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

Form 10-K

(Mark One)

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

For the fiscal year ended December 31, 2021

or

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

For the transition period from________ to________

Commission file number: 001-35824

Professional Diversity Network, Inc.
(Exact name of Registrant as Specified in Its Charter)

Delaware *(State or Other Jurisdiction of Incorporation or Organization)*	**80-0900177** *(I.R.S. Employer Identification No.)*
55 E. Monroe Street, Suite 2120 **Chicago, Illinois** *(Address of Principal Executive Offices)*	**60603** *(Zip Code)*

(312) 614-0950
(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, $0.01 par value per share	The Nasdaq Stock Market LLC

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

None

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

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

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes ☒ No ☐

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

Indicate by check mark 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 the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check One):

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☒
Emerging growth company ☐

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

Indicate by check mark whether the Registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

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

The aggregate market value of the Registrant's common stock held by non-affiliates of the Registrant on June 30, 2021, the last business day of the Registrant's most recently completed second fiscal quarter, was approximately $11,751,986 (based on a price per share of $1.61, the price at which the common shares were last sold as reported on the NASDAQ Capital Market on such date).

There were 16,346,972 shares outstanding of the Registrant's common stock as of March 28, 2022.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's Proxy Statement for the Registrant's 2022 Annual Meeting of Stockholders are incorporated by reference in Part III of this Form 10-K

PROFESSIONAL DIVERSITY NETWORK, INC.

FORM 10-K
FOR THE YEAR ENDED DECEMBER 31, 2021
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PROFESSIONAL DIVERSITY NETWORK, INC.

PART I

Unless we specify otherwise, all references in this annual report on Form 10-K (the "Annual Report") to "PDN," "the Company," "we," "our," and "us" refer to Professional Diversity Network, Inc. and its consolidated subsidiaries. This discussion contains forward-looking statements, which are based on our assumptions about the future of our business. *Our actual results will likely differ materially from those contained in the forward-looking statements Please read "Special Note Regarding Forward-Looking Statements" for additional information regarding forward-looking statements used in this Annual Report.*

ITEM 1 - BUSINESS

Overview

The Company is a dynamic operator of professional networks with a focus on diversity. We use the term "diversity" (or "diverse") to describe communities, or "affinities," that are distinctly based on a wide array of criteria which may change from time to time, including ethnic, national, cultural, racial, religious or gender classification. We serve a variety of such communities, including Women, Hispanic-Americans, African-Americans, Asian-Americans, Disabled, Military Professionals, and Lesbian, Gay, Bisexual, Transgender and Queer (LGBTQ+). Our goal is (i) to assist our registered users and members in their efforts to connect with like-minded individuals, identify career opportunities within the network and (ii) connect members with prospective employers while helping the employers address their workforce diversity needs. We believe that the combination of our solutions allows us to approach recruiting and professional networking in a unique way and thus create enhanced value for our members and clients.

Environmental, Social and Governance

As a global developer and operator of online and in-person networks that provides access to networking, training, educational and employment opportunities for diverse individuals, Professional Diversity Network, Inc., is striving to be at the forefront of fostering supportive and inclusive cultures. We are committed to creating permanent, systemic changes that address social inequalities in our communities by providing avenues for employers and under-represented people to engage.

We are proud of our continued leadership in social stewardship. Our mission is to utilize the collective strength of our affiliate companies, members, partners and unique proprietary platform to increase diversity recruiting, networking and professional development for women, minorities, veterans, LGBTQ+ and disabled persons.

Through an online employee recruitment platform that leverages our affinity groups, we provide our employer clients a means to identify and acquire diverse talent and assist them with their efforts to diversify their talent pool and comply with the Equal Employment Opportunity Office of Federal Contract Compliance Program.

Inclusion and Diversity

We believe in maintaining a supportive and inclusive culture that values everyone's talents, life experiences and backgrounds.

- We are proud of the strength and diversity within our Board of Directors, comprised of 40% female directors and 60% of directors who are non-white as of December 31, 2021;
- Two-thirds of our Audit Committee are female;
- Our Senior Management team is comprised of 33% female and 33% non-white males; and
- The following table depicts a breakdown of ethnicity of our full-time and part-time employees as of December 31, 2021:

Ethnicity	Female	Male	Total
Asian (not Hispanic or Latino)	5	1	6
Black or African American (not Hispanic or Latino)	3	1	4
Hispanic or Latino	1	6	7
White (not Hispanic or Latino)	11	9	20
Total	20	17	37

In response to mandates and recommendations from federal, state and local authorities, as well as decisions we have made to protect the health and safety of our employees with respect to the COVID-19 pandemic, in fiscal 2020 we temporarily closed our offices and had our employees work remotely. As authorities began updating mandates and recommendations, we adopted a hybrid model where employees worked from the office and remotely.

Our Strategy

We provide services for employers who want to hire diverse talent, to individuals seeking to network on a professional level and to job seekers who desire to improve their professional situation.

Our diversity recruitment business provides additional value for our other business segments by providing our registered users and members with access to employment opportunities at leading companies. We have focused our efforts on placing talent in IT, Finance, and similarly related fields. The core diversity recruitment business also includes executive placement services for leading companies seeking to hire diverse talent. This business line addresses a need for employers who want to secure leading diverse talent in management, senior management and executive capacities.

Our strategy encompasses the following key elements:

- Grow and diversify our member and client base;
- Improve branding and brand awareness;
- Utilize social media to effectively engage with the community;
- Maximize revenue through synergies among the segments;
- Launch new products and services;
- Streamline infrastructure to capture efficiency; and
- Continue to expand in diversity recruitment by growing our core offerings of recruitment advertising, Office of Federal Contract Compliance Programs (OFCCP) compliance offerings and our new diversity placement services.

We remain interested in pursuing acquisition and/or development opportunities that would increase returns of capital to our shareholders, such as the recent purchase of a significant equity stake in RemoteMore USA, Inc. The timing, size, success and associated potential future capital commitments, are unknown at this time. Accordingly, a material acceleration of our growth strategy could require us to obtain additional capital through debt and/or equity financings. There can be no assurance that adequate debt and equity financing will be available on satisfactory terms.

Industry Overview

The diversity recruitment market is highly fragmented and is characterized by the following trends:

- *Regulatory Environment Favorable to Promoting Diversity in the Workplace.* In August 2011, President Obama signed Executive Order 13583 to establish a coordinated government-wide initiative to promote diversity and inclusion in the federal workforce. This Executive Order requires companies considering contracting with the federal government to be prepared to demonstrate the diversity of their workforce. Certain companies that have federal contracts are subject to this Executive Order. In the public sector, the Dodd–Frank Wall Street Reform and Consumer Protection Act (the "**Dodd-Frank Act**") mandated that each of the eight U.S. financial agencies, including the Department of the Treasury, the Securities and Exchange Commission, the Federal Deposit Insurance Corporation and the Office of the Comptroller of the Currency, and twelve Federal Reserve banks create Offices of Minority and Women Inclusion ("**OMWI**") to be responsible for all agency matters relating to diversity in management, employment and business activities. The OMWI monitor diversity within their ranks as well as within the pool of contractors who provide goods and services to the government.

- *Growing Ethnic Diversity of the U.S. Population and Labor Force.* Not surprisingly, diversity recruitment is increasingly becoming a common, if not standard, business practice by major employers. Multicultural groups are the fastest growing segment of the U.S. population. Hispanics, African-Americans, Asian-Americans, and all other multicultural groups were estimated by the U.S. Census Bureau to make up 42.2% of the U.S. population in 2020. According to the U.S. Census Bureau, 2020 National Projections, the multicultural population is expected to increase 89% between 2016 and 2060. In sheer numbers, Hispanic-Americans are expected to experience the most growth among diversity groups, growing from 18% of the total population in 2014 to 28% by 2060. African-American population is expected to increase from 13% in 2014 to 15% in 2060, and Asian-American population from 6% in 2014 to 9% in 2060. According to the Current Population Survey conducted by the Bureau of Census for the Bureau of Labor Statistics, of the 2021 annual average of approximately 153 million employees nationwide, approximately 47% were women and approximately 37% were Hispanic, African American or Asian American.

- *Demographic Trend Toward Women's Career Advancement.* According to the U.S. Bureau of Labor Statistics, the number of women in the labor force in 2019 was over 76 million and is expected to increase to 77.2 million by 2024. Women accounted for 51.8 percent of all workers employed in management, professional, and related occupations in 2019, somewhat more than their share of total employment (47.0 percent). The share of women in specific occupations within this large category varied. For example, 18.7 percent of software developers, 27.6 percent of chief executives, and 36.4 percent of lawyers were women, whereas 88.9 percent of registered nurses, 80.5 percent of elementary and middle school teachers, and 61.7 percent of accountants and auditors were women.

- *Rising Spending Power of Diverse Population.* IPDN segments are focused on providing professional enhancement tools to diverse Americans including women. We believe diverse professionals are underserved and represents a very strong opportunity to enhance our shareholders value. Published by the Selig Center for Economic Growth, the report estimates the nation's total buying power (defined as total income after taxes) reached $13.9 trillion in 2016 and grew to $17.5 trillion by 2020with minority groups making the fastest gains. For example, between 2010 and 2020, Asian American buying power grew by 111% to $1.3 trillion; the buying power for those of Hispanic ethnicity grew by 87% to $1.9 trillion, Native American buying power grew by 67% to $140 billion, and African American buying power grew by 61% to $1.6 trillion.

- *Increasing Socialization of the Internet.* The Internet has revolutionized how information is created and communicated - a wealth of information is readily accessible by browsing the Internet anonymously. However, we believe the social aspect of the Internet is emerging as an increasingly powerful influence on our lives. While an individual's interpersonal connections traditionally have not been visible to others, social and professional networking websites enable members to share, and thereby unlock, the value of their connections by making them visible. Today, personal connections and other information, such as online social and professional networking websites, are increasingly becoming a powerful tool for a growing population of users to connect with one another.

Our Solutions

We currently operate in three business segments comprised of: (i) Professional Diversity Network ("**PDN Network**"), which includes online professional networking communities with career resources tailored to the needs of various diverse cultural groups and (ii) National Association of Professional Women ("**NAPW Network**"), a women-only professional networking organization, and (iii) RemoteMore USA ("**RemoteMore**") which provides companies with talented engineers to provide solutions to their software needs. In 2018, we started transacting new NAPW Network memberships under the International Association of Women ("IAW") brand in the USA.

In 2021, our PDN Network, NAPW Network and RemoteMore business units represented approximately 79%, 16% and 5% of our revenues, respectively.

For financial information about our operating segments please see Note 15 of our Consolidated Financial Statements included in this Annual Report.

PDN Network

Recruitment Solutions. The PDN Network consists of several online professional job seeker communities dedicated to serving diverse professionals in the United States and employers seeking to hire diverse talent. We use the word "professional" to describe any person interested in the Company's websites or career fairs presumably for the purpose of career advancement or related benefits offered by the Company, whether or not such person is employed and regardless of the level of education or skills possessed by such person. Leveraging the power of our affinity job seeker groups, these Professionals harness the Company's relationships with employers and recruiters to help advance their careers. We operate these recruitment affinity groups within the following sectors: Women, Hispanic-Americans, African-Americans, Asian-Americans, Disabled, Military Professionals, Lesbians, Gay, Bisexual, Transgender and Queer (LGBTQ), and Students and Graduates seeking to transition from education to career. In addition, the Company also manages the job seeker websites and career fairs for prominent Diversity membership-based organizations including but not limited to NAACP, National Urban League, and Kappa Alpha Psi. Employers and recruiters benefit from the Company's relationship with these organizations and allows them to access to a large pool of Diverse jobs seekers in a centralized manner.

Our PDN Network has registered users for our recruitment services. We use the term "registered user" to describe a consumer who has affirmatively visited one of our properties, opted into an affinity group and provided us with demographic or contact information enabling us to match them with employers and/or jobs, and to sell them ancillary products and services. We expect that continued registered user growth of the PDN Network will enable us to further develop our list of online professional diversity networking and career placement solutions. We currently provide access to our PDN Network websites to registered users at no cost. The Company is always exploring various partnerships with other service providers to increase their offerings to both job seekers and employers. Our goal is to use an asset light approach to provide quality products and services, to increase our value to those we serve and drive additional capital without significant capital investments. For example, we announced our partnership with Web Scribble, the leading provider of career technology for professional and trade associations. Leveraging our existing assets through relationships with other technology firms such as Web Scribble allows us to grow our relationships with employers without investing in sophisticated, proprietary resources.

We offer employers of all sizes seeking to diversify their employment ranks, and to third party recruiters (i) real-time solutions that deliver diverse talent, (ii) advertising and promotion of their job opportunities to our networks of diverse professionals and (iii) assistance with posting their job opportunities to career agencies in a manner compliant with the regulations and requirements of the Equal Employment Opportunity OFCCP, including those of state and local governments. Our recruitment advertising solutions promote hiring and retention success by providing job seekers with information that we believe allows them to look beyond a corporate brand, deeper into employers' core values. We use sophisticated technology to deliver recruitment advertising using internet banner ads and email marketing targeted by geography and occupation, based upon data from our audiences' profiles and job searches on our websites. As of December 31, 2021, we had approximately 370 enterprise companies and 1,970 total customers utilizing our products and services.

Career Fairs. Through our events business, a part of our PDN Network business segment, we produce premier face-to-face and virtual recruiting events we call Professional Diversity Career Fairs. The Company's diversity events help employers connect with a new marketplace of diverse professionals. Our events are the only events of their type endorsed by leading organizations such as the NAACP, National Urban League, Phi Beta Sigma and others. Participating employers range from Fortune 500 companies to federal, state and local agencies and from smaller employers to non-profit organizations, all of which seek a proactive approach to diversity recruiting. We also produce virtual and in-person career fairs as part of high-profile national events such as the NAACP National Convention, the Urban League National Conference and HBCU sorority and fraternity conferences. Since 2017 we host and produce virtual career fairs serving veterans, women and STEAM professionals.

PDNRecruits. We use matching and targeting technology to match members with our clients open jobs on a renewing month-to-month license basis, designed to provide the Company with increasing residual income as we add new clients and sell additional licenses. Though in its early stages, the PDN Recruits product is a significant step towards increasing online sales in a scalable and residual manner.

PDN Diversity Placement. As part of our robust suite of recruitment offerings for employers, the Company offers a contingent hiring solution. It is a pay-per-hire offering that charges a percentage of the first year's annual salary plus bonus for candidates we source and they hire. We believe our superior brand positioning, large network of diverse talent and our vast employer relationships position us well for continued growth in this segment.

NAPW Network

The NAPW Network is a professional networking organization for women. We use the term "member or membership" to describe a consumer who has viewed our marketing material, opted into membership with the NAPW Network, provided demographic information and engaged in an onboarding call with a membership coordinator. Paid memberships provide greater access to networking opportunities and other membership perks, including access to upgraded packages. Members of the NAPW Network enjoy a wealth of resources dedicated to developing their professional networks, furthering their education and skills and promoting their businesses and career accomplishments.

We provide NAPW Network members with opportunities to network and develop valuable business relationships with other professionals through NAPW's website, as well as at events hosted at approximately 50 local chapters across the United States. In March 2020, due to the Covid-19 pandemic, all events shifted to a virtual format hosted on electronic platforms, such as Zoom. In October, 2021, NAPW launched a Global virtual chapter to expand audience outside of United States. PDN Network products and services are being deployed to provide enhanced value to the NAPW membership experience, which we believe will be an important component in increasing both the number of new memberships and renewals of existing memberships.

IAW Leadership Lab. In 2020, IAW launched the Leadership Lab platform as an enhancement to the NAPW eCoaching platform. IAW also offers virtual networking roundtable events throughout the month where members who are established experts in their field provide participants insight and tips on how to overcome career and business challenges. Hosted by NAPW's President, our unique platform connects our members with professional life and career coaches from within the NAPW membership base. Through these events, members gain insight, guidance and inspiration to help them maximize their personal and professional potential. Topics include the Power of Intentionality - Turning Good Intentions Into Actions, The Power of Authentic Communication, and Confident Steps To Create a Thriving Life. The on-line events also include the opportunity for members to network with other participants in the live chat room. On average, these events have attracted approximately 200-300 registrants and –90 participants. Members are also able to access a recording of these events in the NAPW website.

Professional Identity Management. Through the NAPW Network website, NAPW Network members are able to create, manage and share their professional identity online and promote themselves and their businesses. NAPW Network members can also promote their career achievements and their businesses through placement on the NAPW Network website's home page, in proprietary press releases, in the online Member Marketplace and in monthly newsletter publications. In addition, the PDN Network provides members with direct access to employers seeking to hire professional women at a high level of connectivity and efficiency. Our synergies enable us to match members with our employment partners and then converse with the member to confirm such member's desire to take the position to which we matched them, confirm that member is qualified for the position and directly notify the employer about a member that we have qualified and confirmed has competed an application within the employer's recruitment system.

Access to Knowledge. In addition to networking and promotional opportunities, NAPW Network also provides to its members the ability to further develop their skills and expand their knowledge base through monthly newsletters, online and in-person seminars, webinars and certification courses.

Upgraded Memberships and Ancillary Products. Upgraded packages include additional promotional and publicity tools as well as free access for the member to National Summits and continuing education programs and the press release package, which provides members with the opportunity to work with professional writers to publish personalized press releases and thereby secure valuable online presence.

Partner Discounts. We also offer to NAPW Network members exclusive discounts on third-party products and services.

IAW Global Women's Network. This network offers in-person and online networking with like-minded women to foster enhanced career connections and opportunities. Members can promote their brands, identify new career opportunities, and build lasting relationships at monthly meetings and events. These interactive events allow members to improve their verbal resumes, expand their networks, and hear from inspiring speakers. Regional and National Conferences provide inspirational panels, unique networking opportunities, and the chance for members to promote their business or services. Our partners allow members to explore events outside the US and create opportunities to network with women around the world.

RemoteMore USA

RemoteMore USA is an innovative, global entity that provides remote-hiring marketplace services for developers and companies. Companies are connected with reliable, cost-efficient, vetted developers, and empowers every developer to get a meaningful job regardless of their location.

Operations: Sales, Marketing and Customer Support

Sales and Marketing

Our PDN sales resources for recruitment and recruitment advertising products and services include a sales force with 7 sales professionals, third-party strategic partners who deliver employers with demand for our products, and technology, which facilitates e-commerce transactions. We market directly to employers and third-party recruiters. Our sales team uses a combination of telephone, email and face-to-face marketing, including personal visits to companies or their recruitment agencies, as well as appearances at industry and trade group events where diversity recruitment recruiters are in attendance. We have also formed strategic alliances with parties who are able to help extend our organic reach. In addition, we are developing purely online marketing channels to bring recruiters to us in bulk and use products based on a matching and targeting technology to facilitate sales. We have specialty units within our sales force dedicated to serving: (i) federal, state and local governments and companies and contractors who serve these governmental entities, (ii) small and medium sized businesses as defined by companies with less than 2,500 employees and (iii) large enterprises with greater than 2,500 employees.

We sell NAPW/IAW Network membership subscriptions offline through our NAPW/IAW Network sales force, which currently includes 2 sales professionals, all of whom sell initial membership services. We also support online membership subscriptions through online sales via our website. We developed a secure, work-from-home technology along with a training and supervision platform aimed at reducing the overhead costs, increasing per-representative profitability, and offering our sales professionals flexible working arrangements. All sales representatives are capable of selling upgraded memberships and ancillary products.

RemoteMore contracts with companies that are in need of customized software development and pairs them with developers from a database of developers. Services vary from simple software solutions to detailed programming where teams of developers work together.

Customer Support, Compliance and Testing

In addition to our sales professionals, we also employ support teams to provide customer support, compliance and testing. Our customer support teams work together to improve engagement with our members and to ensure a high degree of member satisfaction and retention. Our compliance team focuses on ensuring the integrity of the NAPW Network sales process. The team works closely with customer support and sales management to ensure that sales are conducted in an ethical manner and to identify sales representatives who would benefit from enhanced training. Our testing team consists of representatives who work with our Development and Executive teams to identify new lead-generation, sales and membership product opportunities, and to test those as well as new approaches to our current sales.

Our Strengths

We believe the following elements give us a competitive advantage to accomplish our mission:

- *Dedicated Focus on Diverse Professionals.* Our focus on providing career opportunities for diverse professionals differentiates us from other online job seeker websites, such as Indeed or ZipRecruiter. We provide a platform that allows employers to recruit and attract from a targeted pool of Diverse candidates rather than a pool of general market candidates. It provides employers unique advantages in terms of costs savings, time, and allows employers to advance their corporate DEI strategy. Additionally, our strategic partnerships with diversity based membership organizations such as TechLatino.org, Kappa Alpha Psi, etc., provide our clients enhanced access to specialized talent using the PDN platform.

- *Online and Offline Diversity Career Fair Services.* The Company has a comprehensive and coordinated method of connecting diverse job seekers with companies seeking to hire diverse employees using Virtual and Brick and Mortar Career Fairs. The fairs allow us to connect with local employers, recruiters, and job seekers in specific cities across the U.S. Our Career Fair Services allow the Company to diversity its offerings and complement its online job board services

- *Platform That Harnesses the Power of Web Socialization.* We believe that our membership base will continue to grow and that our platform will be an increasingly powerful tool that enables our members to leverage their connections and shared information for the collective benefit of all of the participants on our platform. We believe that we are the first online professional network to focus on the diversity recruitment sector.

- *Relationships with Strategic Partners.* We consider our partner alliances to be a key value to our clients because it enables us to expand our job distribution and outreach efforts. We continue to expand our relationships with key strategic partners that we believe are valuable to our core clients. Websites for the PDN Network are hosted by Web Scribble, who provides hosting and customization for the Company's job boards. Web Scribble also provides sales resources to help promote our PDN Network and our partners' products. Our websites have backup and contingency plans in place in the event that an unexpected circumstance occurs.

- *Relationships with Professional Entities & Organizations.* Our team has experience working with multicultural professional organizations. We partner with a number of leading minority professional organizations, including:

  - DisabledPersons.com;
  - HireVeterans.com
  - IT Diversity Careers
  - Greek Diversity
  - Kappa Alpha Psi
  - Phi Beta Sigma
  - Latinos in Information Science and Technology Association (LISTA)
  - Job Opportunities for Disabled American Veterans (JOFDAV)
  - Veterans Exchange
  - National Association for the Advancement of Colored People (NAACP)
  - The National Urban League
  - Ebony Magazine
  - Sigma Gamma Rho
  - Urban One

- *Customized Technology Platform*. Our technology platform has been custom-designed and built to facilitate engagement, job searching, real-time job qualification and matching, and text-based communications.

We believe that the following elements give us a competitive advantage with respect to the NAPW Network:

- *Exclusive Focus on Professional Women*. As a result of NAPW Network's exclusive focus on professional women, we believe that through NAPW Network we provide a secure and less intimidating environment within which our members can successfully network and establish new and lasting business relationships.

- *Attractive Industry Demographic Trends.* Favorable demographic trends regarding women's participation in the labor force will further the growth in NAPW Network's membership base and we have first-mover advantage with respect to generalized professional networking for women.

- *Large and diverse national membership base.* We believe that NAPW Network is the largest women-only networking organization in the United States by number of members. The membership base of the NAPW Network is diverse in terms of ethnicity, age, income, experience, industry and occupation. It includes members from small and large corporations, as well as entrepreneurs and business owners. We believe the diversity of the NAPW Network membership base is a key component of its value.

- *Comprehensive Product and Service Offerings to Deliver Value to Members.* We believe that our comprehensive product offerings provide women valuable tools to help them advance their careers and expand their businesses. Through networking opportunities online and at local chapter events in their communities, regional events and the NAPW Network national Networking Conference, discounts provided on seminars, webinars and educational certification courses, and opportunities to promote themselves and their businesses, NAPW members are provided the opportunities and tools for their professional development.

- *Member Acquisition and Recurring Cash Flow.* We believe that NAPW Network's direct marketing lead generation efforts, which utilize a combination of digital strategies, are among the most efficient in the industry as measured by our internal response and click-through rates. Additionally, in addition to an evolving eCommerce model, the company has been actively growing a member-to-member acquisition model as we strive to move to an organic growth model. We have implemented web -technologies to assist our members recruit colleagues and friends to the organization. Further, NAPW Network memberships renew annually, providing a valuable recurring stream of cash flow.

Operations: Geography

Our headquarter is located in Chicago, Illinois, and houses our key executives, as well as many of our sales, marketing and IT personnel. We also have an office in Minnetonka, MN where an inside sales team for our Events business is located.

Intellectual Property

To protect our intellectual property rights, we rely on a combination of federal, state and common law rights, as well as contractual restrictions. We rely on trade secret, copyright and trademark rights to protect our intellectual property. We pursue the registration of our domain names and trademarks in the United States. Our registered trademarks in the United States include the "iHispano" mark with stylized logo, the "Black Career Network" mark with stylized logo, the "Professional Diversity Network" mark with our tagline "the power of millions for the benefit of one," the name "National Association of Professional Women" and "NAPW," and the name "International Association of Women" and "IAW." We also own the copyrights to certain articles in NAPW publications. We strive to exert control over access to our intellectual property and customized technology by entering into confidentiality and invention assignment agreements with our employees and contractors and confidentiality agreements with third parties in the ordinary course of our business.

Our efforts to protect our proprietary rights may not be successful. Any significant impairment of our intellectual property rights could adversely impact our business or our ability to compete. In addition, protecting our intellectual property rights is costly and time-consuming. Any unauthorized disclosure or use of our intellectual property could make it more expensive to do business and adversely affect our operating results.

Competition

We face significant competition in all aspects of our business. Specifically, with respect to our members and our recruitment consumer advertising and marketing solutions, we compete with existing general market online professional networking websites, such as LinkedIn, Indeed, Zip Recruiter, and Monster Worldwide, Inc., as well as ethnic minority focused social networking websites, such as Diversityjobs.com, Workplacediversity.com, and other companies such as Facebook, Google, Microsoft and Twitter that are developing or could develop competing solutions. We also generally compete with online and offline enterprises, including newspapers, television and direct mail marketers that generate revenue from recruiters, advertisers and marketers, and professional organizations. With respect to our hiring solutions, we also compete with traditional online recruiting companies such as Career Builder, talent management companies such as Taleo, and traditional recruiting firms.

