordance with Staff Accounting Bulletin No. 118, which provides SEC staff guidance for the application of ASC Topic 740, Income Taxes, in the reporting period in which the Tax Act was signed into law. As such, the Company's financial results reflect the income tax effects of the Tax Act for which the accounting under ASC Topic 740 is complete and provisional amounts for those specific income tax effects of the Tax Act for which the accounting under ASC Topic 740 is incomplete but a reasonable estimate could be determined. The Company did not identify items for which the income tax effects of the Tax Act have not been completed and a reasonable estimate could not be determined as of December 31, 2017.

As a result of the reduction in the U.S. federal tax rate from 35% to 21% under the Tax Act, the Company revalued its ending gross deferred tax assets at December 31, 2017 by $46.2 million which was fully offset by a decrease in valuation allowance. Additionally, the Company recorded a provisional amount of $0.0 million tax payable with respect to the deemed mandatory repatriation of undistributed foreign earnings of foreign subsidiaries and the Company has elected to account for the global intangible low-taxed income ("GILTI") tax, if applicable, in the period in which it is incurred, and therefore has not provided any deferred tax impacts of GILTI in its consolidated financial statements for the year ended December 31, 2017. On this basis, the net impact on tax expense provided in the Company's consolidated financial statements for the year ended December 31, 2017 related to the Tax Act is $0.0 million. The ultimate impact may differ from the provisional amounts due to additional analysis, changes in interpretations and assumptions, and additional regulatory guidance. The provisional accounting is expected to be complete when the 2017 U.S. federal income tax return is filed in 2018.

The provision for income taxes for the year ended December 31, 2017 was $2.3 million, on $0.6 million of pre-tax loss, as compared to a provision for income taxes of $0.7 million on $8.2 million of pre-tax loss for 2016. The effective tax rate for the year ended December 31, 2017 was negative 359.1%, as compared to negative 9.1% for 2016. The change in the Company's effective tax rate for the year ended December 31, 2017, as compared to 2016 was primarily attributable to increased profitability in foreign jurisdictions including those with full valuation allowances. For the year ended December 31, 2017, the effective tax rate difference from the U.S. Federal statutory rate of 35% was primarily attributable to the inability of the Company to recognize tax benefits on certain losses until positive earnings are achieved in the U.S. and certain other foreign jurisdictions, variations from the U.S. Federal statutory rate in foreign jurisdictions, and non-deductible expenses.

The provision for income taxes for the year ended December 31, 2016 was $0.7 million on $8.2 million of pre-tax loss, as compared to a provision for income taxes of $0.6 million on $2.3 million of pre-tax income for 2015. The effective tax rate for the year ended December 31, 2016 was negative 9.1%, as compared to positive 28.7% for 2015. The change in the Company's effective tax rate for the year ended December 31, 2016, as compared to 2015 was primarily attributable to the gains on the sale or exit of businesses in 2015 which were tax-exempt. For the year ended December 31, 2016, the effective tax rate difference from the U.S. Federal statutory rate of 35% was primarily attributable to the inability of the Company to recognize tax benefits on certain losses until positive earnings are achieved in the U.S. and certain other foreign jurisdictions, changes in assessment of recoverability of future tax benefits in certain foreign jurisdictions, variations from the U.S. Federal statutory rate in foreign jurisdictions, and non-deductible expenses.

Income (Loss) from Discontinued Operations

Loss from discontinued operations was $0.0 million for the year ended December 31, 2017, as compared to income of $0.1 million and $0.7 million, in 2016 and 2015, respectively.

Net Income (Loss)

Net loss was $2.9 million for the year ended December 31, 2017, as compared to net loss of $8.8 million for 2016, a decrease in net loss of $5.8 million. Basic and diluted loss per share were $0.09 for the year ended December 31, 2017, as compared to basic and diluted loss per share of $0.26 in 2016.

Net loss was $8.8 million for the year ended December 31, 2016, as compared to net income of $2.3 million for 2015, an

increase in net loss of $11.1 million. Basic and diluted loss per share were $0.26 for the year ended December 31, 2016, as compared to basic and diluted income per share of $0.07 in 2015.

Liquidity and Capital Resources

As of December 31, 2017, cash and cash equivalents totaled $21.0 million, as compared to $21.3 million as of December 31, 2016 and $37.7 million as of December 31, 2015. The following table summarizes the cash flow activities for the years ended December 31, 2017, 2016 and 2015:

	For The Year Ended December 31,		
$ in millions	2017	2016	2015
Net cash provided by (used in) operating activities	$ 2.4	$ (9.4)	$ (17.4)
Net cash provided by (used in) investing activities	(1.5)	(2.7)	21.6
Net cash provided by (used in) financing activities	(2.5)	(2.9)	0.6
Effect of exchange rates on cash and cash equivalents	1.3	(1.3)	(1.3)
Net increase (decrease) in cash and cash equivalents	$ (0.3)	$ (16.3)	$ 3.7

Cash Flows from Operating Activities

For the year ended December 31, 2017, net cash provided by operating activities was $2.4 million, as compared to net cash used in operating activities of $9.4 million in 2016, an increase in net cash provided by operating activities of $11.8 million. The increase in net cash provided by operating activities resulted principally from a decrease in net loss partially offset by an increase in working capital. Net cash used in operating activities from discontinued operations was $0.2 million for the year ended December 31, 2017, as compared to cash used in operating activities from discontinued operation of $1.0 million in 2016.

For the year ended December 31, 2016, net cash used in operating activities was $9.4 million, as compared to net cash used in operating activities of $17.4 million in 2015, a decrease in net cash used in operating activities of $8.0 million. The change in net cash used in operating activities is principally due to a reduction in operating expenses, fluctuations in foreign currency, lower business restructuring outflows and the timing of cash receipts and payments to vendors and employees. For the year ended December 31, 2016, net cash used in operating activities included $4.0 million for business reorganization activities and $3.8 million for legal settlement costs associated with an arbitration claim (see note 14). Net cash used in operating activities from discontinued operations was $1.0 million for the years ended December 31, 2016 as compared to net cash used in operating activities from discontinued operations of $0.1 million in 2015.

Cash Flows from Investing Activities

For the year ended December 31, 2017, net cash used in investing activities was $1.5 million, as compared to net cash used in investing activities of $2.7 million in 2016, a decrease in net cash used in investing activities of $1.2 million. The decrease in net cash used in investing activities was due to a decrease in capital expenditures.

For the year ended December 31, 2016, net cash used in investing activities was $2.7 million, as compared to net cash provided by investing activities of $21.6 million in 2015, a decrease in net cash provided by investing activities of $24.3 million. The decrease in net cash provided by investing activities was principally related to the proceeds from sale of the US IT and Netherlands businesses in 2015 of $24.7 million.

Cash Flows from Financing Activities

For the year ended December 31, 2017, net cash used in financing activities was $2.5 million, as compared to net cash used in financing activities of $2.9 million in 2016, a decrease in net cash used in financing activities of $0.4 million. The decrease in net cash used in financing activities was primarily attributable to a decrease in treasury stock purchases and dividend payments offset in part by repayment of borrowings.

For the year ended December 31, 2016, net cash used in financing activities was $2.9 million, as compared to net cash provided by financing activities of $0.6 million for 2015, an increase in net cash used in financing activities of $3.5 million. The increase in net cash used in financing activities was primarily attributable to an increase in treasury stock purchases and dividend payments partially offset by a decrease in net borrowings.

Credit Agreements

Receivables Finance Agreement with Lloyds Bank Commercial Finance Limited and Lloyds Bank PLC

On August 1, 2014, the Company’s U.K. subsidiary ("U.K. Borrower") entered into a receivables finance agreement for an asset-based lending funding facility (the "Lloyds Agreement") with Lloyds Bank PLC and Lloyds Bank Commercial Finance Limited (together, "Lloyds"). Until September 15, 2016, the Lloyds Agreement provided the U.K. Borrower with the ability to borrow up to $20.3 million (£15.0 million), at which time the U.K. Borrower entered into an amendment to the Lloyds Agreement that reduced the borrowing limit to $16.2 million (£12.0 million). Extensions of credit are based on a percentage of the eligible accounts receivable less required reserves from the Company's U.K. operations. The initial term was two years with renewal periods every three months thereafter. Borrowings under this facility are secured by substantially all of the assets of the U.K. Borrower.

On September 15, 2017, the Lloyds Agreement was further amended to (1) reduce the maximum core facility borrowing to $12.8 million (£9.5 million) from $15.5 million(£11.5 million), which as a result, reduced the maximum borrowings to $13.5 million (£10.0 million) from $16.2 million (£12.0 million), (2) extend the term by 12 months from the date of the amendment, and (3) reduce the month end minimum excess availability to $2.0 million (£1.5 million) from $2.7 million (£2.0 million).

The credit facility under the Lloyds Agreement contains two tranches. The first tranche is a revolving facility based on the billed contracting and permanent recruitment activities in the U.K. operation ("Lloyds Tranche A"). The borrowing limit of Lloyds Tranche A is $12.8 million (£9.5 million) based on 83% of eligible billed contracting and permanent recruitment receivables. The second tranche is a revolving facility that is based on the unbilled work-in-progress (as defined under the receivables finance agreement) activities in the Company's U.K. operations ("Lloyds Tranche B"). The borrowing limit of Lloyds Tranche B is $0.7 million (£0.5 million) based on 25% of eligible work-in-progress from permanent recruitment activity. For both tranches, borrowings may be made with an interest rate based on a base rate as determined by Lloyds Bank PLC, based on the Bank of England base rate, plus 1.75%.

The Lloyds Agreement contains various restrictions and covenants including (1) that true credit note dilution may not exceed 5%, measured at audit on a regular basis; (2) debt turn may not exceed 55 days over a three month rolling period; (3) dividends by the U.K. Borrower to the Company are restricted to the value of post tax profits; and (4) at the end of each month, there must be a minimum excess availability of $2.0 million (£1.5 million).

The details of the Lloyds Agreement as of December 31, 2017 were as follows:

$ in millions	December 31, 2017
Borrowing capacity	$ 7.6
Less: outstanding borrowing	(2.0)
Additional borrowing availability	$ 5.6
Interest rates on outstanding borrowing	2.25%

The Company was in compliance with all financial covenants under the Lloyds Agreement as of December 31, 2017.

Facility Agreement with National Australia Bank Limited

On October 30, 2015, Hudson Global Resources (Aust) Pty Limited ("Hudson Australia") and Hudson Global Resources (NZ) Limited ("Hudson New Zealand"), both subsidiaries of Hudson Global, Inc., entered into a Finance Agreement, dated as of October 27, 2015 (the "Finance Agreement"), with National Australia Bank Limited ("NAB"), a NAB Corporate Receivables Facility Agreement, dated as of October 27, 2015 (the "Australian Receivables Agreement"), with NAB and a BNZ Corporate Receivables Facility Agreement, dated as of October 27, 2015 (the "New Zealand Receivables Agreement"), with Bank of New Zealand ("BNZ").

The Finance Agreement provides a bank guarantee facility of up to $2.3 million (AUD 3.0 million) for Hudson Australia and Hudson New Zealand. The Finance Agreement matures and becomes due and payable on October 27, 2018. A fee equal to 1.5% per annum will be charged on each bank guarantee issued under the Finance Agreement. The Finance Agreement bears a fee, payable semiannually in arrears, equal to 0.3% per annum of NAB’s commitment under the Finance Agreement.

The Australian Receivables Agreement provides a receivables facility of up to $19.5 million (AUD 25.0 million) for Hudson Australia, which is based on an agreed percentage of eligible accounts receivable, and of which up to $3.1 million (AUD 4.0 million) may be used to support the working capital requirements of operations in China, Hong Kong and Singapore. The Australian Receivables Agreement does not have a stated maturity date and can be terminated by Hudson Australia or NAB upon 90 days written notice. Borrowings under the Australian Receivables Agreement may be made with an interest rate based on a market rate plus a margin of 1.5% per annum. The Australian Receivable Agreement bears a fee, payable monthly in advance, equal to $5 thousand (AUD 6 thousand) per month.

The New Zealand Receivables Agreement provides a receivables facility of up to $3.5 million (NZD 5.0 million) for Hudson New Zealand, which is based on an agreed percentage of eligible accounts receivable. The New Zealand Receivables Agreement does not have a stated maturity date and can be terminated by Hudson New Zealand or BNZ upon 90 days written notice. Borrowings under the New Zealand Receivables Agreement may be made with an interest rate based on a market rate. The New Zealand Receivables Agreement bears a fee, payable monthly in advance, equal to $1 thousand (NZD 1 thousand) per month.

The details of the NAB Finance and Facilities Agreements as of December 31, 2017 were as follows:

$ in millions		December 31, 2017
Finance Agreement:		
Borrowing capacity	$	2.3
Less: outstanding borrowing		(2.0)
Additional borrowing availability	$	0.3
Interest rates on outstanding borrowing		1.50%
Australian Receivables Agreement:		
Borrowing capacity	$	18.0
Less: outstanding borrowing		(5.1)
Additional borrowing availability	$	12.9
Interest rates on outstanding borrowing		3.50%
New Zealand Receivables Agreement:		
Borrowing capacity	$	2.3
Less: outstanding borrowing		—
Additional borrowing availability	$	2.3
Interest rates on outstanding borrowing		3.99%

Amounts owing under the Finance Agreement, the Australian Receivables Agreement and the New Zealand Receivables Agreement are secured by substantially all of the assets of Hudson Australia and Hudson New Zealand. Each of the Finance Agreement, the Australian Receivables Agreement and the New Zealand Receivables Agreement contains various restrictions and covenants applicable to the Obligors, including: a requirement that the Obligors maintain (1) a minimum Fixed Charge Coverage Ratio (as defined in the NAB Facility Agreement) of 1.50x as of the last day of each calendar quarter; and (2) a minimum Receivables Ratio (as defined by the NAB Facility Agreement) of 1.20x.

The Company was in compliance with all financial covenants under the NAB Facility Agreement as of December 31, 2017.

Other Credit Agreements

The Company also has lending arrangements with local banks through its subsidiaries in Belgium and Singapore. As of December 31, 2017, the Belgium subsidiary had a $1.2 million (€1 million) overdraft facility. Borrowings under the Belgium lending arrangement may be made with an interest rate based on the one month EURIBOR plus a margin, and was 2.75% as of December 31, 2017. The lending arrangement in Belgium has no expiration date and can be terminated with a 15 day notice period. There were no outstanding borrowings under Belgium lending agreements as of December 31, 2017.

In Singapore, the Company’s subsidiary can borrow up to $0.1 million (SGD $0.2 million) for working capital purposes. Interest on borrowings under this overdraft facility is based on the Singapore Prime Rate plus 1.75%, which was 6.00% on December 31, 2017. The Singapore overdraft facility expires annually each August but can be renewed for one year periods at that time. As of December 31, 2017, the Singapore overdraft facility had no outstanding borrowings and additional borrowings availability of $0.1 million (SGD $0.2 million).

Excluding the NAB Finance Agreement, the average monthly outstanding borrowings and weighted average interest rate for all the credit agreements above was $11.2 million and 3.07%, respectively, for the year ended December 31, 2017.

The Company continues to use the aforementioned credit to support its ongoing global working capital requirements, capital expenditures and for other corporate purposes and to support letters of credit. Letters of credit and bank guarantees are used primarily to support office leases.

Liquidity Outlook

As of December 31, 2017, the Company had cash and cash equivalents on hand of $21.0 million supplemented by additional borrowing availability of $22.1 million under the Lloyds Agreement, the NAB Facility Agreement and other lending arrangements in Belgium and Singapore. The Company believes that it has sufficient liquidity to satisfy its needs through at least the next 12 months, based on the Company's total liquidity as of December 31, 2017. The Company's near-term cash requirements during 2018 are primarily related to funding operations, restructuring actions, investing in capital expenditures and repurchasing common stock. For 2018, the Company expects to make capital expenditures of approximately $1.5 million to $2.5 million and payments in connection with current restructuring actions of approximately $1.0 million to $1.5 million. The Company is closely managing its capital spending and will perform capital additions where economically prudent, while continuing to invest strategically for future growth. Upon the closing of the pending Sale Transactions, the Company expects liquidity will substantially increase to support its operations.

As of December 31, 2017, $4.3 million of the Company's cash and cash equivalents noted above was held in the U.S. and the remainder was held internationally, primarily in the U.K. ($4.8 million), Belgium ($4.7 million), Mainland China ($1.5 million), Spain ($1.8 million), and France ($1.9 million). The majority of the Company's offshore cash is available to it as a source of funds, net of any tax obligations or assessments. During the fourth quarter of 2017, the Company reevaluated its position that all unremitted earnings of its foreign subsidiaries would be indefinitely reinvested and the Company has provided tax on these unremitted earnings taking into consideration all expected future events based on presently existing tax laws and rates.

The Company believes that future external market conditions remain uncertain, particularly access to credit, rates of near-term projected economic growth and levels of unemployment in the markets in which the Company operates. Due to these uncertain external market conditions, the Company cannot provide assurance that its actual cash requirements will not be greater in the future than those currently expected, especially if market conditions deteriorate substantially. If sources of liquidity are not available or if the Company cannot generate sufficient cash flow from operations, the Company could be required to obtain additional sources of funds through additional operating improvements, capital market transactions, asset sales or financing from third parties, or a combination of those sources. The Company cannot provide assurance that these additional sources of funds will be available or, if available, would have reasonable terms.

Off-Balance Sheet Arrangements

As of December 31, 2017, other than operating leases described below, the Company had no off-balance sheet arrangements.

Contractual Obligations

The Company has entered into various commitments that will affect its cash generation capabilities going forward. Specifically, it has entered into a number of non-cancelable operating leases for facilities and equipment worldwide. Future contractual obligations as of December 31, 2017 were as follows (commitments based in currencies other than U.S. dollars were translated using exchange rates as of December 31, 2017):

Contractual Obligation $ in thousands	**Less than 1 year**	**1 to 3 years**	**3 to 5 years**	**More than 5 years**	**Total**
Operating lease obligations (a)	$ 15,282	$ 16,391	$ 2,214	$ 971	$ 34,858
Capital lease obligations	75	52	—	—	127
Other purchase obligations	976	244	—	—	1,220
Other long term liabilities (b)	—	—	—	—	—
Other (c)	131	—	—	—	131
Total	$ 16,464	$ 16,687	$ 2,214	$ 971	$ 36,336

a. Future minimum lease commitments have not been offset by expected future minimum sublease rental income of $6.4 million, due in the future through 2027 under subleases with third parties. Commitments and sublease rentals based in currencies other than U.S. dollars were translated using exchange rates as of December 31, 2017.

b. The Company's non-current liabilities of $7.6 million in the Consolidated Balance Sheet as of December 31, 2017 are primarily comprised of income taxes, unrecognized tax benefits, deferred rent, and other various accruals. As the timing and/or amounts of any cash payment is uncertain, the related amounts have not been reflected in the table above.

c. Represents remaining employee severance and related costs expected to be paid pursuant to the Previous Plans. See Note 13 included in Item 8 of this Form 10-K for additional information.

Contingencies

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

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

For matters that have reached the threshold of probable and estimable, the Company has established reserves for legal, regulatory and other contingent liabilities. The Company's reserves were $0.1 million and $0.1 million as of December 31, 2017 and 2016, respectively. Although the outcome of these matters cannot be determined, the Company believes that none of the currently pending matters, individually or in the aggregate, will have a material adverse effect on the Company's financial condition, results of operations or liquidity.

Critical Accounting Policies

Our discussion and analysis of our financial condition and results of operations are based upon our Consolidated Financial Statements, which have been prepared in accordance with GAAP. The preparation of financial statements in accordance with GAAP requires our management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities. GAAP provides the framework from which to make these estimates, assumptions and disclosures. We choose accounting policies within GAAP that our management believes are appropriate to accurately and fairly report our operating results and financial position in a consistent manner. Our management regularly assesses these policies in light of current and forecasted economic conditions. Our accounting policies are stated in Note 2 to our Consolidated Financial Statements included in Item 8. We believe the following accounting policies are critical to understanding our results of operations and affect the more significant judgments and estimates used in the preparation of our Consolidated Financial Statements that are inherently uncertain.

