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

Form 8-K

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

Date of Report (Date of Earliest Event Reported): November 13, 2017

Professional Diversity Network, Inc.

(Exact Name of Registrant as Specified in its Charter)

| | | |
|--|--|--|
| <u>Delaware</u> (State or other Jurisdiction of Incorporation) | <u>001-35824</u> (Commission File Number) | <u>80-0900177</u> (IRS Employer Identification Number) |
| <u>801 W. Adams Street, Sixth Floor, Chicago, Illinois</u> (Address of Principal Executive Offices) | | <u>60607</u> (Zip Code) |

Registrant's telephone number, including area code: (312) 614-0950

(Former name or former address if changed since last report.)

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

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

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

Emerging growth company

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

Item 2.02. Results of Operations and Financial Condition

On November 13, 2017, Professional Diversity Network, Inc. (the “Company”) issued a press release (the “Press Release”) announcing its results of operations and financial condition for the quarter and fiscal year ended September 30, 2017. A copy of the Press Release is furnished as Exhibit 99.1 hereto.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits.

99.1 [Press Release issued by Professional Diversity Network, Inc. on November 13, 2017.](#)

SIGNATURES

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

Date: November 14, 2017

PROFESSIONAL DIVERSITY NETWORK, INC.

By: /s/ Jiangping (Gary) Xiao
Jiangping (Gary) Xiao
Chief Financial Officer

EXHIBIT INDEX

| Exhibit No. | Description |
|-------------|---|
| 99.1 | <u>Press Release issued by Professional Diversity Network, Inc. on November 13, 2017.</u> |



Professional Diversity Network

Professional Diversity Network, Inc. Announces Third Quarter 2017 Financial Results

CHICAGO, November 13, 2017 (GLOBE NEWSWIRE) -- [Professional Diversity Network, Inc.](#) (NASDAQ: IPDN) (“PDN” or the “Company”), a global developer and operator of online and in-person networks that provides access to networking, training, educational and employment opportunities for diverse professionals, today announced financial results for its fiscal third quarter ended September 30, 2017.

During the third quarter ended September 30, 2017, we continued to experience losses as we furthered our efforts to integrate new management and China operations, reduce costs and streamline our business. Total revenues in the third quarter decreased \$1,939,000, or 30.5% for the three months ended September 30, 2017, compared to the same prior year period.

Total costs and expenses were \$7,133,000 for the third quarter, compared to \$7,640,000 for same period in the prior year, a decrease of \$507,000 or 6.6%. The decrease is mainly attributable to a \$788,000 or 25.7% decrease in sales and marketing expense mostly due to reduction in sales force, a decrease of \$87,000 or 11.7% in cost of revenue, and a slight decrease of \$13,000 or 1.6% in depreciation and amortization. The decrease in expenses was partially offset by an increase of \$226,000 or 7.5% in general and administrative expense, and \$155,000 litigation settlement expenses in the third quarter of 2017, of which \$146,000 was accrued for the potential back pay related to what is expected to be non-recurring legal expenses.

For the three months ended September 30, 2017, we realized a net loss of approximately \$2,489,000, a \$1,216,000 increase from the comparable prior year period. This increase in net loss was primarily driven by a decrease of \$1,578,000 in NAPW segment revenues from membership fees, related services and product sales period-over-period (attributable to the restricting of NAPW and positioning for its global brand emergence as IAW in 2018), partially offset by a decrease of \$788,000 in overall sales and marketing expenses.

During the nine months ended September 30, 2017, we incurred a net loss of \$17,666,000, compared to net loss of \$3,519,000 for the nine months ended September 30, 2016, an increase of \$14,147,000. The increase in net loss was primarily attributable to a decrease of \$6,036,000 in NAPW segment revenues from membership fees, related services and product sales period-over-period, along with NAPW segment goodwill impairment charge of \$9,920,000, and an increase of \$2,395,000 in overall general and administrative expenses, partially offset by a decrease of \$2,199,000 in overall sales and marketing expenses.

As of September 30, 2017, we had \$2.8 million in cash.

Michael Wang, PDN Chief Executive Officer, stated, "In the third quarter of 2017, we began to sell memberships in China, launched a new Entrepreneurs Club, planned for our premiere event of 2017 in China and took meaningful actions to address the profitability of our US operations. I believe that our third quarter of 2017 was a productive period. Our expansion to China has now taken a firm footing and our initiatives have now been launched in the market. Because of this progress we are closer to achieving our goals of profitability and growth. We believe that the work that we have done since we took control of the company in November 2016 will be demonstrated in the fourth quarter of 2017 and in 2018, beginning with our event on December 2nd, in Beijing."