Larger, more well-established companies may focus on professional networking and could directly compete with us. Other companies might also launch new competing services that we do not offer. Nevertheless, we believe that our focus on diverse online professional networking communities and the number of registered users or members, as the case may be, overall and within each affinity that we serve, are competitive strengths in our market.

Government Regulation

We are subject to a number of federal, state and foreign laws and regulations that affect companies conducting business on the Internet. These laws are still evolving and could be amended or interpreted in ways that could be detrimental to our business. In the United States and abroad, laws relating to the liability of providers of online services for activities of their users and other third parties are currently being tested by a number of claims, including actions based on invasion of privacy and other torts, unfair competition, copyright and trademark infringement and other theories based on the nature and content of the materials searched, the advertisements posted or the content provided by users. Any court ruling or other governmental action that imposes liability on providers of online services for the activities of their users and other third parties could materially harm our business. In addition, rising concern about the use of social networking technologies for illegal conduct, such as the unauthorized dissemination of national security information, money laundering or supporting terrorist activities may in the future produce legislation or other governmental action that could require changes to our products or services, restrict or impose additional costs upon the conduct of our business or cause users to abandon material aspects of our service.

In the area of information security and data protection, many states have passed laws requiring notification to users when there is a security incident, or security breach for personal data, or requiring the adoption of minimum information security standards that are often unclear and difficult to implement. The costs of compliance with these laws are significant and may increase in the future. Further, we may be subject to significant liabilities if we fail to comply with these laws.

We are also subject to federal, state and foreign laws regarding privacy and protection of member data. We post on our websites our privacy policy and terms of use. Compliance with privacy-related laws may be costly. However, any failure by us to comply with our privacy policy or privacy-related laws could result in proceedings against us by governmental authorities or private parties, which could be detrimental to our business. Further, any failure by us to protect our members' privacy and data could result in a loss of member confidence in us and ultimately in a loss of members and customers, which could adversely affect our business.

Because our services are accessible worldwide, certain foreign jurisdictions may claim that we are required to comply with their laws, including in jurisdictions where we have no local entity, employees or infrastructure.

Our direct marketing operations with respect to the NAPW Network are subject to various federal and state "do not call" list requirements. The Federal Trade Commission has created a national "do not call" registry. Under these federal regulations, consumers may have their phone numbers added to the national "do not call" registry. Generally, we are prohibited from calling anyone on that registry. In September 2003, telemarketers were granted access to the registry and are now required to compare their call lists against the national "do not call" registry at least once every 31 days. Telemarketers are required to pay a fee to access the registry. Enforcement of the "do not call" provisions began in late 2003, and the rule provides for fines of up to $16,000 per violation and other possible penalties. These rules may be construed to limit our ability to market our products and services to new customers. Further, we may incur penalties if we do not conduct our telemarketing activities in compliance with these rules.

Seasonality

Our quarterly operating results are affected by the seasonality of employers' businesses and hiring practices.

Employees

As of December 31, 2021, we had a total of 37 employees; 32 were full time employees in various U.S. locations. We also regularly engage independent contractors to perform various services. As of December 31, 2021, we engaged 3 independent contractors. None of our employees are covered by a collective bargaining agreement. We believe that we have good relationships with our employees.

Corporate History

We were incorporated in Illinois in October 2003 under the name of IH Acquisition, LLC and changed our name to iHispano.com LLC in February 2004. In 2007, we changed our business platform and implemented technology to become the operator of communities of professional networking sites for diverse professionals. In March 2012, we changed our name to Professional Diversity Network, LLC. In March 2013, we completed our initial public offering and converted from an Illinois LLC to a Delaware corporation. We acquired the NAPW Network in September 2014.

We commenced operations in China in March 2017. We established two entities in Hong Kong, PDN (Hong Kong) International Education Ltd and PDN (Hong Kong) International Education Information Co., Ltd in January 2017, and the Company established its China subsidiary, PDN (China) International Culture Development Co. Ltd in March 2017. On March 4, 2020, the Company's Board of Directors approved a motion decided to discontinue all China operations. Accordingly, all historical operating results for the Company's China operations are now reflected in loss from discontinued operations, net of tax, in the accompanying consolidated statement of operations. Please refer to Note 3 - *Operating Results of Discontinued Operations* for more details.

Our principal executive offices is located at 55 E. Monroe Street, Suite 2120, Chicago, Illinois, 60603 and our telephone number is (312) 614-0950. Our Corporate website address is www.ipdnusa.com. References to our website addressed in this report are provided as a convenience and do not constitute and should not be viewed as an incorporation by reference of the information contained on, or available through, the website. Therefore, such information should not be considered part of this report.

ITEM 1A - RISK FACTORS

Investing in our securities involves a high degree of risk. You should carefully consider the risks described below before making an investment decision. The risks described below are not the only ones we face. Additional risks we are not presently aware of or that we currently believe are immaterial may also impair our business operations. Our business could be harmed by any of these risks. The trading price of our common stock or other securities could decline due to any of these risks, and you may lose all or part of your investment.

Risks Related to Our Business and Financial Condition

We have incurred net losses, our liquidity has been significantly reduced and we could continue to incur losses and negative cash flow in the future.

We recorded a net loss from continuing operations of approximately $2.9 million for the year ended December 31, 2021 and $4.2 million for the year ended December 31, 2020. Our revenues increased from $4.5 million to $6.1 million during 2021, and our costs and expenses decreased from $9.3 million during the year ended December 31, 2020, to $9.0 million during the year ended December 31, 2021. In addition, we used $1.8 million in cash flow from continuing operations during the year ended December 31, 2021. Our independent registered public accounting firm has included in its audit report for the year ended December 31, 2021, an explanatory paragraph expressing substantial doubt about our ability to continue as a going concern. We will need to continue to increase revenues and reduce our corporate operating expenses to achieve profitability and positive cash flow from operations. Despite our efforts, including our restructuring and cost-cutting program, we may not achieve profitability or positive cash flow in the future, and even if we do, we may not be able to sustain being profitable.

The market for online professional networks is highly competitive, and if we are unable to compete effectively our sales and results of operations will suffer.

We face significant competition in all aspects of our business, and we expect such competition to increase, particularly in the market for online professional networks.

Our industry is rapidly evolving and is becoming increasingly competitive. Larger and more established online professional networking companies, such as LinkedIn or Monster Worldwide, may focus on the online diversity professional networking market and could directly compete with us. Rival companies or smaller companies, including application developers, could also launch new products and services that could compete with us and gain market acceptance quickly. Individual employers have and may continue to create and maintain their own network of diverse candidates.

We also expect that our existing competitors will focus on professional diversity recruiting. A number of these companies may have greater resources than we do, which may enable them to compete more effectively. For example, our competitors with greater resources may partner with wireless telecommunications carriers or other Internet service providers that may provide Internet users, especially those that access the Internet through mobile devices, incentives to visit our competitors' websites. Such tactics or similar tactics could decrease the number of our visits, unique visitors and number of users and members, which would materially and adversely affect our business, operating results and financial condition.

Additionally, users of online social networks, such as Facebook, may choose to use, or increase their use of, those networks for professional purposes, which may result in those users decreasing or eliminating their use of our specialized online professional network. Companies that currently do not focus on online professional diversity networking could also expand their focus to diversity networking. LinkedIn may develop its own proprietary online diversity network and compete directly against us. To the extent LinkedIn develops its own network or establishes alliances and relationships with others, our business, operating results and financial condition could be materially harmed. Finally, other companies that provide content for professionals could develop more compelling offerings that compete with us and adversely impact our ability to keep our members, attract new members or sell our solutions to customers.

If we do not continue to attract new members to the NAPW Network, or if existing NAPW Network members do not renew their subscriptions, renew at lower levels or on less favorable terms, or fail to purchase additional offerings, we may not achieve our revenue projections, and our operating results would be harmed.

Membership fees and related services from NAPW have declined in recent periods. In order to grow the NAPW Network, we must continually attract new members to the NAPW Network, sell additional product and service offerings to existing NAPW Network members and increase the level of renewals. Our ability to do so depends in large part on the success of our sales and marketing efforts. Unlike companies that provide more tangible products, the nature of our product and service offerings is such that members may decide to terminate or not renew their agreements because they do not see their cancellation as causing significant disruptions to their own businesses.

We must demonstrate to NAPW Network members that our product and service offerings provide them with access to an audience of influential, affluent and highly educated women. However, potential members may not be familiar with our product and service offerings or may prefer other more traditional products and services for their professional advancement and networking needs. The rate at which we expand the NAPW Network's membership base or increase its members' renewal rates may decline or fluctuate because of several factors, including the prices of product and service offerings, the prices of products and services offered by competitors or reductions in their professional advancement and networking spending levels due to macroeconomic or other factors and the efficacy and cost-effectiveness of our offerings. If we do not attract new members to the NAPW Network or if NAPW Network members do not renew their agreements for our product and service offerings, renew at lower levels or on less favorable terms or do not purchase additional offerings, our revenue from the segment may fall short of our projections.

We may not be able to successfully identify and complete sufficient acquisitions to meet our growth strategy, and even if we are able to do so, we may not realize the anticipated benefits of these acquisitions.

Part of our growth strategy is to acquire companies that we believe will add to and/or expand our service offerings.

Identifying suitable acquisition candidates can be difficult, time-consuming and costly, and we may not be able to identify suitable candidates or complete acquisitions in a timely manner, on a cost-effective basis or at all. Even if we complete an acquisition, we may not realize the anticipated benefits of such acquisition. Actual cost savings and synergies which may be achieved from an acquired entity may be lower than expected and may take a longer time to achieve than we anticipate. Our acquisitions have previously required, and any similar future transactions may also require, significant efforts and expenditures, in particular with respect to integrating the acquired business with our historical business. We may encounter unexpected difficulties, or incur unexpected costs, in connection with acquisition activities and integration efforts, which include:

- conflicts and inconsistencies in information technology and infrastructures;
- inconsistencies in standards, controls, procedures and policies, business cultures and compensation structures between us and an acquired entity;
- difficulties in the retention of existing customers and attraction of new customers;
- overlap of users and members of an acquired entity and one of our websites;
- difficulties in retaining key employees;
- the identification and elimination of redundant and underperforming operations and assets;
- diversion of management's attention from ongoing business concerns;

- the possibility of tax costs or inefficiencies associated with the integration of the operations; and
- loss of customer goodwill.

If we fail to successfully complete the integration of an acquired entity, or to realize the anticipated benefits of the integration of an acquired entity, our financial condition and results of operations could be materially and adversely affected.

We rely heavily on our information systems and if our access to this technology is impaired, or we fail to further develop our technology, our business could be significantly harmed.

Our success depends in large part upon our ability to store, retrieve, process and manage substantial amounts of information, including our database of our members. To achieve our strategic objectives and to remain competitive, we must continue to develop and enhance our information systems. Our future success will depend on our ability to adapt to rapidly changing technologies, to adapt our information systems to evolving industry standards and to improve the performance and reliability of 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. Our inability to design, develop, implement and utilize, in a cost-effective manner, information systems that provide the capabilities necessary for us to compete effectively would materially and adversely affect our business, financial condition and operating results.

Our direct sales strategy, which requires personal interaction with employers and third-party recruiters, may limit our ability to grow recruitment revenue and recruitment advertising revenue.

As part of our strategy to market our products and services directly to employers and third-party recruiters, we rely on our direct sales force for recruitment revenue and recruitment advertising revenue. We currently employ professionals in sales, sales support and marketing who are trained in selling our products and services. Since its creation in 2013, we have been optimizing the direct sales team and refining the manner in which our products and services are sold. While the Company made progress in growing its direct sales, we have not matured the sales force to the point of predictability, nor have we sold enough services to achieve profitability. There is no assurance that our direct sales strategy we will yield sufficient recruitment revenue and recruitment advertising revenue in the future.

We may not timely and effectively scale and adapt our existing technology and network infrastructure to ensure that our websites are accessible within an acceptable load time.

An element that is key to our continued growth is the ability of our members and other users that we work with to access any of our websites within acceptable load times. We call this website performance. We have experienced, and may in the future experience, website disruptions, outages and other performance problems due to a variety of factors, including infrastructure changes, human or software errors, capacity constraints due to an overwhelming number of users accessing our websites simultaneously, and denial of service or fraud or security attacks. In some instances, we may not be able to identify the cause or causes of these website performance problems within an acceptable period of time.

If any of our websites are unavailable when users attempt to access them or they do not load as quickly as users expect, users may seek other websites to obtain the information or services for which they are looking, and may not return to our websites as often in the future, or at all. This would negatively impact our ability to attract members and other users and increase engagement on our websites. To the extent that we do not effectively address capacity constraints, upgrade our systems as needed and continually develop our technology and network architecture to accommodate actual and anticipated changes in technology, our business, operating results and financial condition may be materially and adversely affected.

Our business involves higher risks associated with remote work.

RemoteMore’s business heavily relies on remote working with its customers, which means many contractors will use their own personal devices and home networks to perform work tasks. This presents some of the largest risks to the worker and the business. Many personal devices lack the hardened nature of a corporate device and other security capabilities, such as encryption, auto-backups, authentication and security monitoring, and exposing our business to additional risk of cyber-attack. It would be more difficult to monitor contractor access to data, information sent and received online, and legitimacy of access.

Our systems are vulnerable to natural disasters, acts of terrorism and cyber-attacks.

Our systems are vulnerable to damage or interruption from catastrophic occurrences such as earthquakes, floods, fires, power loss, telecommunication failures, terrorist attacks, cyber-attacks and similar events. For systems which are not based in cloud storage, we have implemented a disaster recovery program, maintained by a third-party vendor, which allows us to move production to a back-up data center in the event of a catastrophe. Although this program is functional, it does not yet provide a real-time back-up data center, so if our primary data center shuts down, there will be a period of time that such website will remain shut down while the transition to the back-up data center takes place. Despite any precautions we may take, the occurrence of a natural disaster or other unanticipated problems at our hosting facilities could result in lengthy interruptions in our services. Although we carry cyber security insurance our claims may exceed the insurance coverage, and we may not be fully compensated by third party insurers in the event of service interruption or cyber-attack. Furthermore, our business may never recover from such an event.

If our security measures are compromised, or if any of our websites are subject to attacks that degrade or deny the ability of members or customers to access our solutions, members and customers may curtail or stop use of our solutions.

Our members provide us with information relevant to their professional networking and/or career-seeking experience with the option of having their information become public or remain private. If we experience compromises to our security that result in website performance or availability problems, the complete shutdown of our websites or the loss or unauthorized disclosure of confidential information, our members may lose trust and confidence in us, and will use our websites less often or stop using our websites entirely. Further, outside parties may attempt to fraudulently induce employees, members or customers to disclose sensitive information in order to gain access to our information or our members’ or customers’ information. Because the methods used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently, often are not recognized until launched against a target and may originate from less regulated and remote areas around the world, we may be unable to proactively address these methods or to implement adequate preventative measures. Any or all of these issues could negatively impact our ability to attract new members and increase engagement by existing members, cause existing members to close their accounts or existing customers to cancel their contracts, subject us to lawsuits, regulatory fines or other action or liability, thereby materially and adversely affecting our reputation, our business, operating results and financial condition.

The widespread adoption of different smart phones, smart phone operating systems and mobile applications, or apps, could require us to make substantial expenditures to modify or adapt our websites, applications and services.

The number of people who access the Internet through devices other than personal computers, including personal digital assistants, smart phones and handheld tablets or computers, has increased dramatically in the past few years and we believe this number will continue to increase. Each manufacturer or distributor of these devices may establish unique technical standards, and our services may not work or be viewable on these devices as a result. Furthermore, as new devices and new platforms are continually released, it is difficult to predict the problems we may encounter in developing versions of our services for use on these alternative devices and we may need to devote significant resources to the creation, support and maintenance of such devices. Our websites are designed using responsive technology and are built to provide a positive user experience on a user's Internet device, whether a mobile phone, and tablet, laptop or personal computer. If we are slow to develop products and technologies that are compatible with such devices, we might fail to capture a significant share of an increasingly important portion of the market for our services.

If Internet search engines' methodologies are modified or our search result page rankings decline for other reasons, our member engagement and number of members and users could decline.

We depend in part on various Internet search engines, such as Google, Bing and Yahoo!, to direct a significant amount of traffic to our websites. Our ability to maintain the number of visitors directed to our websites is not entirely within our control. Our competitors' search engine optimization ("**SEO**") efforts may result in their websites receiving a higher search result page ranking than ours, or Internet search engines could revise their methodologies in an attempt to improve their search results, which could adversely affect the placement of our search result page ranking. If search engine companies modify their search algorithms in ways that are detrimental to our new user growth or in ways that make it harder for our members to use our websites, or if our competitors' SEO efforts are more successful than ours, overall growth in our member base could slow, member engagement could decrease, and we could lose existing members. These modifications may be prompted by search engine companies entering the online professional networking market or aligning with competitors. Our websites have experienced fluctuations in search result rankings in the past, and we anticipate similar fluctuations in the future. Any reduction in the number of users directed to our websites would materially harm our business and operating results. Our platform includes connectivity across the social graph, including websites such as Facebook, Google+, LinkedIn and Twitter. If for any reason these websites discontinue or alter their current open platform policy it could have a negative impact on our user experience and our ability to compete in the same manner we do today.

Wireless communications providers may give their customers greater access to our competitors' websites.

Wireless communications providers may provide users of mobile devices greater access to websites that compete with our websites at more favorable rates or at faster download speeds. This could have a material adverse effect on the Company's business, operating results and financial condition. Creation of an unequal playing field in terms of Internet access could significantly benefit larger and better capitalized companies competing with us.

The effect of significant declines in our ability to generate revenue may not be reflected in our short-term results of operations.

We recognize revenue from sales of our hiring solutions over the life of a contract (typically 12 months) beginning the first month after the contract is signed. As a result, a significant portion of the revenue we report in each quarter is generated from agreements entered into during previous quarters. In addition, we may be unable to adjust our fixed costs in response to reduced revenue. Accordingly, the effect of significant declines in our ability to generate revenue may not be reflected in our short-term results of operations.

The existing global economic and financial market environment has had, and may continue to have, a negative effect on our business and operations.

Demand for our services is sensitive to changes in the level of economic activity. Many companies hire fewer employees when economic activity is slow. Following the financial crisis in 2008, and again following the development of the COVID-19 pandemic in 2020, unemployment in the U.S. increased and hiring activity was limited. Although the economy has begun to recover and unemployment in the U.S. has improved, if the economy does not continue to recover or worsens, or unemployment returns to high levels, demand for our services and our revenue may be reduced. In addition, lower demand for our services may lead to lower prices for our services. The volatility in global financial markets may also limit our ability to access the capital markets at a time when we would like, or need, to raise capital, which could have an impact on our ability to react to changing economic and business conditions. Accordingly, if the economy does not fully recover or worsens, our business, results of operations and financial condition could be materially and adversely affected.

Our growth strategy may fail as a result of changing social trends.

Our business is dependent on the continuity of certain social trends, such as the increasing socialization of the Internet, the demographic trend towards women's career advancement, the growing ethnic diversity of the United States population and labor force, a regulatory environment that promotes diversity in the workplace, the growing ethnic population's spending power and the acceptance and growth of online recruitment and advertising. Some or all of these trends may change overtime. For example, increased privacy concerns may jeopardize the growth of online social and professional network websites. Furthermore, it is possible that people may not want to identify in online social or professional networks with a focus on diversity at all. Or alternatively, people who belong to more than one diversity group (such as Hispanic-American females, among others) may not be drawn to our websites, which singularly focus on one specific diversity group. Our strategy may fail as a result of these changing social trends, and if we do not timely adjust our strategy to adapt to changing social trends, we will lose members, and our business, operating results and financial condition would be materially and adversely affected.

The regulatory environment favorable to promoting diversity in the workplace may change.

Federal and state laws and regulations require certain companies engaged in business with governmental entities to report and promote diverse hiring practices. Repeal or modification of such laws and regulations could decrease the incentives for employers to actively seek diverse employee candidates through networks such as ours and materially affect our revenues.

If our member profiles are out-of-date, inaccurate or lack the information that users and customers want to see, we may not be able to realize the full potential of our networks, which could adversely impact our future growth.

We do not impose any selective or qualification criteria on membership and do not verify that any member of a particular Company website qualifies as a member of the ethnic, cultural or other group identified by that website. If our members do not update their information or provide accurate and complete information when they join our networks or do not establish sufficient connections, the value of our networks may be negatively impacted because our value proposition as diversity professional networks and as a source of accurate and comprehensive data will be weakened. For example, our hiring solutions customers may find that certain members misidentify their ethnic, national, cultural, racial, religious or gender classification, which could result in mismatches that erode customer confidence in our solutions. Similarly, incomplete or outdated member information would diminish the ability of our marketing solutions customers to reach their target audiences and our ability to provide research data to our customers. Therefore, we must provide features and products that demonstrate the value of our networks to our members and motivate them to add additional, timely and accurate information to their profile and our networks. If we fail to successfully motivate our members to do so, our business, operating results and financial condition could be materially and adversely affected.

Our business depends on strong brands, and any failure to maintain, protect and enhance our brands would hurt our ability to retain or expand our base of members, enterprises and professional organizations, or our ability to increase their level of engagement.

We have devoted significant resources to develop our brands, particularly NAPW. That brand is predicated on the idea that professional women will trust it and find value in building and maintaining their professional identities and reputations on the NAPW Network platform. Maintaining, protecting and enhancing all of our brands is critical to expanding the base of members for the NAPW Network and PDN Network and increasing their engagement with the product and services offerings of the Company, and will depend largely on our ability to maintain member trust, be a technology leader and continue to provide high-quality offerings, which we may not do successfully in the future. Despite our efforts to protect our brands and prevent their misuse, if others misuse any of our brands or pass themselves off as being endorsed or affiliated with the NAPW Network or the PDN Network, it could harm our reputation and our business could suffer. If members of any of our networks or potential members determine that they can use other platforms, such as social networks, for the same purposes as or as a replacement for the NAPW Network or the PDN Network, or if they choose to blend their professional and social networking activities, our brands and the business of the Company could be harmed. Members of any of our networks could find that new product or service offerings that are introduced are difficult to use or may feel that they degrade their experience with our organization, which could harm the reputation of the networks and the Company for delivering high-quality offerings. Our brands are also important in attracting and maintaining high performing employees. If we do not successfully maintain strong and trusted brands for our networks, our business can be materially and adversely affected.

Failure to protect or enforce our intellectual property rights could materially harm our business and operating results.

We regard the protection of our intellectual property as critical to our success. In particular, we must maintain, protect and enhance our brands. We strive to protect our intellectual property rights by relying on federal, state and common law rights, as well as contractual restrictions. In the ordinary course, we enter into confidentiality and invention assignment agreements with our employees and contractors, and confidentiality agreements with parties with whom we conduct business in order to limit access to, and disclosure and use of, our proprietary information and customized technology platform. However, these contractual arrangements and the other steps we have taken to protect our intellectual property may not prevent the misappropriation of our proprietary information or deter independent development of similar technologies by others.

We pursue the registration of our domain names, trademarks and service marks in the United States and in certain locations outside the United States. Effective trademark, trade dress and domain names are expensive to develop and maintain, both in terms of initial and ongoing registration requirements and the costs of defending our rights. We are seeking to protect our trademarks and domain names, a process that is expensive and may not be successful.

Litigation may be necessary to enforce our intellectual property rights or determine the validity and scope of proprietary rights claimed by others. Any litigation of this nature, regardless of outcome or merit, could result in substantial costs and diversion of management and technical resources, any of which could adversely affect our business and operating results. We may incur significant costs in enforcing our trademarks against those who attempt to imitate our brands. If we fail to maintain, protect and enhance our intellectual property rights, our business and financial condition could be materially and adversely affected.

We process, store and use personal information and other data, which subjects us to governmental regulation, enforcement actions and other legal obligations or liability related to data privacy and security, and our actual or perceived failure to comply with such obligations could materially and adversely affect our business.

We receive, store and process personal information and other member data, and we enable our members to share their personal information with each other and with third parties. There are numerous federal, state, local and foreign laws regarding privacy and the storing, sharing, use, processing, disclosure and protection of personal information and other member data, the scope of which are changing, subject to differing interpretations and may be inconsistent between countries or conflict with other rules. We generally comply with industry standards and adhere to the terms of our privacy policies and privacy-related obligations to third parties (including voluntary third-party certification bodies such as TRUSTe). We strive to comply with all applicable laws, policies, legal obligations and industry codes of conduct relating to privacy and data protection. However, it is possible that these obligations may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules or our practices. Any failure or perceived failure by us to comply with our privacy policies, our privacy-related obligations to users or other third parties, or our privacy-related legal obligations, or any compromise of security that results in the unauthorized release or transfer of personally identifiable information or other member data, may result in governmental enforcement actions, litigation or public statements against us by consumer advocacy groups or others and could cause our members and customers to lose trust in us, which could have an adverse effect on our business. Additionally, if third parties we work with, such as customers, vendors or developers, violate applicable laws or our policies, such violations may also put our members' information at risk and could in turn have an adverse effect on our business.

Public scrutiny of Internet privacy issues may result in increased regulation and different industry standards, which could deter or prevent us from providing our current products and solutions to our members and customers, thereby materially harming our business.

The regulatory framework for privacy issues worldwide is currently in flux and is likely to remain so for the foreseeable future. Practices regarding the collection, use, storage, transmission and security of personal information by companies operating over the Internet have recently come under increased public scrutiny. The U.S. government, including the Federal Trade Commission and the Department of Commerce, has announced that it is reviewing the need for greater regulation for the collection of information concerning consumer behavior on the Internet, including regulation aimed at restricting certain on-line tracking and targeted advertising practices. In addition, various government and consumer agencies have also called for new regulations and changes in industry practices.

Our business could be adversely affected if legislation or regulations are adopted, interpreted or implemented in a manner that is inconsistent with our current business practices or that require changes to these practices, the design of our websites, products, features or our privacy policy. In particular, the success of our business has been, and we expect will continue to be, driven by our ability to use the data that our members share with us in accordance with each of our website privacy policies and terms of use. Therefore, our business, operating results and financial condition could be materially and adversely affected by any significant change to applicable laws, regulations or industry practices regarding the use or disclosure of data our members choose to share with us, or regarding the manner in which the express or implied consent of consumers for such use and disclosure is obtained. Such changes may require us to modify our products and features, possibly in a material manner, and may limit our ability to develop new products and features that make use of the data that our members voluntarily share with us.