Revenue Recognition

The Company recognizes revenue for temporary services at the time services are provided and revenue is recorded on a time and materials basis. Contracting revenue is reported on a gross basis when the Company acts as the principal in the transaction and is at risk for collection in accordance with ASC 605-45, "*Overall Considerations of Reporting Revenue Gross as a Principal versus Net as an Agent*." The Company's revenues are derived from its gross billings, which are based on (i) the payroll cost of its worksite employees; and (ii) a markup computed as a percentage of the payroll cost.

The Company recognizes revenue for permanent placements based on the nature of the fee arrangement. Revenue generated when the Company permanently places an individual with a client on a contingent basis is recorded at the time of acceptance of employment, net of an allowance for estimated fee reversals. Revenue generated when the Company permanently places an individual with a client on a retained basis is recorded ratably over the period services are rendered, net of an allowance for estimated fee reversals.

ASC 605-45-50-3 and ASC 605-45-50-4, "*Taxes Collected from Customers and Remitted to Governmental Authorities*,"
provide that the presentation of taxes on either a gross basis (included in revenue and expense) or net basis (excluded from revenue) is an accounting policy decision. The Company collects various taxes assessed by governmental authorities and records these amounts on a net basis.

Beginning January 1, 2018, the Company adopted ASC 606, *"Revenue from Contracts with Customers "* using the modified retrospective approach. The adoption has an immaterial impact on the Company's financial statements.

Accounts Receivable

The Company's accounts receivable balances are composed of trade and unbilled receivables. The Company maintains an allowance for doubtful accounts and makes ongoing estimates as to the collectability of the various receivables. If the Company determines that the allowance for doubtful accounts is not adequate to cover estimated losses, an expense to provide for doubtful accounts is recorded in selling, general and administrative expenses. If an account is determined to be uncollectible, it is written off against the allowance for doubtful accounts. Management's assessment and judgment are vital requirements in assessing the ultimate realization of these receivables, including the current credit-worthiness, financial stability and effect of market conditions on each customer.

Income Taxes

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Act. The Tax Act makes broad and complex changes to the U.S. tax code that affects 2017, including, but not limited to, accelerated depreciation that will allow for full expensing of qualified property. The Tax Act also establishes new tax laws that will affect 2018 and after, including a reduction in the U.S. federal corporate income tax rate from 35% to 21%.

Also on December 22, 2017, the SEC staff issued Staff Accounting Bulletin No. 118 ("SAB 118"), which provides guidance on accounting for the tax effects of the Tax Act. SAB 118 provides a measurement period that should not extend beyond one year from the Tax Act enactment date for companies to complete the accounting under ASC 740, *"Income Taxes"*. In accordance with SAB 118, a company must reflect the income tax effects of those aspects of the Tax Act for which the accounting under ASC 740 is complete. To the extent that a company's accounting for certain income effects of the Tax Act is incomplete but it is able to determine a reasonable estimate, it must record and provisional estimate in the financial statements.

We account for income taxes using the asset and liability method in accordance with ASC 740, "*Income Taxes."* This standard establishes financial accounting and reporting standards for the effects of income taxes that result from an enterprise's activities. It requires an asset and liability approach for financial accounting and reporting of income taxes.

The calculation of net deferred tax assets assumes sufficient future earnings for the realization of such assets as well as the continued application of currently anticipated tax rates. Included in net deferred tax assets is a valuation allowance for deferred tax assets where management believes it is more likely than not that the deferred tax assets will not be realized in the relevant jurisdiction. If we determine that a deferred tax asset will not be realizable, an adjustment to the deferred tax asset will result in a reduction of earnings at that time. Our assessment includes an analysis of whether deferred tax assets will be realized in the ordinary course of operations based on the available positive and negative evidence, including the scheduling of deferred tax liabilities and forecasted income from operations. The underlying assumptions we use in forecasting future taxable income require significant judgment. In the event that actual income from operations differs from forecasted amounts, or if we change our estimates of forecasted income from operations, we could record additional charges or reduce allowances in order to adjust the carrying value of deferred tax assets to their realizable amount. Such adjustments could be material to our consolidated financial statements. See Note 7 to the Consolidated Financial Statements for further information regarding deferred tax assets and valuation allowance.

ASC 740-10-55-3, "*Recognition and Measurement of Tax Positions - a Two Step Process,"* provides implementation guidance related to the accounting for uncertainty in income taxes recognized in an enterprise's financial statements and prescribes a two-step evaluation process for a tax position taken or expected to be taken in a tax return. The first step is recognition and the second is measurement. ASC 740 also provides guidance on derecognition, measurement, classification, disclosures, transition and accounting for interim periods. In addition, ASC 740-10-25-9 provides guidance on how to determine whether a tax position is effectively settled for the purpose of recognizing previously unrecognized tax benefits. As of December 31, 2017, the gross liability for income taxes associated with uncertain tax positions was $2.2 million.

The Company's unrecognized tax benefits, if recognized in the future, would affect the annual effective income tax rate. See Note 7 to the Consolidated Financial Statements for further information regarding unrecognized tax benefits. We elected to continue our historical practice of classifying applicable interest and penalties as a component of the provision for income taxes.

We provide tax reserves for Federal, state, local and international exposures relating to periods subject to audit. The development of reserves for these exposures requires judgments about tax issues, potential outcomes and timing, and is a subjective critical estimate. We assess our tax positions and record tax benefits for all years subject to examination based upon management's evaluation of the facts, circumstances and information available at the reporting dates. For those tax positions where it is more likely than not that a tax benefit will be sustained, we have recorded the largest amount of tax benefit with greater than 50% likelihood of being realized upon settlement with a tax authority that has full knowledge of all relevant information. For those tax positions where it is not more likely than not that a tax benefit will be sustained, no tax benefit has been recognized in the Consolidated Financial Statements. Where applicable, associated interest and penalties have also been recognized. Although the outcome relating to these exposures are uncertain, we believe that our reserves reflect the probable outcome of known tax contingencies. In certain circumstances, the ultimate outcome of exposures and risks involves significant uncertainties which render them inestimable. If actual outcomes differ materially from these estimates, including those that cannot be quantified, they could have a material impact on our results of operations.

During the fourth quarter of 2017, the Company reevaluated its position that all unremitted earnings of its foreign subsidiaries would be indefinitely reinvested and the Company has provided tax on these unremitted earnings taking into consideration all expected future events based on presently existing tax laws and rates.

Long-lived Assets

The Company periodically evaluates whether events or changes in circumstances have occurred that indicate long-lived assets may not be recoverable. When such circumstances are present, the Company assesses whether the carrying value will be recovered though the expected undiscounted future cash flows resulting from the use and eventual disposition of the long-lived asset. In the event the sum of the expected undiscounted future cash flows is less than the carrying value of the long-lived asset, an impairment loss equal to the excess of the long-lived asset's carrying value over its fair value is recorded in ASC 360-1-35.

Goodwill

In the fourth quarter of 2017, the Company early adopted Accounting Standards Update ("ASU") No. 2017-04, "Intangibles-Goodwill and Other (Topic 350) Simplifying the Test for Goodwill Impairment" ("ASU 2017-04"), as part of the annual goodwill impairment testing.

ASC 350-20-35,"Intangibles-Goodwill and Other, Goodwill Subsequent Measurement," requires that goodwill not be amortized but be tested for impairment on an annual basis, or more frequently if circumstances warrant. The Company tests goodwill for impairment annually as of October 1, or more frequently if circumstances indicate that its carrying value might exceed its current fair value. Per the provisions of ASC 350, the Company may elect to first perform a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value. In the qualitative assessment, the Company considers events and circumstances such as macroeconomic conditions, industry and market considerations, cost factors, overall financial performance and the trend of cash flows, other relevant company-specific events and the "cushion" between a reporting unit's fair value and carrying amount in a recent fair value calculation. If it is concluded that it is more likely than not that the fair value of a reporting unit is less than its carrying value, it is necessary to perform the quantitative goodwill impairment test. Otherwise, the quantitative goodwill impairment test is not required.

The quantitative goodwill impairment test compares the fair value of a reporting unit with its carrying amount, including goodwill. If the fair value of a reporting unit exceeds its carrying amount, then goodwill of the reporting unit is not considered impaired. In contrast, if the carrying amount of a reporting unit exceeds its fair value, goodwill impairment will be determined by using the difference between the carrying amount and the fair value of the reporting unit.

To estimate the fair value of a reporting unit, the Company utilizes the income approach and/or the market approach. The income approach is a valuation technique which indicates the fair value of the invested capital of a reporting unit based on the value of the cash flows that it is expected to generate in the future. The discounted cash flow method, an application of the income approach, estimates the future cash flows of the reporting unit and discounts these cash flows to their present value equivalents at a rate of return that considers the relative risk of achieving the cash flows and the time value of money. These cash flows indicate the fair value of the invested capital of the reporting unit on a marketable, controlling basis.

Determining the fair value of a reporting unit is judgmental in nature and involves the use of significant estimates and assumptions. These estimates and assumptions include revenue growth rates, operating margins, corporate overhead allocations, cash flow adjustments related to capital expenditures, and working capital investments and risk-adjusted discount rates used to calculate the present value of the projected future cash flows. We base our fair value estimates on assumptions we believe to be reasonable.

Stock-Based Compensation

The Company applies the fair value recognition provisions of ASC 718, "*Compensation - Stock Compensation.*" The Company determines the fair value as of the grant date. Determining the appropriate fair value model and calculating the fair value of stock compensation awards requires the input of certain complex and subjective assumptions, including the expected life of the stock compensation award and the Company’s Common Stock price volatility. In addition, determining the appropriate amount of associated periodic expense requires management to estimate the likelihood of achievement of certain performance targets. The assumptions used in calculating the fair value of stock compensation awards and the associated periodic expense represent management’s best estimates, but these estimates involve inherent uncertainties and the application of judgment. As a result, if factors change and the Company deems it necessary in the future to modify the assumptions it made or to use different assumptions, or if the quantity and nature of the Company’s stock-based compensation awards changes, then the amount of expense may need to be adjusted and future stock compensation expense could be different from what has been recorded in the current period.

For awards with graded vesting conditions, the values of the awards are determined by valuing each tranche separately and expensing each tranche over the required service period. The service period is the period over which the related service is performed, which is generally the same as the vesting period. Prior to the adoption of ASU No. 2016-09 ("ASU 2016-09"), Compensation - Stock Compensation (Topic 718) on October 1, 2016, the Company recorded stock-based compensation expense net of estimated forfeitures. The Company estimated its forfeiture rate based on historical data such as stock option exercise activities and employee termination patterns. After adoption of ASU 2016-09, the Company accounts for forfeitures as they occur. There were no stock options granted during the year ended December 31, 2017.

Recent Accounting Pronouncements

See note 2 to our Consolidated Financial Statements regarding the impact or potential impact of recent accounting pronouncements upon our financial position and results of operations.

Forward-Looking Statements

This Form 10-K contains statements that the Company believes to be "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact included in this Form 10-K, including statements regarding the Company’s future financial condition, results of operations, business operations and business prospects, are forward-looking statements. Words such as "anticipate," "estimate," "expect," "project," "intend," "plan," "predict," "believe" and similar words, expressions and variations of these words and expressions are intended to identify forward-looking statements. All forward-looking statements are subject to important factors, risks, uncertainties and assumptions, including industry and economic conditions that could cause actual results to differ materially from those described in the forward-looking statements. Such factors, risks, uncertainties and assumptions include, but are not limited to, (1) the Company’s ability to complete the Sale Transactions on anticipated terms and timetable, (2) the possibility that the various closing conditions for the Sale Transactions may not be satisfied or waived, (3) the Company’s ability to obtain stockholder approval of the Sale Transactions, (4) the Company’s ability to achieve anticipated benefits from the Sale Transactions and operate successfully as a company focused on its RPO Business, (5) global economic fluctuations, (6) the Company's ability to successfully execute its strategic initiatives, (7) risks related to fluctuations in the Company’s operating results from quarter to quarter, (8) the ability of clients to terminate their relationship with the Company at any time, (9) competition in the Company’s markets, (10) the negative cash flows and operating losses that may recur in the future, (11) restrictions on the Company’s operating flexibility due to the terms of its credit facilities, (12) risks associated with the Company’s investment strategy, (13) risks related to international operations, including foreign currency fluctuations, (14) the Company’s dependence on key management personnel, (15) the Company’s ability to attract and retain highly-skilled professionals, (16) the Company’s ability to collect its accounts receivable, (17) the Company’s ability to maintain costs at an acceptable level, (18) the Company’s heavy reliance on information systems and the impact of potentially losing or failing to develop technology, (19) risks related to providing uninterrupted service to clients, (20) the Company’s exposure to employment-related claims from clients, employers and regulatory authorities, current and former employees in connection with the Company’s business reorganization initiatives and limits on related insurance coverage, (21) the Company’s ability to utilize net operating loss carry-forwards, (22) volatility of

the Company’s stock price, (23) the impact of government regulations, (24) restrictions imposed by blocking arrangements, (25) risks related to potential acquisitions or dispositions of businesses by the Company and (26) those risks set forth in "Risk Factors." The foregoing list should not be construed to be exhaustive. Actual results or matters related to the Sale Transactions could differ materially from the forward-looking statements contained in this Form 10-K as a result of the timing of the closing of the Sale Transactions or the impact of the Sale Transactions on our results of operations, financial condition, cash flows, capital resources, profitability, cash requirements, management resources and liquidity. In view of these uncertainties, you should not place undue reliance on any forward-looking statements, which are based on our current expectations. These forward-looking statements speak only as of the date of this Form 10-K. The Company assumes no obligation, and expressly disclaims any obligation, to update any forward-looking statements, whether as a result of new information, future events or otherwise.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company conducts operations in various countries and faces both translation and transaction risks related to foreign currency exchange. For the year ended December 31, 2017, the Company earned approximately 92% of its gross margin outside the United States ("U.S."), and it collected payments in local currency and paid related operating expenses in such corresponding local currency. Revenues and expenses in foreign currencies translate into higher or lower revenues and expenses in U.S. dollars as the U.S. dollar weakens or strengthens against other currencies. Therefore, changes in exchange rates may affect our consolidated revenues and expenses (as expressed in U.S. dollars) from foreign operations.

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

The Brexit referendum resulted in a decline in the value of the British pound, as compared to the U.S. dollar. The Company's United Kingdom ("U.K.") operations, future financial performance and translation of results may be affected, in part, by the outcome of tariff, trade, regulatory, and other negotiations as the U.K. negotiates its exit from the European Union.

As more fully described in Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations," the Company has credit agreements with Lloyds Bank PLC and Lloyds Bank Commercial Finance Limited, National Australia Bank Limited and other credit agreements with lenders in Belgium and Singapore. The Company did not hedge the interest risk on borrowings under the credit agreements, and, accordingly, it is exposed to interest rate risk on the borrowings under such credit agreements. Based on our annual average borrowings, a 1% increase or decrease in interest rates on our borrowings would not have a material impact on our earnings.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA

Management's Annual Report on Internal Control Over Financial Reporting

The management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15(d)-15 (f) of the Securities Exchange Act of 1934. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Company's management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2017 using the criteria set forth in *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, the Company's management believes that, as of December 31, 2017, the Company's internal control over financial reporting was effective based on those criteria.

This Annual Report on Form 10-K does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to the SEC’s "smaller reporting company" rules that permit the Company to provide only management's assessment report for the year ended December 31, 2017.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Hudson Global, Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Hudson Global, Inc. and subsidiaries (the "Company") as of December 31, 2017 and 2016, the related consolidated statements of operations, comprehensive income (loss), cash flows, and stockholders' equity for each of the years in the three-year period ended December 31, 2017, the related notes, and financial statement schedules in Item 15(2) (collectively, the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2017, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ KPMG LLP

We have served as the Company's auditor since 2008.

New York, New York

March 1, 2018

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

	Year Ended December 31,		
	2017	**2016**	**2015**
Revenue	$ 456,721	$ 422,744	$ 463,197
Direct costs	269,985	248,327	275,487
Gross margin	186,736	174,417	187,710
Operating expenses:			
Salaries and related	142,651	139,848	149,442
Office and general	34,138	33,457	40,921
Marketing and promotion	4,301	4,029	4,268
Depreciation and amortization	2,748	3,090	3,845
Business reorganization	712	1,580	5,828
Goodwill impairment	1,909	—	—
Total operating expenses	186,459	182,004	204,304
Gain (loss) on sale and exit of businesses	—	—	19,835
Operating income (loss)	277	(7,587)	3,241
Non-operating income (expense):			
Interest income (expense), net	(403)	(357)	(722)
Other income (expense), net	(510)	(247)	(266)
Income (loss) from continuing operations before provision for income taxes	(636)	(8,191)	2,253
Provision for (benefit from) income taxes from continuing operations	2,284	742	646
Income (loss) from continuing operations	(2,920)	(8,933)	1,607
Income (loss) from discontinued operations, net of income taxes	(21)	143	722
Net income (loss)	$ (2,941)	$ (8,790)	$ 2,329
Earnings (loss) per share:			
Basic and diluted			
Income (loss) from continuing operations	$ (0.09)	$ (0.27)	$ 0.05
Income (loss) from discontinued operations	—	0.01	0.02
Net income (loss)	$ (0.09)	$ (0.26)	$ 0.07
Weighted-average shares outstanding:			
Basic	32,106	33,174	33,869
Diluted	32,106	33,174	34,084

See accompanying notes to consolidated financial statements.

HUDSON GLOBAL, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(in thousands)

	Year Ended December 31,		
	2017	**2016**	**2015**
Comprehensive income (loss):			
Net income (loss)	$ (2,941)	$ (8,790)	$ 2,329
Other comprehensive income (loss):			
Foreign currency translation adjustment, net of income taxes	3,844	(3,333)	(3,326)
Defined benefit pension plans - unrecognized net actuarial gain (loss) and prior service costs (credit), net of income taxes	(66)	(28)	5
Total other comprehensive income (loss), net of income taxes	3,778	(3,361)	(3,321)
Comprehensive income (loss)	$ 837	$ (12,151)	$ (992)

See accompanying notes to consolidated financial statements.

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

	December 31, 2017	December 31, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	$ 21,040	$ 21,322
Accounts receivable, less allowance for doubtful accounts of $684 and $799, respectively	71,878	58,517
Prepaid and other	4,125	4,265
Current assets of discontinued operations	—	38
Total current assets	97,043	84,142
Property and equipment, net	6,251	7,041
Deferred tax assets, non-current	6,404	6,494
Other assets	1,942	4,135
Total assets	$ 111,640	$ 101,812
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 6,957	$ 4,666
Accrued expenses and other current liabilities	45,565	36,154
Short-term borrowings	7,080	7,770
Accrued business reorganization	919	1,756
Current liabilities of discontinued operations	56	233
Total current liabilities	60,577	50,579
Deferred rent	1,833	2,968
Income tax payable, non-current	2,231	2,211
Other non-current liabilities	3,847	4,169
Total liabilities	68,488	59,927
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $0.001 par value, 10,000 shares authorized; none issued or outstanding	—	—
Common stock, $0.001 par value, 100,000 shares authorized; issued 34,959 and 34,910 shares, respectively	34	34
Additional paid-in capital	483,558	482,265
Accumulated deficit	(443,419)	(440,478)
Accumulated other comprehensive income	10,709	6,931
Treasury stock, 3,800 and 3,145 shares, respectively, at cost	(7,730)	(6,867)
Total stockholders' equity	43,152	41,885
Total liabilities and stockholders' equity	$ 111,640	$ 101,812

See accompanying notes to consolidated financial statements.