In China, year to date, the Company successfully launched its Education and Training segment, and held eleven paid events to-date. Those events have provided live marketing research, and the results have helped us to plan and seek to enhance future events. The Company also launched in China its Women's Networking segment, holding its first marketing event near the end of the second quarter. The Company continues to build the framework for its third new China business, Secondary Education Services. The model involves working on partnerships with educational institutions, the first of which we announced during the second quarter.

Specific restructuring and new business development for the quarter included:

- Commenced selling IAW memberships in China, ranging from RMB 20,000 to RMB 200,000 (Approximately \$3,000 to \$30,000 annual memberships). IAW China held first IAW VIP China event at the Women's Forum Global Meeting, in Paris France
- Commenced offering Global Elite Entrepreneurs Club memberships in China at annual memberships costs starting at RMB 19,800 to RMB 398,000 (Approximately \$2900 to \$58,000)
- Finalized plans and secured commitments to hold largest education and training event of the year on December 2nd, 2017 in Beijing China, "The International Capital Leadership Summit." Mr. Bruce Aust, Vice Chairman of the Nasdaq Exchange will be featured at the event where the company hopes to have as many as 5,000 participants

During 2018, the company anticipates soon investing in increasing women's networking membership sales and expanding from NAPW (National Association of Professional Women), a national organization to IAW (International Association of Women), an international women's networking organization. The company believes that in a global market place, the IAW organization can offer all the value of today's NAPW and add an international platform to enhance membership value."

Professional Diversity Network, Inc.
CONDENSED CONSOLIDATED BALANCE SHEETS

| | September 30, 2017 | December 31, 2016 |
|---|-------------------------------|------------------------------|
| | (Unaudited) | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 2,821,729 | \$ 6,068,973 |
| Accounts receivable, net | 1,799,013 | 2,170,529 |
| Incremental direct costs | 241,235 | 423,023 |
| Prepaid expenses and other current assets | 490,581 | 957,140 |
| Total current assets | 5,352,558 | 9,619,665 |
| Property and equipment, net | 291,774 | 277,534 |
| Capitalized technology, net | 141,573 | 173,368 |
| Goodwill | 10,280,885 | 20,201,190 |
| Intangible assets, net | 7,035,139 | 9,183,439 |
| Merchant reserve | 780,849 | 1,426,927 |
| Security deposits | 239,059 | 220,754 |
| Other assets | - | 35,000 |
| Total assets | \$ 24,121,837 | \$ 41,137,877 |
| Current Liabilities: | | |
| Accounts payable | \$ 1,232,510 | \$ 2,172,332 |
| Accrued expenses | 1,172,435 | 962,172 |
| Deferred revenue | 4,422,715 | 5,485,599 |
| Total current liabilities | 6,827,660 | 8,620,103 |
| Deferred tax liability | 2,492,837 | 3,653,274 |
| Deferred rent | 60,959 | 55,718 |
| Other liabilities | 78,481 | 33,159 |
| Total liabilities | 9,459,937 | 12,362,254 |
| Commitments and contingencies | | |
| Stockholders' Equity | | |
| Common stock, \$0.01 par value; 45,000,000 shares authorized; 3,936,399 shares and 3,623,899 shares issued as of September 30, 2017 and December 31, 2016, respectively; and 3,931,838 shares and 3,619,338 shares outstanding as of September 30, 2017 and December 31, 2016, respectively | 39,329 | 36,204 |
| Additional paid in capital | 79,783,969 | 76,234,772 |
| Accumulated other comprehensive loss | (1,435) | - |
| Accumulated deficit | (65,122,846) | (47,458,236) |
| Treasury stock, at cost; 1,048 shares at September 30, 2017 and December 31, 2016 | (37,117) | (37,117) |
| Total stockholders' equity | 14,661,900 | 28,775,623 |
| Total liabilities and stockholders' equity | \$ 24,121,837 | \$ 41,137,877 |