Our business is subject to a variety of U.S. laws and regulations, many of which are unsettled and still developing and which could subject us to claims or otherwise materially harm our business.

We are subject to a variety of laws and regulations in the United States, including laws regarding data retention, privacy and consumer protection, which are continually evolving and developing. The scope and interpretation of the laws that are or may be applicable to us are often uncertain and may be conflicting. For example, laws relating to the liability of providers of online services for activities of their users and other third parties are currently being tested by a number of claims, including actions based on invasion of privacy and other torts, unfair competition, copyright and trademark infringement, and other theories based on the nature and content of the materials searched, the ads posted or the content provided by users. In addition, regulatory authorities are considering a number of legislative and regulatory proposals concerning data protection and other matters that may be applicable to our business. It is difficult to predict how existing laws will be applied to our business and the new laws to which we may become subject. See the discussion included in Part 1, Item 1. "*Business—Government Regulation*" in this Annual Report.

If we are not able to comply with these laws or regulations or if we become liable under these laws or regulations, we could be harmed, and we may be forced to implement new measures to reduce our exposure to this liability. This may require us to expend substantial resources or to discontinue certain solutions, which would materially and adversely affect our business, financial condition and results of operations. In addition, the increased attention focused upon liability issues as a result of lawsuits and legislative proposals could materially harm our reputation or otherwise impact the growth of our business. Any costs incurred as a result of this potential liability could materially and adversely affect our business, financial condition and results of operations.

We are currently party to litigation and may in the future be subject to additional legal proceedings and litigation which may be costly to defend and could materially and adversely affect our business results or operating and financial condition.

We are currently party to litigation and may be party to additional lawsuits in the normal course of business. Results of the litigation to which we are a party cannot be predicted with certainty and there can be no assurance that this litigation will be resolved in our favor. These matters are described in more detail under the heading "*Legal Proceedings*" in our periodic filings with the SEC. Litigation in general is often expensive and disruptive to normal business operations. We may face in the future allegations and lawsuits that we have infringed the intellectual property and other rights of third parties, including patents, privacy, trademarks, copyrights and other rights. Litigation, particularly intellectual property and class action matters, may be protracted and expensive, and the results are difficult to predict. Adverse outcomes may result in significant settlement costs or judgments, require us to modify our products and features while we develop non-infringing substitutes or require us to stop offering certain features.

From time to time, we may face claims against companies that incorporate open source software into their products, claiming ownership of, or demanding release of, the source code, the open source software and/or derivative works that were developed using such software, or otherwise seeking to enforce the terms of the applicable open source license. These claims could also result in litigation, require us to purchase a costly license or require us to devote additional research and development resources to change our solutions, any of which could have a negative effect on our business and operating results.

Our success depends in large part upon our management and key personnel. Our inability to attract and retain these individuals could materially and adversely affect our business, results of operations and financial condition.

We are highly dependent on our management and other key employees. The skills, knowledge and experience of our management team, are critical to the growth of our business. In particular, Mr. Adam He, our Chief Executive Officer, provides significant leadership in every aspect of our business operations and strategic direction. Mr. He is supported by a talented group of knowledgeable executives in business operations, sales and marketing, and information technology including Larry Aichler, our Chief Financial Officer, and Chad Hoersten, our Chief Technology Officer. Our future performance will be dependent upon the continued successful service of members of our management and key employees. We do not maintain life insurance for any of the members of our management team or other key personnel. Competition for management in our industry is intense, and although we have entered into employment agreements with certain members of our management team, we may not be able to retain our management and key personnel or attract and retain new management and key personnel in the future, which could materially and adversely affect our business, results of operations and financial condition.

The impact of the COVID-19 pandemic has had, and is expected to continue to have, an adverse effect on our business and our financial results.

The COVID-19 pandemic has negatively impacted the global economy, disrupted consumer spending and global supply chains and created significant volatility and disruption of financial markets. The COVID-19 pandemic may have an adverse effect on our business and financial performance. The extent of the impact of the COVID-19 pandemic, including our ability to execute our business strategies as planned, will depend on future developments, including the duration and severity of the pandemic, which are highly uncertain and cannot be predicted. In response to mandates and recommendations from federal, state and local authorities, as well as decisions we have made to protect the health and safety of our employees with respect to the COVID-19 pandemic, we temporarily closed our offices and had our employees work remotely. We may face more closure requirements and other operation restrictions for prolonged periods of time due to, among other factors, evolving and stringent public health directives, quarantine policies, social distancing measures, or other governmental restrictions, which could have a further material impact on our sales and profits. The COVID-19 pandemic could also adversely affect our liquidity and ability to access the capital markets. Uncertainty regarding the duration of the COVID-19 pandemic may adversely impact our ability to raise additional capital, or require additional capital, or require additional reductions in capital expenditures that are otherwise needed to implement our strategies.

The extent of the impact of COVID-19 on our business and financial results will also depend on future developments, including the duration and spread of the pandemic, the implementation or recurrence of shelter in place or similar orders in the future.

Risks Related to Our Common Stock

Our significant stockholder and our directors and executive officers have substantial control over the Company and could limit your ability to influence the outcome of key transactions, including changes of control.

Cosmic Forward Limited (“CFL”) beneficially owned approximately 32% of our common stock as of December 31, 2021. As a result of its ownership CFL is able to influence significantly all matters requiring approval by our stockholders, including the election of directors. In addition, our directors and executive officers and their affiliated entities, in the aggregate, beneficially own approximately 2.47% of our outstanding common stock as of December 31, 2021. Stockholders other than these principal stockholders are therefore likely to have little influence on decisions regarding such matters. These stockholders may have interests that differ from yours, and they may vote in a way with which you disagree and that may be adverse to your interests. The concentration of ownership of our common stock may have the effect of delaying, preventing or deterring a change of control of our Company, could deprive our stockholders of an opportunity to receive a premium for their common stock as part of a sale of our Company and may affect the market price of our common stock. This concentration of ownership also limits the number of shares of stock likely to be traded in public markets and therefore will adversely affect liquidity in the trading of our common stock. This concentration of ownership of our common stock may also have the effect of influencing the completion of a change in control that may not necessarily be in the best interests of all of our stockholders.

The market price for our securities may be subject to wide fluctuations and the value of an investment in our common stock may decline.

The trading price of our common stock has been, and is likely to continue to be, volatile. Since shares of our common stock were sold in our initial public offering at a price of $64.00 per share, our stock price has ranged from $0.93 to $4.30 during the fiscal year of 2021. In addition to the factors discussed in this Annual Report, the trading price of our common stock may fluctuate significantly in response to numerous factors, many of which are beyond our control, including:

- price and volume fluctuations in the stock market, including as a result of trends in the economy as a whole or relating to companies in our industry;
- actual or anticipated fluctuations in our revenue, operating results or key metrics, including our number of members and unique visitors;
- investor sentiment with respect to our competitors, our business partners and our industry in general;
- announcements by us or our competitors of significant products or features, technical innovations, strategic partnerships, joint ventures or acquisitions;
- additional shares of our common stock being sold into the market by us or our existing stockholders or the anticipation of such sales; and
- other events or factors, including those resulting from war or incidents of terrorism, or responses to these events.

The securities of technology companies, especially Internet companies, have experienced wide fluctuations subsequent to their initial public offerings, including trading at prices below the initial public offering prices. Factors that could affect the price of our common stock include risk factors described in this section. In addition, the securities markets have from time-to-time experienced significant price and volume fluctuations that are not related to the operating performance of particular industries or companies. These market fluctuations may also have a material adverse effect on the market price of our common stock.

Substantial future sales of shares of our common stock could cause the market price of our common stock to decline.

The market price of our common stock could decline as a result of (i) substantial sales of our common stock, particularly sales by CFL and/or our directors, executive officers, employees, or other significant stockholders, (ii) a large number of shares of our common stock becoming available for sale, or (iii) the perception in the market that holders of a large number of shares intend to sell their shares. CFL has the right to require the Company to register the public resale under a registration statement filed with the SEC. The eventual resale of some or all of such shares, or the perception that such sale or sales could be imminent, could result in a material decline in the market value of our common stock. In addition, sales of securities under this registration statement, which provides for the issuance of shares of our common stock, preferred stock, rights, warrants, and units up to an aggregate amount of $25,000,000, may cause the market price of our stock to decline.

The Company's 2013 Equity Compensation Plan (the "2013 Plan") was adopted for the purpose of providing equity incentives to employees, officers, directors and consultants including options, restricted stock, restricted stock units, stock appreciation rights, other equity awards, annual incentive awards and dividend equivalents. Following amendments approved by the Company's stockholders in June 2017, November 2018 and June 2021, the Company is now authorized to issue 1,500,000 shares under the amended 2013 Plan. For more information about our 2013 Equity Compensation Plan, please see Note 13 of our Condensed Consolidated Financial Statements included in this Annual Report.

Anti-takeover provisions in our charter documents and under Delaware law could make an acquisition of our Company more difficult, limit attempts by our stockholders to replace or remove our current management and limit the market price of our common stock.

Provisions in our amended and restated certificate of incorporation and amended and restated bylaws may have the effect of delaying or preventing a change of control or changes in our management. Our amended and restated certificate of incorporation and amended and restated bylaws include provisions that:

- authorize our board of directors to issue, without further action by the stockholders, up to 1,000,000 shares of undesignated preferred stock;
- establish an advance notice procedure for stockholder proposals to be brought before an annual meeting, including proposed nominations of persons for election to our board of directors, and also specify requirements as to the form and content of a stockholder's notice;
- that our directors may be removed only for cause and only by the affirmative vote of at least a majority of the total voting power of our outstanding capital stock, voting as a single class; and
- do not provide for cumulative voting rights (therefore allowing the holders of a majority of the shares of common stock voting in any election of directors to elect all of the directors standing for election, if they should so choose).

These provisions may frustrate or prevent attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors, which is responsible for appointing the members of our management. In addition, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, which generally prohibits a Delaware corporation from engaging in any of a broad range of business combinations with any "interested" stockholder for a period of three years following the date on which the stockholder became an "interested" stockholder. Finally, the substantial number of shares of common stock owned by CFL may make it more difficult for any third party to effect a change in control without CFL's approval.

Our failure to implement and maintain effective internal control over financial reporting could result in material misstatements in our financial statements, which could require us to restate financial statements, cause investors to lose confidence in our reported financial information and could have an adverse effect on our stock price or our debt ratings.

Our management determined that as of December 31, 2020, our internal controls over financial reporting had material weaknesses. Specifically, (i) policies and procedures were not implemented to recognize revenue equal to the amount allocated from revenue sharing agreements with partners, (ii) accounting policies and procedures associated with its revenue sharing agreement were not implemented to properly estimate allowance for doubtful accounts and bad debt expense, and (iii) accounting procedures were not sufficiently formal that management can determine whether the control objective is met, documentation supporting the procedures is in place, and personnel routinely know the procedures that need to be performed.

During 2021, we completed certain measures to remediate material weaknesses related to our internal control over financial reporting that had been identified as of December 31, 2020. Specifically, we (i) improved the use of relevant operating information to adequately develop accounting and financial information to serve as our basis for reliable financial reporting, (ii) hired experienced staff and utilized third party consultants to provide technical competencies necessary for the nature and complexity of the entity's activities, and (iii) performed supporting analysis for each non-routine event or transaction that required management's judgement and/or estimate.

Additional material weaknesses in our internal control over financial reporting may be identified in the future. Any failure to maintain existing or implement required new or improved controls, or any difficulties we encounter in their implementation, or in remediating identified weakness, could result in additional control deficiencies, cause us to fail to meet our periodic reporting obligations or result in material misstatements in our financial statements. The existence of a material weakness could result in errors in our financial statements that could result in a restatement of financial statements and cause us to fail to meet our reporting obligations. If we are unable to effectively remediate material weaknesses in a timely manner, investors could lose confidence in the accuracy and completeness of our financial reports, which could have an adverse effect on our stock price.

We do not intend to pay dividends in the foreseeable future.

We do not intend to declare or pay any cash dividends in the foreseeable future. We anticipate that we will retain all of our future earnings for use in the development of our business and for general corporate purposes. Any determination to pay dividends in the future will be at the discretion of our board of directors. Accordingly, investors must rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investments.

CFL holds participation rights and other rights that could affect our ability to raise funds.

Under our stockholders agreement with CFL and each of its shareholders (collectively, the "CFL Shareholders"), we granted to CFL and the CFL Shareholders a participation right with respect to any future issuances of common stock by the Company, such that CFL and the CFL Shareholders may purchase an amount of shares necessary to maintain CFL's then-current beneficial ownership interest, up to a maximum of 54.64% of our then-outstanding common stock, on a fully-diluted basis, subject to certain exceptions. This participation right could limit our ability to enter into equity financings and to raise funds from third parties.

In connection with the stockholders agreement with CFL and the CFL Shareholders, we also granted to CFL and the CFL Shareholders unlimited demand, shelf and piggyback registration rights, effective upon the expiration of CFL's initial lock-up period, to require us to effect a registration under the Securities Act of a resale of the shares of common stock held by CFL. This may create the perception of a large number of shares of our common stock becoming available for sale or the perception in the market that holders of a large number of shares intent to sell their shares, especially if CFL were to exercise its registration rights, thereby potentially further limiting our ability to enter into equity financings and to raise funds from third parties.

Techniques employed by short sellers may drive down the market price of the Company's common stock.

Short selling is the practice of selling securities that the seller does not own, but rather has borrowed from a third party with the intention of buying identical securities back at a later date to return to the lender. The short seller hopes to profit from a decline in the value of the securities between the sale of the borrowed securities and the purchase of the replacement shares, as the short seller expects to pay less in that purchase than it received in the sale. As it is therefore in the short seller's best interests for the price of the stock to decline, many short sellers (sometime known as "disclosed shorts") publish, or arrange for the publication of, negative opinions regarding the relevant issuer and its business prospects in order to create negative market momentum and generate profits for themselves after selling a stock short. While traditionally these disclosed shorts were limited in their ability to access mainstream business media or to otherwise create negative market rumors, the rise of the Internet and technological advancements regarding document creation, videotaping and publication by weblog ("blogging") have allowed many disclosed shorts to publicly attack a company's credibility, strategy and veracity by means of so-called research reports that mimic the type of investment analysis performed by large Wall Street firm and independent research analysts.

These short attacks have, in the past, led to selling of shares in the market, on occasion in large scale and broad base. Issuers who have limited trading volumes and are susceptible to higher volatility levels than U.S. domestic large-cap stocks can be particularly vulnerable to such short attacks.

Reports and information have been published about us which have occasionally been followed by a decline in our stock price. It is not clear what additional effects the negative publicity will have on the Company, if any, other than potentially affecting the market price of our common stock. Additionally, such allegations against the Company could negatively impact its business operations and stockholders' equity, and the value of any investment in the Company's stock could be reduced.

ITEM 1B - UNRESOLVED STAFF COMMENTS

None.

ITEM 2 - PROPERTIES

We lease approximately 4,902 square feet of space for our headquarters in Chicago, Illinois under a lease that expires on September 30, 2027. We also lease approximately 300 square feet of office space in Minnetonka, Minnesota for our Events division under a quarter-to-quarter lease.

We believe that our current facilities are adequate to meet our current needs. We may expand our facilities or add new facilities as we add employees and enter new geographic markets, and we believe that suitable additional or alternative space will be available as needed to accommodate ongoing operations and any such growth. However, we expect to incur additional expenses in connection with such new or expanded facilities.

ITEM 3 - LEGAL PROCEEDINGS

NAPW is a defendant in a Nassau County (NY) Supreme Court case, whereby TL Franklin Avenue Plaza LLC has sued NAPW (Case index No. LT-000421/2018), with respect to NAPW's former Garden City NY Premises. NAPW had surrendered the Premises to the Landlord, and the Landlord has obtained a judgment against NAPW in the amount of $855,002. NAPW has reserved for this judgment, including interest accrued.

The Company and its wholly owned subsidiary, NAPW, Inc., are parties to a proceeding captioned Deborah Bayne, et al. vs. NAPW, Inc. and Professional Diversity Network, Inc., No. 18-cv-3591 (E.D.N.Y.), filed on June 20, 2018 and alleging violations of the Fair Labor Standards Act and certain provisions of the New York Labor Law. Plaintiffs are seeking monetary damages and equitable relief. The Company disputes that it or its subsidiary violated the applicable laws or that either entity has any liability and intends to vigorously defend against these claims. The matter is in the final stages of discovery and we have completed depositions of relevant witnesses. During the first quarter of 2020, the Company recorded a $450,000 litigation settlement reserve in the event of an unfavorable outcome in this proceeding. In November 2020, both parties entered into mediation proceedings but a settlement was not reached. While the COVID-19 pandemic has caused delays to the litigation, it is expected that these delays will decrease as the disruption caused by the pandemic subsides.

We are also generally subject to legal proceedings and litigation arising in the ordinary course of business.

ITEM 4 - MINE SAFETY DISCLOSURES

Not applicable.

PART II

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

Our common stock has been listed on the NASDAQ Capital Market under the symbol "IPDN" since March 5, 2013. Prior to that date, there was no public trading market for our common stock.

	High	Low
Year Ended December 31, 2021		
First Quarter	$ 4.30	$ 2.08
Second Quarter	$ 2.33	$ 1.39
Third Quarter	$ 2.12	$ 1.12
Fourth Quarter	$ 1.55	$ 0.93
Year Ended December 31, 2020		
First Quarter (1)	$ 0.91	$ 0.91
Second Quarter (1)	$ 3.98	$ 0.91
Third Quarter	$ 3.20	$ 0.76
Fourth Quarter	$ 5.56	$ 0.91

(1) On November 26, 2019 through June 23, 2020, trading in our common stock was halted by NASDAQ. The closing price of our common stock on November 26, 2019 was $0.91 per share.

Holders

As of March 28, 2022, we had 40 holders of record of our common stock. Since certain of our shares are held by brokers and other institutions on behalf of stockholders, the foregoing number is not representative of the number of beneficial owners of our common stock.

Dividends

We have never declared or paid any cash dividends on our capital stock. We currently intend to use the net proceeds from any offerings of our securities and our future earnings, if any, to finance the further development and expansion of our business and do not intend or expect to pay cash dividends in the foreseeable future. Payment of future cash dividends, if any, will be at the discretion of our board of directors after taking into account various factors, including our financial condition, operating results, current and anticipated cash needs, outstanding indebtedness and plans for expansion and restrictions imposed by lenders, if any.

Recent Sales of Unregistered Securities

None in the fourth quarter of fiscal 2021.

ITEM 6 - [RESERVED]

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and the related notes thereto in Item 8, "Financial Statements," in Part II of this Annual Report. This discussion contains forward-looking statements, which are based on our assumptions about the future of our business. Our actual results will likely differ materially from those contained in the forward-looking statements Please read "Special Note Regarding Forward-Looking Statements" for additional information regarding forward-looking statements used in this Annual Report.

Overview

We are an operator of professional communities with a focus on diversity, employment, education and training. We use the term "diversity" (or "diverse") to describe communities, or "affinities," that are distinct based on a wide array of criteria, including ethnic, national, cultural, racial, religious or gender classification. We serve a variety of such communities, including Women, Hispanic-Americans, African-Americans, Asian-Americans, Disabled, Military Professionals, and Lesbian, Gay, Bisexual, and Transgender (LGBTQ+).

We currently operate in three business segments. PDN Network, our primary business segment, includes online professional job seeking communities with career resources tailored to the needs of various diverse cultural groups and employers looking to hire members of such groups. Our secondary business segment consists of the NAPW Network, a women-only professional networking organization. Our third business segment consists of RemoteMore, which connects companies with reliable, cost-efficient developers with less effort and friction, and empowers software developers to get meaningful jobs regardless of their location.

We believe that the combination of our solutions allows us to approach recruiting and professional networking in a unique way and thus create enhanced value for our members and customers by:

- Helping employers address their workforce diversity needs by connecting them with the right candidates from our diverse job seeking communities such as African Americans, Hispanics, Asians, Veterans, individuals with disabilities and members of the gay community (with the ability to roll out to our other affinities);
- Providing a robust online and in-person network for our women members to make professional and personal connections; and
- Connecting companies with reliable, cost-efficient developers to meet their software needs.

Sources of Revenue

We generate revenue from (i) paid membership subscriptions and related services, (ii) recruitment services, (iii) contracted software development, and (iv) consumer advertising and consumer marketing solutions. The following table sets forth our revenues from each significant product as a percentage of total revenue for the periods presented. The period-to-period comparison of financial results is not necessarily indicative of future results.

	Year Ended December 31,	
	2021	**2020**
Revenues:		
Membership fees and related services	16.1%	30.3%
Recruitment services	76.2%	66.5%
Contracted software development	5.0%	-%
Consumer advertising and marketing solutions	2.7%	3.2%

Membership Fees and Related Services. We offer paid membership subscriptions through our NAPW Network, a women-only professional networking organization, operated by our wholly-owned subsidiary. Members gain access to networking opportunities through a members-only website at www.iawomen.com and "virtual" events which occur in a webcast setting as well as through in-person networking at approximately over a 100 local chapters nationwide, additional career and networking events such as the National Networking Summit Series, Power Networking Events and the PDN Network events. NAPW members also receive ancillary (non-networking) benefits such as educational discounts, shopping, and other membership perks. The basic package is the Initiator level, which provides online benefits only. Upgrades to an Innovator membership include the Initiator benefits as well as membership in local chapters, and access to live in-person events. The most comprehensive level, the Influencer, provides all the aforementioned benefits plus admission to exclusive "live" events and expanded opportunities for marketing and promotion, including the creation and distribution of a press release, which is prepared by professional writers and sent over major newswires. Additionally, all memberships offer educational programs with discounts or at no cost, based on the membership level. NAPW Membership is renewable and fees are payable on an annual or monthly basis, with the first fee payable at the commencement of the membership. We offer to new purchasers of our NAPW memberships the opportunity to purchase a commemorative wall plaque at the time of purchase. They may purchase up to two plaques at that time.

Recruitment Services. We provide recruitment services through PDN Network to medium and large employers seeking to diversify their employment ranks. Our recruitment services include recruitment advertising, job postings, contingent search and hiring, and career fairs. The majority of recruitment services revenue comes from job recruitment advertising. We also offer to businesses subject to the regulations and requirements of the Equal Employment Opportunity Office of Federal Contract Compliance Program ("**OFCCP**") our OFCCP compliance product, which combines diversity recruitment advertising with job postings and compliance services.

Contracted software Development. RemoteMore generates revenue by providing contracted programmers to assist customers with their software solutions through customized software development.

Consumer Advertising and Marketing Solutions. We work with partner organizations to provide them with integrated job boards on their websites which offer their members or customers the ability to post recruitment advertising and job openings. We generate revenue from fees charged for those postings.

Cost of Revenue

Cost of revenue primarily consists of costs of producing job fair and other events, revenue sharing with partner organizations, costs of web hosting and operating our websites for the PDN Network. Costs of hosting member conferences and local chapter meetings are also included in the cost of revenue for NAPW Network. Costs of paying outside developers are included in the cost of revenue for RemoteMore.

	Year Ended December 31,	
	2021	2020
Cost of revenues:		
PDN Network	69.9%	95.7%
NAPW Network	11.3%	4.3%
RemoteMore	18.8%	-%

Results of Operations

Revenues

Total Revenues

The following tables set forth our revenues for the years ended December 31, 2021 and 2020:

	Year Ended December 31,		Change	Change
	2021	2020	(Dollars)	(Percent)
	(in thousands)			
Revenues:				
Membership fees and related services	$ 985	$ 1,351	$ (366)	(27.1)%
Recruitment services	4,647	2,962	1,685	56.9%
Contracted software development	303	-	303	100.0%
Consumer advertising and marketing solutions	164	144	20	13.9%
Total revenues	$ 6,099	$ 4,457	$ 1,642	36.8%

Total revenues increased approximately $1,642,000, or 36.8%, from $4,457,000 for the year ended December 31, 2020 to approximately $6,099,000 for the year ended December 31, 2021. The increase in revenues was primarily attributable to an approximately $ 1,685,000, or 56.9%, increase in recruitment service revenues from the PDN Network and to a lesser extent, approximately $302,000 related to contract revenue from RemoteMore for which there was no comparable activity in the prior year, partially offset by approximately $366,000, or 27.1%, decline in membership fees and related services related to the NAPW Network.

Revenues by Segment

The following table sets forth each operating segment's revenues for the years ended December 31, 2021 and 2020:

	Year Ended December 31,		Change	Change
	2021	2020	(Dollars)	(Percent)
	(in thousands)			
PDN Network	$ 4,810	$ 3,106	$ 1,704	54.9%
NAPW Network	986	1,351	(365)	(27.0)%
RemoteMore	303	-	303	100.0%
Total revenues	$ 6,099	$ 4,457	$ 1,642	36.8%

During the year ended December 31, 2021, our PDN Network generated approximately $4,810,000 in revenues compared to $3,106,000 in revenues during the year ended December 31, 2020, an increase of approximately$1,704,000 or 54.9%. The increase in revenues was primarily due to new sales collaborations, higher new client acquisitions and a significant increase in diversity recruitment initiatives by our clients resulting in approximately a $1,406,000 increase in corporate sales over the same period in the prior year. Also contributing to the increase was continued improvements in our e-commerce platform resulting in an approximate $239,000 increase over the same period in the prior year. Event and partner sales revenue combined for an increase of approximately $56,000 over the same period in the prior year.

During the year ended December 31, 2021, NAPW Network revenues were approximately $986,000, compared to revenues of $1,351,000 during the year ended December 31, 2020, a decrease of approximately $365,000 or 27.0%. The decrease in revenues was primarily due to an approximate $372,000 decrease in legacy membership and the continued effects of COVID-19 causing new membership enrollment to decline throughout 2021, as compared to the same period in the prior year. Retention rates for new members that have enrolled in 2021 has increased as compared to the same period in prior year. We believe that the membership services that we provide to our customers turned into a discretionary spending item during 2021 and the services that we provide were postponed by the consumer as a result of the financial and economic impact of COVID-19.