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

	Year Ended December 31,		
	2017	2016	2015
Cash flows from operating activities:			
Net income (loss)	$ (2,941)	$ (8,790)	$ 2,329
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	2,748	3,090	3,845
Goodwill impairment	1,909	—	—
Provision for (recovery of) doubtful accounts	60	226	178
Provision for (benefit from) deferred income taxes	339	(208)	189
Stock-based compensation	1,293	1,449	4,231
Gain on sale and exit of businesses	—	—	(21,245)
Other, net	—	211	194
Changes in operating assets and liabilities, net of effect of dispositions:			
Decrease (increase) in accounts receivable	(7,809)	(582)	(1,254)
Decrease (increase) in prepaid and other assets	1,388	1,053	2,763
Increase (decrease) in accounts payable, accrued expenses and other liabilities	7,269	(3,317)	(7,902)
Increase (decrease) in accrued business reorganization	(1,830)	(2,552)	(679)
Net cash provided by (used in) operating activities	2,426	(9,420)	(17,351)
Cash flows from investing activities:			
Capital expenditures	(1,471)	(2,766)	(3,061)
Proceeds from sale of consolidated subsidiary, net of cash sold	—	—	7,894
Proceeds from sale of assets, net of disposal costs	—	42	16,815
Net cash provided by (used in) investing activities	(1,471)	(2,724)	21,648
Cash flows from financing activities:			
Borrowings under credit agreements	179,642	118,583	147,429
Repayments under credit agreements	(181,204)	(112,835)	(144,994)
Repayment of capital lease obligations	(93)	(85)	(104)
Dividend payments	—	(3,401)	—
Payments for deferred financing costs	—	—	(57)
Purchases of treasury stock	(858)	(5,127)	(1,386)
Purchase of restricted stock from employees	(5)	(65)	(244)
Net cash provided by (used in) financing activities	(2,518)	(2,930)	644
Effect of exchange rates on cash and cash equivalents	1,281	(1,267)	(1,267)
Net increase (decrease) in cash and cash equivalents	(282)	(16,341)	3,674
Cash and cash equivalents, beginning of the period	21,322	37,663	33,989
Cash and cash equivalents, end of the period	$ 21,040	$ 21,322	$ 37,663
Supplemental disclosures of cash flow information:			
Cash payments during the period for interest	$ 395	$ 336	$ 381
Cash payments during the period for income taxes, net of refunds	$ 2,009	$ 918	$ 89

See accompanying notes to consolidated financial statements.

HUDSON GLOBAL, INC.
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(in thousands)

	Common stock		Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive income (loss)	Treasury stock	Total
	Shares	Value					
Balance at January 1, 2015	33,542	$ 34	$ 476,689	$ (430,616)	$ 13,613	$ (463)	$ 59,257
Net income (loss)	—	—	—	2,329	—	—	2,329
Other comprehensive income (loss), translation adjustments	—	—	—	—	(3,326)	—	(3,326)
Other comprehensive income (loss), pension liability adjustment	—	—	—	—	5	—	5
Purchase of treasury stock	(528)	—	—	—	—	(1,386)	(1,386)
Purchase of restricted stock from employees	(108)	—	—	—	—	(244)	(244)
Issuance of shares for 401(k) plan contribution	116	—	(104)	—	—	418	314
Stock-based compensation	1,589		4,231	—	—	—	4,231
Balance at December 31, 2015	34,611	$ 34	$ 480,816	$ (428,287)	$ 10,292	$ (1,675)	$ 61,180
Net income (loss)	—	—	—	(8,790)	—	—	(8,790)
Other comprehensive income (loss), translation adjustments	—	—	—	—	(3,333)	—	(3,333)
Other comprehensive income (loss), pension liability adjustment	—	—	—	—	(28)	—	(28)
Cash Dividends ($.10 per share)	—	—	—	(3,401)	—	—	(3,401)
Purchase of treasury stock	(2,461)	—	—	—	—	(5,127)	(5,127)
Purchase of restricted stock from employees	(35)	—	—	—	—	(65)	(65)
Stock-based compensation	(350)	—	1,449	—	—	—	1,449
Balance at December 31, 2016	31,765	$ 34	$ 482,265	$ (440,478)	$ 6,931	$ (6,867)	$ 41,885
Net income (loss)	—	—	—	(2,941)	—	—	(2,941)
Other comprehensive income (loss), translation adjustments	—	—	—	—	3,844	—	3,844
Other comprehensive income (loss), pension liability adjustment	—	—	—	—	(66)	—	(66)
Purchase of treasury stock	(650)	—	—	—	—	(858)	(858)
Purchase of restricted stock from employees	(5)	—	—	—	—	(5)	(5)
Stock-based compensation	49		1,293	—	—	—	1,293
Balance at December 31, 2017	31,159	$ 34	$ 483,558	$ (443,419)	$ 10,709	$ (7,730)	$ 43,152

See accompanying notes to consolidated financial statements.

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

NOTE 1 – DESCRIPTION OF BUSINESS

Hudson Global, Inc. and its subsidiaries (the "Company") are comprised of the operations, assets and liabilities of the three Hudson regional businesses of Hudson Americas, Hudson Asia Pacific, and Hudson Europe ("Hudson regional businesses" or "Hudson"). The Company provides specialized professional-level recruitment and related talent solutions worldwide. The Company’s core service offerings include Permanent Recruitment, Contracting, Recruitment Process Outsourcing ("RPO") and Talent Management Solutions. As of December 31, 2017, the Company had approximately 1,500 employees operating in 13 countries with three reportable geographic business segments: Hudson Americas, Hudson Asia Pacific, and Hudson Europe.

The Company’s core service offerings include:

Permanent Recruitment: Offered on both a retained and contingent basis, Hudson’s Permanent Recruitment services leverage its consultants, psychologists and other professionals in the development and delivery of its proprietary methods to identify, select and engage the best-fit talent for critical client roles.

Contracting: In Contracting, Hudson provides a range of project management, interim management and professional contract staffing services. These services draw upon a combination of specialized recruiting and project management competencies to deliver a wide range of solutions. Hudson-employed professionals - either individually or as a team - are placed with client organizations for a defined period of time based on a client's specific business need.

RPO: Hudson RPO delivers both permanent recruitment and contracting outsourced recruitment solutions tailored to the individual needs of primarily mid-to-large-cap multinational companies. Hudson RPO's delivery teams utilize state-of-the-art recruitment process methodologies and project management expertise in their flexible, turnkey solutions to meet clients' ongoing business needs. Hudson RPO services include complete recruitment outsourcing, project-based outsourcing, contingent workforce solutions and recruitment consulting.

Talent Management Solutions: Featuring embedded proprietary talent assessment and selection methodologies, Hudson’s Talent Management capability encompasses services such as talent assessment (utilizing a variety of competency, attitude and experiential testing), interview training, executive coaching, employee development and outplacement.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Unless otherwise stated, amounts are presented in United States of America ("U.S.") dollars and all amounts are in thousands, except for number of shares and per share amounts.

Recently Adopted Accounting Standards

In January 2017, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") No. 2017-04, "Intangibles-Goodwill and Other (Topic 350) Simplifying the Test for Goodwill Impairment." ASU 2017-04 eliminates the previous two-step process that required identification of potential impairment and a separate measure of the actual impairment. The annual assessment of goodwill impairment will be determined by using the difference between the carrying amount and the fair value of the reporting unit. ASU 2017-04 is effective for fiscal years beginning after December 15, 2019, including interim periods within that reporting period. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. ASU 2017-04 was early adopted by the Company for the year ending December 31, 2017. The adoption did not have a material impact on the consolidated financial statements as a goodwill impairment charge was recognized for one of the Company's reporting units in the current year (which was measured based on the updated guidance outlined in ASU 2017-04). See Note 11 for further discussion of goodwill.

In March 2016, the FASB issued ASU No. 2016-09, "Compensation - Stock Compensation (Topic 718)." ASU 2016-09 is intended to simplify several aspects of the accounting for share-based payment awards transactions. ASU 2016-09 will be effective for annual periods beginning after December 15, 2016 and interim periods within those annual periods, and early

adoption is permitted. The Company has elected to early adopt ASU 2016-09 as of January 1, 2016. The Company elected to account for forfeitures as they occur. The adoption of ASU 2016-09 did not have a material effect on the Company's financial statements and related disclosures.

In August 2014, the FASB issued ASU No. 2014-15, "Presentation of Financial Statements - Going Concern (subtopic 205-40)." ASU 2014-15 requires management to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity’s ability to continue as a going concern. Management will be required to perform this assessment for both interim and annual reporting periods and must make certain disclosures if it concludes that substantial doubt exists. ASU 2014-15 is effective for annual periods ending after December 15, 2016 and for interim periods thereafter. The Company adopted ASU 2014-15 effective for annual period ending December 31, 2017. The adoption did not have a material impact on its consolidated financial statements.

Principles of Consolidation

The Consolidated Financial Statements include the accounts of the Company and all of its wholly-owned and majority-owned subsidiaries. All significant inter-company accounts and transactions between and among the Company and its subsidiaries have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions about future events. These estimates and the underlying assumptions affect the reported amounts of assets and liabilities, the disclosures about contingent assets and liabilities, and the reported amounts of revenue and expenses. Such estimates include the value of allowances for doubtful accounts, insurance recovery receivable, goodwill, intangible assets, and other long-lived assets, legal reserve and provision, estimated self-insured liabilities, assumptions used in the fair value of stock-based compensation and the valuation of deferred tax assets. These estimates and assumptions are based on management's best estimates and judgment. Management evaluates the estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, which management believes to be reasonable under the circumstances. The Company adjusts such estimates and assumptions when facts and circumstances dictate. As future events and their effects cannot be determined with precision, actual results could differ significantly from those estimates.

Instability in the global credit markets puts pressure on global economic conditions and may in turn impact the aforementioned estimates and assumptions.

Nature of Business and Credit Risk

The Company's revenue is earned from professional placement services, mid-level employee professional staffing and contracting services and human capital services. These services are provided to a large number of customers in many different industries. The Company operates throughout North America, the United Kingdom ("U.K."), Continental Europe, Australia, New Zealand and Asia. During 2017, no single client accounted for more than 10% of the Company's total revenue. As of December 31, 2017, no single client accounted for more than 10% of the Company's outstanding accounts receivable.

Financial instruments, which potentially subject the Company to concentrations of credit risk, are primarily cash and accounts receivable. The Company performs continuing credit evaluations of its customers and does not require collateral. The Company has not experienced significant losses related to receivables.

Revenue Recognition

The Company recognizes revenue for temporary services at the time services are provided and revenue is recorded on a time and materials basis. Contracting revenue is reported on a gross basis when the Company acts as the principal in the transaction and is at risk for collection in accordance with FASB Accounting Standards Codification Topic ("ASC") 605-45, "*Overall Considerations of Reporting Revenue Gross as a Principal versus Net as an Agent."* The Company's revenues are derived from its gross billings, which are based on (i) the payroll cost of its worksite employees; and (ii) a markup computed as a percentage of the payroll cost.

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The Company recognizes revenue for permanent placements based on the nature of the fee arrangement. Revenue generated when the Company permanently places an individual with a client on a contingent basis is recorded at the time of acceptance of employment, net of an allowance for estimated fee reversals. Revenue generated when the Company permanently places an individual with a client on a retained basis is recorded ratably over the period services are rendered, net of an allowance for estimated fee reversals.

ASC 605-45-50-3 and ASC 605-45-50-4, "*Taxes Collected from Customers and Remitted to Governmental Authorities,"* provide that the presentation of taxes on either a gross basis (included in revenue and expense) or net basis (excluded from revenue) is an accounting policy decision. The Company collects various taxes assessed by governmental authorities and records these amounts on a net basis.

Operating Expenses

Salaries and related expenses include the salaries, commissions, payroll taxes and employee benefits related to recruitment professionals, executive level employees, administrative staff and other employees of the Company who are not temporary contractors. Office and general expenses include occupancy, equipment leasing and maintenance, utilities, travel expenses, professional fees and provision for doubtful accounts. The Company expenses the costs of advertising and legal costs as incurred.

Stock-Based Compensation

The Company applies the fair value recognition provisions of ASC 718, "*Compensation - Stock Compensation.*" The Company determines the fair value as of the grant date. For awards with graded vesting conditions, the values of the awards are determined by valuing each tranche separately and expensing each tranche over the required service period. The service period is the period over which the related service is performed, which is generally the same as the vesting period. Prior to the adoption of ASU No. 2016-09 ("ASU 2016-09"), *"Compensation - Stock Compensation (Topic 718)"* on October 1, 2016, the Company recorded stock-based compensation expense net of estimated forfeitures. The Company estimated its forfeiture rate based on historical data such as stock option exercise activities and employee termination patterns. After adoption of ASU 2016-09, the Company accounts for forfeitures as they occur. There were no stock options granted during the year ended December 31, 2017.

For stock options, the Black-Scholes option pricing model considers, among other factors, the expected volatility of the Company's stock price, risk-free interest rates, dividend rate and the expected life of the award. Expected volatilities are calculated based on the historical volatility of the Company's common stock. Volatility is determined using historical prices to estimate the expected future fluctuations in the Company's share price. The risk-free interest rate is based on the U.S. Treasury, the term of which is consistent with the expected term of the option.

When the Company estimates the expected life of stock options, the Company determines its assumptions for the Black-Scholes option-pricing model in accordance with ASC 718 and Staff Accounting Bulletin ("SAB") No. 107. Significant assumptions used in the valuation of stock options include:

- The expected term of stock options is estimated using the simplified method since the Company currently does not have sufficient stock option exercise history.
- The expected risk free interest rate is based on the U.S. Treasury constant maturity interest rate which term is consistent with the expected term of the stock options.
- The expected volatility is based on the historic volatility.

In December 2007, the Securities and Exchange Commission ("SEC") staff issued SAB No. 110, "*Certain Assumptions Used In Valuation Methods - Expected Term"*. SAB No. 110 allows companies to continue to use the simplified method, as defined in SAB No. 107, to estimate the expected term of stock options under certain circumstances. The simplified method for estimating expected term uses the mid-point between the vesting term and the contractual term of the stock option. The Company has analyzed the circumstances in which the use of the simplified method is allowed. The Company has opted to use the simplified method for stock options the Company granted because management believes that the Company does not have sufficient historical exercise data to provide a reasonable basis upon which to estimate the expected term.

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In accordance with ASC 718, the Company reflects the tax savings resulting from tax deductions in excess of income tax benefits as a financing cash flow in its Consolidated Statement of Cash Flows, when applicable.

Income Taxes

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cut and Jobs Act (the "Tax Act"). The Tax Act makes broad and complex changes to the U.S. tax code that affects 2017, including, but not limited to, accelerated depreciation that will allow for full expensing of qualified property. The Tax Act also establishes new tax laws that will affect 2018 and after, including a reduction in the U.S. federal corporate income tax rate from 35% to 21%. Also on December 22, 2017, the SEC staff issued Staff Accounting Bulletin No. 118 ("SAB 118"), which provides guidance on accounting for the tax effects of the Tax Act. SAB 118 provides a measurement period that should not extend beyond one year from the Tax Act enactment date for companies to complete the accounting under ASC 740, *Income Taxes*. In accordance with SAB 118, a company must reflect the income tax effects of those aspects of the Tax Act for which the accounting under ASC 740 is complete. To the extent that a company's accounting for certain income effects of the Tax Act is incomplete but it is able to determine a reasonable estimate, it must record and provisional estimate in the financial statements.

Earnings from the Company's global operations are subject to tax in various jurisdictions both within and outside the United States. The Company accounts for income taxes in accordance with ASC 740, "*Income Taxes"*. This standard establishes financial accounting and reporting standards for the effects of income taxes that result from an enterprise's activities. It requires an asset and liability approach for financial accounting and reporting of income taxes.

The calculation of net deferred tax assets assumes sufficient future earnings for the realization of such assets as well as the continued application of currently anticipated tax rates. Included in net deferred tax assets is a valuation allowance for deferred tax assets where management believes it is more likely than not that the deferred tax assets will not be realized in the relevant jurisdiction. If we determine that a deferred tax asset will not be realizable, an adjustment to the deferred tax asset will result in a reduction of earnings at that time. See Note 7 to the Consolidated Financial Statements for further information regarding deferred tax assets and valuation allowance.

ASC 740-10-55-3, "*Recognition and Measurement of Tax Positions - a Two Step Process,"* provides implementation guidance related to the accounting for uncertainty in income taxes recognized in an enterprise's financial statements and prescribes a two-step evaluation process for a tax position taken or expected to be taken in a tax return. The first step is recognition and the second is measurement. ASC 740 also provides guidance on derecognition, measurement, classification, disclosures, transition and accounting for interim periods. The Company provides tax reserves for U.S. Federal, state and local and international unrecognized tax benefits for all periods subject to audit. The development of reserves for these exposures requires judgments about tax issues, potential outcomes and timing, and is a subjective critical estimate. The Company assesses its tax positions and records tax benefits for all years subject to examination based upon management's evaluation of the facts, circumstances, and information available at the reporting dates. For those tax positions where it is more likely than not that a tax benefit will be sustained, the Company has recorded the largest amount of tax benefit with a greater than 50% likelihood of being realized upon settlement with a tax authority that has full knowledge of all relevant information. For those tax positions where it is not more likely than not that a tax benefit will be sustained, no tax benefit has been recognized in the financial statements. Where applicable, associated interest and penalties have also been recognized as a component of income tax expense. Although the outcome related to these exposures is uncertain, in management's opinion, adequate provisions for income taxes have been made for estimable potential liabilities emanating from these exposures. In certain circumstances, the ultimate outcome for exposures and risks involve significant uncertainties which render them inestimable. If actual outcomes differ materially from these estimates, including those that cannot be quantified, they could have material impact on the Company's results of operations.

During the fourth quarter of 2017, the Company reevaluated its position that all unremitted earnings of our foreign subsidiaries would be indefinitely reinvested and the Company has provided tax on these unremitted earnings taking into consideration all expected future events based on presently existing tax laws and rates.

Earnings (Loss) Per Share

Basic earnings (loss) per share ("EPS") is computed by dividing the Company's net income (loss) by the weighted average number of shares outstanding during the period. When the effects are not anti-dilutive, diluted earnings (loss) per share is computed by dividing the Company's net income (loss) by the weighted average number of shares outstanding and the impact

of all dilutive potential common shares, primarily stock options "in-the-money" and unvested restricted stock. The dilutive impact of stock options and unvested restricted stock is determined by applying the "treasury stock" method. Performance-based restricted stock awards are included in the computation of diluted earnings per share only to the extent that the underlying performance conditions: (i) are satisfied prior to the end of the reporting period, or (ii) would be satisfied if the end of the reporting period were the end of the related performance period and the result would be dilutive under the treasury stock method. Stock awards subject to vesting or exercisability based on the achievement of market conditions are included in the computation of diluted earnings per share only when the market conditions are met.

Income (loss) per share calculations for each quarter include the weighted average effect for the quarter; therefore, the sum of quarterly income (loss) per share amounts may not equal year-to-date income (loss) per share amounts, which reflect the weighted average effect on a year-to-date basis.

Fair Value of Financial Instruments

The carrying amounts reported in the Consolidated Balance Sheets for cash and cash equivalents, accounts receivable, accounts payable and short-term borrowings approximate fair value because of the immediate or short-term maturity of these financial instruments.

Cash and Cash Equivalents

For financial statement presentation purposes, the Company considers all highly liquid investments having an original maturity of three months or less as cash equivalents.

Accounts Receivable

The Company's accounts receivable balances are composed of trade and unbilled receivables. The Company maintains an allowance for doubtful accounts and makes ongoing estimates as to the ability to collect on the various receivables. If the Company determines that the allowance for doubtful accounts is not adequate to cover estimated losses, an expense to provide for doubtful accounts is recorded in office and general expenses. If an account is determined to be uncollectible, it is written off against the allowance for doubtful accounts. Management's assessment and judgment are vital requirements in assessing the ultimate realization of these receivables, including the current credit-worthiness, financial stability and effect of market conditions on each customer.

Property and Equipment

Property and equipment are stated at cost. Depreciation is computed primarily using the straight line method over the following estimated useful lives:

	Years
Furniture and equipment	3 - 8
Capitalized software costs	3 - 5
Computer equipment	2 - 5

Leasehold improvements are amortized over the shorter of their estimated useful lives or the lease term. The amortization periods of material leasehold improvements are estimated at the inception of the lease term.

Capitalized Software Costs

Capitalized software costs consist of costs to purchase and develop software for internal use. The Company capitalizes certain incurred software development costs in accordance with ASC 350-40, *"Intangibles Goodwill and Other: Internal-Use Software."* Costs incurred during the application-development stage for software purchased and further customized by outside vendors for the Company's use and software developed by a vendor for the Company's proprietary use have been capitalized. Costs incurred for the Company's own personnel who are directly associated with software development are capitalized as appropriate. Capitalized software costs are included in property and equipment.