Professional Diversity Network, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS (Unaudited)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|-----------------------|--|-----------------------|
| | 2017 | 2016 | 2017 | 2016 |
| Revenues: | | | | |
| Membership fees and related services | \$ 2,204,909 | \$ 3,748,334 | \$ 7,465,202 | \$ 13,047,652 |
| Lead generation | 1,370,465 | 1,554,370 | 4,699,399 | 4,489,919 |
| Recruitment services | 694,454 | 954,887 | 1,977,101 | 2,295,556 |
| Product sales and other | 18,285 | 52,857 | 91,226 | 544,440 |
| Education and training | 68,890 | - | 898,584 | - |
| Consumer advertising and marketing solutions | 65,188 | 49,719 | 189,217 | 176,771 |
| Total revenues | 4,422,191 | 6,360,167 | 15,320,729 | 20,554,338 |
| Costs and expenses: | | | | |
| Cost of revenues | 658,297 | 745,159 | 2,193,224 | 2,433,550 |
| Sales and marketing | 2,275,585 | 3,064,454 | 8,114,908 | 10,314,145 |
| General and administrative | 3,236,848 | 3,010,862 | 11,322,513 | 8,928,493 |
| Litigation settlement | 155,216 | - | 155,216 | 500,000 |
| Goodwill impairment charge | - | - | 9,920,305 | - |
| Depreciation and amortization | 806,898 | 819,894 | 2,443,511 | 2,498,136 |
| Total costs and expenses | 7,132,844 | 7,640,369 | 34,149,677 | 24,674,324 |
| Loss from operations | (2,710,653) | (1,280,202) | (18,828,948) | (4,119,986) |
| Other (expense) income | | | | |
| Interest expense | - | (215,781) | (12,399) | (216,948) |
| Interest and other income | 4,117 | 150 | 9,218 | 801 |
| Other finance income | 5,318 | - | 7,082 | - |
| Other (expense) income, net | 9,435 | (215,631) | 3,901 | (216,147) |
| Change in fair value of warrant liability | - | (401,000) | - | (401,000) |
| Loss before income tax benefit | (2,701,218) | (1,896,833) | (18,825,047) | (4,737,133) |
| Income tax benefit | (213,133) | (623,699) | (1,160,437) | (1,218,092) |
| Net loss | (2,488,085) | (1,273,134) | (17,664,610) | (3,519,041) |
| Other comprehensive loss: | | | | |
| Foreign currency translation adjustment | (3,056) | - | (1,435) | - |
| Comprehensive loss | \$ (2,491,141) | \$ (1,273,134) | \$ (17,666,045) | \$ (3,519,041) |
| Net loss per common share, basic and diluted | \$ (0.63) | \$ (0.70) | \$ (4.52) | \$ (1.94) |
| Weighted average shares used in computing net loss per common share: | | | | |
| Basic and diluted | 3,932,886 | 1,809,676 | 3,912,282 | 1,809,676 |

The following table provides a reconciliation of Adjusted EBITDA to Net Loss, the most directly comparable GAAP measure reported in our consolidated financial statements:

| | Three Months Ended | | Nine Months Ended | |
|---|---------------------------|-----------------|--------------------------|-------------------|
| | September 30, | | September 30, | |
| | 2017 | 2016 | 2017 | 2016 |
| | (in thousands) | | | |
| Net loss | \$ (2,488) | \$ (1,273) | \$ (17,665) | \$ (3,519) |
| Stock-based compensation expense | 146 | 118 | 731 | 218 |
| Goodwill impairment charge | - | - | 9,920 | - |
| Litigation Settlement | 155 | - | 155 | 500 |
| Gain on lease cancellation | - | - | - | (424) |
| Depreciation and amortization | 807 | 820 | 2,444 | 2,498 |
| Change in fair value of Warrant Liability | - | 401 | - | 401 |
| Interest Expense | - | 216 | 12 | 217 |
| Interest and other income | (4) | - | (9) | (1) |
| Income tax benefit | (213) | (624) | (1,160) | (1,218) |
| Adjusted EBITDA | <u>\$ (1,597)</u> | <u>\$ (342)</u> | <u>\$ (5,572)</u> | <u>\$ (1,328)</u> |

About Professional Diversity Network (PDN)

Professional Diversity Network, Inc. (PDN) is a global developer and operator of online and in-person networks that provides access to networking, training, educational and employment opportunities for diverse professionals. We operate subsidiaries in the United States and China including Noble Voice, a career placement and career counseling call center and National Association of Professional Women (NAPW), which is one of the largest, most recognized networking organizations of professional women in the country, spanning more than 200 industries and professions. Through an online platform and our relationship recruitment affinity groups, we provide our employer clients a means to identify and acquire diverse talent and assist them with their efforts to comply with the Equal Employment Opportunity Office of Federal Contract Compliance Program. Our mission is to utilize the collective strength of our affiliate companies, members, partners and unique proprietary platform to be the standard in business diversity recruiting, networking and professional development for women, minorities, veterans, LGBT and disabled persons globally.

Forward-Looking Statements

This press release contains certain forward-looking statements based on our current expectations, forecasts and assumptions that involve risks and uncertainties. This release does not constitute an offer to sell or a solicitation of offers to buy any securities of any entity. Forward-looking statements in this release are based on information available to us as of the date hereof. Our actual results may differ materially from those stated or implied in such forward-looking statements, due to risks and uncertainties associated with our business, which include the risk factors disclosed in our most recently filed Annual Report on Form 10-K and in our subsequent filings with the Securities and Exchange Commission. Forward-looking statements include statements regarding our expectations, beliefs, intentions or strategies regarding the future and can be identified by forward-looking words such as "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "plan," "should," and "would" or similar words. We assume no obligation to update the information included in this press release, whether as a result of new information, future events or otherwise. Our most recently filed Annual Report on Form 10-K, together with this press release and the financial information contained herein, are available on our website, www.ipdnusa.com. Please click on "Investor Relations."

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