During the year ended December 31, 2021, RemoteMore revenue was approximately $302,000, for which there was no comparable revenue in the prior year.

Costs and Expenses

The following tables set forth our costs and expenses for the years ended December 31, 2021 and 2020:

	Year Ended December 31,		Change	Change
	2021	2020	(Dollars)	(Percent)
	(in thousands)			
Cost and expenses:				
Cost of revenues	$ 1,524	$ 787	$ 737	93.6%
Sales and marketing	2,457	1,915	542	28.3%
General and administrative	4,623	6,429	(1,806)	(28.1)%
Depreciation and amortization	385	170	215	126.5%
Total cost and expenses:	$ 8,989	$ 9,301	$ (312)	(3.4)%

Total costs and expenses decreased for the year ended December 31, 2021 to approximately $8,989,000 compared to $9,301,000 for the year ended December 31, 2020. The approximate $312,000, or 3.4%, decrease in costs and expenses was primarily attributable to the following:

- The increase in cost of revenues of approximately $737,000, as compared to the prior year, is predominately a result of an increase of approximately $272,000 of costs directly related to driving increased revenues, contractor costs of approximately, $287,000 related to RemoteMore, for which there were no comparable costs in the prior year, and approximately $177,000 related to payroll related costs.
- The increase in sales and marketing of approximately $542,000, as compared to the prior year, is a result of increases in marketing and advertising costs of approximately $200,000, payroll related costs of approximately $183,000, employee and member commissions of approximately $87,000 and agency commissions of approximately $48,000.
- The decrease in general and administrative expenses of approximately $1,806,000, as compared to the prior year, is predominately associated with decreased litigation settlement costs of approximately $1,821,000. Also contributing to the decrease were reductions of insurance costs of approximately $152,000, bad debt expense of approximately $44,000, and property rent costs of approximately $109,000. Partially offsetting the general and administrative expense decrease were increases of approximately $104,000 in miscellaneous state taxes, approximately $73,000 in payroll related costs, and approximately $114,000 in other related costs.
- The increase in depreciation and amortization of approximately $215,000, as compared to the prior year, is predominately due to $270,000 of amortization related to RemoteMore, for which there is no comparable activity in 2020. Partially offsetting the increase was a reduction in amortization related to capitalized technology of approximately $41,000.

Costs and Expenses by Segment

The following table sets forth each operating segment's costs and expenses for the years ended December 31, 2021 and 2020:

	Year Ended December 31, 2021	Year Ended December 31, 2020	Change (Dollars)	Change (Percent)
	(in thousands)			
PDN Network	$ 3,741	$ 2,908	$ 833	28.6 %
NAPW Network	1,835	1,894	(59)	(3.1)%
RemoteMore	655	-	655	100.0 %
Corporate Overhead	2,758	4,499	(1,741)	(38.7)%
Total cost and expenses:	$ 8,989	$ 9,301	$ (312)	(3.4)%

Costs and expenses related to our PDN Network increased approximately $833,000 or 28.6%, during the year ended December 31, 2021, as compared to the prior year, primarily due to increases of approximately $463,000 in payroll related costs, $253,000 related to sales and marketing expenses, $141,000 related to employee and agency commissions, $77,000 related to revenue sharing, $76,000 related to legal expenses and $61,000 related to the use of third-party software. Partially offsetting the period-to-period increase were reimbursed expenses from NAPW of approximately $113,000, and reductions of bad debt expense of approximately $49,000 and property rent expenses of $109,000.

Costs and expenses related to the NAPW Network decreased approximately $59,000, or 3.1%, in Other during the year ended December 31 2021, as compared to the prior year. The decrease was predominately related to a decrease in payroll related costs of approximately $251,000 due to restructuring of the sales force, and litigation and settlement costs of approximately $49,000. Partially offsetting the decrease were increases in sales related costs incurred to drive revenues of approximately $137,000 and reimbursed expenses to PDN of approximately $113,000.

Cost and expenses related to RemoteMore was approximately $655,000 in 2021 consisting of contractor costs of approximately $287,000, amortization of intangibles of approximately $270,000, and other operating costs of approximately $98,000. There were no comparable costs in the prior year.

Corporate overhead expenses decreased approximately $1,741,000 or 38.7% during the year December 31, 2021, as compared to the prior year, primarily as a result of a decrease of approximately $1,217,000 in litigation settlement reserves, $645,000 in reduced legal fees and approximately $170,000 in reduced insurance costs, which was partially offset by approximately $210,000 in increased administrative salaries and benefits expense and an increase of $104,000 in state taxes, as compared to the prior year.

Other Income (Expenses)

Other income for the year ended December 31, 2021 was approximately $8,000, compared to other income of approximately $652,000 during the year ended December 31, 2020. The decrease in other income during the current year was primarily due to the Paycheck Protection Program ("PPP") loan forgiveness we received from the Small Business Administration ("SBA") in the fourth quarter of 2020, of which we received total proceeds of $651,077 from the SBA. There was no comparable transaction in 2021.

Income Tax Benefit

	Year Ended December 31, 2021	Year Ended December 31, 2020	Change (Dollars)	Change (Percent)
	(in thousands)			
Income tax benefit	$ (22)	$ (35)	$ 13	37.1%

During the years ended December 31, 2021, and 2020, we recorded a benefit for income tax of $22,000 and $35,000. The decrease in income tax benefit during the current period was primarily due to a reduction in our deferred tax liabilities in the current year.

Discontinued Operations

In March 2020, our Board of Directors decided to suspend all operations in China. The results for operations of China are presented in the consolidated statements of operation and comprehensive loss as loss from discontinued operations.

The following table presents results from discontinued operations for the years ended December 31, 2021 and 2020:

	Year Ended December 31, 2021	Year Ended December 31, 2020
	(in thousands)	
Revenues	$ -	$ -
Cost of Sales	43	13

Depreciation and amortization	-	-
Sales and marketing	-	3
General and administrative	47	170
Non-operating (expense) income	(1)	(8)
Loss from discontinued operations before income tax	(89)	(194)
Income tax expense	-	-
Net loss from discontinued operations	$ (89)	$ (194)

Net loss from Continuing Operations

The following table sets forth each operating segment's net income or loss for the periods presented. The period-to-period comparison is not necessarily indicative of future results.

	Year Ended December 31,		Change	Change
	2021	2020	(Dollars)	(Percent)
	(in thousands)			
PDN Network	$ 1,066	$ 841	$ 225	26.8 %
NAPW Network	(840)	(539)	(301)	(55.9)%
RemoteMore	(354)	-	(354)	(100.0)%
Corporate Overhead	(2,733)	(4,460)	1,727	38.7 %
Consolidated net loss from continuing operations	$ (2,861)	$ (4,158)	$ 1,297	31.2 %

Consolidated Net Loss from Continuing Operations. As the result of the factors discussed above, during the year ended December 31, 2021, we incurred a net loss of approximately $2,861,000 from continuing operations, a decrease of approximately $1,297,000 or 31.2% from a net loss of $4,158,000 for the year ended December 31, 2020.

Non-GAAP Financial Measure

Adjusted EBITDA

We believe Adjusted EBITDA provides a meaningful representation of our operating performance that provides useful information to investors regarding our financial condition and results of operations. Adjusted EBITDA is commonly used by financial analysts and others to measure operating performance. Furthermore, management believes that this non-GAAP financial measure may provide investors with additional meaningful comparisons between current results and results of prior periods as they are expected to be reflective of our core ongoing business. However, while we consider Adjusted EBITDA to be an important measure of operating performance, Adjusted EBITDA and other non-GAAP financial measures have limitations, and investors should not consider them in isolation or as a substitute for analysis of our results as reported under GAAP. Further, Adjusted EBITDA, as we define it, may not be comparable to EBITDA, or similarly titled measures, as defined by other companies.

The following table provides a reconciliation of net loss from continuing operations to Adjusted EBITDA for the years ended December 31, 2021 and 2020, the most directly comparable GAAP measure as reported in the consolidated financial statements:

	Years Ended December 31,	
	2021	2020
	(in thousands)	
Loss from Continuing Operations	$ (2,861)	$ (4,158)
Share-based compensation	634	620
Litigation settlement reserve	175	1,475
Loss attributable to noncontrolling interest	193	-
Depreciation and amortization	385	170
Other income (expense)	(8)	(652)
Income tax benefit	(22)	(35)
Adjusted EBITDA	$ (1,504)	$ (2,580)

Liquidity and Capital Resources

The following table summarizes our liquidity and capital resources as of December 31, 2021 and 2020:

	As of December 31,	
	2021	2020
	(in thousands)	
Cash and cash equivalents	$ 3,403	$ 2,118
Working capital (deficiency)	$ 418	$ (1,156)

As of December 31, 2021, we had cash and cash equivalents of $3,403,000 compared to cash and cash equivalents of $2,118,000 at December 31, 2020. Our principal sources of liquidity are our cash and cash equivalents, including net proceeds from the issuances of common stock. As of December 31, 2021, we had a working capital of approximately $418,000, compared to a working capital deficit of approximately $1,156,000 as of December 31, 2020. We had an accumulated deficit of approximately $95,780,000 at December 31, 2021. During the years ended December 31, 2021 and 2020, we generated a net loss from continuing operations of approximately $2,861,000 and $4,158,000 and used cash from continuing operations of approximately $1,841,000 and $3,337,000.

During 2021, we continued our focus on cost cutting initiatives on improving our overall profitability and shareholder value through new sales and marking initiatives and through business collaborations. However, we have continued to generate negative cash flows from operations, and we expect to incur net losses for the short-term foreseeable future. These conditions raise substantial doubt about our ability to continue as a going concern. Our ability to continue as a going concern is dependent on our ability to further implement our business plan of increased sales and market share through the generation of organic growth in revenues from our existing operating segments, raise capital, and make strategic acquisitions. The consolidated financial statements do not include any adjustments that might be necessary if we are unable to continue as a going concern.

In January 2021, the Company issued 150,000 shares of the Company's common stock to White Winston as a result of a settlement agreement.

On February 1, 2021, we entered into a private placement with Ms. Yiran Gu, in which the Company sold 500,000 shares of its common stock at a price per share of $2.00 for gross proceeds of $1,000,000.

On July 9, 2021, we closed a registered direct offering, pursuant to which certain institutional accredited investors purchased 1,470,588 shares of the Company's common stock, par value $0.01 per share, at a per share price equal to $1.70 for gross proceeds of $2,499,999.60.

On September 22, 2021, we entered into a stock purchase agreement with Cosmic Forward Limited, in which the Company sold 948,767 shares of its common stock at a price per share of $1.05 for gross proceeds of approximately $1,000,000.

In March 2021, we entered into a stock purchase agreement ("Stock Purchase Agreement") to purchase a significant equity stake in RemoteMore USA Inc. ("RemoteMore"), a Delaware corporation. On September 20, 2021, we acquired 45.62% of the outstanding shares of RemoteMore USA ("RemoteMore") stock, as well as certain assets, including contracts in place, certain domain names and other intellectual property. Based on the significant influence that our management has over the operations and guidance of RemoteMore, we have consolidated RemoteMore's account balances and operations in our condensed consolidated financial statements.

On January 31, 2022, the Company announced its Board of Directors had approved the repurchase of up to $2 million of its outstanding common stock from time to time on the open market or in privately negotiated transactions. The timing and amount of any shares repurchased will be determined by the Company's management based on its evaluation of market conditions and other factors. Repurchases may also be made under a Rule 10b5-1 plan of the Securities Exchange Act of 1934, which would permit shares to be repurchased when the Company might otherwise be precluded from doing so under insider trading laws. The repurchase program may be suspended or discontinued at any time in the Company's sole discretion. Any repurchased shares will be available for use in connection with our stock plans and for other corporate purposes. Through March 28, 2022, the Company repurchased 127,326 shares at an average share price of $0.97 for total purchase price of $127,300.

While we believe that our cash and cash equivalents of $3,402,697, at December 31, 2021, and cash flow from operations may be sufficient to meet our working capital requirements for the next twelve months, beyond that time frame our available funds and cash flow from operations may not be sufficient to meet our working capital requirements without the need to increase revenues or raise capital by the issuance of common stock. There can be no assurances that our business plans and actions will be successful, that we will generate anticipated revenues, or that unforeseen circumstances similar to COVID-19 will not require additional funding sources in the future or effectuate plans to conserve liquidity. Future efforts to raise additional funds may not be successful or they may not be available on acceptable terms, if at all.

We collect membership fees generally at the commencement of the membership term or at renewal periods thereafter. The memberships we sell are for one year and we defer recognition of the revenue from membership sales and renewals and recognize it ratably over the twelve-month period. Starting January 2, 2018, we also offer a monthly membership for IAW USA for which we collect a fee on a monthly basis. Our PDN Network also sells recruitment services to employers, generally on a one-year contract basis. This revenue is also deferred and recognized over the life of the contract. Our payment terms for PDN Network customers range from 30 to 60 days. We consider the difference between the payment terms and payment receipts a result of transit time for invoice and payment processing and to date have not experienced any liquidity issues as a result of the payments extending past the specified terms. Cash and cash equivalents consist primarily of cash on deposit with banks and investments in money market funds.

	Year Ended December 31,	
	2021	2020
	(in thousands)	
Cash (used in) provided by continued operations		
Operating activities	$ (1,841)	$ (3,337)
Investing activities	(1,288)	(65)
Financing activities	4,445	4,928
Effect of exchange rate fluctuations on cash and cash equivalents	2	157
Cash (used in) provided by discontinued operations		
Operating activities	(33)	(199)
Investing activities	-	-
Financing activities	-	-
Net increase in cash and cash equivalents	$ 1,285	$ 1,484

Cash and Cash Equivalents

The Company considers cash and cash equivalents to include all short-term, highly liquid investments that are readily convertible to known amounts of cash and have original maturities of three months or less.

Net Cash Used in Operating Activities

Net cash used in operating activities from continuing operations during the year ended December 31, 2021 was $1,841,000. We had a net loss from continuing operations of $2,861,000 during the year ended December 31, 2021, which included $175,000 in litigation settlement reserves, share-based compensation expense of $634,000 and depreciation and amortization expense of $385,000, predominately due to amortization of intangible assets related to the acquisition of RemoteMore, reduction of our merchant reserve of $380,000 and amortization of right-of-use assets of $66,000. Changes in operating assets and liabilities used approximately $599,000 of cash during the year ended December 31, 2021, consisting primarily of a $482,000 decrease in accounts payable, a $384,000 decrease in accounts receivable and a $96,000 decrease in prepaid expenses, which was partially offset by a $77,000 increase in accrued liabilities and a $249,000 increase in deferred revenues.

Net cash used in operating activities from continuing operations for the year ended December 31, 2020 was $3,337,000. We had a net loss of $4,158,000 in 2020, which included a non-cash PPP loan forgiveness of $651,077, $350,000 in litigation settlements to be paid during the first quarter of 2021, share-based compensation expense of $620,000 and depreciation and amortization expense of $170,000 and amortization of right-of-use assets of $116,000, which was partially offset by payments of lease obligations of $107,000. Changes in operating assets and liabilities used $771,000 of cash during the year ended December 31, 2020, consisting primarily of a $834,000 decrease in accounts payable, a $285,000 decrease in accounts receivable and a $114,000 decrease in prepaid expenses, which was partially offset by a $264,000 increase in accrued liabilities and a $202,000 increase in deferred revenues.

Net Cash Used in Investing Activities

Net cash used in investing activities from continuing operations during the year ended December 31, 2021 was approximately $1,288,000, which consisted primarily of our investment of RemoteMore of $863,000, $350,000 related to investment deposits, $50,000 in costs associated with internally developed technology and $25,000 associated with the purchases of computer equipment. During the year ended December 31, 2020, net cash used in investing activities from continuing operations was $65,000 and consisted of investment deposits.

Net Cash Provided by Financing Activities

Net cash provided by financing activities from continuing operations during the year ended December 31, 2021 was approximately $4,445,000, which reflected proceeds from the sale of common stock as described above.

Net cash provided by financing activities from continuing operations during the year ended December 31, 2020 was approximately $4,928,000, consisting of $4,277,000 in gross proceeds from the sale of our common stock and $651,077 from a short-term PPP loan.

Off-Balance Sheet Arrangements

Since inception, we have not engaged in any off-balance sheet activities as defined in Regulation S-K Item 303(a)(4).

Critical Accounting Policies and Estimates

Our management's discussion and analysis of financial condition and results of operations is based on our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States, or U.S. GAAP. The preparation of these consolidated financial statements requires us to exercise considerable judgment with respect to establishing sound accounting policies and in making estimates and assumptions that affect the reported amounts of our assets and liabilities, our recognition of revenues and expenses, and disclosure of commitments and contingencies at the date of the consolidated financial statements.

We base our estimates on our historical experience, knowledge of our business and industry, current and expected economic conditions, the attributes of our products, the regulatory environment, and in certain cases, the results of outside appraisals. We periodically re-evaluate our estimates and assumptions with respect to these judgments and modify our approach when circumstances indicate that modifications are necessary. These estimates and assumptions form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources.

While we believe that the factors we evaluate provide us with a meaningful basis for establishing and applying sound accounting policies, we cannot guarantee that the results will always be accurate. Since the determination of these estimates requires the exercise of judgment, actual results could differ from such estimates.

While our significant accounting policies are more fully described in Note 3 to our consolidated financial statements included at the end of this Annual Report, we believe that the following accounting policies are the most critical to aid you in fully understanding and evaluating our reported financial results and affect the more significant judgments and estimates that we use in the preparation of our consolidated financial statements.

Accounts Receivable

Our policy is to reserve for uncollectible accounts based on our best estimate of the amount of probable credit losses in our existing accounts receivable. We periodically review our accounts receivable to determine whether an allowance for doubtful accounts is necessary based on an analysis of past due accounts and other factors that may indicate that the realization of an account may be in doubt. Account balances deemed to be uncollectible are charged to the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

Goodwill and Intangible Assets

The Company accounts for goodwill and intangible assets in accordance with ASC 350, Intangibles – Goodwill and Other ("ASC 350"). ASC 350 requires that goodwill and other intangibles with indefinite lives should be tested for impairment annually or on an interim basis if events or circumstances indicate that the fair value of an asset has decreased below its carrying value.

Goodwill is tested for impairment at the reporting unit level on an annual basis (December 31 for the Company) and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. The Company considers its market capitalization and the carrying value of its assets and liabilities, including goodwill, when performing its goodwill impairment test.

When conducting its annual goodwill impairment assessment, the Company initially performs a qualitative evaluation of whether it is more likely than not that goodwill is impaired. If it is determined by a qualitative evaluation that it is more likely than not that goodwill is impaired, the Company then compares the fair value of the Company's reporting unit to its carrying or book value. If the fair value of the reporting unit exceeds its carrying value, goodwill is not impaired and the Company is not required to perform further testing. If the carrying value of a reporting unit exceeds its fair value, the Company will measure any goodwill impairment losses as the amount by which the carrying amount of a reporting unit exceeds its fair value, not to exceed the total amount of goodwill allocated to that reporting unit.

Capitalized Technology Costs

We account for capitalized technology costs in accordance with ASC 350-40, Internal-Use Software ("**ASC** 350-40"). In accordance with ASC 350-40, we capitalize certain external and internal computer software costs incurred during the application development stage. The application development stage generally includes software design and configuration, coding, testing and installation activities. Training and maintenance costs are expensed as incurred, while upgrades and enhancements are capitalized if it is probable that such expenditures will result in additional functionality. Capitalized software costs are amortized over the estimated useful lives of the software assets on a straight-line basis, generally not exceeding three years.

Business Combinations

ASC 805, Business Combinations ("ASC 805"), applies the acquisition method of accounting for business combinations to all acquisitions where the acquirer gains a controlling interest, regardless of whether consideration was exchanged. ASC 805 establishes principles and requirements for how the acquirer *:* a) recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any non-controlling interest in the acquiree; b) recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase; and c) determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. Accounting for acquisitions requires the Company to recognize, separately from goodwill, the assets acquired and the liabilities assumed at their acquisition-date fair values. Goodwill as of the acquisition date is measured as the excess of consideration transferred and the net of the acquisition-date fair values of the assets acquired and the liabilities assumed. While the Company uses its best estimates and assumptions to accurately value assets acquired and liabilities assumed at the acquisition date, the estimates are inherently uncertain and subject to refinement. As a result, during the measurement period, which may be up to one year from the acquisition date, the Company may record adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill. Upon the conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded to the consolidated statements of comprehensive loss.

Revenue Recognition

Our principal sources of revenue are recruitment revenue, consumer marketing and consumer advertising revenue, membership subscription fees, and product sales. Recruitment revenue includes revenue recognized from direct sales to customers for recruitment services and events, as well as revenue from our direct ecommerce sales. Revenues from recruitment services are recognized when the services are performed, evidence of an arrangement exists, the fee is fixed or determinable and collectability is probable. Our recruitment revenue is derived from agreements through single and multiple job postings, recruitment media, talent recruitment communities, basic and premier corporate memberships, hiring campaign marketing and advertising, e-newsletter marketing and research and outreach services.

Consumer marketing and consumer advertising revenue is recognized either based upon a fixed fee for revenue sharing agreements in which payment is required at the time of posting or billed based upon the number of impressions (the number of times an advertisement is displayed) recorded on the websites as specified in the customer agreement.

Revenue generated from NAPW Network membership subscriptions is recognized ratably over the 12-month membership period, although members pay their annual fees at the commencement of the membership period. We also offer a monthly membership for which we collect fees on a monthly basis and we recognize revenue in the same month as the fees are collected. Revenue from related membership services is derived from fees for development and set-up of a member's personal on-line profile and/or press release announcements. Fees related to these services are recognized as revenue at the time the on-line profile is complete and press release is distributed.

Revenues generated from RemoteMore consist of contracts entered into to provide customers with software solutions and are recognized in the month work is performed.

Revenue Concentration

We, in alliance with another company, partners to sell two recruitment services products. This alliance member builds, hosts, and manages our job boards and website. This alliance member also bills customers, collects fees, and provides customer services. We derive 25% of our recruitment services revenue from this alliance relationship.

Recent Accounting Pronouncements

See Note 3 to our consolidated financial statements.

Special Note Regarding Forward-Looking Statements

This Annual Report on Form 10-K, including Part I, Item 1. "*Business*" and Part II, Item 7. "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements concern expectations, beliefs, projections, plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. Specifically, this Annual Report contains forward-looking statements regarding:

- our beliefs regarding our ability to capture and capitalize on market trends;
- our expectations on the future growth and financial health of the online diversity recruitment industry and the industry participants, and the drivers of such growth;
- our expectations regarding continued membership growth;
- our beliefs regarding the increased value derived from the synergies among our segments; and
- our beliefs regarding our liquidity requirements, the availability of cash and capital resources to fund our business in the future and intended use of liquidity.

These forward-looking statements reflect our current views about future events and are subject to risks, uncertainties and assumptions. We wish to caution readers that certain important factors may have affected and could in the future affect our actual results and could cause actual results to differ significantly from those expressed in any forward-looking statement. The most important factors that could prevent us from achieving our goals, and cause the assumptions underlying forward-looking statements and the actual results to differ materially from those expressed in or implied by those forward-looking statements include, but are not limited to, the following:

- our ability to raise funds in the future to support operations failure to realize synergies and other financial benefits from mergers and acquisitions within expected time frames, including increases in expected costs or difficulties related to integration of merger and acquisition partners;
- inability to identify and successfully negotiate and complete additional combinations with potential merger or acquisition partners or to successfully integrate such businesses;
- our history of operating losses;
- our limited operating history in a new and unproven market;
- increasing competition in the market for online professional networks;
- our ability to comply with increasing governmental regulation and other legal obligations related to privacy;
- our ability to adapt to changing technologies and social trends and preferences;
- our ability to attract and retain a sales and marketing team, management and other key personnel and the ability of that team to execute on the Company's business strategies and plans;
- our ability to obtain and maintain intellectual property protection for our intellectual property;
- any future litigation regarding our business, including intellectual property claims;
- general and economic business conditions; and
- legal and regulatory developments.

Additional factors, risks and uncertainties that may affect our results, are discussed in Item 1A. "*Risk Factors*" of this Annual Report beginning on page 13, and in our subsequent filings with the SEC. You should consider these factors, risks and uncertainties when evaluating any forward-looking statements and you should not place undue reliance on any forward-looking statement. Forward-looking statements represent our views as of the date of this Annual Report, and we undertake no obligation to update any forward-looking statement to reflect the impact of circumstances or events that arise after the date of this Annual Report.

ITEM 7A - QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and as such are not required to provide information under this item.

ITEM 8 - FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The Company's financial statements required by this item are included on pages F-1 through F-26 of this Annual Report. See Item 15(a)(l) for a listing of financial statements provided.

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

None.

ITEM 9A - CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As of December 31, 2021, our management conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended ("Exchange Act"), under the supervision of and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer. Based on that evaluation, our management, including the Chief Executive Officer and Chief Financial Officer, concluded that our disclosure controls and procedures were effective on December 31, 2021, and during the period prior to and including the date of this report.

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected.

Management's Report on Internal Control over Financial Reporting

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer (principal executive officer), is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act. We have designed our internal controls to provide reasonable assurance that our financial statements are prepared in accordance with generally accepted accounting principles in the United States (U.S. GAAP), and include those policies and procedures that:

- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and disposition of our assets;

- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorization of our management and directors; and

- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Our management conducted an evaluation of the effectiveness of our internal controls over financial reporting as of December 31, 2021. In making this evaluation, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in its 2013 *Internal Control — Integrated Framework*.

Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our internal controls over financial reporting were effective as of the end of the period covered in this Annual Report on Form 10-K.

This Annual Report 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 rules of the SEC that permit the Company to provide only management's report in this Annual Report on Form 10-K.

Prior Period Material Weakness in Internal Control Over Financial Reporting

A material weakness is a control deficiency or a combination of control deficiencies that result in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected. Our management had concluded that, as of December 31, 2020, we did not maintain effective controls over the preparation, review, presentation and disclosure of our financial statements. Specifically, we noted the following.