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Impairment of Long-Lived Assets

The Company periodically evaluates whether events or changes in circumstances have occurred that indicate long-lived assets may not be recoverable. When such circumstances are present, the Company assesses whether the carrying value will be recovered through the expected undiscounted future cash flows resulting from the use and eventual disposition of the long-lived asset. In the event the sum of the expected undiscounted future cash flows is less than the carrying value of the long-lived asset, an impairment loss equal to the excess of the long-lived asset's carrying value over its fair value is recorded. The fair values of long-lived assets are based on the Company's own judgments about the assumptions that market participants would use in pricing the asset or on observable market data, when available.

Goodwill Impairment

ASC 350-20-35,"Intangibles-Goodwill and Other, Goodwill Subsequent Measurement," requires that goodwill not be amortized but be tested for impairment on an annual basis, or more frequently if circumstances warrant. The Company tests goodwill for impairment annually as of October 1, or more frequently if circumstances indicate that its carrying value might exceed its current fair value. Per the provisions of ASC 350, the Company may elect to first perform a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value. In the qualitative assessment, the Company considers events and circumstances such as macroeconomic conditions, industry and market considerations, cost factors, overall financial performance and the trend of cash flows, other relevant company-specific events and the "cushion" between a reporting unit's fair value and carrying amount in a recent fair value calculation. If it is concluded that it is more likely than not that the fair value of a reporting unit is less than its carrying value, it is necessary to perform the quantitative goodwill impairment test. Otherwise, the quantitative goodwill impairment test is not required.

The quantitative goodwill impairment test compares the fair value of a reporting unit with its carrying amount, including goodwill. If the fair value of a reporting unit exceeds its carrying amount, then goodwill of the reporting unit is not considered impaired. In contrast, if the carrying amount of a reporting unit exceeds its fair value, goodwill impairment will be determined by using the difference between the carrying amount and the fair value of the reporting unit.

Foreign Currency Translation

The financial position and results of operations of the Company's international subsidiaries are determined using local currency as the functional currency. Assets and liabilities of these subsidiaries are translated at the exchange rate in effect at each year-end. Statements of Operations accounts are translated at the average rate of exchange prevailing during each period. Translation adjustments arising from the use of differing exchange rates from period to period are included in the accumulated other comprehensive income (loss) account in stockholders' equity, other than translation adjustments on short-term intercompany balances, which are included in other income (expense). Gains and losses resulting from other foreign currency transactions are included in other income (expense). Intercompany receivable balances of a long-term investment nature are considered part of the Company's permanent investment in a foreign jurisdiction and the gains or losses on these balances are reported in other comprehensive income.

Comprehensive Income (Loss)

Comprehensive income (loss) is defined to include all changes in equity except those resulting from investments by owners and distributions to owners. The Company's other comprehensive income (loss) is primarily comprised of foreign currency translation adjustments, which relate to investments that are permanent in nature, and changes in unrecognized pension and post-retirement benefit costs.

Recent Accounting Standard Updates Not Yet Adopted

In May 2017, the FASB issued ASU No. 2017-09, *"Compensation - Stock Compensation: Scope of Modification Accounting,"* which provides guidance about which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting. An entity will account for the effects of a modification unless the fair value of the modified award is the same as the original award, the vesting conditions of the modified award are the same as the original award and the classification of the modified award as an equity instrument or liability instrument is the same as the original award. ASU 2017-09 is effective for all annual periods, and interim periods within those annual periods, beginning after December 15, 2017, with early adoption permitted. The Company is currently evaluating the effect of this update but does not

believe it will have a material impact on its financial statements and related disclosures.

In November 2016, the FASB issued ASU No. 2016-18 *"Statement of Cash Flows (Topic 230): Restricted Cash" ("ASU 2016-18")*, which requires the inclusion of restricted cash with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The ASU is effective for public business entities for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. The Company is currently evaluating the impact to its consolidated financial statements but does not believe it will have a material impact on its consolidated financial statements.

In August 2016, the FASB issued ASU No. 2016-15, *"Statement of Cash Flows (Topic 230) - Classification of Certain Cash Receipts and Cash Payments" ("ASU 2016-15")*, which provides clarification on how companies present and classify certain cash receipts and cash payments in the statement of cash flows. ASU 2016-15 will be effective for fiscal periods beginning after December 15, 2017 and interim periods within those fiscal years. Early adoption is permitted. If an entity early adopts the amendments in an interim period, any adjustments must be reflected as of the beginning of the fiscal year that includes that interim period. An entity that elects early adoption must adopt all of the amendments in the same period. The Company is currently evaluating the impact to its consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *"Leases (Topic 842)" ("ASU 2016-02")*, which amends the existing standards for lease accounting. This new standard requires the recognition of lease assets and lease liabilities on the balance sheet and the disclosure of key information about leasing arrangements including the amounts, timing, and uncertainty of cash flows arising from leases. ASU 2016-02 will be effective for the Company on January 1, 2019 and will require modified retrospective application as of the beginning of the earliest year presented in the financial statements. Early adoption is permitted. We plan to adopt this ASU on January 1, 2019, and are currently evaluating the impact to our consolidated financial statements.

In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers (Topic 606)." ASU 2014-09 is a comprehensive new revenue recognition model that requires a company to recognize revenue to depict the transfer of goods or services to a customer at an amount that reflects the consideration it expects to receive in exchange for those goods or services. ASU 2014-09 also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. In July 2015, the FASB amended the effective date of ASU 2014-09 to fiscal years beginning after December 15, 2017 and early adoption is permitted only for fiscal years beginning after December 15, 2016. In March, April and May 2016, the FASB issued ASU 2016-08 "Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net)," ASU 2016-10 "Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing," and ASU 2016-12 "Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients" which provide further clarifications to be considered when implementing ASU 2014-09. The two permitted transition methods under the new standard are the full retrospective method, in which case the standard would be applied to each prior reporting period presented, or the modified retrospective method, in which case the cumulative effect of applying the standard would be recognized at the date of initial application.

Based on the Company's evaluation process and review of our contracts with customers, the timing and amount of revenue recognized based on ASU 2014-09 is consistent with our revenue recognition policy under previous guidance. We adopted the new standard effective January 1, 2018, using the modified retrospective approach, and will expand our consolidated financial statement disclosures in order to comply with the ASU. We have determined the adoption of ASU 2014-09 will not have a material impact on our results of operations, cash flows, or financial condition except for balance sheet reclassifications required to establish the refund liability concept provided for in the new guidance.There have been no other new accounting pronouncements not yet effective that have significance, or potential significance, to the Company's Consolidated Financial Statements.

NOTE 3 – DIVESTITURES

Hudson Information Technology (US) business (the "US IT business")

On June 15, 2015, the Company completed the sale (the "US IT Business Sale") of substantially all of the assets (excluding working capital) of its US IT business to Mastech, Inc. (the "Purchaser"). The completion of the US IT Business Sale was effective June 14, 2015. The US IT Business Sale was pursuant to an Asset Purchase Agreement, dated as of May 8, 2015, by and among the Company, Hudson Global Resources Management, Inc., a wholly owned subsidiary of the Company, and the Purchaser. At the closing of the Sale, the Company received from the Purchaser pursuant to the Asset Purchase

Agreement the purchase price of $16,977 in cash. The US IT business pre-tax loss in accordance with ASC No. 205 *"Reporting Discontinued Operations"* ("ASC 205") for the year ended December 31, 2015 was $130.

On the US IT Business Sale, for the year ended December 31, 2015, the Company recognized a pre-tax gain of $15,918, net of closing and other direct transaction costs. Income tax on the gain of the US IT business sale was $11. For U.S. Federal income tax purposes, the gain is offset in full by net operating loss carryforwards. For state and local income tax purposes, the gain is mostly offset by net operating loss carryforwards. As the divestiture did not meet the requirements for classification as discontinued operations, the gain on sale is presented as a component of income (loss) from operations.

Netherlands business

On May 7, 2015, the Company entered into a Share Purchase Agreement and completed the sale (the "Netherlands Business Sale") of its Netherlands business, to InterBalance Group B.V., effective April 30, 2015, in a management buyout for $9,029, which included cash retained of $1,135. As a result, for the year ended December 31, 2015 the Company recognized a gain of $2,841 on the divestiture of the Netherlands Business Sale, which included $2,799 of non-cash accumulated foreign currency translation losses. Income tax on the gain was $0 because the gain is exempt from Netherlands tax. As the divestiture did not meet the requirements for classification as discontinued operations, the gain on sale is presented as a component of income (loss) from operations. The Netherlands pre-tax profit in accordance with ASC 205 for the year ended December 31, 2015 was $373.

Exit of Businesses in Central and Eastern Europe

In February 2015, the Company's Board of Directors approved the exit of operations in certain countries within Central and Eastern Europe (Ukraine, Czech Republic and Slovakia). During the second quarter of 2015, the Company deemed the liquidation of its Central and Eastern Europe businesses to be substantially complete. In accordance with ASC 830, *"Foreign Currency Matters,"* ("ASC 830") for the year ended December 31, 2015 the Company transferred $1,208 of accumulated foreign currency translation gains from accumulated other comprehensive income to the statement of operations within gain on sale and exit of businesses.

Luxembourg

In March 2015, the Company's management approved the exit of operations in Luxembourg. In the third quarter of 2015, the Company deemed the liquidation of its Luxembourg business to be substantially complete. In accordance with ASC 830, for the year ended December 31, 2015, the Company transferred $132 of accumulated foreign currency translation losses from accumulated other comprehensive income to the statement of operations within gain on sale and exit of businesses.

NOTE 4 – DISCONTINUED OPERATIONS

Effective November 9, 2014, the Company completed the sale of substantially all of the assets and certain liabilities of its Legal eDiscovery business in the U.S. and U.K. to Document Technologies, LLC and DTI of London Limited for $23,000 in cash, and recorded a gain of $11,333 in connection with the sale excluding customary working capital adjustments. Based on the terms of the asset purchase agreement, the Company had no significant continuing involvement in the operations of the Legal eDiscovery business after the disposal transaction. In addition, the Company ceased operations in Sweden, which were included within the Hudson Europe segment, during the third quarter of 2014.

The Company concluded that the divestiture of the Legal eDiscovery business and the cessation of operations in Sweden met the criteria for discontinued operations set forth in ASC No. 205, "*Presentation of Financial Statements.*" The Company reclassified its discontinued operations for all periods presented and has excluded the results of its discontinued operations from continuing operations and from segment results for all periods presented.

The carrying amounts of the major classes of assets and liabilities from the Legal eDiscovery business and Sweden operations included as part of the discontinued operations were as follows:

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	December 31, 2017			December 31, 2016		
	eDiscovery	Sweden	Total	eDiscovery	Sweden	Total
Total assets	$ —	$ —	$ —	$ 38	$ —	$ 38
Total liabilities (a)	$ 56	$ —	$ 56	$ 291	$ —	$ 291

a. Total liabilities primarily consisted of restructuring liabilities for lease termination payments and severance.

Reported results for the discontinued operations by period were as follows:

	For The Year Ended December 31, 2017		
	eDiscovery	Sweden	Total
Revenue	$ —	$ —	$ —
Gross margin	—	—	—
Business reorganization	21	—	21
Operating income (loss), excluding gain (loss) from sale of business	(21)	—	(21)
Other non-operating income (loss), including interest	—	—	—
Gain (loss) from sale of discontinued operations	—	—	—
Income (loss) from discontinued operations before income taxes	(21)	—	(21)
Provision (benefit) for income taxes (a)	—	—	—
Income (loss) from discontinued operations	$ (21)	$ —	$ (21)

	For The Year Ended December 31, 2016		
	eDiscovery	Sweden	Total
Revenue	$ 30	$ —	$ 30
Gross margin	130	—	130
Business reorganization	(111)	—	(111)
Operating income (loss), excluding gain (loss) from sale of business	187	(19)	168
Other non-operating income (loss), including interest	—	—	—
Gain (loss) from sale of discontinued operations	—	—	—
Income (loss) from discontinued operations before income taxes	187	(19)	168
Provision (benefit) for income taxes (a)	25	—	25
Income (loss) from discontinued operations	$ 162	$ (19)	$ 143

	For The Year Ended December 31, 2015		
	eDiscovery	Sweden	Total
Revenue	$ (1)	$ 30	$ 29
Gross margin	(30)	30	—
Business reorganization	501	(29)	472
Operating income (loss), excluding gain (loss) from sale of business	(731)	14	(717)
Other non-operating income (loss), including interest	(8)	—	(8)
Gain (loss) from sale of discontinued operations	137	1,273	1,410
Income (loss) from discontinued operations before income taxes	(602)	1,287	685
Provision (benefit) for income taxes (a)	(37)	—	(37)
Income (loss) from discontinued operations	$ (565)	$ 1,287	$ 722

a. Income tax expense is provided at the effective tax rate by taxing jurisdiction and differs from the U.S. statutory tax rate of 35% due to the inability of the Company to recognize tax benefits on losses in the U.S. and certain foreign jurisdictions, variations from the U.S. tax rate in foreign jurisdictions, non-deductible expenses and other miscellaneous taxes.

NOTE 5 – REVENUE, DIRECT COSTS AND GROSS MARGIN

The Company’s revenue, direct costs and gross margin were as follows:

	For The Year Ended December 31, 2017				
	Contracting	Permanent Recruitment	Talent Management	Other	Total
Revenue	$ 292,102	$ 124,367	$ 38,092	$ 2,160	$ 456,721
Direct costs (1)	258,243	2,769	6,687	2,286	269,985
Gross margin	$ 33,859	$ 121,598	$ 31,405	$ (126)	$ 186,736

	For The Year Ended December 31, 2016				
	Contracting	Permanent Recruitment	Talent Management (2)	Other	Total
Revenue	$ 270,777	$ 112,582	$ 37,204	$ 2,181	$ 422,744
Direct costs (1)	236,654	2,429	7,216	2,028	248,327
Gross margin	$ 34,123	$ 110,153	$ 29,988	$ 153	$ 174,417

	For the Year Ended December 31, 2015				
	Contracting	Permanent Recruitment	Talent Management (2)	Other	Total
Revenue	$ 305,052	$ 118,934	$ 37,425	$ 1,786	$ 463,197
Direct costs (1)	262,322	2,733	8,681	1,751	275,487
Gross margin	$ 42,730	$ 116,201	$ 28,744	$ 35	$ 187,710

(1) Direct costs include the direct staffing costs of salaries, payroll taxes, employee benefits, travel expenses and insurance costs for the Company’s contractors and reimbursed out-of-pocket expenses and other direct costs. Other than reimbursed out-of-pocket expenses, there are no other direct costs associated with the Permanent Recruitment and Other categories. Gross margin represents revenue less direct costs. The region where services are provided, the mix of contracting and permanent recruitment, and the functional nature of the staffing services provided can affect gross margin.

NOTE 6 – STOCK-BASED COMPENSATION

Equity Compensation Plans

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

The Compensation Committee administers the ISAP and may designate any of the following as a participant under the ISAP: any officer or other employee of the Company or its affiliates or individuals engaged to become an officer or employee, consultants or other independent contractors who provide services to the Company or its affiliates and non-employee directors of the Company. On May 24, 2016, the Company's stockholders approved an amendment and restatement of the ISAP to, among other things, increase the number of shares of the Company's common stock that are reserved for issuance by 2,400,000 shares. As of December 31, 2017, there were 1,767,507 shares of the Company's common stock available for future issuance.

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

The Company's stock plan agreements provided that a change in control of the Company will occur if, among other things, individuals who were directors as of the date of the agreement and any new director whose appointment or election was approved or recommended by a vote of at least two-thirds of the directors then in office who were either directors on the date of the agreement or whose appointment or election was previously so approved or recommended (each, a "continuing director") cease to constitute a majority of the Company's directors. A change in control occurred as of the Company's 2015 annual meeting of stockholders on June 15, 2015 under these agreements because continuing directors ceased to constitute a majority of the Company's directors. As a result, certain equity awards vested resulting in an accelerated stock-based compensation expense of $2,541 for the year ended December 31, 2015.

A summary of the quantity and vesting conditions for stock-based units granted to the Company's employees for the year ended December 31, 2017 was as follows:

Vesting conditions	Number of Restricted Stock Units Granted
Performance and service conditions (1) (2)	990,000

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

(a) For employees from the Americas, Asia Pacific and Europe 80% of the restricted stock units may be earned on the basis of performance as measured by "regional adjusted EBITDA," and 20% of the restricted stock units may be earned on the basis of performance as measured by "group adjusted EBITDA"; and

(b) For employees from the Corporate office 100% of the restricted stock units may be earned on the basis of performance as measured by "group adjusted EBITDA."

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

(a) 33% of the restricted stock units will vest on the first anniversary of the grant date;

(b) 33% of the restricted stock units will vest on the second anniversary of the grant date; and

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

The Company also maintains the Director Deferred Share Plan (the "Director Plan") pursuant to which it can issue restricted stock units to its non-employee directors. A restricted stock unit is equivalent to one share of the Company’s common stock and is payable only in common stock issued under the ISAP upon a director ceasing service as a member of the Board of Directors of the Company. The restricted stock units vest immediately upon grant and are credited to each of the non-employee director's retirement accounts under the Director Plan. Restricted stock units issued under the Director Plan contain the right to a dividend equivalent award in the form of additional restricted stock units. The dividend equivalent award is calculated using the same rate as the cash dividend paid on a share of the Company's common stock, and then divided by the closing price of the Company’s common stock on the date the dividend is paid to determine the number of additional restricted stock units to grant. Dividend equivalent awards have the same vesting terms as the underlying awards. During the year ended December 31, 2017, the Company granted 414,128 restricted stock units to its non-employee directors pursuant to the Director Plan. As of December 31, 2017, non-employee directors held 873,784 deferred restricted stock units.

For the years ended December 31, 2017, 2016 and 2015, the Company’s stock-based compensation expense related to stock options, restricted stock and restricted stock units, which are included in the accompanying Consolidated Statements of Operations, were as follows:

	For The Year Ended December 31,		
	2017	**2016**	**2015**
Stock options	$ —	$ 17	$ 23
Restricted stock	—	678	3,188
Restricted stock units	1,293	754	1,020
Total	$ 1,293	$ 1,449	$ 4,231
Tax benefits recognized in jurisdictions where the Company has taxable income	$ 69	$ 90	$ 362

As of December 31, 2017 and 2016, unrecognized compensation expense and weighted average period over which the compensation expense is expected to be recognized relating to the unvested portion of the Company's stock options, restricted stock, and restricted stock unit awards, in each case, based on the Company's historical valuation treatment, were as follows:

	As of December 31,			
	2017		**2016**	
	Unrecognized Expense	**Weighted Average Period in Years**	**Unrecognized Expense**	**Weighted Average Period in Years**
Stock options	$ —	0.00	$ —	0.00
Restricted stock	$ —	0.00	$ —	0.00
Restricted stock units	$ 677	1.55	$ 195	1.55

Stock Options

Stock options granted by the Company generally expire between five and ten years after the date of grant and have an exercise price of at least 100% of the fair market value of the underlying share of common stock on the date of grant and generally vest ratably over a four-year period.

The following were the weighted average assumptions used to determine the fair value of stock options granted by the Company and the details of option activity as of and for the respective periods:

	As of December 31,		
	2017	2016	2015
Volatility	(a)	(a)	48.9%
Risk free interest rate	(a)	(a)	1.1%
Dividends	(a)	(a)	—
Expected life (years)	(a)	(a)	2.75
Weighted average fair value of options granted during the period	(a)	(a)	$0.81

(a) Stock option assumptions are not provided above because there were no options granted during the years ended December 31, 2017 and 2016.

Changes in the Company’s stock options for the years ended December 31, 2017, 2016 and 2015 were as follows:

	For The Year Ended December 31,					
	2017		2016		2015	
	Number of Options	Weighted Average Exercise Price per Share	Number of Options	Weighted Average Exercise Price per Share	Number of Options	Weighted Average Exercise Price per Share
Options outstanding at January 1,	123,500	$ 6.16	206,000	$ 8.13	756,800	$ 8.78
Granted	—	—	—	—	50,000	2.49
Forfeited	—	—	—	—	(485,000)	7.32
Expired	(23,500)	15.97	(82,500)	11.09	(115,800)	13.35
Options outstanding at December 31,	100,000	$ 3.86	123,500	$ 6.16	206,000	$ 8.13
Options exercisable at December 31,	100,000	$ 3.86	123,500	$ 6.16	181,000	$ 8.91

The cash proceeds from the exercise of stock options, associated income tax benefits, and total intrinsic value for stock options exercised based on the closing price of the Company's common stock were nil for the years ended December 31, 2017, 2016 and 2015.

