



**Houlihan Lokey**

# INVESTOR PRESENTATION

October 2023

# Disclaimers



## Forward-Looking Information

This presentation contains forward-looking statements. All statements other than statements of historical facts contained in this presentation may be forward-looking statements. The words “may,” “will,” “should,” “expects,” “plans,” “anticipates,” “could,” “intends,” “targets,” “projects,” “contemplates,” “believes,” “estimates,” “predicts,” “potential” or “continue” and other expressions that are predictions of or indicate future events and trends and that do not relate to historical matters identify forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other important factors, that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Important factors that could cause actual results to differ materially from expectations are disclosed under the “Risk Factors” and “Cautionary Note Regarding Forward-Looking Statements” sections of our annual report on Form 10-K for the year ended March 31, 2023, and subsequent filings with the Securities and Exchange Commission (the “SEC”). All written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by the cautionary statements. You should evaluate all forward-looking statements made in this presentation in the context of these risks and uncertainties. Because forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified, you should not rely on these forward-looking statements as predictions of future events. The events and circumstances reflected in our forward-looking statements may not be achieved or occur, and actual results could differ materially from those projected in the forward-looking statements. The forward-looking statements in this presentation are made only as of the date hereof. Except as required by law, we assume no obligation to update these forward-looking statements, or to update the reasons actual results could differ materially from those anticipated in the forward-looking statements, even if new information becomes available in the future.

## Non-GAAP Financial Measures

Adjusted pre-tax income, adjusted net income, total and on a per share basis, and certain adjusted items used to determine adjusted net income, are presented and discussed in this presentation and are non-GAAP measures that management believes, when presented together with comparable GAAP measures, are useful to investors in understanding the Company’s operating results. These adjusted items remove the significant accounting impact of one-time or non-recurring charges associated with the Company’s one-time/non-recurring matters, as set forth in the tables at the end of this presentation.

The adjusted items included in this presentation as calculated by the Company are not necessarily comparable to similarly titled measures reported by other companies. Additionally, these adjusted amounts are not a measurement of financial performance or liquidity under GAAP and should not be considered as an alternative to the Company’s financial information determined under GAAP. For a description of the Company’s use of these adjusted items and a reconciliation with comparable GAAP items, see the section of this presentation titled “Reconciliation of GAAP to Adjusted Financial Information.” Please refer to our financial statements, prepared in accordance with GAAP, for purposes of evaluating our financial condition, results of operations, and cash flows.



# Our Culture

## Employee DNA

- Analytically Driven
- Client Service and Solution Driven
- Entrepreneurially Motivated
- Desirous of a Winning Culture
- Strong Loyalty to the Firm
- High Integrity

## Firm's DNA

- Partnership Culture
- Not a "Star" Culture
- Consensual Decision-Making
- Measured Risk-Taking

## Ownership and Controls

- Broad-Based, Long-Term Employee Ownership
- Sophisticated Corporate Procedures and Financial Systems
- New York Stock Exchange Listed Company
- Blue Chip Institutional Ownership

# Houlihan Lokey

Our Product Knowledge and Industry Expertise Deliver Superior Results

## Product Expertise



Corporate Finance



Financial Restructuring



Financial and Valuation Advisory

## Dedicated Industry Groups



Business Services



Consumer, Food and Retail



Energy



Financial Services



FinTech



Healthcare



Industrials



Real Estate, Lodging and Leisure



Technology

## Key Facts and Figures



35

LOCATIONS  
WORLDWIDE

2,686

GLOBAL EMPLOYEES

311

MANAGING  
DIRECTORS<sup>1</sup>

\$1.8B

REVENUE<sup>2</sup>

1. As of September 30, 2023; excludes Corporate MDS  
2. LTM ended September 30, 2023

# Investment Tenets

## Strong Track Record of Growth and Profitability

Strong and consistent financial performance since going public. Long history of growing senior banker headcount.