- Management had not implemented policies and procedures to recognize revenue equal to the amount allocated from revenue sharing arrangements with partners. Specifically, invoices of such arrangements are not agreed to approved price list before recording and related write-offs and credit memos for payments to be received are not reviewed or approved by management.

- The Company did not have accounting policies and procedures to specify the correct treatment for estimating the allowance for doubtful accounts and bad debt expense of recruitment services. Specifically, a supporting analysis was not prepared for estimating the allowance for doubtful accounts and bad debt expense. Delinquent accounts receivable were not reviewed.

- Accounting procedures were not sufficiently formal that management could determine whether the control objective was met, documentation supporting the procedures was in place, and personnel routinely knew the procedures that needed to be performed. Specifically, data from foreign subsidiaries underlying financial statements was not captured completely, accurately, and timely, in accordance with the entity's policies and procedure

Remediation of Material Weakness

During fiscal 2021, we continued our initiatives to improve and remediate material weaknesses related to our internal control over financial reporting for the period ended December 31, 2020. Specifically:

- We expanded our corporate accounting staff and added qualified personnel with knowledge of U.S. GAAP,

- We engaged an outside consultant to assist the Company on internal control issues, including appropriate documentation for policies and procedures;

- We improved financial reporting processes that strengthened monthly and quarterly closing processes and monthly review of the financial reports by the Company's Finance Department leadership.

The actions described above, in addition to others implemented throughout fiscal 2021, resulted in remediation of the material weakness reported as of December 31, 2020 and created improvements in controls and strengthened the Company's internal control over financial reporting.

Limitations on the Effectiveness of Controls

The effectiveness of any system of internal control over financial reporting, including ours, is subject to inherent limitations, including the exercise of judgment in designing, implementing, operating and evaluating the controls and procedures, and the inability to eliminate misconduct completely. Accordingly, any system of internal control over financial reporting, including ours, no matter how well designed and operated, can only provide reasonable, not absolute assurances. In addition, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. We intend to continue to monitor and upgrade our internal controls as necessary or appropriate for our business but cannot assure you that such improvements will be sufficient to provide us with effective internal control over financial reporting.

Changes in Internal Control over Financial Reporting

During the fiscal year ended December 31, 2021, we enhanced the overall internal control structure by implementing additional review and approval policies and procedures within our operations as noted above. There have been no other changes in our internal control over financial reporting that occurred during our fiscal year ended December 31, 2021, that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

ITEM 9B - OTHER INFORMATION

None.

ITEM 9C – DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTION

Not applicable.

PART III

ITEM 10 - DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

With the exception of the description of our Code of Business Conduct and Ethics below, the information required by this item is incorporated herein by reference from the discussion under the headings “Directors and Director Compensation,” “Corporate Governance,” “Executive Officers” and “Other Matters—Delinquent Section 16(a) Reports” in our definitive Proxy Statement to be filed in connection with our 2022 Annual Meeting of Stockholders (our “2022 Proxy Statement”).

Code of Business Conduct and Ethics

We have adopted a Code of Business Conduct and Ethics that applies to all of our employees, officers and directors, including those officers responsible for financial reporting. The code of business conduct and ethics is available on our corporate website at www.ipdnusa.com. Any amendment to, or waiver from, a provision of such code of ethics will be posted on our website. Information on the Company’s website is not incorporated by reference herein.

ITEM 11 - EXECUTIVE COMPENSATION

Information regarding director and executive compensation is incorporated by reference from the discussion under the headings “Directors and Director Compensation” and “Executive Officers and Executive Compensation” in our definitive Proxy Statement to be filed in connection with our 2022 Proxy Statement.

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

Certain of the information required by this item is incorporated herein by reference from the discussion under the heading “Security Ownership of Certain Beneficial Holders and Management” in our definitive Proxy Statement to be filed in connection with our 2022 Proxy Statement.

Securities Authorized for Issuance under Equity Compensation Plans

The following table provides information as of December 31, 2021, with respect to shares of our common stock that may be issued under our existing equity compensation plans:

Equity Compensation Plan Information

Plan category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted - average exercise price of outstanding options	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by our shareholders (1)	225,650	$ 4.52	964,156
Equity compensation plans not approved by our shareholders	-	-	-
Total	225,650	$ 4.52	964,156

(1) Includes outstanding stock options to purchase shares of our common stock and outstanding restricted stock awards pursuant to the Company’s 2013 Equity Compensation Plan, as amended. Each of these plans has been approved by our stockholders.

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

The information required by this item is incorporated herein by reference from the discussion under the headings “Certain Transactions and Business Relationships” and “Corporate Governance” in the 2021 Proxy Statement.

ITEM 14 - PRINCIPAL ACCOUNTANT FEES AND SERVICES

Our independent registered public accounting firm is Ciro E. Adams, CPA, LLC, Wilmington, Delaware (Auditor Firm ID No. 5938). The information required by this item is incorporated herein by reference from the discussion under the heading "Ratification of Appointment of Independent Registered Public Accounting Firm" in the 2021 Proxy Statement.

PART IV

ITEM 15 - EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

1. Financial Statements

The financial statements and schedules listed in the accompanying Index to Financial Statements on page F-1 are filed as part of this report.

2. Financial Statement Schedules

The financial statement schedules have been omitted because they are not applicable or because the required information is given in the consolidated financial statements and notes thereto.

3. Exhibits

The exhibits listed on the Index to Exhibits (pages 41 through 42) are filed as part of this Annual Report.

ITEM 16. FORM 10-K SUMMARY

None.

Exhibit Number	Description of Exhibit
2.1	Agreement and Plan of Merger among the Company, NAPW Merger Sub, Inc., NAPW, Inc. and Matthew B. Proman, dated as of July 11, 2014 (incorporated herein by reference to the Company's Current Report on Form 8-K filed with the SEC on July 14, 2014).
2.2	Stock Purchase Agreement, dated as of August 12, 2016, by and between Professional Diversity Network, Inc. and Cosmic Forward Limited, including as Exhibit A the form of Stockholders' Agreement (incorporated herein by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed with the SEC on August 15, 2016).
3.1	Amended and Restated Certificate of Incorporation of the Company, as amended through October 17, 2016 (incorporated herein by reference to Exhibit 3.1 of the Company's Registration Statement on Form S-3 filed with the SEC on October 18, 2021).
3.2	Second Amended and Restated Bylaws of the Company, as amended (incorporated herein by reference to Exhibit 3.2 of the Company's Current Report on Form 8-K filed with the SEC on November 8, 2016).
4.1	Common Stock Certificate (incorporated herein by reference to Exhibit 4.1 of Amendment No. 12 to the Company's Registration Statement on Form S-1 (No. 333-181594), filed with the SEC on February 28, 2013).
4.2	Form of Underwriters' Warrant (incorporated herein by reference to Exhibit 1.1 of Amendment No. 12 to the Company's Registration Statement on Form S-1 (No. 333-181594), filed with the SEC on February 28, 2013).
10.1	Stockholders' Agreement, dated as of November 7, 2016, by and among Professional Diversity Network, Inc., Cosmic Forward Limited, Maoji (Michael) Wang, Jingbo Song, Yong Xiong Zheng and Nan Nan Kou (incorporated herein by reference to Exhibit 4.9 to the Company's Current Report on Form 8-K filed with the SEC on November 8, 2016).
10.2#	Amended and Restated Professional Diversity Network, Inc. 2013 Equity Compensation Plan (incorporated herein by reference to Appendix A to the Company's proxy statement on Schedule 14A filed with the SEC on April 30, 2021).
10.3	Form of Securities Purchase Agreement entered into with accredited investors dated July 6, 2021 (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on July 8. 2021).
10.4*#	Employment Agreement between the Company and Adam He, dated as of June 25, 2020.
10.5#	Employment Agreement between the Company and Larry Aichler, dated as of August 26, 2021 (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on August 30, 2021).
21*	List of Subsidiaries of the Company
23.1*	Consent of Ciro E. Adams, CPA, LLC.
24	Powers of Attorney (included on the signature page to this report)
31.1*	Certification of Chief Executive Officer pursuant to Exchange Act Rule 13a-14(a) or Rule 15d-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Chief Financial Officer pursuant to Exchange Act Rule 13a-14(a) or Rule 15d-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1*	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2*	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Labels Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith

\# Denotes a management contract or compensation plan or arrangement

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on March 31, 2022.

PROFESSIONAL DIVERSITY NETWORK, INC.

By:	*/s/ Xin (Adam) He*
Name:	Xin (Adam) He
Title:	Chief Executive Officer (Principal Executive Officer)

INDEX TO FINANCIAL STATEMENTS

CIRO E. ADAMS, CPA, LLC

Client service, first and foremost.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and
Stockholders of Professional Diversity Network, Inc.
Chicago, IL 60603-5713

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Professional Diversity Network, Inc., (the Company), as of December 31, 2021 and 2020, and the related consolidated statements of operations and comprehensive loss, stockholders' equity, and cash flows for each of the years in the two-year period ended December 31, 2021, and the related notes (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2021, in conformity with accounting principles generally accepted in the United States of America.

Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As more fully described in Note 2, the Company has incurred significant losses, and needs to raise additional funds to meet its obligations and sustain its operations. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's 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 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 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 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 financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Description of the Matter

Revenue Recognition

As described in Note 3 to the consolidated financial statements, the Company derives its revenue from membership fees and recruitment services, which it recognizes ratably over the membership periods and the contractual terms. The Company's revenue recognition processes involve several applications responsible for the initiation, processing, and recording of transactions from the Company's various sales channels, and the calculation of revenue in accordance with the Company's accounting policy.

Auditing the Company's accounting for revenue from recruitment services was challenging due to sales from revenue sharing agreements are estimated by management at time of service. Specifically, sale amounts are not verified by the Company until cash is received, which may occur in subsequent periods. Such delayed verification has led to write-offs and credit memos to adjust to actual sales.

How We Addressed the Matter in Our Audit

We obtained an understanding of internal controls over the Company's accounting for revenue from membership fees and recruitment services. To test the Company's accounting for revenue from recruitment services, we performed substantive audit procedures that included, among others, testing on a sample basis the completeness and accuracy of the underlying data within the Company's billing system, performing data analytics by extracting data from the system to evaluate the completeness and accuracy of recorded revenue and deferred revenue amounts, tracing a sample of sales transactions to source data, and testing a sample of cash to billings reconciliations.

Description of the Matter

Allowance for Doubtful Accounts

As described in Note 3 to the consolidated financial statements, the Company periodically reviews its accounts receivable to determine whether an allowance for doubtful accounts is necessary based on an analysis of past due accounts and other factors that may indicate that the realization of an account may be in doubt. A portion of the uncollectable amounts comprised of adjustments to historical loss information subject to management's estimate and judgment.

Accounting policies and procedures specify the correct treatment for estimating the allowance for doubtful accounts and bad debt expense. However, the methodology of alternative accounting treatments for estimating the allowance for doubtful accounts and bad debt expense was subjected to significant judgment and the potential for bias by management to determine the amount.

How We Addressed the Matter in Our Audit

We obtained an understanding of internal controls over the Company's accounting for an allowance for doubtful accounts. To test the Company's allowance for doubtful accounts, we performed substantive audit procedures that included, among others, selected accounts to confirm and reviewed reconciliations of differences reported on confirmation replies, testing subsequent collections posted to the aged trial balance by examining supporting documents (deposit slips and remittance advices) and matching cash receipts to specific invoices.

Ciro E. Adams, CPA, LLC

Wilmington, DE 19806-1004

March 31, 2022

We have served as the Company's auditor since 2018.

CIRO E. ADAMS, CPA, LLC
Client service, first and foremost.

Professional Diversity Network, Inc. and Subsidiaries
CONSOLIDATED BALANCE SHEETS

	December 31, 2021	December 31, 2020
Current Assets:		
Cash and cash equivalents	$ 3,402,697	$ 2,117,569
Accounts receivable, net	1,389,112	1,005,482
Other receivables	350,000	-
Incremental direct costs	-	36,212
Prepaid expense and other current assets	450,784	355,260
Current assets from discontinued operations	4,600	6,898
Total current assets	5,597,193	3,521,421
Property and equipment, net	29,040	10,382
Capitalized technology, net	43,038	25,867
Goodwill	1,274,785	339,451
Intangible assets, net	968,281	376,178
Right-of-use assets	427,652	487,677
Merchant reserve	380,849	760,849
Security deposits	66,340	66,340
Long-term assets from discontinued operations	197,595	3,085,178
Total assets	$ 8,984,773	$ 8,673,343
Current Liabilities:		
Accounts payable	$ 248,595	$ 728,379
Accrued expenses	1,878,415	1,626,164

Deferred revenue	2,149,885	1,901,129
Stock to be issued	400,000	-
Lease liability, current portion	81,825	46,526
Current liabilities from discontinued operations	420,850	375,276
Total current liabilities	5,179,570	4,677,474
Lease liability, non-current portion	434,938	463,998
Other long-term liabilities	100,000	-
Deferred tax liability	162,360	186,039
Total liabilities	5,876,868	5,327,511
Commitments and contingencies		
Stockholders’ Equity		
Common stock, $0.01 par value; 45,000,000 shares authorized, 16,068,300 shares and 12,820,891 shares issued as of December 31, 2021 and 2020, and 16,067,252 and 12,819,843 shares outstanding as of December 31, 2021 and 2020	160,673	128,198
Additional paid in capital	98,440,172	95,985,080
Accumulated other comprehensive income	6,565	292,506
Accumulated deficit	(95,779,817)	(93,022,835)
Treasury stock, at cost; 1,048 shares at December 31, 2021 and 2020	(37,117)	(37,117)
Total Professional Diversity Network, Inc. stockholders’ equity	2,790,476	3,345,832
Non-controlling interest	317,429	-
Total stockholders’ equity	3,107,905	3,345,832
Total liabilities and stockholders’ equity	$ 8,984,773	$ 8,673,343

The accompanying notes are an integral part of these consolidated financial statements.

Professional Diversity Network, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

	Year Ended December 31,	
	2021	**2020**
Revenues:		
Membership fees and related services	$ 985,446	$ 1,350,527
Recruitment services	4,646,786	2,962,275
Contracted software development	302,882	-
Consumer advertising and marketing solutions	163,485	143,934
Total revenues	6,098,599	4,456,736
Costs and expenses:		
Cost of revenues	1,523,800	787,184
Sales and marketing	2,457,019	1,915,422
General and administrative	4,623,083	6,429,445
Depreciation and amortization	385,161	169,902
Total costs and expenses	8,989,063	9,301,953
Loss from continuing operations	(2,890,464)	(4,845,217)
Other income (expense)		
PPP loan forgiveness	-	651,077
Interest income	8,245	-
Other income (expense), net	(246)	963
Other income (expense), net	7,999	652,040
Loss before income tax benefit	(2,882,465)	(4,193,177)
Income tax benefit	(21,540)	(35,215)
Loss from continuing operations, net of tax	(2,860,925)	(4,157,962)
Loss from discontinued operations	(88,813)	(193,613)
Net loss including non-controlling interests	$ (2,949,738)	$ (4,351,575)
Net loss attributable to non-controlling interests	192,755	-
Net loss attributable to Professional Diversity Network, Inc.	(2,756,983)	(4,351,575)
Other comprehensive loss:		
Net loss	$ (2,756,983)	$ (4,351,575)
Foreign currency translation adjustment	(285,941)	248,264
Comprehensive loss:	$ (3,042,924)	$ (4,103,311)
Basic and diluted loss per share:		
Continuing operations	$ (0.19)	$ (0.37)
Discontinued operations	$ (0.01)	$ (0.02)
Net loss	$ (0.20)	$ (0.39)
Weighted average outstanding shares used in computing net loss per common share:		
Basic and diluted	14,443,478	11,276,228

The accompanying notes are an integral part of these consolidated financial statements.

Professional Diversity Network, Inc. and Subsidiaries
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

	Common Stock		Additional Paid in Capital	Accumulated Deficit	Treasury Stock		Accumulated Other Comprehensive Income (Loss)	Non-controlling Interest in Subsidiary	Total Stockholders' Equity
	Shares	Amount			Shares	Amount			
Balance at January 31, 2020	**8,928,611**	**$ 89,286**	**$ 91,126,784**	**$ (88,671,260)**	**1,048**	**$ (37,117)**	**$ 44,242**	$ -	**$ 2,551,935**
Issuance of common stock	3,891,232	38,912	4,237,915	-	-	-	-	-	4,276,827
Share-based compensation	-	-	620,381	-	-	-	-	-	620,381
Translation adjustments	-	-	-	-	-	-	248,264	-	248,264
Net loss	-	-	-	(4,351,575)	-	-	-	-	(4,351,575)
Balance at December 31, 2020	**12,819,843**	**$ 128,198**	**$ 95,985,080**	**$ (93,022,835)**	**1,048**	**$ (37,117)**	**$ 292,506**	$ -	**$ 3,345,832**
Issuance of common stock	3,069,355	30,694	4,414,257	-	-	-	-		4,444,951
Share-based compensation	182,875	1,829	632,511	-	-	-	-		634,340
Common stock cancellations	(4,821)	(48)	48	-	-	-	-		-
Adjustment from discontinued operations	-	-	(2,591,724)	-	-	-	-		(2,591,724)
Noncontrolling interest in subsidiary	-	-	-	-		-		510,184	510,184
Translation adjustments	-	-	-	-	-	-	(285,941)		(285,941)
Net loss	-	-	-	(2,756,983)	-	-	-	(192,755)	(2,949,738)
Balance at December 31, 2021	**16,067,252**	**$ 160,673**	**$ 98,440,172**	**$ (95,779,818)**	**1,048**	**$ (37,117)**	**$ 6,565**	**$ 317,429**	**$ 3,107,905**

The accompanying notes are an integral part of these financial statements.

Professional Diversity Network, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31, 2021	Year Ended December 31, 2020
Cash flows from operating activities:		
Loss from continuing operations	$ (2,860,925)	$ (4,157,962)
Adjustments to reconcile net loss from continuing operations to net cash used in operating activities - continuing operations:		
PPP loan forgiveness	-	(651,077)
Depreciation and amortization	385,161	169,903
Deferred tax benefit	(21,540)	(35,215)
Amortization of right-of-use asset	66,264	116,098
Accretion of lease liability	-	2,318
Share-based compensation expense	634,339	620,381
Litigation settlement reserve	175,000	1,474,922
Reduction of merchant reserve	380,000	-
Write-off of property and equipment	-	1,232
Payment of lease obligations	-	(107,401)
Changes in operating assets and liabilities, net of effects of discontinued operations:		
Accounts receivable	(383,630)	(284,732)
Prepaid expenses and other current assets	(95,524)	(114,497)
Incremental direct costs	36,212	(2,954)
Accounts payable	(481,920)	(834,259)
Accrued expenses	77,252	263,574
Deferred revenue	248,756	202,128
Net cash used in operating activities - continuing operations	(1,840,555)	(3,337,541)
Net cash used in operating activities - discontinued operations	(33,445)	(198,535)
Net cash used in operating activities	**(1,874,000)**	**(3,536,076)**
Cash flows from investing activities:		
Costs incurred to develop technology	(49,970)	(3,700)
Purchases of property and equipment	(24,940)	(10,404)
Payment of security deposit	(350,000)	(51,307)
Acquisition of equity interest in RemoteMore USA, Inc.	(863,333)	-
Net cash used in investing activities - continuing operations	(1,288,243)	(65,411)
Net cash provided by investing activities - discontinued operations	-	-
Net cash provided used in investing activities	**(1,288,243)**	**(65,411)**
Cash flows from financing activities:		
Proceeds from the sale of common stock	4,444,951	4,276,827
Proceeds from short-term loan	-	651,077
Net cash provided by financing activities - continuing operations	4,444,951	4,927,904
Net cash provided by financing actvities - discontinued operations	-	-
Net cash provided by financing activities	**4,444,951**	**4,927,904**
Effect of exchange rate fluctuations on cash and cash equivalents	2,420	157,537
Net increase in cash and cash equivalents	1,285,128	1,483,954
Cash, cash equivalents, beginning of period	2,117,569	633,615

Cash and cash equivalents, end of period	**3,402,697**	**2,117,569**
Supplemental disclosures of other cash flow information:		
Cash paid for income taxes	$ 2,558	$ -
Cash paid for interest	$ -	$ -
Supplemental disclosures of non cash flow information:		
PPP loan forgiveness	$ -	$ 651,077

The accompanying notes are an integral part of these consolidated financial statements.

Professional Diversity Network, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Description of Business

Professional Diversity Network, Inc. is both the operator of the Professional Diversity Network (the "Company," "we," "our," "us," "PDN Network," "PDN" or the "Professional Diversity Network") and a holding company for NAPW, Inc., a wholly-owned subsidiary of the Company and the operator of the National Association of Professional Women (the "NAPW Network" or "NAPW"). The PDN Network operates online professional networking communities with career resources specifically tailored to the needs of different diverse cultural groups including: Women, Hispanic-Americans, African-Americans, Asian-Americans, Disabled, Military Professionals, Lesbians, Gay, Bisexual, Transgender and Queer (LGBTQ+), and Students and Graduates seeking to transition from education to career. The networks' purposes, among others, are to assist its registered users in their efforts to connect with like-minded individuals, identify career opportunities within the network and connect with prospective employers. The Company's technology platform is integral to the operation of its business.

The NAPW Network is networking organization for professional women, whereby its members can develop their professional networks, further their education and skills, and promote their business and career accomplishments. NAPW provides its members with opportunities to network and develop valuable business relationships with other professionals through its website, as well as at events hosted at its local chapters across the country.

RemoteMore USA is an innovative, global entity that provides remote-hiring marketplace services for developers and companies. Companies are connected with reliable, cost-efficient, vetted developers, and empowers every developer to get a meaningful job regardless of their location.

In March 2020, our Board of Directors decided to suspend all China operations generated by the former CEO, Michael Wang. The results of China operations are presented in the consolidated statements of operations and comprehensive loss as net loss from discontinued operations. On March 19, 2020, Jiangxi PDN Culture Media Co., Ltd. ("Jiangxi PDN"), a company established under the laws of the People's Republic of China and a variable interest entity (VIE) controlled by Professional Diversity Network, Inc. ("PDN"), issued a Notice of Termination of the Agreement of Acquisition and Equity Transfer (the "Termination"). This Notice was exercised under Jiangxi PDN's unilateral right and was delivered on March 19, 2020. Under the terms of the Termination, no additional due diligence shall be completed, any materials shall be returned to the respective owners, and there shall be no breakup fee or penalty associated with this Termination. We expect no further involvement in this matter.

2. Going Concern and Management's Plans

At December 31, 2021, the Company's principal sources of liquidity were its cash and cash equivalents and the net proceeds from the sale of common stock during the twelve months ended December 31, 2021.

The Company had an accumulated deficit of ($95,779,817) at December 31, 2021. During the year ended December 31, 2021, the Company generated a net loss from continuing operations of approximately ($2,861,000) and used cash in continuing operations during the twelve months ended December 31, 2021, of approximately $1,841,000. At December 31, 2021, the Company had a cash balance of $3,402,697. Total revenues during the year ended December 31, 2021, were approximately $6,099,000 compared to total revenues of approximately $4,457,000 during the year ended December 31, 2020. The Company had a working capital from continuing operations of approximately $418,000 and a working capital deficit from continuing operations of approximately ($1,156,000) at December 31, 2021 and 2020. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent on the Company's ability to further implement its business plan, raise capital, and generate revenues. The consolidated financial information contained herein does not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

Management believes that its available cash on hand and cash flows from operations may be sufficient to meet our working capital requirements for the next twelve months, however, in order to accomplish our business plan objectives, the Company will need to continue its cost reduction efforts, increase revenues, raise capital through the issuance of common stock, or through a strategic merger or acquisition. There can be no assurances that our business plans and actions will be successful, that we will generate anticipated revenues, or that unforeseen circumstances will not require additional funding sources or impact plans to conserve liquidity. Future efforts to improve liquidity through the issuance of our common stock may not be successful, or if available, they may not be negotiable on acceptable terms.

3. Summary of Significant Accounting Policies

Basis of Presentation - The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Use of Estimates – The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Making estimates requires management to exercise significant judgment. It is at least reasonably possible that the estimate of the effect of a condition, situation or set of circumstances that existed at the date of the consolidated financial statements, which management considered in formulating its estimate, could change in the near term due to one or more future intervening events. Accordingly, the actual results could differ significantly from estimates.

Significant estimates underlying the financial statements include the fair value of acquired assets and liabilities associated with acquisitions; assessment of goodwill impairment, other intangible assets and long-lived assets for impairment; allowances for doubtful accounts and assumptions related to the valuation allowances on deferred taxes, impact of applying the revised federal tax rates on deferred taxes, the valuation of stock-based compensation and the valuation of stock warrants.

Principles of Consolidation - The accompanying consolidated financial statements include the accounts of the Company, its wholly owned subsidiaries, and those subsidiaries where less than 50 percent is owned but consolidation is required. All significant intercompany balances and transactions have been eliminated in consolidation.

Cash Equivalents - The Company considers cash equivalents to include all short-term, highly liquid investments that are readily convertible to known amounts of cash and have original maturities of three months or less.

Accounts Receivable - Accounts receivable represent receivables generated from fees earned from customers and advertising revenue. The Company's policy is to reserve for uncollectible accounts based on its best estimate of the amount of probable credit losses in its existing accounts receivable. The Company periodically reviews its accounts receivable to determine whether an allowance for doubtful accounts is necessary based on an analysis of past due accounts and other factors that may indicate that the realization of an account may be in doubt. Account balances deemed to be uncollectible are charged to the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. As of December 31, 2021 and 2020, the allowance for doubtful accounts was $247,190 and $156,927.

Other Receivables – Other receivables represents amounts that are owed to the Company that are not considered trade receivables. The Company periodically reviews its other receivables for credit risk to determine whether an allowance is necessary and other factors that may indicate that the realization of an account may be in doubt. Account balances deemed to be uncollectible are charged to the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. As of December 31, 2021 the balance in other receivables as reported on the consolidated balance sheet was deemed collectible. There was no comparable transaction in fiscal 2020.