The weighted average remaining contractual term and the aggregated intrinsic value for stock options outstanding and exercisable as of December 31, 2017 and 2016 were as follows:

	As of December 31,			
	2017		2016	
	Remaining Contractual Term in Years	Aggregated Intrinsic Value	Remaining Contractual Term in Years	Aggregated Intrinsic Value
Stock options outstanding	1.85	$ —	2.35	$ —
Stock options exercisable	1.85	$ —	2.35	$ —

Restricted Stock

Changes in the Company's restricted stock for the years ended December 31, 2017, 2016 and 2015 were as follows:

	For The Year Ended December 31,					
	2017		2016		2015	
	Number of Shares of Restricted Stock	Weighted Average Grant Date Fair Value	Number of Shares of Restricted Stock	Weighted Average Grant Date Fair Value	Number of Shares of Restricted Stock	Weighted Average Grant Date Fair Value
Unvested restricted stock at January 1,	—	$ —	680,000	$ 1.60	803,999	$ 3.00
Granted	—	—	—	—	1,270,500	2.17
Vested	—	—	(330,000)	2.45	(1,204,798)	2.90
Forfeited	—	—	(350,000)	0.85	(189,701)	3.14
Unvested restricted stock at December 31,	—	$ —	—	$ —	680,000	$ 1.60

The total fair value of restricted stock vested during the years ended December 31, 2017, 2016 and 2015 were as follows:

	For The Year Ended December 31,		
	2017	2016	2015
Fair value of restricted stock vested	$ —	$ 553	$ 2,675

Restricted Stock Units

Changes in the Company's restricted stock units arising from grants to certain employees and non-employee directors for the years ended December 31, 2017, 2016 and 2015 were as follows:

	For The Year Ended December 31,					
	2017		2016		2015	
	Number of Shares of Restricted Stock Unit	Weighted Average Grant-Date Fair Value	Number of Shares of Restricted Stock Unit	Weighted Average Grant-Date Fair Value	Number of Shares of Restricted Stock Unit	Weighted Average Grant-Date Fair Value
Unvested restricted stock units at January 1,	480,000	$ 2.79	—	$ —	119,940	$ 3.57
Granted	1,404,128	1.09	763,477	2.56	372,739	2.47
Vested	(462,855)	1.47	(263,477)	2.12	(450,179)	2.70
Forfeited	(332,340)	2.79	(20,000)	2.79	(42,500)	3.21
Unvested restricted stock units at December 31,	1,088,933	$ 1.16	480,000	$ 2.79	—	$ —

The total fair value of restricted stock units vested during the years ended December 31, 2017, 2016 and 2015 were as follows:

	For The Year Ended December 31,		
	2017	2016	2015
Fair value of restricted stock units vested	$ 595	$ 558	$ 1,022

7 – INCOME TAXES

Income Tax Provision

On December 22, 2017, the President of the United States signed into law the Tax Cuts and Jobs Act (the "Tax Act"). The legislation significantly changes U.S. tax law by, among other things, lowering corporate income tax rates, implementing a territorial tax system and imposing a repatriation tax on deemed repatriated earnings of foreign subsidiaries. The Company recognized the income tax effects of the Tax Act in its 2017 financial statements in accordance with Staff Accounting Bulletin No. 118, which provides SEC staff guidance for the application of ASC Topic 740, Income Taxes, in the reporting period in which the Tax Act was signed into law. As such, the Company's financial results reflect the income tax effects of the Tax Act for which the accounting under ASC Topic 740 is complete and provisional amounts for those specific income tax effects of the Tax Act for which the accounting under ASC Topic 740 is incomplete but a reasonable estimate could be determined. The Company did not identify items for which the income tax effects of the Tax Act have not been completed and a reasonable estimate could not be determined as of December 31, 2017.

As a result of the reduction in the U.S. federal tax rate from 35% to 21% under the Tax Act, the Company revalued its ending gross deferred tax assets at December 31, 2017 by $46,189 which was fully offset by a decrease in valuation allowance. Additionally, the Company recorded a provisional amount of $0 tax payable with respect to the deemed mandatory repatriation of undistributed foreign earnings of foreign subsidiaries and the Company has elected to account for the global intangible low-taxed income ("GILTI") tax, if applicable, in the period in which it is incurred, and therefore has not provided any deferred tax impacts of GILTI in its consolidated financial statements for the year ended December 31, 2017. On this basis, the net impact on tax expense provided in the Company's consolidated financial statements for the year ended December 31, 2017 related to the Tax Act is $0. The ultimate impact may differ from the provisional amounts due to additional analysis, changes in interpretations and assumptions, and additional regulatory guidance. The provisional accounting is expected to be complete when the 2017 U.S. federal income tax return is filed in 2018.

The domestic and foreign components of income (loss) before income taxes from continuing operations were as follows:

	Year ended December 31,		
	2017	2016	2015
Domestic	$ (4,945)	$ (5,768)	$ 3,607
Foreign	4,309	(2,423)	(1,354)
Income (loss) from continuing operations before provision for income taxes	$ (636)	$ (8,191)	$ 2,253

The provision for (benefit from) income taxes from continuing operations were as follows:

	Year ended December 31,		
	2017	2016	2015
Current tax provision (benefit):			
U.S. Federal	$ —	$ —	$ —
State and local	19	(11)	18
Foreign	1,926	981	439
Total current provision for (benefit from) income taxes	1,945	970	457
Deferred tax provision (benefit):			
U.S. Federal	—	—	—
State and local	—	—	—
Foreign	339	(228)	189
Total deferred provision for (benefit from) income taxes	339	(228)	189
Total provision for (benefit from) income taxes from continuing operations	$ 2,284	$ 742	$ 646

Tax Rate Reconciliation

The effective tax rates for the years ended December 31, 2017, 2016 and 2015 were negative 359.1%, negative 9.1% and positive 28.7%, respectively. These effective tax rates differ from the U.S. Federal statutory rate of 35% due to state income taxes, changes in valuation allowances in the U.S. and certain foreign jurisdictions which reduces or eliminates the effective tax rate on current year profits or losses, variations from the U.S. Federal statutory rate in foreign jurisdictions, taxes on repatriations of foreign profits, and non-deductible expenses. The effect of U.S. federal tax rate changes in 2017 and state tax rate changes in 2015 on deferred tax assets was offset by an increase in valuation allowance and has no net impact on effective tax rate.

The following is a reconciliation of the effective tax rate from continuing operations for the years ended December 31, 2017, 2016 and 2015 to the U.S. Federal statutory rate of 35%:

	Year ended December 31,		
	2017	2016	2015
Provision for (benefit from) continuing operations at Federal statutory rate of 35%	$ (222)	$ (2,867)	$ 787
State income taxes, net of Federal income tax effect	13	(7)	11
Change in valuation allowance	(46,183)	(5,045)	447
Taxes related to foreign income	956	8,901	2,140
Effect of U.S. federal and state tax rate changes on deferred tax assets	46,189	—	(6,834)
Nondeductible expenses	1,214	399	1,375
Others	317	(639)	2,720
Provision for (benefit from) income taxes	$ 2,284	$ 742	$ 646

Deferred Taxes Assets (Liabilities)

Deferred income taxes are provided for the tax effect of temporary differences between the financial reporting basis and the tax basis of assets and liabilities. Net deferred tax assets as of December 31, 2017 and 2016, have been classified as non-current in the accompanying Consolidated Balance Sheets. Significant temporary differences at December 31, 2017 and 2016 were as follows:

	As of December 31,	
	2017	2016
Deferred tax assets (liabilities):		
Allowance for doubtful accounts	$ 116	$ 157
Property and equipment	868	1,024
Goodwill and intangibles	1,614	3,879
Accrued compensation	4,318	3,011
Accrued liabilities and other	2,299	2,311
Tax loss carry-forwards	107,348	152,197
Deferred tax assets (liabilities) gross, total	116,563	162,579
Valuation allowance	(110,159)	(156,343)
Deferred tax assets (liabilities), net of valuation allowance, total	$ 6,404	$ 6,236

During the fourth quarter 2017, the Company reevaluated its position that all unremitted earnings of its foreign subsidiaries would be indefinitely reinvested and the Company is now required to account for U.S. tax on these earnings. Future repatriations of previously unremitted foreign earnings are expected to either be exempt from U.S. taxation or offset by NOLs, therefore as of December 31, 2017, no U.S. tax has been provided on unremitted foreign earnings. The Company has provided $30 of withholding tax with respect to unremitted foreign earnings.

Net Operating Losses ("NOLs") and Valuation Allowance

At December 31, 2017, the Company had net NOLs for U.S. Federal tax purposes of approximately $327,057. This total includes approximately $16,584 of tax losses that were not absorbed by Monster Worldwide, Inc. ("Monster") on its consolidated U.S. Federal tax returns through the spin off of the Company on April 1, 2003. U.S. federal NOLs expire at various dates through 2037. During 2016, the Company adopted ASU 2016-09, as a result the NOL balance was increased by the $5,222 previously unrecognized deductions related to stock options and restricted stock and the valuation allowance was increased resulting in a net tax impact of $0. The Company's utilization of NOLs is subject to an annual limitation imposed by Section 382 of the Internal Revenue Code, which may limit our ability to utilize all of the existing NOLs before the expiration dates. As of December 31, 2017, certain international subsidiaries had NOLs for local tax purposes of $85,055. With the exception of $79,355 of NOLs with an indefinite carry forward period as of December 31, 2017, these losses will expire at various dates through 2037, with $139 scheduled to expire during 2018. The deferred tax recognized for NOLs are presented net of unrecognized tax benefits, where applicable.

ASC 740-10-30-5 requires that a valuation allowance be established when it is more likely than not that all or a portion of a deferred tax asset will not be realized. In making this assessment, management considers the level of historical taxable income, scheduled reversals of deferred tax liabilities, tax planning strategies, and projected future taxable income. The provision for income tax includes a net tax benefit of $0, resulting from changes in judgment regarding the realizability of deferred tax assets in future years. As of December 31, 2017, $103,884 of the valuation allowance relates to the deferred tax asset for NOLs, $86,670 of which is U.S. Federal and state, and $17,214 of which is foreign, that management has determined will more likely than not expire prior to realization. The remaining valuation allowance of $6,275 relates to deferred tax assets on U.S. and foreign temporary differences that management estimates will not be realized due to the Company's U.S. and foreign tax losses.

Uncertain Tax Positions

As of December 31, 2017 and 2016, the Company's unrecognized tax benefits, including interest and penalties, which would lower the Company’s annual effective income tax rate if recognized in the future, were as follows:

	As of December 31,	
	2017	2016
Gross unrecognized tax benefits excluding interest and penalties	$ 2,056	$ 2,039
Less: amount presented as a reduction to a deferred tax asset	521	438
Unrecognized tax benefits, excluding interest and penalties	$ 1,535	$ 1,601
Accrued interest and penalties	696	610
Total unrecognized tax benefits that would impact the effective tax rate	$ 2,231	$ 2,211

The following table shows a reconciliation of the beginning and ending amounts of unrecognized tax benefits, exclusive of interest and penalties:

Balance at January 1, 2017	$ 2,039
Additions based on tax positions related to the current year	79
Additions for tax positions of prior years	2
Lapse of statute of limitations	(150)
Currency Translation	86
Balance at December 31, 2017	$ 2,056

Estimated interest and penalties classified as part of the provision for income taxes in the Company's Consolidated Statements of Operations for the years ended December 31, 2017, 2016 and 2015 were as follows:

	Year ended December 31,		
	2017	2016	2015
Expense for (benefit of) estimated interest and penalties related to unrecognized tax benefits	$ 55	$ 77	$ 50

Based on information available as of December 31, 2017, it is reasonably possible that the total amount of unrecognized tax benefits could decrease in the range of $200 to $400 over the next 12 months as a result of projected resolutions of global tax examinations and controversies and potential lapses of the applicable statutes of limitations.

In many cases, the Company's unrecognized tax benefits are related to tax years that remain subject to examination by the relevant tax authorities. Tax years with NOLs remain open until such losses expire or the statutes of limitations for those years when the NOLs are used or expire. As of December 31, 2017, the Company's open tax years remain subject to examination by the relevant tax authorities and currently under income tax examination were principally as follows:

	Year
Earliest tax years remain subject to examination by the relevant tax authorities:	
U.S. Federal	2014
Other U.S. state and local jurisdictions	2013
U.K.	2016
Australia	2013
Majority of other foreign jurisdictions	2013

The Company believes that its tax reserves are adequate for all years subject to examination above.

NOTE 8 – EARNINGS (LOSS) PER SHARE

A reconciliation of the numerators and denominators of the basic and diluted earnings (loss) per share calculations were as follows:

	For The Year Ended December 31,		
	2017	2016	2015
Earnings (loss) per share:			
EPS - basic and diluted			
Income (loss) from continuing operations	$ (0.09)	$ (0.27)	$ 0.05
Income (loss) from discontinued operations	—	0.01	0.02
Net income (loss)	$ (0.09)	$ (0.26)	$ 0.07
EPS numerator - basic and diluted:			
Income (loss) from continuing operations	$ (2,920)	$ (8,933)	$ 1,607
Income (loss) from discontinued operations, net of income taxes	(21)	143	722
Net income (loss)	$ (2,941)	$ (8,790)	$ 2,329
EPS denominator (in thousands):			
Weighted average common stock outstanding - basic	32,106	33,174	33,869
Common stock equivalents: stock options and other stock-based awards (a)	—	—	215
Weighted average number of common stock outstanding - diluted	32,106	33,174	34,084

(a) For the periods in which net losses are presented, the diluted weighted average number of shares of common stock outstanding did not differ from the basic weighted average number of shares of common stock outstanding because the effects of any potential common stock equivalents (see Note 6 for further details on outstanding stock options,

unvested restricted stock units and unvested restricted stock) were anti-dilutive and therefore not included in the calculation of the denominator of dilutive earnings per share.

The weighted average number of shares outstanding used in the computation of diluted net income (loss) per share for the years ended December 31, 2017, 2016 and 2015 did not include the effect of the following potentially outstanding shares of common stock because the effect would have been anti-dilutive or market conditions have not been achieved:

	For The Year Ended December 31,		
	2017	2016	2015
Unvested restricted stock	—	—	350,000
Unvested restricted stock units	1,088,933	480,000	—
Stock options	100,000	123,500	206,000
Total	1,188,933	603,500	556,000

NOTE 9 – RESTRICTED CASH

A summary of the Company’s restricted cash included in the accompanying Consolidated Balance Sheets as of December 31, 2017 and 2016 was as follows:

	As of December 31,	
	2017	2016
Included under the caption "Other assets":		
Collateral accounts	$ 117	$ 557
Rental deposits	554	385
Total amount under the caption "Other assets":	$ 671	$ 942
Included under the caption "Prepaid and other":		
Client guarantees	$ 183	$ 139
Other	113	108
Total amount under the caption "Prepaid and other"	$ 296	$ 247
Total restricted cash	$ 967	$ 1,189

Collateral accounts under the caption "Other assets" primarily include deposits held under a collateral trust agreement, which supports the Company’s workers’ compensation policy. The rental deposits with banks include amounts held as guarantees from subtenants in the U.K. Client guarantees were held in banks in Belgium as deposits for various client projects. Other primarily includes bank guarantee for licensing in Switzerland.

NOTE 10 – PROPERTY AND EQUIPMENT, NET

As of December 31, 2017 and 2016, property and equipment, net were as follows:

	As of December 31,	
	2017	**2016**
Computer equipment	$ 5,945	$ 5,888
Furniture and equipment	2,470	2,244
Capitalized software costs	18,306	17,010
Leasehold and building improvements	14,197	13,699
	40,918	38,841
Less: accumulated depreciation and amortization	34,667	31,800
Property and equipment, net	$ 6,251	$ 7,041

The Company had expenditures of approximately $297 and $235 for acquired property and equipment, mainly consisting of software development, fixtures, computer equipment and leasehold improvements, which had not been placed in service as of December 31, 2017 and 2016, respectively. Depreciation expense is not recorded for such assets until they are placed in service.

Held for Sale Accounting and Impairment of Long-Lived Assets

Under FASB ASC 360, "*Property, Plant, and Equipment*," a disposal group shall be classified as held for sale in the period in which certain criteria are met. Because the Company must obtain stockholder approval prior to closing the Sale Transactions, the criteria for held for sale accounting have not been met. As of December 31, 2017, the net assets included in the Sale Transactions are deemed held and used and included in continuing operations.

The Company is required to test a long-lived asset to be held and used for impairment if circumstances indicate that its carrying value might exceed its current fair value. The Company deemed the Sale Transactions to be a triggering events that required the Company to perform an impairment assessment with respect to long-lived assets, primarily property and equipment. The undiscounted future cash flows resulting from the long-lived assets use and eventual disposition, exceeded the asset groups' carrying values. Accordingly, management concluded the Company's long-lived assets were not impaired.

During the fourth quarter of 2016, the Company experienced continued declines in the operating results within certain markets. These events were deemed to be triggering events that required the Company to perform an impairment assessment with respect to long-lived assets, primarily property and equipment. The Company estimated the expected undiscounted future cash flows resulting from the long-lived assets' use and eventual disposition, and compared it to their carrying value. The undiscounted future cash flows exceeded the asset group's carrying value, indicating the Company's long-lived assets were not impaired.

Non-Cash Capital Expenditures

The Company has acquired certain computer equipment under capital lease agreements. The current portion of the capital lease obligations are included under the caption "Accrued expenses and other current liabilities" in the Consolidated Balance Sheets and the non-current portion of the capital lease obligations are included under the caption "Other non-current liabilities" in the Consolidated Balance Sheets as of December 31, 2017 and 2016. A summary of the Company’s equipment acquired under capital lease agreements was as follows:

	As of December 31,	
	2017	**2016**
Capital lease obligation, current	$ 75	$ 65
Capital lease obligation, non-current	$ 52	$ 140

The Company acquired $0 and $0 of property and equipment under capital lease agreements for the years ended December 31, 2017 and 2016, respectively.

NOTE 11 – GOODWILL

The following is a summary of the changes in the carrying value of the Company’s goodwill, which was included under the caption of Other Assets in the accompanying Consolidated Balance Sheets, for the years ended December 31, 2017 and 2016. The goodwill is related to the Company’s acquisition of the businesses of Tong Zhi (Beijing) Consulting Service Ltd and Guangzhou Dong Li Consulting Service Ltd.

	Carrying Value	
	2017	2016
Goodwill, January 1,	$ 1,812	$ 1,938
Impairments	(1,909)	—
Currency translation	97	(126)
Goodwill, December 31,	$ —	$ 1,812

On December 17, 2017, the Company announced plans to divest its recruitment and talent management businesses, inclusive of the China reporting unit (see Note 21). As a result, on December 31, 2017, the Company applied ASC 350-20-35, including the updated guidance from ASU 2017-04 which the Company adopted in 2017, and performed quantitative assessments to determine whether it was more likely than not that the fair value of its China reporting unit was less than its carrying value. As a result of the planned divestiture, the Company estimated the market value of the reporting unit based on the estimated purchase price for the planned divestiture. The Company determined the fair value of the reporting unit did not exceed its carrying value and goodwill was considered impaired. In accordance with ASU 2017-04, the Company calculated the impairment charge as the difference between the carrying amount and the fair value of the reporting unit. For the year ended December 31, 2017, an impairment charge was recognized for $1,909.

On October 1, 2016, the Company applied ASC 350-20-35, and performed quantitative assessments to determine whether it was more likely than not that the fair value of its China reporting unit was less than its carrying value. At the conclusion of its assessment, the Company determined the fair value of the reporting unit exceeded its carrying value. As such, the Company determined that no impairment of goodwill had taken place. At December 31 2016, the Company performed additional assessment with respect to goodwill and determined that no impairment existed at its China reporting unit as of December 31, 2016.