## Lower Revenues and Earnings Volatility Through Economic Cycles

Given our diversified business model, focus on mid-cap clients in our corporate finance business and the size of our restructuring practice, we believe we are less volatile than other investment banking firms.

## Strong Growth Prospects

HL has significant room to grow all three businesses globally.



## Long-Tenured Management Team

The average tenure of our executive leadership team is over 30 years.

## High-Quality, Diversified Revenues

HL is diversified across clients, industries, geographies, transactions and financial professionals.

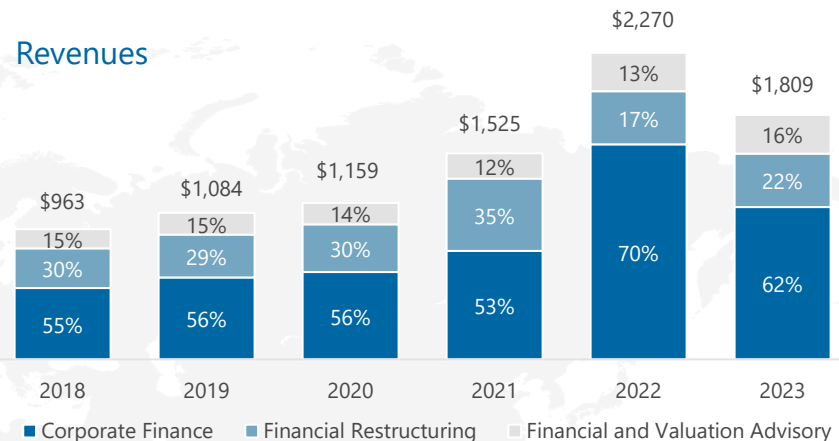
## Market Fundamentals Are Favorable for Independent Advisors

We believe that independence is increasingly important to our clients and that our limited-service focus is more attractive to our clients than being a full-service investment banking firm.

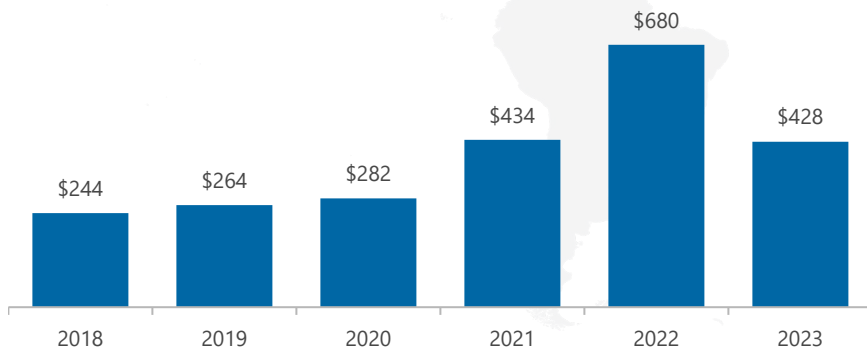
# Strong Financial Performance

- Strong revenue growth with a five-year CAGR of 13%
  - Fiscal year 2022 experienced record results during extremely bullish market conditions
- Adjusted pre-tax income grew at a CAGR of 12% over the same five-year period
- Maintained solid adjusted pre-tax margins throughout, with higher pre-tax margins for fiscal years 2021 and 2022 as a result of temporarily lower non-compensation expenses as a result of COVID-19

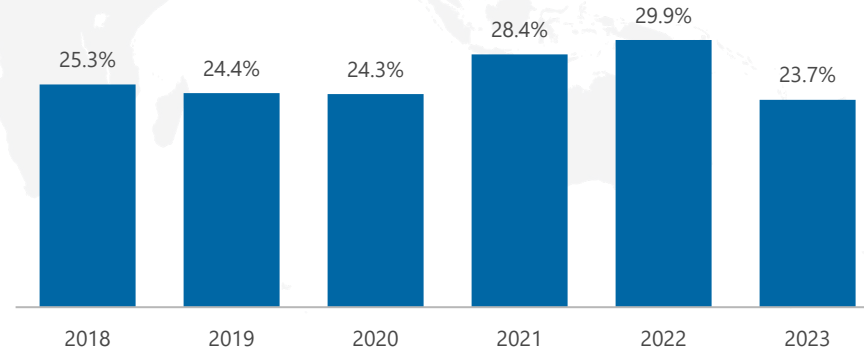
## Revenues



## Adjusted Pre-tax Income<sup>1</sup>



## Adjusted Pre-tax Margin<sup>1</sup>



Note: For fiscal years ended March 31. All dollar amounts in millions unless otherwise noted.