Incremental Direct Costs - Incremental direct costs incurred in connection with enrolling members in the NAPW Network consist of sales commissions paid to the Company's direct sales agents. Incremental direct costs associated with the PDN Network consists of commissions paid to third-party agencies. Total incremental direct costs related to the NAPW and PDN Network during the years ended December 31, 2021 and 2020 was $149,000 and $107,000.

Property and Equipment - Property and equipment is stated at cost, including any cost to place the property into service, less accumulated depreciation. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets which currently range from three to five years. Leasehold improvements are amortized over the shorter of their estimated useful lives or the term of the lease. Maintenance, repairs and minor replacements are charged to operations as incurred; major replacements and betterments are capitalized. The cost of any assets sold or retired and related accumulated depreciation are removed from the accounts at the time of disposition, and any resulting profit or loss is reflected in income or expense for the period. Depreciation expense for the years ended December 31, 2021 and 2020 was $6,281 and $19,978, respectively, and is recorded in depreciation and amortization expense in the accompanying consolidated statements of operations.

Lease Obligations - The Company leases office space and equipment under various operating lease agreements, including an office for its corporate headquarters, as well as office spaces for its events business, sales and administrative offices under non-cancelable lease arrangements that provide for payments on a graduated basis with various expiration dates.

On September 23, 2020, the Company entered into a new office lease agreement for its corporate headquarters. The office lease is for 4,902 square feet of office space and the lease term is for 84 months, commencing on October 1, 2020. Additionally, the office lease required a security deposit of $66,340 and the lease agreement provided for a rent abatement of twelve months beginning in October 2020.

Capitalized Technology Costs - In accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 350-40, Internal-Use Software, the Company capitalizes certain external and internal computer software costs incurred during the application development stage. The application development stage generally includes software design and configuration, coding, testing and installation activities. Training and maintenance costs are expensed as incurred, while upgrades and enhancements are capitalized if it is probable that such expenditures will result in additional functionality. Capitalized software costs are amortized over the estimated useful lives of the software assets on a straight-line basis, generally not exceeding three years.

Business Combinations - ASC 805, Business Combinations ("ASC 805"), applies the acquisition method of accounting for business combinations to all acquisitions where the acquirer gains a controlling interest, regardless of whether consideration was exchanged. ASC 805 establishes principles and requirements for how the acquirer: a) recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any non-controlling interest in the acquiree; b) recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase; and c) determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. Accounting for acquisitions requires the Company to recognize, separately from goodwill, the assets acquired, and the liabilities assumed at their acquisition-date fair values. Goodwill as of the acquisition date is measured as the excess of consideration transferred and the net of the acquisition-date fair values of the assets acquired and the liabilities assumed. While the Company uses its best estimates and assumptions to accurately value assets acquired and liabilities assumed at the acquisition date, the estimates are inherently uncertain and subject to refinement. As a result, during the measurement period, which may be up to one year from the acquisition date, the Company may record adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill. Upon the conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded in the interim financial information. (See Note 4 – Business Combinations.)

Goodwill and Intangible Assets - The Company accounts for goodwill and intangible assets in accordance with ASC 350, Intangibles – Goodwill and Other ("ASC 350"). ASC 350 requires that goodwill and other intangibles with indefinite lives should be tested for impairment annually or on an interim basis if events or circumstances indicate that the fair value of an asset has decreased below its carrying value. (See Note 4 – Business Combinations and Note 7 – Intangible Assets.)

Goodwill is tested for impairment at the reporting unit level on an annual basis (December 31) and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. The Company considers its market capitalization and the carrying value of its assets and liabilities, including goodwill, when performing its goodwill impairment test.

When conducting its annual goodwill impairment assessment, the Company initially performs a qualitative evaluation of whether it is more likely than not that goodwill is impaired. If it is determined by a qualitative evaluation that it is more likely than not that goodwill is impaired, the Company then compares the fair value of the Company's reporting unit to its carrying or book value. If the fair value of the reporting unit exceeds its carrying value, goodwill is not impaired and the Company is not required to perform further testing. If the carrying value of a reporting unit exceeds its fair value, the Company will measure any goodwill impairment losses as the amount by which the carrying amount of a reporting unit exceeds its fair value, not to exceed the total amount of goodwill allocated to that reporting unit.

Treasury Stock – Treasury stock is recorded at cost as a reduction of stockholders' equity in the accompanying balance sheets.

Revenue Recognition – Revenue is recognized when all of the following conditions exist: (1) persuasive evidence of an arrangement exists, (2) services are performed, (3) the sales price is fixed or determinable, and (4) collectability is reasonably assured.

Membership Fees and Related Services

Membership fees are collected up-front and member benefits become available immediately; however, those benefits must remain available over the 12-month membership period. At the time of enrollment, membership fees are recorded as deferred revenue and are recognized as revenue ratably over the 12-month membership period. Members who are enrolled in this plan may cancel their membership in the program at any time and receive a partial refund (amount remaining in deferred revenue) or due to consumer protection legislation, a full refund based on the policies of the member's credit card company.

We also offer a monthly membership for which we collect fees on a monthly basis and we recognize revenue in the same month as we collect the monthly fees.

Revenue from related membership services are derived from fees for development and set-up of a member's personal on-line profile and/or press release announcements. Fees related to these services are recognized as revenue at the time the on-line profile is complete, and a press release is distributed.

Products offered to NAPW members relate to custom made plaques. Product sales are recognized as deferred revenue at the time the initial order is placed. Revenue is then recognized at the time these products are shipped. The Company's shipping and handling costs are included in cost of sales.

Deferred Revenue – Deferred revenue includes customer payments which are received prior to performing services and revenues are recognized upon the completion of these services. Annual membership fees collected at the time of enrollment are recognized as revenue ratably over the membership period, which are typically for a 12-month membership period.

Recruitment Services

The Company's recruitment services revenue is derived from the Company's agreements through single and multiple job postings, recruitment media, talent recruitment communities, basic and premier corporate memberships, hiring campaign marketing and advertising, e-newsletter marketing and research and outreach services. Recruitment revenue includes revenue recognized from direct sales to customers for recruitment services and events, as well as revenue from the Company's direct e-commerce sales. Direct sales to customers are most typically a twelve-month contract for services and as such the revenue for each contract is recognized ratably over its twelve-month term. Event revenue is recognized in the month that the event takes place and e-commerce sales are for one-month job postings and the revenue from those sales are recognized in the month the sale is made. Our recruitment services mainly consist of the following products:

- On-line job postings to our diversity sites and to our broader network of websites including the National Association for the Advancement of Colored People, National Urban League and over 20 other partner organizations

- OFCCP job promotion and recordation services
- Diversity job fairs, both in person and virtual fairs
- Diversity recruitment job advertising services
- Cost per application, a service that employers can purchase whereby PDN sources qualified candidates and charges only for those applicants who meet the employers' minimum qualifications
- Diversity executive staffing services

Contracted software Development

RemoteMore generates revenue by providing contracted programmers to assist customers with their software solutions through customized software development. Revenues are recognized in the period work is performed.

Consumer Advertising and Marketing Solutions

The Company provides career opportunity services to its various partner organizations through advertising and job postings on their websites. The Company works with its partners to develop customized websites and job boards where the partners can generate advertising, job postings and career services to their members, students and alumni. Consumer advertising and marketing solutions revenue is recognized as jobs are posted to their hosted sites.

The Company's partner organizations include NAACP and National Urban League, VetJobs, among others.

Discontinued Operations

China Operations

The Company's operations in China have been suspended since December 2019. On March 4, 2020 the Board decided to discontinue all of the Company's operations in the People's Republic of China, namely PDN (China) International Culture Development Co. Ltd., a wholly owned subsidiary of the Company, Jiangxi PDN Culture Media Co., Ltd. ("PDN Jiangxi"), a variable interest entity controlled by of the Company, and the joint venture between PDN Jiangxi, Guangzhou Zengcheng District Zhili Education Training Center, and Guangzhou Angye Education Consulting Co. Ltd.

The Company previously disclosed in its Form 10-K for the year ending December 31, 2019 (the "2019 10-K") and subsequently that the assets of PDN China were frozen by Chinese local authorities in November 2019 in connection with the criminal investigation of alleged illegal public fund raising by Gatewang Group (the "Gatewang Case"), a separate company organized under the laws of the People's Republic of China ("Gatewang"), with which Mr. Maoji (Michael) Wang, the former Chairman and CEO of the Company was affiliated. A subsequent investigation led by a special committee of the Board concluded that it did not find any evidence that the Company or PDN China has engaged in the criminal activity of illegal fund-raising as alleged against Gatewang. The Company subsequently discontinued all of its operations in China.

The Company also previously disclosed in the 2019 Form 10-K that although the seizure of PDN China's assets had been lifted in March 2020, however on April 22, 2021, the Company learned that RMB 18,841,064.15 (approximately $2.9 million) had been seized from the PDN China Account by Longxu District Court of Wuzhou City in Guangxi Province to satisfy a judgment in favor of the plaintiffs in the Gatewang Case. On April 26, 2021, the Company concluded that the seizure of such cash assets is a material reduction of Company assets. The Company has reflected the seizure of these cash funds in its condensed consolidated balance sheets.

The Company has asserted its claim to these funds as the genuine owner to the Chinese officials and asked for their return. The Company plans to pursue all possible legal alternatives to have these funds returned to the Company, but such return is uncertain at this time.

All historical operating results for the Company's China operations are included in loss from discontinued operations, net of tax, in the accompanying consolidated statement of operations. For the year ended December 31, 2021, loss from discontinued operations was approximately ($112,000) compared to a loss from discontinued operations of ($216,000) for the year ended December 31, 2020.

Assets and liabilities of China operations are now included in current assets and long-term assets from discontinued operations, and current liabilities and long-term liabilities from discontinued operations. As of December 31, 2021, current assets from discontinued operations were approximately $4,600, compared to approximately $6,900 as of December 31, 2020, and long-term assets from discontinued operations were approximately $198,000 at December 31, 2021, compared to approximately $3,085,000 as of December 31, 2020. As of December 31, 2021, current liabilities from discontinued operations were approximately $421,000, compared to approximately $375,000 as of

December 31, 2020.

Operating Results of Discontinued Operations

The following table represents the components of operating results from discontinued operations, net of intercompany eliminations, as presented in the consolidated statements of operations and comprehensive loss for the years ended December 31, 2021 and 2020:

	Year Ended December 31, 2021	Year Ended December 31, 2020
Revenues	$ -	$ -
Cost of Sales	43,221	12,963
Depreciation and amortization	-	-
Sales and marketing	-	2,856
General and administrative	46,256	170,196
Non-operating (expense) income	(664)	(8,301)
Loss from discontinued operations before income tax	(88,813)	(193,613)
Income tax expense	-	-
Net loss from discontinued operations	$ (88,813)	$ (193,613)

Advertising and Marketing Expenses – Advertising and marketing expenses are expensed as incurred or the first time the advertising takes place. The production costs of advertising are expensed the first time the advertising takes place. For the years ended December 31, 2021 and 2020, the Company incurred advertising and marketing expenses of approximately $887,000 and $681,000. These amounts are included in sales and marketing expenses in the accompanying statements of operations.

Concentrations of Credit Risk **-** Financial instruments, which potentially subject the Company to concentration of credit risk, consist principally of cash and cash equivalents and accounts receivable. The Company places its cash with high credit quality institutions. At times, such amounts may be in excess of the FDIC insurance limits. The Company has not experienced any losses in such accounts and believes that it is not exposed to any significant credit risk on the account.

Income Taxes **-** The Company accounts for income taxes in accordance with ASC 740, Income Taxes, which requires that the Company recognize deferred tax liabilities and assets based on the differences between the financial statement basis and tax basis of assets and liabilities, using enacted tax rates in effect for the year in which the differences are expected to reverse. The Company estimates the degree to which tax assets and credit carryforwards will result in a benefit based on expected profitability by tax jurisdiction. A valuation allowance for such tax assets and loss carryforwards is provided when it is determined to be more likely than not that the benefit of such deferred tax asset will not be realized in future periods. If it becomes more likely than not that a tax asset will be used, the related valuation allowance on such assets would be reduced.

ASC 740 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with ASC 740-20 and prescribes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. There were no unrecognized tax benefits as of December 31, 2021. The Company is currently not aware of any issues under review that could result in significant payments, accruals or material deviation from its position.

The Company may be subject to potential income tax examinations by federal or state authorities. These potential examinations may include questioning the timing and amount of deductions, the nexus of income among various tax jurisdictions and compliance with federal and state tax laws. Management does not expect that the total amount of unrecognized tax benefits will materially change over the next twelve months. Tax years that remain open for assessment for federal and state tax purposes include the years ended December 31, 2017 through 2020.

The Company's policy for recording interest and penalties associated with audits is to record such expense as a component of income tax expense. There wereno amounts accrued for penalties or interest as of September 30, 2020.

Fair Value of Financial Assets and Liabilities **-** Financial instruments, including cash and cash equivalents, short-term investments and accounts payable, are carried at cost. Management believes that the recorded amounts approximate fair value due to the short-term nature of these instruments.

Net Loss per Share **-** The Company computes basic net loss per share by dividing net loss available to common stockholders by the weighted average number of common shares outstanding for the period and excludes the effects of any potentially dilutive securities. Diluted earnings per share, if presented, would include the dilution that would occur upon the exercise or conversion of all potentially dilutive securities into common stock using the "treasury stock" and/or "if converted" methods as applicable. The computation of basic net loss per share for the years ended December 31, 2021 and 2020 excludes the potentially dilutive securities summarized in the table below because their inclusion would be anti-dilutive.

	As of December 31, 2021	As of December 31, 2020
Warrants to purchase common stock	-	125,000
Stock options	36,126	66,126
Unvested restricted stock	159,524	206,775
Total dilutive securities	195,650	397,901

Reclassifications **-** Certain prior year amounts in the Consolidated Statements of Operations and Comprehensive Loss have been reclassified to conform with the current year presentation.

Recent Accounting Pronouncements

In December 2019, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") ASU 2019-12, *Simplifying the Accounting for Income Taxes,* as part of its Simplification Initiative to reduce the cost and complexity in accounting for income taxes. ASU 2019-12 removes certain exceptions related to the approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period, and the recognition of deferred tax liabilities for outside basis differences. ASU 2019-12 also amends other aspects of the guidance to help simplify and promote consistent application of Generally Accepted Accounting Principles. The guidance is effective for interim and annual period beginning after December 15, 2020, with early adoption permitted. The Company will adopt ASU 2019-12 during the first quarter of 2021 and the adoption of ASU 2019-12 will affect the classification of income taxes but is not expected to impact reported results in the consolidated financial statements.

4. Business Combinations

On September 20, 2021, the Company acquired a 45.62% interest in RemoteMore USA, Inc. ("RemoteMore"), a software developer recruiting company, for an estimated total purchase price of $1,363,333, paying $863,333 in cash and $500,000 to be paid in one year (see below). The acquisition is expected to significantly grow the Company's revenues and recruiting platform and also included bringing onboard Boris Krastev and Boris Borisov, the co-founders of RemoteMore.

The purchase price allocation as of the date of the acquisition was based on a detailed analysis about the fair value of assets acquired. No liabilities were assumed. The major classes of assets to which we have allocated the purchase price were as follows:

Goodwill	$	935,334
Intangible assets		427,999
	$	1,363,333

The goodwill recognized in connection with the acquisition is primarily attributable to anticipated synergies from future growth and is expected to be deductible for tax purposes.

Intangible assets purchased in connection with the acquisition primarily represent contracts acquired, and to a lesser extent trademarks, and are reflected in the Company's consolidated balance sheets at gross amounts, net of accumulated amortization (see Note 7 – Intangible Assets).

Operations for RemoteMore are included in the Company's consolidated financial statements at gross amounts as the Company has significant influence in the way RemoteMore operates. The 54.38% interest retained by the seller are included in the Company's consolidated financial statements as noncontrolling interest. From September 20, 2021, through December 31, 2021, RemoteMore generated approximately $303,000 of revenues and incurred approximately $655,000 of operating costs, for a loss before income taxes of approximately $354,000.

RemoteMore was incorporated in December 2020 and did not begin operations until on or about July 1, 2021. From January 1, 2021, through the acquisition date of September 20, 2021, revenues and expenses would have been deemed immaterial to the Company's consolidated financial statements. The Company expects to fully realize its interest in the revenues with associated with the contracts acquired (see Note 7 – Intangible Assets).

In February 2022, in connection with the September 2021 acquisition of the 45.62% interest in RemoteMore USA, Inc., the Company issued 279,720 shares of its common stock, with a value of $400,000, to the co-founders of RemoteMore. The Company has the option to purchase up to an additional 20% interest in RemoteMore for $100,000.

5. Revenue Recognition

The Company recognizes revenue under the core principle of ASC 606, to depict the transfer of control to its customers in an amount reflecting the consideration to which it expects to be entitled. In order to achieve that core principle, the Company has applied the following five-step approach: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when a performance obligation is satisfied.

The Company's contracts with customers may provide for multiple promised goods and services. The Company typically analyzes the contract and identifies the performance obligations by evaluating whether the promised goods and services are capable of being distinct within the context of the contract at contract inception. Promised goods and services that are not distinct at contract inception are combined. The next step after identifying the performance obligations is determining the transaction price, which includes the impact of variable consideration, based on contractually fixed amounts and an estimation of variable consideration. The Company allocates the transaction price to each performance obligation based on relative stand-alone selling price. Judgment is exercised to determine the stand-alone selling price of each distinct performance obligation. The Company estimates the standalone selling price by reference to the total transaction price less the sum of the observable stand-alone selling prices of other goods or services promised in the contract. In general, transaction price is determined by estimating the fixed amount of consideration to which we are entitled for transfer of goods and services and all relevant sources and components of variable consideration. Revenues are generally recognized when control of the promised goods or services is transferred to their customers either at a point in time or over time, in an amount that reflects the consideration it expects to be entitled to in exchange for those goods or services.

Many of the Company's contracts have one performance obligation and all consideration is allocated to that performance obligation and recognized at a point in time contemporaneous when the service is performed or with the date of the event.

The Company may have contracts where there is an extended timing difference between payment and the time when control of the goods or services is transferred to the customer.

Nature of Goods and Services

The following is a description of principal activities from which the Company generates its revenue:

Recruitment Services

The Company's recruitment services revenue is derived from the Company's agreements through single and multiple job postings, recruitment media, talent recruitment communities, basic and premier corporate memberships, hiring campaign marketing and advertising, e-newsletter marketing and research and outreach services. Recruitment revenue includes revenue recognized from direct sales to customers for recruitment services and events, as well as revenue from the Company's direct e-commerce sales. Direct sales to customers are most typically a twelve-month contract for services and as such the revenue for each contract is recognized ratably over its twelve-month term. Event revenue is recognized in the period that the event takes place and e-commerce sales are for sixty-to-ninety-day job postings and the revenue from those sales are recognized when the service is provided. The Company's recruitment services mainly consist of the following products:

- On-line job postings to our diversity sites and to our broader network of websites including the National Association for the Advancement of Colored People, National Urban League, Kappa Alpha Psi, Phi Beta Sigma and many other partner organizations;
- OFCCP job promotion and recordation services;
- Diversity job fairs, both in person and virtual fairs;
- Diversity recruitment job advertising services;
- Cost per application, a service that employers can purchase whereby PDN sources qualified candidates and charges only for those applicants who meet the employers' minimum qualifications; and
- Diversity executive staffing services.

Membership Fees and Related Services

Membership fees of longer than one month are collected up-front and member benefits become available immediately; however, those benefits must remain available over the 12-month membership period. At the time of enrollment, membership fees are recorded as deferred revenue and are recognized as revenue ratably over the 12-month membership period. Members who are enrolled in this plan may cancel their membership in the program at any time and receive a partial refund (amount remaining in deferred revenue) or due to consumer protection legislation, a full refund based on the policies of the member's credit card company.

The Company also offers monthly memberships for which it collects fees on a monthly basis and recognizes revenue in the same month as the fees are collected.

Revenue from related membership services are derived from fees for development and set-up of a member's personal on-line profile and/or press release announcements. Fees related to these services are recognized as revenue at the time the on-line profile is complete and press release is distributed.

Products offered to members relate to custom made plaques. Product sales are recognized as deferred revenue at the time the initial order is placed. Revenue is then recognized at the time these products are shipped. The Company's shipping and handling costs are included in cost of sales in the accompanying condensed consolidated statements of operations.

Contracted software Development

Revenues for RemoteMore are generated from providing customized software solutions to customers and are recognized in the period work is performed.

Consumer Advertising and Marketing Solutions

The Company provides career opportunity services to its various partner organizations through advertising and job postings on their websites. The Company works with its partners to develop customized websites and job boards where the partners can generate advertising, job postings and career services to their members, students and alumni. Consumer advertising and marketing solutions revenue is recognized as jobs are posted to their hosted sites.

Revenue Concentration

The Company, in alliance with another company, partners to sell two recruitment services products. This alliance member builds, hosts, and manages the Company's job boards and website. This alliance member also bills customers, collects fees, and provides customer services. The Company derives 25% of our recruitment services revenue from this alliance relationship.

Disaggregation of revenue

Revenue is disaggregated by product line and timing of transfer of products and services (see Note 15 - Segment Information).

Contract Balances

The Company's rights to consideration for work completed, but not billed at the reporting date, is classified as a receivable, as it has an unconditional right to payment or only conditional for the passage of time. The Company has no recorded contract assets as of December 31, 2021.

Consideration received in advance from customers is recorded as a contract liability, if a contract exists under ASC 606, until services are delivered, or obligations are met and revenue is earned. Contract liability represents the excess of amounts invoiced over amounts recognized as revenues. Contract liabilities to be recognized in the succeeding twelve-month period are classified as current contract liabilities and the remaining amounts, if any, are classified as non-current contract liabilities. Contract liabilities of approximately $2,150,000 are included in current deferred revenues, on the condensed consolidated balance sheets as of December 31, 2021. For the three months ended December 31, 2021, we recognized revenue associated with contract liabilities of approximately $1,277,000 that were included in the contract liabilities balance at the beginning of the period.

Transaction price allocated to the remaining performance obligations

The Company applies the optional exemptions and does not disclose: a) information about remaining performance obligations that have an original expected duration of one year or less or b) transaction price allocated to unsatisfied performance obligations for which variable consideration is allocated entirely to a wholly unsatisfied performance obligation or to a wholly unsatisfied promise to transfer a distinct good or service that forms part of a single performance obligation in accordance with the series guidance.

The typical duration of all event related and other contracts is one year or less and, as a result, the Company applies the optional exemptions and does not disclose information about remaining performance obligations that have an original expected duration of one year or less.

6. Capitalized Technology

Capitalized Technology, net is as follows:

	December 31, 2021	December 31, 2020
Capitalized cost:		
Balance, beginning of period	$ 25,867	$ 95,884
Additional capitalized cost	49,970	3,700
Provision for amortization	(32,799)	(73,717)
Balance, end of period	43,038	25,867

Amortization expense related to capitalized technology of $32,799 and $73,717 for the years ended December 31, 2021 and 2020, respectively, is recorded in depreciation and amortization expense in the accompanying consolidated statements of operations.

7. Intangible Assets

Intangible assets, net is as follows:

	Useful Lives	Gross Carrying	Accumulated	Net Carrying

December 31, 2021	(Years)		Amount		Amortization		Amount
Long-lived intangible assets:							
Sales Process	10	$	2,130,956	$	(1,921,386)	$	209,570
Paid Member Relationships	5		803,472		(803,472)		-
Member Lists	5		8,086,181		(8,086,181)		-
Developed Technology	3		648,000		(648,000)		-
Trade Name/Trademarks	4		442,500		(440,208)		2,292
Contracts acquired in RemoteMore acquisition	3-12 months		935,683		(269,664)		666.019
			13,046,792		(12,168,911)		877,881
Indefinite-lived intangible assets:							
Trade name							90,400
Intangible assets, net						$	968,281

December 31, 2020	Useful Lives (Years)		Gross Carrying Amount		Accumulated Amortization		Net Carrying Amount
Long-lived intangible assets:							
Sales Process	10	$	2,130,956	$	(1,845,178)	$	285,778
Paid Member Relationships	5		803,472		(803,472)		-
Member Lists	5		8,086,181		(8,086,181)		-
Developed Technology	3		648,000		(648,000)		-
Trade Name/Trademarks	4		440,000		(440,000)		-
			12,108,609		(11,822,831)		285,778
Indefinite-lived intangible assets:							
Trade name							90,400
Intangible assets, net						$	376,178

Future annual estimated amortization expense is summarized as follows:

Year ended December 31,		
2022	$	742,851
2023		76,832
2024		57,781
2025 and thereafter		417
	$	877,881

Amortization expense related to intangible assets of $346,080 and $76,207 for the years ended December 31, 2021 and 2020, respectively, is recorded in depreciation and amortization expense in the accompanying consolidated statements of operations.

8. PPP Loan

The CARES Act was enacted on March 27, 2020. Among the provisions contained in the CARES Act was the creation of the Paycheck Protection Program ("PPP") that provides for under the Small Business Administration ("SBA") Section 7(a) loans for qualified small businesses. PPP loan proceeds are available to be used to pay for payroll costs, including salaries, commissions, and similar compensation, group health care benefits, and paid leaves, rent, utilities and interest on certain other outstanding debt. The amount that will be forgiven will be calculated in part with reference to the Company's full-time headcount during the eight-week period following the funding of the PPP loan. The Company applied for the PPP loan and on May 5, 2020, the Company received total proceeds of $651,077 from the SBA. In accordance with the loan forgiveness requirements under the CARES Act, the Company utilized the proceeds from the PPP Loan for payroll costs, rent and utilities.

The Company accounted for the proceeds received from the PPP loan as debt in accordance with ASC 470,*Debt*. Accordingly, the Company accounted for the proceeds received as short-term and long-term loan in its consolidated balance sheets until forgiveness of the PPP loan was received. The Company applied for loan forgiveness during the fourth quarter of 2020 and the PPP loan was fully forgiven by the SBA. Upon receiving forgiveness of the PPP loan, the Company eliminated the short-term and long-term loan debt liability and the loan forgiveness amount of $651,077 was applied as PPP loan forgiveness in the other income section of the Company's consolidated statements of operations during the fourth quarter of 2020. There was no comparable transaction in fiscal 2021.