NOTE 12 – ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

As of December 31, 2017 and 2016, the Company's accrued expenses and other current liabilities consisted of the following:

	December 31,	
	2017	2016
Salaries, commissions and benefits	$ 29,547	$ 21,843
Sales, use, transaction and income taxes	8,872	7,438
Fees for professional services	1,601	1,148
Rent	1,716	1,920
Deferred revenue	1,231	1,024
Other accruals	2,598	2,781
Total accrued expenses and other current liabilities	$ 45,565	$ 36,154

NOTE 13 – BUSINESS REORGANIZATION

The Board approved reorganization plans in prior years (the "Previous Plans"). Business exit costs associated with Previous Plans primarily consisted of employee termination benefits, lease termination payments and costs for elimination of contracts for certain discontinued services and locations.

For the year ended December 31, 2017, restructuring charges associated with these Previous Plans included changes in estimates for lease termination payments for rationalized offices in Europe. Business reorganization from continuing operations for the years ended December 31, 2017, 2016 and 2015 for the Previous Plans, collectively, were as follows:

	Year Ended December 31,		
	2017	2016	2015
Previous Plans	$ 712	$ 1,580	$ 5,828
Total business reorganization from continuing operations	$ 712	$ 1,580	$ 5,828

The following table contains amounts for Changes in Estimate, Additional Charges, and Payments related to prior restructuring plans that were incurred or recovered during the year ended December 31, 2017. The amounts for Changes in Estimate and Additional Charges are classified as business reorganization in the Company’s Consolidated Statements of Operations. Amounts in the "Payments" column represent primarily the cash payments associated with the reorganization plans. Changes in the accrued business reorganization for the year ended December 31, 2017 were as follows:

	December 31, 2016	Changes in Estimate	Additional Charges	Payments	December 31, 2017
Lease termination costs	$ 2,273	$ 698	$ —	$ (1,917)	$ 1,054
Employee termination benefits	266	(11)	—	(124)	131
Other associated costs	32	25	—	(38)	19
Total	$ 2,571	$ 712	$ —	$ (2,079)	$ 1,204

Lease Termination Costs

The business reorganization incurred for lease termination for the years ended December 31, 2017, 2016 and 2015 by segment were as follows:

Lease termination costs for the year ended December 31,	Hudson Americas	Hudson Asia Pacific	Hudson Europe	Corporate	Total
2017	$ (105)	$ —	$ 803	$ —	$ 698
2016	$ (16)	$ (24)	$ 1,022	$ 10	$ 992
2015	$ 503	$ 625	$ 1,358	$ 181	$ 2,667

Employee Termination Benefits

The business reorganization incurred for employee termination benefits for the years ended December 31, 2017, 2016 and 2015 by segment were as follows:

Employee termination benefits for the year ended December 31,	Hudson Americas	Hudson Asia Pacific	Hudson Europe	Corporate	Total
2017	$ 23	$ —	$ (12)	$ (22)	$ (11)
2016	$ (8)	$ 273	$ 77	$ (26)	$ 316
2015	$ 350	$ (2)	$ 792	$ 969	$ 2,109

Other Associated Costs

Other associated business reorganization incurred for contract cancellation costs and professional fees for the years ended December 31, 2017, 2016 and 2015 by segment were as follows:

Other Associated Costs for the year ended December 31,	Hudson Americas	Hudson Asia Pacific	Hudson Europe	Corporate	Total
2017	$ —	$ —	$ 25	$ —	$ 25
2016	$ (15)	$ —	$ 287	$ —	$ 272
2015	$ 255	$ 47	$ 733	$ 17	$ 1,052

14 – COMMITMENTS AND CONTINGENCIES

Leases

The Company leases facilities and equipment under operating leases that expire at various dates through 2027. Some of the operating leases provide for increasing rents over the term of the lease. Total rent expense under these leases is recognized ratably over the lease terms. As of December 31, 2017, future minimum lease commitments under non-cancelable operating leases, which will be expensed as primarily in office and general expenses, were as follows:

2018	$ 15,282
2019	10,124
2020	6,267
2021	1,892
2022	322
Thereafter	971
	$ 34,858

Rent and related expenses for operating leases of facilities and equipment recorded under the caption "Office and general" in the accompanying Consolidated Statements of Operations were $8,531, $8,931, and $10,540 for the years ended December 31, 2017, 2016 and 2015, respectively. Future minimum lease commitments have not been offset by expected future minimum sublease rental income of $6,426, due in the future through 2027 under subleases with third parties. Commitments and sublease rentals based in currencies other than U.S. dollars were translated using exchange rates as of December 31, 2017.

Asset Retirement Obligations

The Company has certain asset retirement obligations that are primarily the result of legal obligations for the removal of leasehold improvements and restoration of premises to their original condition upon termination of leases. The current portion of asset retirement obligations are included under the caption "Accrued expenses and other current liabilities" in the Consolidated Balance Sheets. The non-current portion of asset retirement obligations are included under the caption "Other non-current liabilities" in the Consolidated Balance Sheets. The Company’s asset retirement obligations that are included in the Consolidated Balance Sheets as of December 31, 2017 and 2016 were as follows:

	As of December 31,	
	2017	2016
Current portion of asset retirement obligations	$ 77	$ 78
Non-current portion of asset retirement obligations	1,942	1,693
Total asset retirement obligations	$ 2,019	$ 1,771

Consulting, Employment and Non-compete Agreements

The Company has entered into various consulting, and employment agreements with certain key members of management. These agreements generally (i) are one year in length, (ii) contain restrictive covenants, (iii) under certain circumstances, provide for compensation and subject to providing the Company with a release, severance payments, and (iv) are automatically renewed annually unless either party gives sufficient notice of termination.

Litigation and Complaints

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

For matters that have reached the threshold of probable and estimable, the Company has established reserves for legal, regulatory and other contingent liabilities. The Company’s reserves were $120 and $105 as of December 31, 2017 and 2016, respectively.

Costs Associated with Termination

As previously disclosed, in May 2015, the Company incurred compensation and benefits obligations to its former Chairman and Chief Executive Officer, Manuel Marquez, under his employment agreement, dated March 7, 2011, in connection with the Company providing Mr. Marquez notice of non-renewal of his employment agreement, which is treated as a termination without cause. The Company had accrued $747 as of March 31, 2016 in connection with compensation and benefits Mr. Marquez was entitled to upon a termination without cause, subject to his execution of a release. Mr. Marquez did not agree with the Company’s treatment of compensation and benefits under his employment agreement and, in August 2015, filed an arbitration claim against the Company for additional amounts of up to approximately $2,000 and reimbursement of his legal fees.

On May 27, 2016, the arbitrator issued his decision on Mr. Marquez’s claim and awarded Mr. Marquez approximately $1,800 in additional compensation and benefits and approximately $700 toward the reimbursement of a portion of his legal fees incurred pursuing his claim. For the year ended December 31, 2016, the Company recorded an additional charge of $3,025 for the resolution of this arbitration.

NOTE 15 – CREDIT AGREEMENTS

Receivables Finance Agreement with Lloyds Bank Commercial Finance Limited and Lloyds Bank PLC

On August 1, 2014, the Company's U.K. subsidiary ("U.K. Borrower") entered into a receivables finance agreement for an asset-based lending funding facility (the "Lloyds Agreement") with Lloyds Bank PLC and Lloyds Bank Commercial Finance Limited (together, "Lloyds"). Until September 15, 2016, the Lloyds Agreement provided the U.K. Borrower with the ability to borrow up to $20,270 (£15,000), at which time the U.K. Borrower entered into an amendment to the Lloyds Agreement that reduced the borrowing limit to $16,216 (£12,000). Extensions of credit are based on a percentage of the eligible accounts receivable less required reserves from the Company's U.K. operations. The initial term was two years with renewal periods every three months thereafter. Borrowings under this facility are secured by substantially all of the assets of the U.K. Borrower.

On September 15, 2017, the Lloyds Agreement was further amended to (1) reduce the maximum core facility borrowing to $12,837 (£9,500) from $15,540 (£11,500), which as a result, reduced the maximum borrowings to $13,513 (£10,000) from $16,216 (£12,000), (2) extend the term by 12 months from the date of the amendment, and (3) reduce the month end minimum excess availability to $2,027 (£1,500) from $2,703 (£2,000).

The credit facility under the Lloyds Agreement contains two tranches. The first tranche is a revolving facility based on the billed contracting and permanent recruitment activities in the U.K. operation ("Lloyds Tranche A"). The borrowing limit of Lloyds Tranche A is $12,837 (£9,500) based on 83% of eligible billed contracting and permanent recruitment receivables. The second tranche is a revolving facility that is based on the unbilled work-in-progress (as defined under the receivables finance agreement) activities in the U.K. operation ("Lloyds Tranche B"). The borrowing limit of Lloyds Tranche B is $676 (£500) based on 25% of eligible work-in-progress from the permanent recruitment. For both tranches, borrowings may be made with an interest rate based on a base rate as determined by Lloyds Bank PLC, based on the Bank of England base rate, plus 1.75%.

The Lloyds Agreement contains various restrictions and covenants including (1) that true credit note dilution may not exceed 5%, measured at audit on a regular basis; (2) debt turn may not exceed 55 days over a three month rolling period; (3) dividends by the U.K. Borrower to the Company are restricted to the value of post-tax profits; and (4) at the end of each month, there must be a minimum excess availability of $2,027 (£1,500).

The details of the Lloyds Agreement as of December 31, 2017 were as follows:

	December 31, 2017
Borrowing capacity	$ 7,581
Less: outstanding borrowing	(1,972)
Additional borrowing availability	$ 5,609
Interest rates on outstanding borrowing	2.25%

The Company was in compliance with all financial covenants under the Lloyds Agreement as of December 31, 2017.

Facility Agreement with National Australia Bank Limited

On October 30, 2015, Hudson Global Resources (Aust) Pty Limited ("Hudson Australia") and Hudson Global Resources (NZ) Limited ("Hudson New Zealand"), both subsidiaries of Hudson Global, Inc., entered into a Finance Agreement, dated as of October 27, 2015 (the "Finance Agreement"), with National Australia Bank Limited ("NAB"), a NAB Corporate Receivables Facility Agreement, dated as of October 27, 2015 (the "Australian Receivables Agreement"), with NAB and a BNZ Corporate Receivables Facility Agreement, dated as of October 27, 2015 (the "New Zealand Receivables Agreement"), with Bank of New Zealand ("BNZ").

The Finance Agreement provides a bank guarantee facility of up to $2,343 (AUD 3,000) for Hudson Australia and Hudson New Zealand. The Finance Agreement matures and becomes due and payable on October 27, 2018. A fee equal to 1.5% per annum will be charged on each bank guarantee issued under the Finance Agreement. The Finance Agreement bears a fee, payable semiannually in arrears, equal to 0.3% per annum of NAB's commitment under the Finance Agreement.

The Australian Receivables Agreement provides a receivables facility of up to $19,523 (AUD 25,000) for Hudson Australia, which is based on an agreed percentage of eligible accounts receivable, and of which up to $3,124 (AUD 4,000) may be used to support the working capital requirements of operations in China, Hong Kong and Singapore. The Australian Receivables Agreement does not have a stated maturity date and can be terminated by Hudson Australia or NAB upon 90 days written notice. Borrowings under the Australian Receivables Agreement may be made with an interest rate based on a market rate plus a margin of 1.5% per annum. The Australian Receivable Agreement bears a fee, payable monthly in advance, equal to $5 (AUD 6) per month.

The New Zealand Receivables Agreement provides a receivables facility of up to $3,547 (NZD 5,000) for Hudson New Zealand, which is based on an agreed percentage of eligible accounts receivable. The New Zealand Receivables Agreement does not have a stated maturity date and can be terminated by Hudson New Zealand or BNZ upon 90 days written notice. Borrowings under the New Zealand Receivables Agreement may be made with an interest rate based on a market rate. The New Zealand Receivables Agreement bears a fee, payable monthly in advance, equal to $1 (NZD 1) per month.

The details of the NAB Finance and Facility Agreements as of December 31, 2017 were as follows:

		December 31, 2017
Finance Agreement:		
Borrowing capacity	$	2,343
Less: outstanding borrowing		(2,046)
Additional borrowing availability	$	297
Interest rates on outstanding borrowing		1.50%
Australian Receivables Agreement:		
Borrowing capacity	$	17,968
Less: outstanding borrowing		(5,108)
Additional borrowing availability	$	12,860
Interest rates on outstanding borrowing		3.50%
New Zealand Receivables Agreement:		
Borrowing capacity	$	2,289
Less: outstanding borrowing		—
Additional borrowing availability	$	2,289
Interest rates on outstanding borrowing		3.99%

Amounts owing under the Finance Agreement, the Australian Receivables Agreement and the New Zealand Receivables Agreement are secured by substantially all of the assets of Hudson Australia and Hudson New Zealand. Each of the Finance Agreement, the Australian Receivables Agreement and the New Zealand Receivables Agreement contains various restrictions and covenants applicable to the Obligors, including: a requirement that the Obligors maintain (1) a minimum Fixed Charge Coverage Ratio (as defined in the NAB Facility Agreement) of 1.50x as of the last day of each calendar quarter; and (2) a minimum Receivables Ratio (as defined by the NAB Facility Agreement) of 1.20x.

The Company was in compliance with all financial covenants under the NAB Facility Agreement as of December 31, 2017.

Other Credit Agreements

The Company also has lending arrangements with local banks through its subsidiaries in Belgium and Singapore. The Belgium subsidiary had a $1,200 (€1,000) overdraft facility as of December 31, 2017. Borrowings under the Belgium lending arrangement may be made using an interest rate based on the one month EURIBOR plus a margin, and the interest rate under each of these arrangements was 2.75% as of December 31, 2017. The lending arrangement in Belgium has no expiration date and can be terminated with a 15-day notice period. The outstanding borrowings under the Belgium lending agreements were $0 as of December 31, 2017

In Singapore, the Company's subsidiary can borrow up to $150 (SGD200) for working capital purposes. Interest on borrowings under this overdraft facility is based on the Singapore Prime Rate plus a margin of 1.75%, which was 6.0% on December 31, 2017. The Singapore overdraft facility expires annually each August but can be renewed for one year periods at that time. As of December 31, 2017, the Singapore overdraft facility had no outstanding borrowings and additional borrowings availability of $150 (SGD 200).

Excluding the NAB Finance Agreement, the average monthly outstanding borrowings and weighted average interest rate for all the credit agreements above was $11,249 and 3.07%, respectively, for the year ended December 31, 2017.

The Company continues to use the aforementioned credit to support its ongoing global working capital requirements, capital expenditures and other corporate purposes and to support letters of credit. Letters of credit and bank guarantees are used primarily to support office leases.

NOTE 16 – STOCKHOLDERS' EQUITY

The Company paid a cash dividend of $0.05 per share on June 24, 2016 to shareholders of record as of June 14, 2016. The Company also paid a cash dividend of $0.05 per share on March 25, 2016 to shareholders of record as of March 15, 2016. As a result, for the year ended December 31, 2016, the Company paid $3,401 in dividends to shareholders. The cash dividend payments were applied to accumulated deficit.

On July 30, 2015, the Company announced that its Board of Directors authorized the repurchase of up to $10,000 of the Company's common stock. The Company intends to make purchases from time to time as market conditions warrant. This authorization does not expire. During the year ended December 31, 2017 and 2016, the Company had repurchased 650,278 and 1,361,493 shares in the open market for a total cost of $858 and $3,147, respectively. During the year ended December 31, 2016, the Company also purchased 1,100,000 shares from Sagard Capital Partners, L.P. in a private transaction pursuant to a securities purchase agreement for a total cost of $1,980 or $1.80 per share. As of December 31, 2017, 2016 and 2015, under the July 30, 2015 authorization, the Company had repurchased 3,639,405, 2,989,127 and 527,634 shares for a total cost of $7,370, $6,513, and $1,386, respectively.

NOTE 17 – ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

Accumulated other comprehensive income (loss), net of tax, consisted of the following:

	December 31,	
	2017	2016
Foreign currency translation adjustments	$ 10,670	$ 6,826
Pension plan obligations	39	105
Accumulated other comprehensive income (loss)	$ 10,709	$ 6,931

For the years ended December 31, 2017 and 2016, the amounts of accumulated other comprehensive income (loss), which primarily pertained to pension plan obligations, were $14 and $22, respectively, and reclassified to the Consolidated Statement of Operations under the caption "Salaries and related" expenses.

NOTE 18 – SHELF REGISTRATION AND STOCKHOLDER RIGHTS PLAN

Acquisition Shelf Registration Statement

The Company has a shelf registration on file with the SEC to enable it to issue up to 1,350,000 shares of its common stock from time to time in connection with acquisitions of businesses, assets or securities of other companies, whether by purchase, merger or any other form of acquisition or business combination. If any shares are issued using this shelf registration, the Company will not receive any proceeds from these offerings other than the assets, businesses or securities acquired. As of December 31, 2017, all of the 1,350,000 shares were available for issuance.

Stockholder Rights Plan

On February 5, 2005, the Board adopted a Rights Agreement between the Company and a rights agent (the "2005 Rights Agreement") and declared a dividend of one preferred share purchase right (a "Right") for each outstanding share of common stock of the Company. The dividend was paid upon the close of business on February 28, 2005 to the stockholders of record on that date. Each Right entitles the registered holder to purchase from the Company one one-hundredth of a share of Series A Junior Participating Preferred Stock, par value $0.001 ("Preferred Shares"), of the Company, at a price of $8.50 per one one-hundredth of a Preferred Share, subject to adjustment. On January 15, 2015, the Board approved an amendment and restatement of the 2005 Rights Agreement by adopting an Amended and Restated Rights Agreement (the "Rights Agreement") between the Company and a rights agent. The Board adopted the Rights Agreement in an effort to protect stockholder value by attempting to diminish the risk that the Company’s ability to use its NOLs to reduce potential future federal income tax obligations may become substantially limited. If any person becomes a 4.99% or more stockholder of the Company, then each Right (subject to certain limitations) will entitle its holder to purchase, at the Right's then current exercise price, a number of shares of common stock of the Company or of the acquirer having a market value at the time of twice the Right's per share exercise price. The Company's Board of Directors may redeem the Rights for $0.001 per Right at any time prior to the time when the Rights become exercisable. The Rights will expire on the earliest of (i) January 15, 2018, (ii) the time at which the Rights are redeemed as described above, (iii) the time at which the Rights are exchanged as described in the Rights Agreement, (iv) the repeal of Section 382 of the Internal Revenue Code if the Board determines that the Rights Agreement is no longer necessary for the preservation of the Company’s NOLs, and (v) the beginning of a taxable year of the Company to which the Board determines that no NOLs may be carried forward. Accordingly, the Rights expired as of January 15, 2018. However, the transfer restrictions under the Company’s amended and restated certification of incorporation, which prohibit certain transfers of the Company’s common stock to attempt to diminish the risk that the Company’s ability to use its NOLs may be come substantially limited, expire on June 15, 2018. The Board of Directors will continue to consider, from time to time, potential options to attempt to diminish the risk that the Company’s ability to use its NOLs may become substantially limited in the future.

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NOTE 19 – SEGMENT AND GEOGRAPHIC DATA

Segment Reporting

The Company operates in three reportable segments: the Hudson regional businesses of Hudson Americas, Hudson Asia Pacific, and Hudson Europe. Corporate expenses are reported separately from the three reportable segments and pertain to certain functions, such as executive management, corporate governance, human resources, accounting, administration, tax and treasury, and have been allocated to the reportable segments to the extent which the costs are attributable to the reportable segments. Segment information is presented in accordance with ASC 280, "*Segments Reporting."* This standard is based on a management approach that requires segmentation based upon the Company's internal organization and disclosure of revenue and certain expenses based upon internal accounting methods. The Company's financial reporting systems present various data for management to run the business, including internal profit and loss statements prepared on a basis not consistent with U.S. GAAP. Accounts receivable, net and long-lived assets are the only significant assets separated by segment for internal reporting purposes.