1. Adjusted Pre-tax Income and Adjusted Pre-Tax Margin are non-GAAP financial measures. See page 29 for comparable GAAP figures.

# Strong Partnership Culture with Experienced Leadership

## Deep and Experienced Executive Management Team



Scott L. Beiser  
CEO



Irwin N. Gold  
Executive Chairman



Scott J. Adelson  
Co-President



David A. Preiser  
Co-President



J. Lindsey Alley  
CFO

Long Tenure Results in Collaborative Culture

### Tenured Management Team

**1** Over 30-year average tenure of our Executive Management Team and over 25-year average tenure of our 16 person Operating Committee team

**2** High Retention  
12-year average tenure of Managing Directors across all business segments<sup>1</sup>

**3** Strong Loyalty  
More than 63% of Managing Directors reached their respective positions through internal promotions<sup>1</sup>

**4** No "Star" Culture  
No single individual generated more than 2% of revenues<sup>2</sup>

1. As of March 31, 2023. Excludes Managing Directors from acquisitions.

2. For the fiscal year ended March 31, 2023.



# Community Involvement

HL has a matching charitable contribution program for active employees, which results in a number of donations to causes around the globe, and a give-a-day program that results in significant participation by our employees in programs local to our offices. Listed below are several of the beneficiaries of our programs:



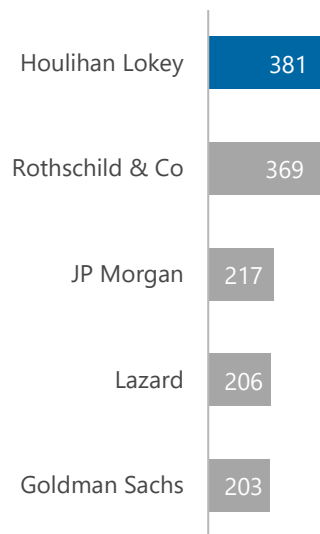




# Market Leader in All Three Business Segments

## Top Global M&A Firm<sup>1</sup>

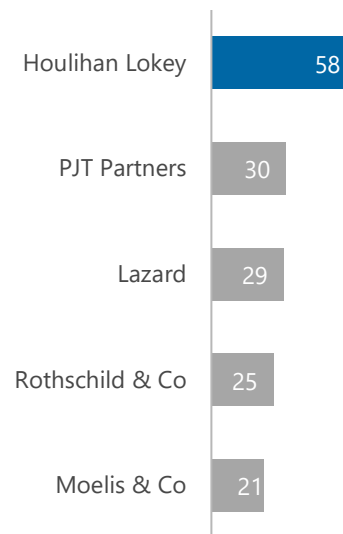
Investment Banks by Number of Global M&A Deals in CY 2022



- No. 1 U.S. M&A Advisor
- Leading Capital Markets Advisor

## Top Global Restructuring Firm

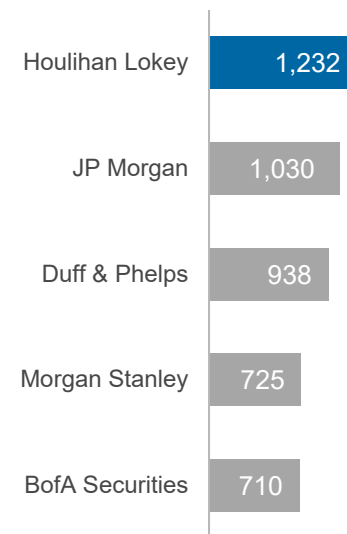
CY 2022 Global Distressed Debt and Bankruptcy Restructuring Deals