9. Accrued Liabilities

As of December 31, 2021 and 2020, accrued liabilities consisted of the following:

	As of December 31,			
		2021		2020
Litigation reserve		1,406,002		1,412,502
Accrued payroll		65,941		75,263
Accrued legal fees		43,574		-
Accrued Board of Director fees		60,503		61,277
Accrued revenue sharing agreements		76,373		53,266
Other		226,022		23,856
Total accrued liabilities	$	1,878,415	$	1,626,164

10. Commitments and Contingencies

PDN China's bank account with a balance of approximately $195,000 was frozen by Guangzhou Police due to the Gatewang Case. The Company has classified this entire cash balance as a long-term asset until a resolution on its transferability can be determined and is classified in discontinued operations.

Legal Proceedings

In a letter dated October 12, 2017, White Winston Select Asset Funds ("White Winston") threatened to assert claims against the Company in excess of $2 million based on White Winston's contention that the Company's conduct delayed White Winston's ability to sell shares in the Company during a period when the Company's stock price was generally falling. On October 28, 2020, the Company and White Winston reached a settlement agreement, in which the Company made a cash payment of $250,000 on October 29, 2020 and a second cash payment of $350,000 was paid on February 16, 2021. In addition, the Company issued150,000 shares of the Company's common stock in January 2021.

NAPW is a defendant in a Nassau County (NY) Supreme Court case, whereby TL Franklin Avenue Plaza LLC has sued and a obtained a judgment against NAPW in the amount of $855,002. [NAPW Case index No. LT 000421/2018; NAPW's former Garden City, NY, office.] NAPW reserves for this judgment and accrued interest on this amount.

The Company and its wholly owned subsidiary, NAPW, Inc., are parties to a proceeding captioned Deborah Bayne, et al. vs. NAPW, Inc. and Professional Diversity Network, Inc., No. 18-cv-3591 (E.D.N.Y.), filed on June 20, 2018 and alleging violations of the Fair Labor Standards Act and certain provisions of the New York Labor Law. Plaintiffs are seeking monetary damages and equitable relief. The Company disputes that it or its subsidiary violated the applicable laws or that either entity has any liability and intends to vigorously defend against these claims. The matter is in the final stages of discovery and we have completed depositions of relevant witnesses. During the first quarter of 2020, the Company recorded a $450,000 litigation settlement reserve in the event of an unfavorable outcome in this proceeding. In November 2020, both parties entered into mediation proceedings but a settlement was not reached. While the COVID-19 pandemic has caused delays to the litigation, it is expected that these delays will decrease as the disruption caused by the pandemic subsides.

We are also generally subject to legal proceedings and litigation arising in the ordinary course of business.

General Legal Matters

From time to time, the Company is involved in legal matters arising in the ordinary course of business. While the Company believes that such matters are currently not material, there can be no assurance that matters arising in the ordinary course of business for which the Company is, or could be, involved in litigation, will not have a material adverse effect on its business, financial condition or results of operations.

11. CFL Transaction

On August 12, 2016, the Company entered into a stock purchase agreement (the "Purchase Agreement"), with CFL, a Republic of Seychelles company wholly-owned by a group of Chinese investors. Pursuant to the Purchase Agreement, the Company agreed to issue and sell to CFL, and CFL agreed to purchase, upon the terms and subject to the conditions set forth in the Purchase Agreement, a number of shares of the Company's common stock, par value $0.01 per share (the "Common Stock"), such that CFL would hold shares of Common Stock equal to approximately 51% of the outstanding shares of Common Stock, determined on a fully-diluted basis, after giving effect to the consummation of the transactions contemplated by the Purchase Agreement.

At the closing of the CFL Transaction, the Company entered into a Stockholders' Agreement, dated November 7, 2016 (the "Stockholders' Agreement") with CFL and each of its shareholders: Maoji (Michael) Wang, Jingbo Song, Yong Xiong Zheng and Nan Kou (the "CFL Shareholders"). The Stockholders' Agreement sets forth the agreement of the Company, CFL and the CFL Shareholders relating to board representation rights, transfer restrictions, standstill provisions, voting, registration rights and other matters following the closing of the Share Issuance and Sale.

On September 22, 2021, the Company entered into a stock purchase agreement with CFL, in which the Company sold948,767 shares of its common stock at a price per share of $1.05 for gross proceeds of approximately $1,000,000. On October 30, 2021, CFL entered into a transfer stock agreement with a former shareholder of the Company to purchase an additional 751,737 shares of its common stock.

As of December 31, 2021, CFL beneficially held shares of the Company's outstanding Common Stock equal to approximately32% of the outstanding class.

12. Stockholders' Equity

Preferred Stock – The Company has no preferred stock issued. The Company's amended and restated certificate of incorporation and amended and restated bylaws include provisions that allow the Company's Board of Directors to issue, without further action by the stockholders, up to 1,000,000 shares of undesignated preferred stock.

Common Stock – The Company has one class of common stock outstanding with a total number of shares authorized of45,000,000. As of December 31, 2021, the Company had 16,067,252 shares of common stock outstanding.

In January 2021, the Company issued 150,000 shares of the Company's common stock to White Winston as a result of a settlement agreement (see note 10. Commitments and Contingencies).

On February 1, 2021, the Company entered into a private placement with Ms. Yiran Gu, in which the Company sold500,000 shares of its common stock at a price per share of $2.00 for gross proceeds of $1,000,000.

On July 9, 2021, the Company closed the registered direct offering, pursuant to which certain institutional accredited investors purchased1,470,588 shares of the Company's common stock, par value $0.01 per share, at a per share price equal to $1.70 for gross proceeds of $2,499,999.60.

On September 22, 2021, the Company entered into a stock purchase agreement with CFL, in which the Company sold948,767 shares of its common stock at a price per share of $1.05 for gross proceeds of approximately $1,000,000.

Total shares issued during fiscal 2021 were as follows:

	Common Stock		Additional Paid in	Total Stock
	Shares	Amount	Capital	Issuances
Issuance of common stock				
White Winston	150,000	$ 1,500	$ 165,000	$ 165,000
Ms. Yiran Gu	500,000	5,000	995,000	995,000
Institutional investors	1,470,588	14,706	2,263,795	2,278,501

CFL	948,767	9,488	990,462	999,950
Vesting of grant to CEO*	100,000	1,000	(1,000)	-
Vesting of grants to Board of Directors*	33,875	339	(339)	-
Grants to management*	49,000	490	(490)	-
Cancellation of common stock	(4,821)	(48)	48	-
Total	3,247,409	$ 32,475	$ 4,412,476	$ 4,444,951

*see Note 13 – Stock-Based Compensation – *Restricted Stock*

13. Stock-Based Compensation

Equity Incentive Plans – The Company's 2013 Equity Compensation Plan (the "2013 Plan") was adopted for the purpose of providing equity incentives to employees, officers, directors and consultants including options, restricted stock, restricted stock units, stock appreciation rights, other equity awards, annual incentive awards and dividend equivalents. Through a series of amendments to the 2013 Plan, the Company is now authorized to issue 1,500,000 shares under the amended 2013 Plan.

Stock Options

The fair value of options is estimated on the date of grant using the Black-Scholes option pricing model. The valuation determined by the Black-Scholes pricing model is affected by the Company's stock price as well as assumptions regarding a number of highly complex and subjective variables. These variables include, but are not limited to, expected stock price volatility over the term of the awards, and actual and projected employee stock option exercise behaviors. The risk-free rate is based on the U.S. Treasury rate for the expected life at the time of grant, volatility is based on the average long-term implied volatilities of peer companies, the expected life is based on the estimated average of the life of options using the simplified method, and forfeitures are estimated on the date of grant based on certain historical data. The Company utilizes the simplified method to determine the expected life of its options due to insufficient exercise activity during recent years as a basis from which to estimate future exercise patterns. The expected dividend assumption is based on the Company's history and expectation of dividend payouts.

Forfeitures are required to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

The following table summarizes the Company's stock option activity for the years ended December 31, 2021 and 2020:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in Years)	Aggregate Intrinsic Value (in thousands)
Outstanding - January 1, 2021	66,126	$ 5.24	8.3	$ 10.8
Granted	30,000	2.10		
Exercised	-	-		
Forfeited	(30,000)	3.69		
Outstanding - December 31, 2021	66,126	$ 4.52	7.8	$ -
Exercisable at December 31, 2021	36,126	$ 6.53	6.3	$ -

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in Years)	Aggregate Intrinsic Value (in thousands)
Outstanding - January 1, 2020	295,793	$ 8.88	7.5	$ -
Granted	30,000	3.69		
Exercised	-	-		
Forfeited	(259,667)	9.21		
Outstanding - December 31, 2020	66,126	$ 5.24	8.3	$ 10.8
Exercisable at December 31, 2020	26,126	$ 8.18	7.0	$ 7.2

On June 14, 2021, the Company granted 30,000 stock options. The stock option exercise price was $2.10 and the grant date fair value of this award was $32,550. The stock options are set to vest equally at 1/3 on the annual grant date anniversary of the award over the next three years.

On June 14, 2020, the Company granted 30,000 stock options at a stock option exercise price of $3.69 and the grant date fair value was $90,840. These stock options were forfeited in 2021.

The following assumptions were utilized in the Black-Scholes option pricing for the stock option grants for the years ended December 31, 2021 and 2020:

	Year Ended December 31, 2021	Year Ended December 31, 2020
Expected dividend yield	-	-
Risk-free interest rate	0.33%	0.33%
Expected volatility	122.69%	111.55%
Expected term (in years)	3.00	5.75
Grant-date fair value of stock options awarded	$ 1.09	$ 3.03

The Company recorded non-cash stock-based compensation expense of approximately $19,000 and $33,000 as a component of general and administrative expenses in the accompanying consolidated statements of operations for the years ended December 31, 2021 and 2020, pertaining to stock options awards.

Total unrecognized stock-based compensation expense related to unvested stock options at December 31, 2021 was approximately $27,000 and is expected to be recognized through the second quarter of 2024.

Warrants

As of December 31, 2021, there wereno warrants outstanding and exercisable. As of December 31, 2020, there were125,000 warrants outstanding and exercisable, with a weighted average exercise price of $20.00 per share. These warrants expired on December 30, 2021.

Restricted Stock

A summary of restricted stock activity for the years ended December 31, 2021 and 2020 is as follows:

	Number of Shares
Outstanding - January 1, 2020	27,319
Granted	333,875
Forfeited	-
Vested	(127,319)
Outstanding - December 31, 2020	233,875
Granted	108,525
Forfeited	-
Vested	(182,875)
Outstanding - December 31, 2021	159,525

During the year ended December 31, 2021 the Company granted59,525 restricted stock units ("RSUs") to non-employee directors as partial compensation for their service as a director. The aggregate grant date fair value of the combined awards amounted to approximately $125,000. The RSU award to the Board member fully vests on the one-year anniversary after the date of grant. The Company also granted 49,000 RSU's to certain officers and managers with immediate vesting. The aggregate grant date fair value of the combined awards amounted to approximately $195,000.

During the year ended December 31, 2020, the Company granted300,000 RSUs to the Company's Chief Executive Officer and 33,875 RSUs non-employee directors as partial compensation for their service as a director. The RSU award grant to the CEO vests 1/3 on the grant date and the remaining 2/3 will vest equally on the annual grant date anniversary of the award over the next two years. The RSU award to the Board member fully vests on the one-year anniversary after the date of grant. The aggregate grant date fair value of the combined awards amounted to approximately $1,232,000.

The Company recorded non-cash stock-based compensation expense of approximately $634,000 and $587,000 as a component of general and administrative expenses in the accompanying consolidated statements of operations for the years ended December 31, 2021 and 2020, respectively, pertaining to restricted stock awards.

Total unrecognized stock-based compensation expense related to unvested restricted stock at December 31, 2021 was approximately $239,000 and is expected to be recognized through the second quarter of 2022.

14. Income Taxes

The Company has the following net deferred tax assets and liabilities at December 31, 2021 and 2020:

	December 31,	
	2021	2020
Goodwill and intangible assets	$ (38,346)	$ (41,780)
Developed technology	(11,251)	(7,010)
Derivative liability	(112,564)	(112,564)
Property and equipment	(8,023)	3,378
Other deferred tax assets	141,745	23,627
Settlements	381,026	473,302
Stock based compensation	107,028	95,103
Net operating loss	8,671,958	8,017,170
Valuation allowance	(9,293,933)	(8,637,265)
Net deferred tax liability	$ (162,360)	$ (186,039)

The benefit for income taxes for the years ended December 31, 2021 and 2020 consists of the following:

	Year Ended December 31,	
	2021	2020
Federal:		
Current provision	$ -	$ -
Deferred tax benefit	(18,764)	(27,288)
	$ (18,764)	$ (27,288)
State:		
Current provision	$ -	$ -
Deferred tax benefit	(2,776)	(7,927)
	$ (2,776)	$ (7,927)
Foreign:		
Current provision	$ -	$ -
Deferred provision (benefit)	-	-
	$ -	$ -
Income tax expense benefit	$ (21,540)	$ (35,215)

A reconciliation of the statutory federal income tax rate to the Company's effective tax rate is as follows:

	Year Ended December 31, 2021	Year Ended December 31, 2020
Expected federal statutory rate	21.0%	21.0 %
State income taxes, net of federal benefit	6.1%	6.1 %
Impairment charge	0.0%	0.0 %
Valuation allowance	(23.0)%	(21.4)%
Permanent items	(2.2)%	(3.4)%
Rate change	0.0%	0.0 %
Other	(1.1)%	(1.5)%
	0.8%	0.8 %

The valuation allowance at December 31, 2021 was approximately $9,294,000. The net change in the valuation allowance during the year ended December 31, 2021 was an increase of approximately $657,000. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based on consideration of these items, management has determined that enough uncertainty exists relative to the realization of the deferred income tax asset balances to warrant the application of a valuation allowance as of December 31, 2021.

At December 31, 2021, the Company had U.S. federal, Illinois, and New York net operating loss carryforward of approximately $32,000,000, $13,630,000, and $13,123,000, respectively. Of the federal amount, $22,892,000 expires between 2034 and 2038, and $9,108,000 has an indefinite carryforward period. The Illinois losses may be carried forward 12 years and begin to expire in 2026. The New York losses may be carried forward 20 year and begin to expire in 2035. Certain tax attributes are subject to an annual limitation as a result of changes in ownership as defined under Internal Revenue Code Section 382. The Company files tax returns in multiple jurisdictions and is subject to examination in these jurisdictions. Significant jurisdictions in the U.S. include New York and Illinois.

The U.S. Tax Cuts and Jobs Act of 2017 provided for a one-time deemed mandatory repatriation of post-1986 undistributed foreign E&P through the year ended December 31, 2017. Due to the seizure of cash, by Chinese local authorities, the Company's undistributed foreign E&P has been reduced to $0.

15. Segment Information

The Company operates in the following segments: (i) PDN Network, (ii) NAPW Network, (iii)RemoteMore (beginning in fiscal 2021)) and (iv) Corporate Overhead. The financial results of China Operations have been reclassified from the Company's reportable segments to discontinued operations for all periods presented.

The following tables present key financial information of the Company's reportable segments as of and for the years ended December 31, 2021 and 2020:

	Year Ended December 31, 2021				
	PDN Network	NAPW Network	RemoteMore	Corporate Overhead	Consolidated
Membership fees and related services	$ -	$ 985,446	$ -	$ -	$ 985,446
Recruitment services	4,646,786	-	-	-	4,646,786
Contracted software development	-	-	302,882	-	302,882
Consumer advertising and marketing solutions	163,485	-	-	-	163,485
Total revenues	4,810,271	985,446	302,882	-	6,098,599
Income (loss) from continuing operations	1,069,451	(849,599)	(352,165)	(2,758,151)	(2,890,464)
Depreciation and amortization	15,235	100,037	269,889	-	385,161
Income tax expense (benefit)	12,135	(8,757)	-	(24,918)	(21,540)
Net income (loss) from continuing operations	1,065,561	(839,674)	(353,579)	(2,733,233)	(2,860,925)

	As of December 31, 2021				
Goodwill	$ 339,451	$ -	$ 935,334	$ -	$ 1,274,785
Intangibles assets, net	90,400	209,570	668,311	-	968,281
Assets from continuing operations	7,596,499	684,881	501,198	-	8,782,578

	Year Ended December 31, 2020				
	PDN Network	NAPW Network	RemoteMore	Corporate Overhead	Consolidated
Membership fees and related services	$ -	$ 1,350,527	0	$ -	$ 1,350,527
Recruitment services	2,962,275	-	0	-	2,962,275
Contracted software development	-	-	0	-	-
Consumer advertising and marketing solutions	143,934	-	0	-	143,934
Total revenues	3,106,209	1,350,527	0	-	4,456,736
Loss from continuing operations	197,739	(543,706)	0	(4,499,250)	(4,845,217)
Depreciation and amortization	32,885	137,017	0	-	169,902
Income tax (benefit) expense	9,119	(4,797)	0	(39,537)	(35,215)
Net (loss) income from continuing operations	840,660	(538,909)	0	(4,459,713)	(4,157,962)

	As of December 31, 2020				
Goodwill	$ 339,451	$ -	0	$ -	$ 339,451
Intangibles assets, net	90,400	285,778	0	-	376,178
Assets from continuing operations	4,455,262	1,126,005	0	-	5,581,267

16. Employee benefit plans

The Company's employee benefit plans currently consist of a defined contribution plan for all U.S. employees. The Company does not offer any other postretirement benefit plans, such as retiree medical and dental benefits or deferred compensation agreements to its employees or officers.

U.S. regular, full-time employees are eligible to participate in the Professional Diversity Network Inc. 401(k) Plan, which is a qualified defined contribution plan under section 401(k) of the Internal Revenue Service Code. Under the Professional Diversity Networks Inc. 401(k) Plan, employees are eligible to participate after meeting eligibility requirements and employees are always fully vested in their own contributions. The Company currently did not make any matching contributions during the year ended December 31, 2020, but effective on January 1 2021, the Company has elected to match up to 4% of eligible employee contributions.

17. Subsequent Events

On January 31, 2022, the Company announced its Board of Directors had approved the repurchase of up to $2 million worth of its outstanding common stock from time to time on the open market or in privately negotiated transactions. The timing and amount of any shares repurchased will be determined by the Company's management based on its evaluation of market conditions and other factors. Repurchases may also be made under a Rule 10b5-1 plan of the Securities Exchange Act of 1934, which would permit shares to be repurchased when the Company might otherwise be precluded from doing so under insider trading laws. The repurchase program may be suspended or discontinued at any time in the Company's sole discretion. Any repurchased shares will be available for use in connection with its stock plans and for other corporate purposes. Through March 28, 2022, the Company repurchased 127,326 shares at an average share price of $0.97 for total purchase price of $127,300.

On February 14, 2022, in connection with the RemoteMore transaction, the Company issued279,720 shares of its common stock, par value $0.01 per share, to Boris Krastev Ventures UG, equal to $400,000 value according to the Stock Purchase Agreement between the Company and RemoteMore USA, Inc.

POWER OF ATTORNEY

KNOWN ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Xin (Adam) He, and his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments to this report, and to file the same, with all and any other regulatory authority, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their substitutes, may lawfully do or cause to be done by virtue hereof.

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 as of March 31, 2022.

/s/ Xin (Adam) He
Xin (Adam) He
Chief Executive Officer (Principal Executive Officer)

/s/ Larry S. Aichler
Larry S. Aichler
Chief Financial Officer (Principal Financial Officer)

/s/ Courtney C. Shea
Courtney C. Shea
Director

/s/ Hao Zhang
Hao Zhang
Chair of Board, Director

/s/ Grace Reyes
Grace Reyes
Director

/s/ Michael Belsky
Michael Belsky
Director

/s/ Haibin Gong
Haibin Gong
Director

Exhibit 10.4

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "'Agreement") is dated and effective as of June 25, 2020 (the 'Effective Date"), by and between PROFESSIONAL DIVERSITY NETWORK, INC., a Delaware corporation (the "Company"), and Xin He (Adam) ('Executive").

RECITALS:

Executive has been offered the position of Chief Executive Officer ("CEO") of the Company, which is engaged in the business of developing and operating online networks dedicated to serving diverse professionals in the United States and designing, developing, and hosting online job boards for clients. The Executive, by virtue of his CEO position, shall be the Company's "principal officer" and a Section 16 officer for purposes of Section 16 of the Securities Exchange Act of 1934, as amended.

The Company, through its Board of Directors, has provided its recommendation regarding appropriate compensation and incentive levels for the CEO position.

The Company and Executive now wish to execute this Agreement, which shall reflect the recommendations and set forth the terms and conditions of Executive's employment with the Company.

NOW THEREFORE, in consideration of the covenants, representations, and warranties contained herein. The parties hereto agree as follows:

1. Employment. The Company hereby employs Executive, and Executive hereby accepts such employment and agrees to serve the Company upon the terms and conditions set forth in this Agreement.

2. Employment-at-Will. Subject to the remainder of this Agreement, including the provisions of Section 15 below, Executive's employment shall be at-will and not subject to a particular timeframe. Executive specifically recognizes and agrees that this Agreement does not abrogate the at-will employment doctrine or create a right to employment for a specific period of time.

3. Duties and Responsibilities. Executive shall serve as Chief Executive Officer of the Company and shall have such normal and customary duties and responsibilities commensurate with his position, subject to oversight by the Board of Directors of the Company. Executive shall devote his best efforts and attention to the business and affairs of the Company and shall diligently, faithfully and competently perform his duties and responsibilities hereunder; provided however that the foregoing shall not preclude Executive from engaging in other business endeavors and from spending time and attention with respect thereto and other endeavors, whether business, charitable, philanthropic or otherwise. Executive recognizes that his primary responsibility is to the Company, however, Executive shall be permitted to work remotely.

4. Compensation and Related Matters.

(a) Base Salary. The Company shall pay Executive an annual base salary ('Base Salary") of Two Hundred Thousand Dollars ($200,000), payable in substantially equal monthly or more frequent installments in accordance with the Company's normal and customary payroll practices. The Compensation Committee of the Company's Board of Directors (the "Compensation Committee") shall review and further adjust Executive's Base Salary on at least an annual basis in its sole and absolute discretion, provided that during Executive's employment, the Company may not decrease Executive's Base Salary below the amount listed in the first sentence of this section. Any such increased Base Salary shall be and become the "Base Salary" for purposes of this Agreement.

(b) Expense Reimbursement. The Company shall pay or reimburse Executive for all reasonable business expenses properly incurred by Executive in the ordinary course of performing his duties and responsibilities hereunder, subject to the Company's normal and customary practices and policies as are in effect from time to time with respect to travel, entertainment, and other business expenses (including the Company's reasonable requirements with respect to prior approval, reporting and documentation of such expenses).

(c) Benefits. The Company will provide or offer for Executive's participation such benefits as are generally provided or offered by the Company to its other senior executive officers, including, without limitation, health/major medical insurance, life insurance, disability insurance and welfare benefits, and other fringe benefits (collectively, "Benefits"), if and to the extent that Executive is eligible to participate in accordance with the terms of the applicable Benefit plan or program generally and subject to any required contributions.

(d) Bonus. Executive shall be eligible for an annual bonus of up to fifty-percent (50%) of his Base Salary, according to the terms and conditions of a bonus plan that is based upon the financial results achieved by the Company for the fiscal year or such other performance goals established by the Compensation Committee, in its sole discretion. Such a bonus plan shall be established within ninety (90) days of the Effective Date of this Agreement. As a condition of receipt of any bonus, Executive must be employed by the Company on the date such bonus is scheduled to be paid.

(e) Restricted Stock. The Company will cause the Compensation Committee of the Board of Directors of the Company (or such other committee designated with authority) to grant to Executive a Restricted Stock Award under the Professional Diversity Network, Inc. 2013 Equity Compensation Plan ("Equity Plan"). The Restricted Stock Award will award Executive with 300,000 restricted shares of the Company's Common Stock, subject to the terms and conditions of the Equity Plan. In addition to other terms as provided in the Equity Plan and the Restricted Stock Award, the Executive's Restricted Stock Award will provide for vesting as follows: 1/3 immediately upon grant, 1/3 on the first anniversary of the Effective Date, and the final 1/3 on the second anniversary of the Effective Date; provided, however, Executive must remain continuously employed by the Company and/or its affiliates through an applicable vesting date or such Restricted Stock will be forfeited.

(f) Withholding. All Base Salary, bonus, and other compensation described in this Agreement shall be subject to withholding for federal, state, or local taxes, amounts withheld under applicable Benefit policies or programs, and any other amounts that may be required to be withheld by law, judicial order, or otherwise.

(g) Paid Time Off. Executive shall receive twenty-five (25) days of Paid Time Off (PTO) per year, and all paid Company holidays in accordance with Company policy. PTO days shall be used for sick leave, appointments, personal needs, or pre-planned holidays.

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5. Executive Work Product and Inventions. Executive agrees that Inventions (as defined below) shall be deemed "work made for hire" and shall be the property of the Company. Executive shall promptly disclose to the Company all such Inventions and hereby irrevocably assigns to Company all such Inventions and all such worldwide right, title, and interest therein. Executive hereby waives and agrees not to assert any moral rights or similar rights under the laws of any jurisdiction with respect to any Inventions. Executive further agrees to execute or cause to be executed any and all assignment documents or other documents that may be necessary to perfect the ownership rights of the

Company in such Inventions or to secure the Company's statutory protection (including, without limitation. patent, trademark, trade secret, or copyright protection) throughout the world for any and all such Inventions. For purposes here "Invention" means all work product including, without limitation, any and all creative works, discoveries, ideas, inventions, designs, devices, models, prototypes, processes, works, know how, documentation, files, information, manuals, materials, input materials and output materials, software programs or packages (together with any related documentation, source code or codes, object codes, upgrades, revisions, modifications and any related materials) and other information and materials, and the media upon which they are located (including cards, tapes, discs and other storage facilities), which are conceived, created, developed, reduced to practice, fixed in a tangible medium of expression or otherwise made by Executive solely or jointly with others in connection with or arising from Executive's employment hereunder (whether or not during regular business hours). Notwithstanding the above, the Company shall have no rights in any inventions made or conceived by Executive that do not involve any equipment, supplies, facilities, or trade secret information of the Company and which are developed entirely on Executive's own time unless: (i) the invention relates to the business, products or services of the Company; (ii) the invention relates to actual or demonstrably anticipated research or development projects of the Company; or (iii) the invention results from any services or work performed by Executive for the Company.