	Hudson Americas	Hudson Asia Pacific	Hudson Europe	Corporate	Inter-segment elimination	Total
For the Year Ended December 31, 2017						
Revenue, from external customers	$ 16,196	$ 282,824	$ 157,701	$ —	$ —	$ 456,721
Inter-segment revenue	47	—	277	—	(324)	—
Total revenue	$ 16,243	$ 282,824	$ 157,978	$ —	$ (324)	$ 456,721
Gross margin, from external customers	$ 14,420	$ 93,623	$ 78,693	$ —	$ —	$ 186,736
Inter-segment gross margin	30	(246)	216	—	—	—
Total gross margin	$ 14,450	$ 93,377	$ 78,909	$ —	$ —	$ 186,736
Business reorganization	$ (82)	$ 1	$ 815	$ (22)	$ —	$ 712
Goodwill impairment	$ —	$ 1,909	$ —	$ —	$ —	$ 1,909
EBITDA (loss) (a)	$ 1,578	$ 2,504	$ 4,583	$ (6,150)	$ —	$ 2,515
Depreciation and amortization	2	1,711	676	359	—	2,748
Intercompany interest income (expense), net	—	—	(182)	182	—	—
Interest income (expense), net	—	(394)	2	(11)	—	(403)
Income (loss) from continuing operations before income taxes	$ 1,576	$ 399	$ 3,727	$ (6,338)	$ —	$ (636)
Provision for (benefit from) income taxes	$ 63	$ 81	$ 1,750	$ 390	$ —	$ 2,284
As of December 31, 2017						
Accounts receivable, net	$ 3,112	$ 40,083	$ 28,683	$ —	$ —	$ 71,878
Long-lived assets, net of accumulated depreciation and amortization	$ —	$ 4,965	$ 1,372	$ —	$ —	$ 6,337
Total assets	$ 5,892	$ 56,519	$ 47,066	$ 2,163	$ —	$ 111,640

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	Hudson Americas	Hudson Asia Pacific	Hudson Europe	Corporate	Inter-segment elimination	Total
For the Year Ended December 31, 2016						
Revenue, from external customers	$ 15,561	$ 236,839	$ 170,344	$ —	$ —	$ 422,744
Inter-segment revenue	20	—	314	—	(334)	—
Total revenue	$ 15,581	$ 236,839	$ 170,658	$ —	$ (334)	$ 422,744
Gross margin, from external customers	$ 13,609	$ 84,126	$ 76,682	$ —	$ —	$ 174,417
Inter-segment gross margin	(14)	(271)	285	—	—	—
Total gross margin	$ 13,595	$ 83,855	$ 76,967	$ —	$ —	$ 174,417
Business reorganization	$ (39)	$ 248	$ 1,387	$ (16)	$ —	$ 1,580
EBITDA (loss) (a)	$ 770	$ (338)	$ 1,064	$ (6,240)	$ —	$ (4,744)
Depreciation and amortization	49	1,744	892	405	—	3,090
Intercompany interest income (expense), net	—	—	(204)	204	—	—
Interest income (expense), net	—	(318)	(32)	(7)	—	(357)
Income (loss) from continuing operations before income taxes	$ 721	$ (2,400)	$ (64)	$ (6,448)	$ —	$ (8,191)
Provision for (benefit from) income taxes	30	(2,040)	2,761	(9)	—	742
As of December 31, 2016						
Accounts receivable, net	$ 2,507	$ 32,271	$ 23,739	$ —	$ —	$ 58,517
Long-lived assets, net of accumulated depreciation and amortization	$ 2	$ 7,049	$ 1,528	$ 359	$ —	$ 8,938
Total assets	$ 5,880	$ 51,331	$ 40,790	$ 3,811	$ —	$ 101,812

	Hudson Americas	Hudson Asia Pacific	Hudson Europe	Corporate	Inter-segment elimination	Total
For the Year Ended December 31, 2015						
Revenue, from external customers	$ 28,627	$ 219,391	$ 215,179	$ —	$ —	$ 463,197
Inter-segment revenue	41	—	498	—	(539)	—
Total revenue	$ 28,668	$ 219,391	$ 215,677	$ —	$ (539)	$ 463,197
Gross margin, from external customers	$ 16,111	$ 89,682	$ 81,917	$ —	$ —	$ 187,710
Inter-segment gross margin	25	(477)	451	—	1	—
Total gross margin	$ 16,136	$ 89,205	$ 82,368	$ —	$ 1	$ 187,710
Gain (loss) on sale and exit of businesses	$ 15,918	$ —	$ 3,917	$ —	$ —	$ 19,835
Business reorganization	$ 1,108	$ 669	$ 2,883	$ 1,168	$ —	$ 5,828
EBITDA (loss) (a)	$ 13,354	$ 2,851	$ (207)	$ (9,178)	$ —	$ 6,820
Depreciation and amortization	604	1,951	802	488	—	3,845
Intercompany interest income (expense), net	—	—	(526)	526	—	—
Interest income (expense), net	(342)	(276)	(94)	(10)	—	(722)
Income (loss) from continuing operations before income taxes	$ 12,408	$ 624	$ (1,629)	$ (9,150)	$ —	$ 2,253
Provision for (benefit from) income taxes	$ 58	$ 776	$ (176)	$ (12)	$ —	$ 646
As of December 31, 2015						
Accounts receivable, net	$ 3,155	$ 29,824	$ 29,441	$ —	$ —	$ 62,420
Long-lived assets, net of accumulated depreciation and amortization	$ 36	$ 7,382	$ 1,859	$ 674	$ —	$ 9,951
Total assets	$ 7,766	$ 49,246	$ 53,557	$ 14,380	$ —	$ 124,949

(a) SEC Regulation S-K 229.10(e)1(ii)(A) defines EBITDA as earnings before interest, taxes, depreciation and amortization. EBITDA is presented to provide additional information to investors about the Company's operations on a

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

Geographic Data Reporting

A summary of revenues for the years ended December 31, 2017, 2016 and 2015 and long-lived assets and net assets by geographic area as of December 31, 2017, 2016 and 2015 were as follows:

Information by geographic region	United Kingdom	Australia	China	United States	Continental Europe	Other Asia Pacific	Other Americas	Total
For the Year Ended December 31, 2017								
Revenue (a)	$ 97,995	$ 220,292	$ 18,147	$ 15,406	$ 59,706	$ 44,385	$ 790	$ 456,721
For the Year Ended December 31, 2016								
Revenue (a)	$ 116,508	$ 181,899	$ 16,203	$ 14,690	$ 53,837	$ 38,737	$ 870	$ 422,744
For the Year Ended December 31, 2015								
Revenue (a)	$ 154,931	$ 159,539	$ 25,401	$ 27,965	$ 60,248	$ 34,451	$ 662	$ 463,197
As of December 31, 2017								
Long-lived assets, net (b)	$ 974	$ 4,030	$ 421	$ —	$ 397	$ 515	$ —	$ 6,337
Net assets	$ 8,403	$ 14,396	$ 4,956	$ 1,591	$ 10,468	$ 3,683	$ (345)	$ 43,152
As of December 31, 2016								
Long-lived assets, net (b)	$ 1,259	$ 4,023	$ 2,381	$ 369	$ 261	$ 645	$ —	$ 8,938
Net assets	$ 9,101	$ 10,732	$ 5,762	$ 4,854	$ 7,284	$ 4,279	$ (127)	$ 41,885
As of December 31, 2015								
Long-lived assets, net (b)	$ 1,707	$ 4,115	$ 2,835	$ 718	$ 144	$ 432	$ —	$ 9,951
Net assets	$ 17,371	$ 9,920	$ 9,386	$ 13,467	$ 7,176	$ 3,875	$ (15)	$ 61,180

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

(b) Comprised of property and equipment and goodwill, net of accumulated depreciation and amortization. Corporate assets are included in the United States.

NOTE 20 – SELECTED QUARTERLY FINANCIAL DATA (unaudited)

	For The Year Ended December 31, 2017			
	First quarter	Second quarter	Third quarter	Fourth quarter
Revenue	$ 103,405	$ 113,591	$ 118,108	$ 121,617
Gross margin	$ 42,432	$ 48,326	$ 47,245	$ 48,733
Operating income (loss)	$ (725)	$ 2,277	$ (101)	$ (1,174)
Income (loss) from continuing operations	$ (1,349)	$ 1,279	$ (832)	$ (2,018)
Income (loss) from discontinued operations	$ 35	$ (53)	$ (16)	$ 13
Net income (loss)	$ (1,314)	$ 1,226	$ (848)	$ (2,005)
Basic and diluted earnings (loss) per share from continuing operations	$ (0.04)	$ 0.04	$ (0.03)	$ (0.06)
Basic and diluted earnings (loss) per share from discontinued operations	$ —	$ —	$ —	$ —
Basic and diluted earnings (loss) per share	$ (0.04)	$ 0.04	$ (0.03)	$ (0.06)
Basic and diluted weighted average shares outstanding (in thousands)	32,161	32,048	32,151	32,063
Common stock equivalents and outstanding stock options excluded from the calculation of diluted earnings (loss) per share (in thousands)	1,089	1,189	1,189	1,189

	For The Year Ended December 31, 2016			
	First quarter	Second quarter	Third quarter	Fourth quarter
Revenue	$ 101,227	$ 113,067	$ 108,136	$ 100,314
Gross margin	$ 41,262	$ 46,839	$ 43,542	$ 42,774
Operating income (loss)	$ (3,705)	$ (2,425)	$ (786)	$ (671)
Income (loss) from continuing operations	$ (3,570)	$ (3,347)	$ (1,908)	$ (108)
Income (loss) from discontinued operations	$ 83	$ 209	$ 35	$ (184)
Net income (loss)	$ (3,487)	$ (3,138)	$ (1,873)	$ (292)
Basic and diluted earnings (loss) per share from continuing operations	$ (0.10)	$ (0.10)	$ (0.06)	$ —
Basic and diluted earnings (loss) per share from discontinued operations	$ —	$ 0.01	$ —	$ (0.01)
Basic and diluted earnings (loss) per share	$ (0.10)	$ (0.09)	$ (0.06)	$ (0.01)
Basic and diluted weighted average shares outstanding (in thousands)	34,631	33,252	33,572	32,227
Common stock equivalents and outstanding stock options excluded from the calculation of diluted earnings (loss) per share (in thousands)	1,345	548	299	604

Earnings (loss) per share calculations for each quarter include the weighted average effect for the quarter; therefore, the sum of quarterly earnings (loss) per share amounts may not equal year-to-date earnings (loss) per share amounts, which reflect the weighted average effect on a year-to-date basis.

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

NOTE 21 – SALES AGREEMENTS

On December 17, 2017, the Company entered into three agreements with three different buyers relating to the sale of the Company's Recruitment and Talent Management businesses ("planned divestitures"). The sales, taken together, constitutes a sale of substantially all of the Company's assets under the Delaware General Corporation Law, and, as such, the Company is seeking stockholder approval of the sale of substantially all of the Company's assets pursuant to the agreements. The closing of each planned divestiture will be contingent upon the closing of each other planned divestiture.

As of December 31, 2017, the Company concluded that the planned divestitures did not meet the criteria for assets held for sale - discontinued operations set forth in ASC No. 205-20, "*Presentation of Financial Statements*," as stockholder approval is required prior to closing of the planned divestitures. The Company continues to classify these businesses in its continuing operations for all periods presented.

Europe Sale Agreement

The Europe sale agreement relates to the sale of the Company's European operations and is dated as of December 17, 2017 and was amended on January 25, 2018. This transaction excludes the Company's operations in Belgium and RPO business in Europe.

Under the terms of the Europe sale agreement, Morgan Philips Group S.A. ("Europe Purchaser") will make a cash payment at closing of the Europe purchase price, which is $10,500 and subject to the following adjustments. At closing, the $10,500 amount will be adjusted by adding the amount of the closing cash balance of the Company's Europe subsidiaries (excluding Belgium) (the "Europe Subsidiaries"), subtracting the amount of the closing debt balance of the Europe Subsidiaries and adding the amount of the difference (which may be positive or negative) between the closing working capital (effectively the current assets minus the current liabilities but excluding cash and debt) and the trailing twelve month average of the working capital of the Europe Subsidiaries.

Belgium Sale Agreement

The Belgium sale agreement relates to the sale of the Company's Belgium operations and is dated as of December 17, 2017 and was amended on January 25, 2018. Value Plus NV ("Belgium Purchaser") is led by Hudson's current Belgium operations chief executive officer Ivan De Witte and a management buyout team. This transaction, excludes the Company's RPO business in Belgium.

Under the terms of the Belgium sale agreement, Belgium Purchaser will make a cash payment at closing of the Belgium purchase price, which is $28,250 minus the items listed below from December 31, 2016 through the closing date.

- The declaration or payment of any dividend or other distribution of profits, reverses or assets to, or reduction of share capital or redemption or purchase of any shares from the Non-Belgium Hudson Group.
- The payment of any management, monitoring, service or other stockholder or director's fees (excluding recurring information technology allocations) to Belgium Sellers.
- The payment of any costs by any of Belgium Purchaser or the Belgium Subsidiary to Hudson in connection with Hudson's incentive stock and awards plan, whether payable before or after closing.
- Any taxation, interest or penalties paid or becoming payable as a consequence of any of the foregoing.
- Any agreement or arrangement made or entered into by the Belgium Group Companies to do or give effect to any matter referred to in the first two bullet points.

APAC Sale Agreement

The APAC sale agreement relates to the sale of the Company's APAC operations and is dated as of December 17, 2017 and was amended on January 25, 2018. Apache Group Holdings Pty Limited ("APAC Purchaser") is led by Hudson's current Asia Pacific chief executive officer Mark Steyn and a management buyout team. This transaction excludes the Company's RPO

business in the APAC region.

Under the terms of the APAC sale agreement, APAC Purchaser will make a cash payment at closing of the APAC purchase price, which is $7,500, subject to a reduction described in the following sentence. The $7,500 base purchase price will be reduced to account for the aggregate of all dividends, distributions and management fees paid by an APAC Subsidiary to APAC Sellers from July 18, 2017 through the closing date, other than (1) management fees that are invoiced but unpaid as of July 31, 2017 and (2) any dividend or distribution of the proceeds from and on closing of the transfer of the RPO Business held by an APAC Subsidiary.

The sales, taken together, constitute a sale of substantially all of the Company's assets under the Delaware General Corporation Law, and, as such, the Company is seeking stockholder approval of the sale of substantially all of the Company's assets pursuant to the agreements. Subject to receipt of stockholder approval and satisfaction of other customary closing conditions, the Company expects to close the transactions at the end of March 2018.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURES

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The Company’s management, with the participation of the Company’s Chief Executive Officer and its Chief Financial Officer, has conducted an evaluation of the design and operation of the Company’s disclosure controls and procedures, as such term is defined under Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended. Based on this evaluation, the Company’s Chief Executive Officer and Chief Financial Officer have concluded that the Company’s disclosure controls and procedures were effective as of December 31, 2017.

Management's Annual Report on Internal Control Over Financial Reporting

The report of management required under this Item 9A is contained in Item 8 of this Annual Report on Form 10-K under the caption "Management's Annual Report on Internal Control Over Financial Reporting."

Changes in Internal Control Over Financial Reporting

There were no changes in the Company’s internal control over financial reporting that occurred during the three months ended December 31, 2017 that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information included under the captions "Proposal 1: Election of Directors," "Board of Directors and Corporate Governance" and "Section 16(a) Beneficial Ownership Reporting Compliance" in the Company's definitive proxy statement, which is expected to be filed pursuant to Regulation 14A within 120 days following the end of the fiscal year covered by this report (the "Proxy Statement"), is hereby incorporated by reference. The information required by Item 10 with respect to our Executive Officers is included in Part I of this Annual Report on Form 10-K.

We have adopted a Code of Business Conduct and Ethics that applies to all of our employees and a Code of Ethics for the Chief Executive Officer and the Senior Financial and Accounting Officers. We have posted a copy of the Code of Business Conduct and Ethics and the Code of Ethics on our website at *www.hudson.com*. The Code of Business Conduct and Ethics and the Code of Ethics are also available in print to any stockholder who requests them in writing from the Corporate Secretary at 1325 Avenue of the Americas, 12th Floor, New York, New York 10019. We intend to satisfy the disclosure requirements under Item 5.05 of Form 8-K regarding amendments to, or waivers from, our Code of Ethics by posting such information on our website at *www.hudson.com*. We are not including the information contained on our website as part of, or incorporating it by reference into, this report.

ITEM 11. EXECUTIVE COMPENSATION

The information required in Item 11 is incorporated by reference to the information in the Proxy Statement under the captions "Director Compensation" and "Executive Compensation."

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required in Item 12 is incorporated by reference to the information in the Proxy Statement under the caption "Principal Stockholders."

Equity Compensation Plan Information

The following table presents information on the Company's equity compensation plans as of December 31, 2017.

	Number of shares to be issued upon exercise of outstanding options	Weighted average exercise price of outstanding options	Number of shares remaining available for future issuance under equity compensation plans (excluding shares reflected in Column A)	
	A	B	C	
Equity Compensation Plans approved by stockholders:				
Long Term Incentive Plan	50,000	$ 5.22	—	
2009 Incentive Stock and Awards Plan	50,000	2.49	1,767,507	(1)
Employee Stock Purchase Plan	—	—	116,329	(2)
Total	100,000	$ 3.86	1,883,836	

(1) Excludes 1,088,933 shares of unvested restricted common stock previously issued under the Hudson Global, Inc. Long Term Incentive Plan and 2009 Incentive Stock and Awards Plan.

(2) The Company suspended the Hudson Global, Inc. Employee Stock Purchase Plan effective January 1, 2009.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required in Item 13 is incorporated by reference to the information in the Proxy Statement under the captions "Board of Directors and Corporate Governance-Independent Directors" and "Board of Directors and Corporate Governance-Policies and Procedures Regarding Related Person Transactions."

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required in Item 14 is incorporated by reference to the information in the Proxy Statement under the caption "Ratification of the Appointment of KPMG LLP as Independent Registered Public Accounting Firm."

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENTS SCHEDULES

1. Financial statements - The following financial statements and the reports of independent registered public accounting firm are contained in Item 8.

	Page
Reports of Independent Registered Public Accounting Firm	46
Consolidated Statements of Operations For The Years Ended December 31, 2017, 2016 and 2015	47
Consolidated Statements of Comprehensive Income (Loss) For The Years Ended December 31, 2017, 2016 and 2015	48
Consolidated Balance Sheets As Of December 31, 2017 and 2016	49
Consolidated Statements of Cash Flows For The Years Ended December 31, 2017, 2016 and 2015	50
Consolidated Statement of Stockholders' Equity For The Years Ended December 31, 2017, 2016 and 2015	51
Notes to Consolidated Financial Statements	52

2. Financial statement schedules

Schedule I - Condensed financial information of the registrant
Schedule II - Valuation and qualifying accounts and reserves

All other schedules are omitted since the required information is not present, or is not present in amounts sufficient to require submission of the schedule, or because the information required is included in the consolidated financial statements and the notes thereto.

3. Exhibits - The exhibits listed in the accompanying index to exhibits are filed as part of this Annual Report on Form 10-K.

SCHEDULE I - CONDENSED FINANCIAL INFORMATION OF THE REGISTRANT

HUDSON GLOBAL, INC.

CONDENSED STATEMENTS OF OPERATIONS (PARENT COMPANY ONLY)

(in thousands)

	Year Ended December 31,		
	2017	**2016**	**2015**
Operating expenses:			
Selling, general and administrative expenses	$ 9,615	$ 10,451	$ 13,327
Depreciation and amortization	359	405	488
Business reorganization	(22)	(16)	1,168
Operating loss	(9,952)	(10,840)	(14,983)
Other income (expense):			
Interest, net	172	197	516
Corporate costs allocation and other, net	3,442	4,195	5,318
Income (loss) from parent before provision for income taxes	(6,338)	(6,448)	(9,149)
Provision for (benefit from) income taxes for parent company	390	(9)	(12)
Equity in earnings (losses) of subsidiaries, net of income taxes	3,787	(2,351)	11,466
Net income (loss)	$ (2,941)	$ (8,790)	$ 2,329

See notes to condensed financial statements.

HUDSON GLOBAL, INC.

CONDENSED BALANCE SHEETS (PARENT COMPANY ONLY)

(in thousands)

	December 31,	
	2017	**2016**
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,770	$ 2,414
Prepaid and other	136	220
Total current assets	1,906	2,634
Property and equipment, net	—	359
Investment in and advances to/from subsidiaries	44,775	39,965
Other assets	255	818
Total assets	$ 46,936	$ 43,776
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable, accrued expenses and other current liabilities	$ 2,968	$ 1,425
Total current liabilities	2,968	1,425
Other non-current liabilities	816	466
Total liabilities	3,784	1,891
Stockholders' equity	43,152	41,885
Total liabilities and stockholders' equity	$ 46,936	$ 43,776

See notes to condensed financial statements.

HUDSON GLOBAL, INC.

CONDENSED STATEMENTS OF CASH FLOWS (PARENT COMPANY ONLY)

(in thousands)

	For the Years Ended December 31,		
	2017	2016	2015
Cash flows from operating activities:			
Net income (loss)	$ (2,941)	$ (8,790)	$ 2,329
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Dividends received from subsidiaries	1,452	1,593	7,468
Non-cash (income) losses from subsidiaries, net of taxes	(3,787)	2,363	(11,466)
Depreciation and amortization	359	405	488
Stock-based compensation	394	390	637
Changes in operating assets and liabilities:			
(Increase) decrease in prepaid and other assets	644	(447)	1,921
(Increase) decrease in due from subsidiaries	2,206	4,959	14,503
Increase (decrease) in accounts payable, accrued expenses and other liabilities	1,914	(1,251)	(1,269)
Increase (decrease) in accrued business reorganization	(22)	(825)	(120)
Net cash provided by (used in) operating activities	219	(1,603)	14,491
Cash flows from investing activities:			
Capital expenditures	—	—	(897)
Advances to and investments in subsidiaries, net	—	(415)	(5,945)
Net cash provided by (used in) investing activities	—	(415)	(6,842)
Cash flows from financing activities:			
Dividend payments	—	(3,401)	—
Purchase of treasury stock	(858)	(5,127)	(1,386)
Purchase of restricted stock from employees	(5)	(65)	(244)
Net cash provided by (used in) financing activities	(863)	(8,593)	(1,630)
Net increase (decrease) in cash and cash equivalents	(644)	(10,611)	6,019
Cash and cash equivalents, beginning of the period	2,414	13,025	7,006
Cash and cash equivalents, end of the period	$ 1,770	$ 2,414	$ 13,025

See notes to condensed financial statements.

HUDSON GLOBAL, INC.
NOTES TO CONDENSED FINANCIAL STATEMENTS
(in thousands)

NOTE 1 - BASIS OF PRESENTATION

Hudson Global, Inc. (the "Parent Company") is a holding company that conducts substantially all of its business through its subsidiaries. As specified in certain of its subsidiaries' credit agreements in the U.K., Australia and New Zealand, there are restrictions on the Parent Company's ability to obtain funds from certain of its subsidiaries through dividends, intercompany expenses or interest (refer to Note 15, "Credit Agreements", to the Parent Company's Consolidated Financial Statements). As of December 31, 2017, the Parent Company was in a stockholders' equity position of $43,152, and approximately $19,398 constituted restricted net assets as defined in Rule 4-08(e)(3) of Regulation S-X. The restricted net assets of the Parent Company's subsidiaries exceeded 25% of the consolidated net assets of the Parent Company and its subsidiaries, thus requiring this Schedule I, "Condensed Financial Information of the Registrant." Accordingly, the results of operations and cash flows for the years ended December 31, 2017, 2016 and 2015, and the balance sheets as of December 31, 2017 and 2016 have been presented on a "Parent-only" basis. In these statements, the Parent Company's investments in its consolidated subsidiaries are presented under the equity method of accounting. The Parent-only financial statements should be read in conjunction with the Parent Company's audited Consolidated Financial Statements included elsewhere herein.

NOTE 2 - DIVIDENDS RECEIVED

The Parent Company received dividends of $1,452, $1,593 and $7,468 in 2017, 2016 and 2015, respectively, from its consolidated subsidiaries.

NOTE 3 - CREDIT AGREEMENTS

Several of the Parent Company's subsidiaries have credit agreements with lenders. Borrowings under the credit agreements are based on an agreed percentage of eligible accounts receivable. Refer to Note 15, "Credit Agreements" to the Parent Company's Consolidated Financial Statements for further details.

SCHEDULE II
VALUATION AND QUALIFYING ACCOUNTS
(IN THOUSANDS)

Column A	Column B	Column C	Column D	Column E
Descriptions	Balance at Beginning of Period	Additions Charged to Costs/Expenses (Recoveries)	Deductions Other	Balance at End of Period
2015				
Allowance for Doubtful Accounts	$ 986	178	304	$ 860
Deferred tax assets-valuation allowance	$ 158,851	447	—	$ 159,298
2016				
Allowance for Doubtful Accounts	$ 860	226	287	$ 799
Deferred tax assets-valuation allowance	$ 159,298	(5,045)	(2,089)	$ 156,342
2017				
Allowance for Doubtful Accounts	$ 799	72	187	$ 684
Deferred tax assets-valuation allowance	$ 156,342	(46,183)	—	$ 110,159

HUDSON GLOBAL, INC.
FORM 10-K
EXHIBIT INDEX

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

Exhibit Number	Exhibit Description
(2.1)	Asset Purchase Agreement, dated as of May 8, 2015, by and among Hudson Global, Inc., Hudson Global Resources Management, Inc. and Mastech, Inc. (incorporated by reference to Exhibit 2.1 to Hudson Global, Inc.'s Current Report on Form 8-K dated May 8, 2015 (File No. 0-50129)).
(2.2)	Agreement for the Sale and Purchase of the Share Capital of Hudson Belgium NV, December 17, 2017, as amended January 25, 2018, between Hudson Global, Inc., Hudson Highland Group Holdings International, Inc., Value Plus NV and Ivan De Witte and De Witte Comm. V. (incorporated by reference to Annex A to Hudson Global, Inc.'s Definitive Proxy Statement filed February 13, 2018 (File No. 0-50129)).
(2.3)	Share Purchase Agreement, dated December 17, 2017, as amended January 25, 2018, by and among Hudson Global, Inc., Hudson Global Resources AG Zug, Hudson Global Resources Jersey Limited, Hudson Europe BV and Morgan Philips Group SA (incorporated by reference to Annex B to Hudson Global, Inc.'s Definitive Proxy Statement filed February 13, 2018 (File No. 0-50129)).
(2.4)	Share Sale Agreement, dated December 17, 2017, as amended January 25, 2018, by and among Hudson Highland Group Holdings International, Inc., Hudson Global, Inc. and Apache Group Holdings Pty Limited (incorporated by reference to Annex C to Hudson Global, Inc.'s Definitive Proxy Statement filed February 13, 2018 (File No. 0-50129)).
(3.1)	Amended and Restated Certificate of Incorporation of Hudson Global, Inc. (incorporated by reference to Exhibit 3.2 to Hudson Global, Inc.'s Current Report on Form 8-K dated June 15, 2015 (File No. 0-50129)).
(3.2)	Certificate of Designations of the Board of Directors Establishing the Series and Fixing the Relative Rights and Preferences of Series A Junior Participating Preferred Stock (incorporated by reference to Exhibit 3.1 to Hudson Global, Inc.'s Current Report on Form 8-K dated February 2, 2005 (File No. 0-50129)).
(3.3)	Amended and Restated By-laws of Hudson Global, Inc. (incorporated by reference to Exhibit 3.4 to Hudson Global, Inc.'s Current Report on Form 8-K dated June 15, 2015 (File No. 0-50129)).
(4.1)	Receivables Finance Agreement, dated August 1, 2014, between Lloyds Bank Commercial Finance and Hudson Global Resources Limited (incorporated by reference to Exhibit 4.1 to Hudson Global, Inc.'s Current Report on Form 8-K dated August 1, 2014 (File No. 0-50129)).
(4.2)	Receivables Finance Agreement Amendment, dated September 15, 2016, between Lloyds Bank Commercial Finance Limited and Hudson Global Resources Limited (incorporated by reference to Exhibit 4.1 to Hudson Global, Inc.'s Current Report on Form 8-K dated September 15, 2016 (File No. 0-50129)).
(4.3)	Finance Agreement, dated as of October 27, 2015, among Hudson Global Resources (Aust) Pty Limited, Hudson Global Resources (NZ) Limited, and National Australia Bank Limited (incorporated by reference to Exhibit 4.1 to Hudson Global, Inc.'s Current Report on Form 8-K dated October 30, 2015 (File No. 0-50129)).
(4.4)	NAB Corporate Receivables Facility Agreement, dated as of October 27, 2015, among Hudson Global Resources (Aust) Pty Limited, Hudson Global Resources (NZ) Limited, and National Australia Bank Limited (incorporated by reference to Exhibit 4.2 to Hudson Global, Inc.'s Current Report on Form 8-K dated October 30, 2015 (File No. 0-50129)).
(4.5)	BNZ Corporate Receivables Facility Agreement, dated as of October 27, 2015, among Hudson Global Resources (NZ) Limited, Hudson Global Resources (Aust) Pty Limited, and Bank of New Zealand (incorporated by reference to Exhibit 4.3 to Hudson Global, Inc.'s Current Report on Form 8-K dated October 30, 2015 (File No. 0-50129)).
(4.6)	Receivables Finance Agreement Amendment, dated September 15, 2017, between Lloyds Bank Commercial Finance Limited and Hudson Global Limited (incorporated by reference to Exhibit 4.1 to Hudson Global, Inc.'s Current Report on Form 8-K dated September 15, 2017 (File No. 0-50129)).
(10.1)*	Hudson Global, Inc. Long Term Incentive Plan, as amended through October 29, 2007 (incorporated by reference to Exhibit 10.1 to Hudson Global, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2007 (File No. 0-50129)).
(10.2)*	Form of Hudson Global, Inc. Long Term Incentive Plan Stock Option Agreement (Employees) (incorporated by reference to Exhibit 10.4 to Hudson Global, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2005 (File No. 0-50129)).
(10.3)*	Form of Hudson Global, Inc. Long Term Incentive Plan Stock Option Agreement (Directors) (incorporated by reference to Exhibit 10.1 to Hudson Global, Inc. Current Report on Form 8-K dated May 11, 2006 (File No. 0-50129)).
(10.4)*	Hudson Global, Inc. 2009 Incentive Stock and Awards Plan, as Amended and Restated (incorporated by reference to Exhibit A to the Company's definitive proxy statement filed with the Securities Exchange Commission on Schedule 14A on April 13, 2016 (File No. 0-50129)).

(10.5)*	Form of Hudson Global, Inc. 2009 Incentive Stock and Awards Plan Stock Option Agreement (New Non-Employee Directors) (incorporated by reference to Exhibit 10.1 to Hudson Global, Inc.'s Current Report on Form 8-K dated October 2, 2015 (File No. 0-50129)).
(10.6)*	Form of Hudson Global, Inc. 2009 Incentive Stock and Awards Plan Restricted Stock Unit Award Agreement (incorporated by reference to Exhibit 10.6 to Hudson Global, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2013 (File No. 0-50129)).
(10.7)*	Form of Hudson Global, Inc. 2009 Incentive Stock and Awards Plan Restricted Stock Award Agreement for aggregated regional EBITDA and corporate costs vesting awards (incorporated by reference to Exhibit 10.1 to Hudson Global, Inc.'s Current Report on Form 8-K dated January 22, 2015 (File No. 0-50129)).
(10.8)*	Form of Hudson Global, Inc. 2009 Incentive Stock and Awards Plan Restricted Stock Award Agreement (Executive Officers and Global Leadership Team) for awards made on or after November 6, 2015. (incorporated by reference to Exhibit 10.10 to Hudson Global, Inc.’s Annual Report on Form 10-K dated March 3, 2016 (File No. 0-50129)).
(10.9)*	Form of Hudson Global, Inc. 2009 Incentive Stock and Awards Plan Restricted Stock Unit Award Agreement (incorporated by reference to Exhibit 10.1 to Hudson Global, Inc.’s Quarterly Report on Form 10-Q dated April 28, 2016 (File No. 0-50129)).
(10.10)*	Summary of Hudson Global, Inc. Compensation for Non-employee Members of the Board of Directors (incorporated by reference to Exhibit 10.13 to Hudson Global, Inc.’s Annual Report on Form 10-K dated March 3, 2016 (File No. 0-50129)).
(10.11)*	Hudson Global, Inc. Amended and Restated Director Deferred Share Plan (incorporated by reference to Exhibit 10.4 to Hudson Global, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2012 (File No. 0-50129)).
(10.12)*	Amended and Restated Executive Employment Agreement, dated April 30, 2016 and effective as of May 18, 2015, between Hudson Global, Inc. and Stephen A. Nolan (incorporated by reference to Exhibit 10.2 to Hudson Global, Inc.’s Current Report on Form 8-K dated April 30, 2016 (File No. 0-50129)).
(10.13)*	Amended and Restated Restricted Stock Award Agreement, dated April 30, 2016 and effective as of May 18, 2015, between Hudson Global, Inc. and Stephen A. Nolan (incorporated by reference to Exhibit 10.1 to Hudson Global, Inc.’s Current Report on Form 8-K dated April 30, 2016 (File No. 0-50129)).
(10.14)*	Executive Employment Agreement, dated as of May 18, 2015, between Hudson Global, Inc. and Stephen A. Nolan (incorporated by reference to Exhibit 10.1 to Hudson Global, Inc.'s Current Report on Form 8-K dated May 18, 2015 (File No. 0-50129)).
(10.15)*	Restricted Stock Award Agreement, dated as of May 18, 2015, between Hudson Global, Inc. and Stephen A. Nolan (incorporated by reference to Exhibit 10.2 to Hudson Global, Inc.'s Current Report on Form 8-K dated May 18, 2015 (File No. 0-50129)).
(10.16)*	Promotion Letter Agreement, dated as of August 7, 2015, between Hudson Global, Inc. and Patrick Lyons (incorporated by reference to Exhibit 10.1 to Hudson Global, Inc.'s Current Report on Form 8-K dated August 7, 2015 (File No. 0-50129)).
(10.17)*	Promotion Letter Agreement, dated as of August 6, 2015, between Hudson Global, Inc. and David F. Kirby. (incorporated by reference to Exhibit 10.18 to Hudson Global, Inc.’s Annual Report on Form 10-K dated March 3, 2016 (File No. 0-50129)).
(21)	Subsidiaries of Hudson Global, Inc.
(23)	Consent of KPMG LLP.
(31.1)	Certification by the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act.
(31.2)	Certification by the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act.
(32.1)	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350.
(32.2)	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350.
(99.1)	Proxy Statement for the 2018 Annual Meeting of Stockholders [To be filed with the Securities and Exchange Commission under Regulation 14A within 120 days after December 31, 2017; except to the extent specifically incorporated by reference, the Proxy Statement for the 2018 Annual Meeting of Stockholders shall not be deemed to be filed with the Securities and Exchange Commission as part of this Annual Report on Form 10-K.]

HUDSON GLOBAL, INC.
FORM 10-K
EXHIBIT INDEX

(101)	The following materials from Hudson Global, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2017 are filed herewith, formatted in XBRL (Extensible Business Reporting Language): (i) the Consolidated Statements of Operations for the years ended December 31, 2017, 2016 and 2015, (ii) the Consolidated Statements of Comprehensive Income (Loss) for the years ended December 31, 2017, 2016 and 2015, (iii) the Consolidated Balance Sheets as of December 31, 2017 and 2016, (iv) the Consolidated Statements of Cash Flows for the years ended December 31, 2017, 2016 and 2015, (v) the Consolidated Statement of Stockholders' Equity for the years ended December 31, 2017, 2016 and 2015, and (vi) Notes to Consolidated Financial Statements.
*	A management contract or compensatory plan or arrangement

SIGNATURES

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

HUDSON GLOBAL, INC.
(Registrant)

By: /s/ STEPHEN A. NOLAN
Stephen A. Nolan
Chief Executive Officer
(Principal Executive Officer)
Date: March 1, 2018

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ STEPHEN A. NOLAN **Stephen A. Nolan**	Chief Executive Officer and Director (Principal Executive Officer)	March 1, 2018
/s/ PATRICK LYONS **Patrick Lyons**	Chief Financial Officer and Chief Accounting Officer (Principal Financial Officer and Principal Accounting Officer)	March 1, 2018
/s/ JEFFREY E. EBERWEIN **Jeffrey E. Eberwein**	Chairman	March 1, 2018
/s/ ALAN L. BAZAAR **Alan L. Bazaar**	Director	March 1, 2018
/s/ RICHARD K. COLEMAN, JR. **Richard K. Coleman, Jr.**	Director	March 1, 2018
/s/ IAN V. NASH **Ian V. Nash**	Director	March 1, 2018

Exhibit 21

Subsidiaries of Hudson Global, Inc.

Subsidiary	State or jurisdiction of incorporation	Percentage owned
Hudson Global Resources (Aust) Pty Limited	Australia	100%
Hudson Highland (APAC) Pty Limited	Australia	100%
Hudson RPO (Aust) Pty Ltd	Australia	100%
Hudson Belgium SA NV	Belgium	100%
Hudson Global Resources Belgium NV	Belgium	100%
James Botrie and Associates, Inc.	Canada	100%
Hudson Recruitment Shanghai Limited	China	100%
Hudson Highland Group Holdings International, Inc.	Delaware	100%
Hudson Global Resources S.A.S.	France	100%
Hudson Global Resources Hong Kong Limited	Hong Kong	100%
Hudson HoldCo (Hong Kong) Limited	Hong Kong	100%
Hudson RPO (Hong Kong) Limited	Hong Kong	100%
Hudson Global Resources Jersey Limited	Jersey	100%
Hudson Europe BV	Netherlands	100%
Hudson Global Resources (NZ) Ltd	New Zealand	100%
Hudson RPO (NZ) Limited	New Zealand	100%
Hudson Global Resources Management, Inc.	Pennsylvania	100%
Hudson Global Resources Sp.Zo.O	Poland	100%
Hudson Global Resources (Singapore) Pte Limited	Singapore	100%
Hudson RPO (Singapore) Pte	Singapore	100%
Hudson Global Resources Madrid S.L.	Spain	100%
Hudson Global Resources S.L.	Spain	100%
Hudson Global Resources Switzerland	Switzerland	100%
Hudson Global Resources Limited	United Kingdom	100%

Listed above are certain consolidated directly or indirectly owned Hudson Global, Inc. subsidiaries included in the consolidated financial statements of Hudson Global, Inc. Unlisted subsidiaries, considered in the aggregate, do not constitute a significant subsidiary.

Exhibit 23

Consent of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Hudson Global, Inc.:

We consent to the incorporation by reference in the registration statements (No. 333-119563) on Form S-4 and (Nos. 333-104209, 333-104210, 333-104212, 333-117005, 333-117006, 333-126915, 333-161170, 333-161171, 333-182973, and 333-212941) on Form S-8 of Hudson Global, Inc. of our report dated March 1, 2018, with respect to the consolidated balance sheets of Hudson Global, Inc. and subsidiaries as of December 31, 2017 and 2016, and the related consolidated statements of operations, comprehensive income (loss), cash flows, and stockholders' equity for each of the years in the three-year period ended December 31, 2017, the related notes, and financial statement schedules listed in Item 15(2), which report appears in the December 31, 2017 annual report on Form 10-K of Hudson Global, Inc.

/s/ KPMG LLP

New York, New York

March 1, 2018

Exhibit 31.1

CERTIFICATIONS

I, Stephen A. Nolan, certify that:

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

Dated: March 1, 2018

/s/ STEPHEN A. NOLAN
Stephen A. Nolan
Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, Patrick Lyons, certify that:

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

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

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

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

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

Dated: March 1, 2018

/s/ PATRICK LYONS

Patrick Lyons

Chief Financial Officer and Chief Accounting Officer

Exhibit 32.1

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

Solely for the purposes of complying with 18 U.S.C. Section 1350, I, the undersigned Chief Executive Officer of Hudson Global, Inc. (the “Company”), hereby certify, based on my knowledge, that the Annual Report on Form 10-K of the Company for the year ended December 31, 2017 (the “Report”) fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ STEPHEN A. NOLAN

Stephen A. Nolan
March 1, 2018

Exhibit 32.2

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

Solely for the purposes of complying with 18 U.S.C. Section 1350, I, the undersigned Chief Financial Officer and Chief Accounting Officer of Hudson Global, Inc. (the “Company”), hereby certify, based on my knowledge, that the Annual Report on Form 10-K of the Company for the year ended December 31, 2017 (the “Report”) fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ PATRICK LYONS

Patrick Lyons

March 1, 2018