6. Confidential Information.

(a) Executive covenants and agrees that, except to the extent the use or disclosure of any Confidential Information is required to carry out Executive's assigned duties with the Company, during Executive's employment with the Company and thereafter: (i) Executive shall keep strictly confidential and not disclose to any person not employed by the Company any Confidential Information and (ii) Executive shall not use for Executive or for any other person or entity any Confidential Information. However, this provision shall not preclude Executive from the use or disclosure of information known generally to the public (other than information known generally to the public as a result of Executive's violation of this Section). "Confidential Information" means all confidential, proprietary or business information related to the Company's business that is furnished to, obtained by, or created by Executive during Executive's employment with the Company and which could be used to harm or compete against the Company. Confidential Information includes, by way of illustration, such information relating to: (A) the Company's customers and suppliers, including customer lists, supplier lists, contact information, contractual terms, prices, and billing histories; (B) the Company's finances, including financial statements, balance sheets, sales data, forecasts, profit margins and cost analyses; (C) the Company's plans and projections for new and developing business opportunities and for maintaining existing business; and (D) the Company's operating methods, business processes and techniques, services, products, prices, costs, service performance, and operating results.

Executive acknowledges that, notwithstanding any other provision of this Agreement, Executive is: (i) not in any way prohibited from reporting information to, or participating in any investigation or proceeding conducted by, the U.S. Securities and Exchange Commission ("SEC"), the Occupational Safety and Health Administration ("OSHA"), or any other federal, state, or local governmental agency or entity; (ii) not in any way precluded from providing information in response to a valid subpoena, court order, or regulatory request; (iii) not prohibited from making any other disclosures that are protected under the whistleblower provisions of applicable law; and (iv) not in any way prohibited from making truthful statements or disclosures regarding alleged unlawful employment practices. Executive further acknowledges that Executive is not required to obtain any prior authorization of the Company or any other person to make any such reports or disclosures, and Executive is not required to notify the Company or any other person that such reports or disclosures have been made.

All property, documents, data, and Confidential Information prepared or collected by Executive as part of Executive's employment with the Company, in whatever form, are and shall remain the property of the Company. Executive acknowledges the following disclosure, made pursuant to federal law, specifically 18 U.S.C. §1833(b):

An individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made in confidence to a federal, state, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law. An individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. An individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual files any document containing the trade secret under seal and does not disclose the trade secret, except pursuant to court order.

Executive acknowledges and agrees that nothing in this Agreement is intended to conflict with 18 U.S.C. §1833(b) or to create liability for disclosures of trade secrets that are expressly allowed by 18 U.S.C. §1833(b).

(b) Executive acknowledges that he is aware that federal and state securities laws prohibit any person or entity who has material, non-public information about a publicly-traded company such as the Company from purchasing or selling securities of such company, or from communicating such information to any other person or entity under circumstances in which it is reasonably foreseeable that such person or entity is likely to purchase or sell such securities. Executive affirms that he has been presented with a copy of the Company's Insider Trading Policy as well as its Code of Ethics and that he agrees to abide by the rules and principles set forth therein.

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7. Non-compete.

(a) During the Restricted Period (as defined below), Executive shall not: (i) engage in Competitive Activity (as defined below) within the Prohibited Territory (as defined below); or (ii) assist any entity or person to engage in Competitive Activity within the Prohibited Territory, whether as an owner, franchisee, franchisor, investor, consultant agent or otherwise.

(b) The "Restricted Period" means: (i) the period that Executive is employed by the Company; and (ii) a period of 12 months following Executive's last day of employment with the Company and its affiliates (the "Separation Date"). Notwithstanding the foregoing, in the event that Executive's employment is terminated by the Company from reasons other than "Cause" (as hereinafter defined), the Restricted Period shall be 30 days. In addition, nothing herein restricts Executive from continuing the non-Company work Executive engaged in during the course of this Agreement provided that such work is not a Competitive Activity.

(c) "Competitive Activity" means competing against the Company by:

(i) engaging in work for a competitor of the Company that is the same as or substantially similar to the work Executive performed on behalf of the Company at any time; (ii) engaging in an aspect of the business of the Company that Executive was involved with on behalf the Company at any time; and/or (iii) engaging in an aspect of the business of the Company about which Executive received Confidential Information in the course of employment with the Company at any time. Notwithstanding the preceding, owning less than 5% of the outstanding shares in a public company shall not constitute by itself Competitive Activity or assisting others to engage in Competitive Activity.

(d) "Prohibited Territory" means the United States.

8. Non-Interference.

(a) During the Restricted Period, Executive shall not: (i) solicit, encourage, or cause any Restricted Customer (as defined below) to purchase any services or products from anyone other than the Company that are competitive with or a substitute for the services or products offered by the Company; (ii) sell or provide any services or products to any Restricted Customer that are competitive with or a substitute for the Company's services or products; (iii) solicit, encourage, or cause any

Restricted Customer not to do business with or to reduce any part of its business with the Company; (iv) solicit, encourage, or cause any supplier of goods or services to the Company not to do business with or to reduce any part of its business with the Company; (v) make any disparaging remarks about the Company or its business, services, affiliates, officers, managers, directors or employees, whether in writing, verbally, or on any online forum, except as may otherwise be allowed by this Agreement; or (vi) assist anyone else to engage in the conduct prohibited by thisSection.

(b) "Restricted Customer" means: (i) any Company customer with whom Executive had business contact or communications at any time; (ii) any Company customer for whom Executive supervised or assisted with the Company's dealings at any time; and (iii) any Company customer about whom Executive received Confidential Information in the course of employment with the Company at any time.

9. Non-Raiding. During the Restricted Period, Executive shall not, directly or indirectly: (a) hire as an employee or engage as an independent contractor any person employed by the Company with whom Executive worked while employed by the Company or about whose abilities Executive became aware while employed by the Company (each, a "Restricted Employee"); or (b) solicit any Restricted Employee to leave the Company (other than by the use of non-targeted general solicitation in media).

10. Reasonableness. Executive has carefully read and considered the provisions of this Agreement and, having done so, agrees that the restrictions set forth herein are fair, reasonable, and necessary to protect the Company's legitimate business interests, including its goodwill with its customers, suppliers and employees and its Confidential Information and trade secrets. In addition, Executive acknowledges and agrees that the foregoing restrictions do not unreasonably restrict Executive with respect to earning a living should Executive's employment with the Company end. The post-employment covenants in this Agreement shall survive Executive's last day of employment with the Company and its affiliates and shall be in addition to any restrictions imposed upon Executive by statute, at common law, or other written agreements. Executive agrees that the Company may share the terms of this Agreement with any business with which Executive becomes associated while any of the post-employment restrictions in this Agreement remain in effect.

11. Remedies. Executive acknowledges and agrees that Executive's breach of this Agreement would result in irreparable damage and continuing injury to the Company. Therefore, in the event of any breach or threatened breach of this Agreement, the Company shall be entitled to an injunction enjoining Executive from committing any violation or threatened violation of this Agreement without limiting the Company's other remedies. The Company shall not be required to post a bond to obtain such an injunction.

12. Protections for Certain Affiliates. For purposes of the restrictions in Section 5 (Executive Work Product and Inventions), 6 (Confidential Information), 7 (Non-Compete), 8 (Non-Interference), 9 (Non-Raiding), 10 (Reasonableness) 11 (Remedies) and 15(e) (Return of Property), the "Company" shall mean: (a) Professional Diversity Network, Inc.; (b) any parent, subsidiary, affiliate or successor (each, an '"Affiliate") of Professional Diversity Network, Inc. for or with whom Executive performed any services or had any work responsibilities at any time; and

(a) any Affiliate of Professional Diversity Network, Inc. whose Confidential Information was disclosed to Executive at any time during the restricted period.

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13. Prior Employer's Information. While employed by the Company and its affiliates, Executive shall not: (a) breach any obligation of confidentiality that Executive may owe to a third party; or (b) disclose or use any trade secrets belonging to a third party. In order to ensure compliance with the foregoing. Executive agrees not to refer to, use or disclose in the course of employment with the Company any information, documents, or data belonging to a competitor or former employer that are not readily available to the public. Executive shall immediately notify the Company's human resources department if Executive receives any communication from a third party regarding Executive's confidentiality or similar obligations to them. The terms in this section shall be in addition to, and not limit, Executive's obligations to the Company and its affiliates under other agreements and policies related to this issue.

14. Notice to Future Employers. Executive agrees that during the Restricted Period, Executive will notify the Company in writing of any subsequent occupation whether as owner, employee, officer, director, agent, consultant, independent contractor, or the like, and his duties and responsibilities in that position. Further, Executive agrees that during said period, he will inform each new employer, prior to accepting employment, of the existence of this Agreement and the terms of the restrictive covenants and confidentiality restrictions contained herein. Executive acknowledges that during said period the Company shall have the right to contact independently any potential or actual future employer of Executive to notify it of Executive's obligations under this Agreement and provide such employer with a copy of this Agreement. The Company shall also be entitled, at its election, to notify any such actual or potential employer of the Company's understanding of the requirements of this Agreement and what steps, if any, the Company intends to take to ensure compliance with or enforcement of this Agreement. Failure of the Company to avail itself of the benefits of this subsection shall not in any way affect its right to obtain enforcement of any provision of this Agreement.

15. Termination.

(a) Termination by the Company for Cause. The Company shall have the right to terminate Executive's employment hereunder for Cause, which shall be communicated by a "Notice of Termination" (as defined below), effective immediately. Notwithstanding anything to the contrary contained herein, if Executive's employment is terminated other than pursuant to this Section 15(a), after which the Company determines that Executive's acts or omissions would have constituted grounds to terminate Executive for Cause, then Executive shall be deemed to have been terminated for Cause pursuant to this Section 15(a); provided that, such determination shall be made following the procedure contemplated by the Notice of Termination procedures set forth below. In the event of such termination, then the Company shall pay to Executive his then current Base Salary and Benefits accrued, and any expenses for which Executive is entitled to be reimbursed, up to and including the effective date of such termination. Executive shall not be entitled to any other salary, bonus, benefits or other compensation as a result of termination pursuant to this Section 15(a). For purposes hereof, "Cause" means the occurrence of any one of the following on the part of Executive: (i) conviction of or a plea of*nolo contendre* to a felony or act of moral turpitude which affects or reflects on the Company or any Affiliate in a material and negative manner; (ii) attempted or actual theft, fraud or embezzlement of money or tangible or intangible assets or property of the Company or any Affiliate; (iii) gross negligence or willful misconduct in respect of Executive's performance of his duties and responsibilities to the Company or any Affiliate; or (iv) breach of any material term, covenant, representation or warranty contained in this Agreement, which such breach (if susceptible to cure) remains uncured or is repeated following fifteen (15) days written notice from the Company to Executive thereof.

For purposes of this Agreement, a "Notice of Termination" shall mean delivery to Executive of a copy of a resolution duly adopted by the affirmative vote of not less than a majority of the entire membership of the Board (excluding the Executive) at a meeting of the Board called and held for the purpose (after reasonable notice to Executive and reasonable opportunity for Executive, together with Executive's counsel, to be heard before the Board prior to such vote), finding that in the good faith opinion of the Board Executive was guilty of conduct set forth in this Section 15(a) and specifying the particulars thereof in reasonable detail. For purposes of clarity, the Notice of Termination may occur after Executive's employment has been terminated in the event the Company determines that Executive's acts or omissions would have constituted grounds to terminate Executive for Cause, as contemplated above.

(b) Termination as a Result of Executive's Disability or Death. The Company shall have the right to terminate Executive's employment hereunder in the event of Executive's Disability or death, effective immediately. In the event of such termination. then the Company shall pay to Executive (or his legal representative)

Executive's then current Base Salary and Benefits accrued, and any expenses for which Executive is entitled to be reimbursed, up to and including the effective date of such termination. Executive shall not be entitled to any other salary, bonus, benefits or other compensation as a result of termination pursuant to this Section 15(b). For purposes hereof. "Disability'' means the inability of Executive to substantially perform his duties and responsibilities to the Company by reason of a physical or mental disability or infirmity (i) for a continuous period of ninety (90) days or for at least 180 days in any consecutive twelve (12) month period or (ii) at such earlier time as Executive submits or the Company receives satisfactory medical evidence that Executive has a physical or mental disability or infirmity which will likely prevent him from returning to the performance of his work duties for ninety (90) days or longer. In the event of any dispute regarding the determination of Executive's Disability, such determination shall be made by a physician selected by the Company and reasonably acceptable to Executive, at the Company's sole expense; provided, however, that Executive's Disability shall be conclusively presumed if such determination is made by an insurer providing disability insurance coverage to Executive or the Company in respect of Executive.

(c) Termination by the Company Without Cause. The Company or Employee may terminate Executive's employment hereunder for any reason (or for no reason) whatsoever, effective upon 30 days' advanced written notice to Executive. The Company, in lieu of providing advanced written notice, may terminate Executive immediately and pay Executive his Base Salary for the 30-day period. In the event of such termination by the Company (i.e., a termination other than by reason of death, Disability or for Cause), then the Company shall pay to Executive: (a) the bonus attributable to any completed fiscal year which has accrued, but has not yet been paid, payable when such bonus is normally paid by the Company; (b) a pro rata bonus for the fiscal year in which Executive's employment terminates, based on the Company's actual performance during the pro-rated period and payable within 75 days of the date of Executive's termination; (c) Executive's Base Salary earned to the date of termination; (d) Benefits accrued to the date of termination; and (e) any expenses for which Executive is entitled to be reimbursed up to and including the date of such termination.

(d) Removal From Positions. Any termination of Executive's employment with the Company shall automatically effectuate Executive's removal from any and all officer and other positions that Executive then holds with the Company or any of its Affiliates as of the effective termination date.

(e) Return of Property. Immediately upon the Company's request or on the termination date of Executive's employment—whichever occurs first, Executive shall return to the Company all Confidential Information and any other property of the Company, its Affiliates, or any third parties which is in Executive's possession or control by virtue of his employment with the Company. Property to be returned to the Company shall include without limitation, all documents and things (whether in tangible or electronic format and whether such documents or things contain any Confidential Information) in Executive's possession or control, further including without limitation, all computer programs, files and diskettes, and all written or printed files, manuals, contracts, memoranda. forms, notes, records and charts, and any and all copies of or extracts from, any of the foregoing.

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16. Assignment. The parties acknowledge and agree that the covenants, terms, and provisions contained in this Agreement constitute a personal employment contract and the rights and obligations of the parties hereunder cannot be transferred, sold, assigned, pledged or hypothecated, excepting that the Company may assign this Agreement in connection with a sale of the business, merger, consolidation, share exchange, sale of substantially all of the Company's assets. or other reorganization, whether or not the Company is the continuing entity, provided that the assignee is the successor to the business and all or substantially all of the assets of the Company.

17. Severability. If any one or more of the provisions or parts of a provision contained in this Agreement shall, for any reason, be held to be invalid, illegal or unenforceable in any respect in any jurisdiction, such invalidity, illegality or unenforceability shall not affect (a) any other provision or part of a provision of this Agreement or (b) this Agreement's validity, legality and enforceability in any other jurisdiction, but this Agreement shall be reformed and construed in any such jurisdiction as if such invalid or illegal or unenforceable provision or part of a provision had never been contained herein and such provision or part shall be reformed so that it would be valid, legal and enforceable to the maximum extent permitted in such jurisdiction.

18. Governing Law; Venue. This Agreement shall be covered by, construed, applied and reinforced in accordance with the internal laws of the State of Illinois, without regard to conflicts of law provisions. The parties agree that any action or proceeding to enforce or arising out of this Agreement shall be commenced in the state courts, or in the United States District Court, in Chicago, Illinois. The parties consent to such jurisdiction, agree that venue will be proper in such courts and waive any objections based upon Forum Non Conveniens. The choice of forum set forth in this section shall not be deemed to preclude the enforcement of any action under this Agreement in any other jurisdiction.

19. Continuing Obligation. The covenants, obligations, duties and liabilities of Executive pursuant to this Agreement (including. and without limitation, the covenants set forth in Sections 5 through 9 of this Agreement) are continuing, absolute and unconditional and shall remain in full force and effect as provided herein.

20. Indemnification. The Company shall include Executive in the coverage provided by its executive director and officer (D&O) indemnity insurance policy. In addition, the Company shall indemnify Executive to the fullest extent permitted by Delaware law, consistent with the Company's Certificate of Incorporation and By-laws.

21. Attorneys' Fees. If any party brings any suit, action or claim to enforce the provisions of this Agreement, the prevailing party shall be entitled to seek reasonable attorneys' fees and litigation expenses in addition to court costs.

22. Waiver. The waiver by the Company or Executive of any breach of any term or condition of this Agreement shall not be deemed to constitute the waiver of any other breach of the same or any other term or condition hereof.

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23. Notices. Any notice, request, consent or communication under this Agreement shall be effective only if it is in writing and shall be deemed to have been given when personally delivered or three (3) days after being deposited in the United States mail, certified or registered, postage prepaid. return receipt requested and addressed to the party at its or his last known address. The address of any party may be changed by notice in writing to the other party duly served in accordance with this Section.

24. Section 409A. The intent of the parties is that payments and benefits under this Agreement be exempt from, and to the extent not exempt from, comply with Internal Revenue Code Section 409A and the regulations and guidance promulgated thereunder (collectively "Code Section 409A") and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted in accordance with such intent. To the extent that any provision hereof is modified in order to comply with Code Section 409A, such modification shall be made in good faith and shall. to the maximum extent reasonably possible, maintain the original intent and economic benefit to Executive and the Company of the applicable provision without violating the provisions of Code Section 409A. In no event whatsoever shall the Company be liable for any additional tax, interest or penalty that may be imposed on Executive by Code Section 409A or damages for failing to comply with Code Section 409A. Without limiting the generality of the foregoing, the Company and the Executive agree as follows:

(a) Reimbursements payable to Executive hereunder shall be paid in no event later than the end of the calendar year following the year in which the reimbursable expense is incurred. In addition, such reimbursements shall be made in a manner that complies with all the requirements of Treasury Regulation Section 1.409A- 3(i)(1)(iv). In no event shall reimbursements and payments provided under the

Agreement be subject to liquidation or exchange in a manner which violates Treasury Regulation Section 1.409A-3(i)(1)(iv).

(b) A termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits upon or following a termination of employment unless such termination is also a "separation from service" within the meaning of Code Section 409A and, for purposes of any such provision of this Agreement, references to a "termination," "termination of employment" or like terms shall mean "separation from service."

(c) Notwithstanding any other payment schedule provided herein to the contrary, if Executive is deemed on the date of termination to be a "specified employee'' within the meaning of that term under Code Section 409A(a)(2)(B), then each of the following shall apply:

(i) With regard to any payment that is considered "nonqualified deferred compensation'' under Code Section 409A payable on account of a "'separation from service," such payment shall be made on the date which is the earlier of

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(A) the expiration of the six (6)-month period measured from the date of such ""separation from service" of Executive, and (B) the date of Executive's death (the "Delay Period") to the extent required under Code Section 409A. Upon the expiration of the Delay Period, all payments delayed pursuant to this Section (whether they would have otherwise been payable in a single sum or in installments in the absence of such delay) shall be paid to Executive in a lump sum, and all remaining payments due under this Agreement shall be paid or provided in accordance with the normal payment dates specified for them herein; and

(ii) To the extent that benefits to be provided during the Delay Period are considered "'nonqualified deferred compensation'' under Code Section 409A provided on account of a "separation from service" and such benefits are not otherwise exempt from Code Section 409A. Executive shall pay the cost of such benefits during the Delay Period, and the Company shall reimburse Executive, to the extent that such costs would otherwise have been paid by the Company or to the extent that such benefits would otherwise have been provided by the Company at no cost to Executive, the Company's share of the cost of such benefits upon expiration of the Delay Period, and any remaining benefits shall be reimbursed or provided by the Company in accordance with the procedures specified herein.

(d) To the extent that severance payments or benefits pursuant to this Agreement are conditioned upon the execution and delivery by Executive of a release of claims. Executive shall forfeit all rights to such payments and benefits unless such release is signed and delivered (and no longer subject to revocation, if applicable) within sixty (60) days following the date of Executive's termination of employment. If the foregoing release is timely executed and delivered and no longer subject to revocation as provided in the preceding sentence, then the following shall apply:

(i) To the extent that any such cash payment or continuing benefit to be provided is not "nonqualified deferred compensation" for purposes of Code Section 409A, then such payment or benefit shall commence upon the first scheduled payment date immediately following the date that the release is executed, delivered and no longer subject to revocation (the "Release Effective Date") The first such cash payment shall include payment of all amounts that otherwise would have been due prior to the Release Effective Date under the terms of this Agreement applied as though such payments commenced immediately upon Executive's termination of employment, and any payments made thereafter shall continue as provided herein. The delayed benefits shall in any event expire at the time such benefits would have expired had such benefits commenced immediately following Executive's termination of employment.

(ii) Subject to Section 24(c)(i). to the extent that any such cash payment or continuing benefit to be provided is "nonqualified deferred compensation'' for purposes of Code Section 409A, then such payments or benefits shall be made or commence upon the sixtieth (60th) day following Executive's termination of employment. The first such cash payment shall include payment of all amounts that otherwise would have been due prior thereto under the terms of this Agreement had such payments commenced immediately upon Executive's termination of employment and any payments made thereafter shall continue as provided herein. The delayed benefits shall in any event expire at the time such benefits would have expired had such benefits commenced immediately following Executive's termination of employment.

(A) The Company may provide, in its sole discretion. that Executive may continue to participate in any benefits delayed pursuant to this Section 24(d) during the period of such delay, provided that Executive shall bear the full cost of such benefits during such delay period. Upon the date such benefits would otherwise commence pursuant to this Section 22(d). the Company may reimburse Executive the Company share of the cost of such benefits, to the extent that such costs would otherwise have been paid by the Company or to the extent that such benefits would otherwise have been provided by the Company at no cost to Executive, in each case, had such benefits commenced immediately upon Executive's termination of employment. Any remaining benefits shall be reimbursed or provided by the Company in accordance with the schedule and procedures specified herein.

(e) For purposes of Code Section 409A, Executive's right to receive any installment payments pursuant to this Agreement shall be treated as a right to receive a series of separate and distinct payments. Whenever a payment under this Agreement specifies a payment period with reference to a number of days, the actual date of payment within the specified period shall be within the sole discretion of the Company.

(f) Notwithstanding any other provision of this Agreement to the contrary, in no event shall any payment under this Agreement that constitutes "nonqualified deferred compensation'' for purposes of Code Section 409A be subject to offset by any other amount unless otherwise permitted by Code Section 409A.

25. Miscellaneous. This Agreement may be executed in two or more counterparts (including via facsimile), each of which shall be deemed an original. but all of which together shall constitute one and the same instrument. The section headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

26. Entire Agreement. This Agreement contains the entire agreement of the parties with respect to the subject matter herein and supersedes any prior written or oral agreements or understandings between the parties with respect to the subject matter herein, including any employment agreements or offer letters.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have made and entered into this Employment Agreement this date first hereinabove set forth.

THE COMPANY

PROFESSIONAL DIVERSITY NETWORK, INC.

By: ______________________________

Name:
Its:

EXECUTIVE

By:

Xin He (Adam)

Exhibit 21

Professional Diversity Network, Inc.

Subsidiaries
As of March 31, 2022

Subsidiary	Jurisdiction of Incorporation or Formation
NAPW, Inc.	Delaware
RemoteMore USA, Inc.	Delaware
Discontinued operations:	
PDN (Hong Kong) International Education Ltd	Hong Kong
PDN(Hong Kong)International Education Information Co., Ltd	Hong Kong
PDN (China) International Culture Development Co. Ltd.	People's Republic of China

Exhibit 23.1

CIRO E. ADAMS, CPA, LLC
Client service, first and foremost.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and
Stockholders of Professional Diversity Network, Inc.
Chicago, IL 60603-5713

We consent to the incorporation by reference in Registration Statements on Form S-3 [File #333-260316 and File #333-227249] and Form S-8 [File #333-211382] of our report dated March 30, 2022, relating to the consolidated financial statements of Professional Diversity Network, Inc., appearing in this Annual Report on Form 10-K of Professional Diversity Network, Inc., for the years ended December 31, 2021 and 2020. Our report contains an explanatory paragraph regarding Professional Diversity Network, Inc.'s, ability to continue as a going concern.

Ciro E. Adams, CPA, LLC

Wilmington, DE 19806-1004

March 31, 2022

56 Rockford Road, Wilmington, DE 19806-1004 | Phone: 302-652-4783
ciroadamscpa.com

Exhibit 31.1

CERTIFICATIONS

I, Xin (Adam) He, certify that:

1. I have reviewed this annual report on Form 10-K of Professional Diversity Network, 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 functions):

   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.

Date: March 31, 2022

/s/ Xin (Adam) He
Xin (Adam) He
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATIONS

I, Larry S. Aichler, certify that:

1. I have reviewed this annual report on Form 10-K of Professional Diversity Network, 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 functions):

    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.

Date: March 31, 2022

/s/ Larry S. Aichler
Larry S. Aichler
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO 18
U.S.C. SECTION 1350

In connection with the Annual Report of Professional Diversity Network, Inc. (the “Registrant”) on Form 10-K for the fiscal year ended December 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the “report”), I, Xin (Adam) He, Chief Executive Officer of the Registrant, certify, pursuant to 18 U.S.C. § 1350, that to my knowledge:

(1) The report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Dated: March 31, 2022

/s/ Xin (Adam) He
Xin (Adam) He
Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION PURSUANT TO 18
U.S.C. SECTION 1350

In connection with the Annual Report of Professional Diversity Network, Inc. (the "Registrant") on Form 10-K for the fiscal year ended December 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "report"), I, Larry S. Aichler, Chief Financial Officer of the Registrant, certify, pursuant to 18 U.S.C. § 1350, that to my knowledge:

(1) The report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Dated: March 31, 2022

/s/ Larry S. Aichler
Larry S. Aichler
Chief Financial Officer
(Principal Financial Officer)