- No. 1 Global Restructuring Advisor, Based on Total Deal Value and Number of Transactions Closed
- Advised on 12 of the 15 Largest U.S. Bankruptcies Since 2000
- 1,500+ Transactions/Valued Over \$3.0 Trillion

## Top Global Fairness Opinion Firm

Global M&A Fairness Advisors: Announced or Completed Deals (CY 1998 to CY 2022)



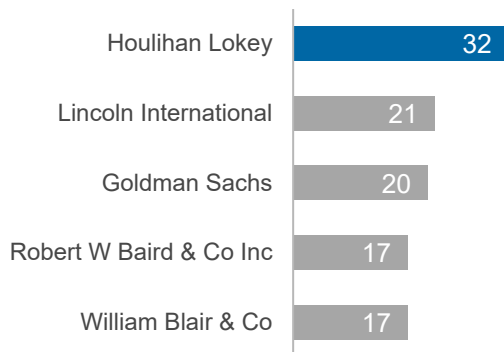
- No. 1 Global M&A Fairness Opinion Advisor Over the Past 25 Years
- No. 1 U.S. M&A Fairness Opinion Advisor Over the Past 25 Years
- 1,000+ Annual Engagements

Source: Refinitiv.

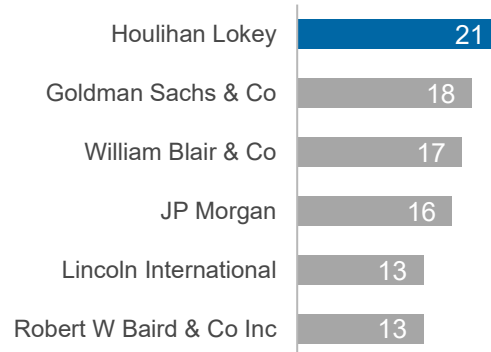
1. Transactions under \$1 billion in total deal value. M&A ranking excludes accounting firms and brokers.

# Market-Leading Advisor Across Industries in the U.S.

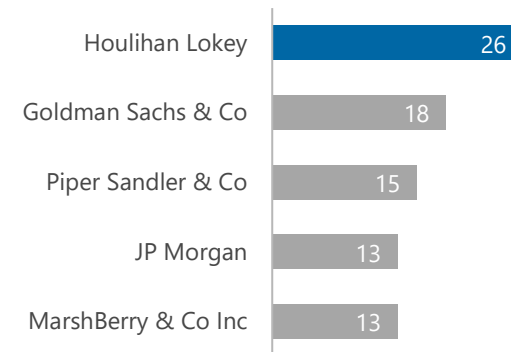
## Business Services



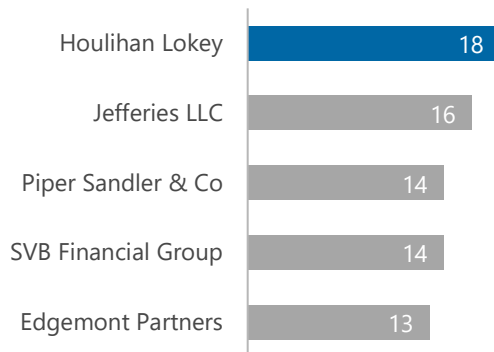
## Consumer, Food, & Retail



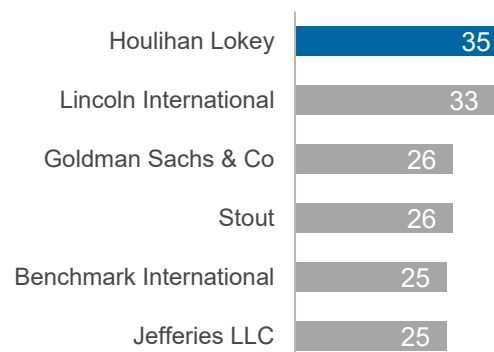
## Financial Services<sup>1</sup>



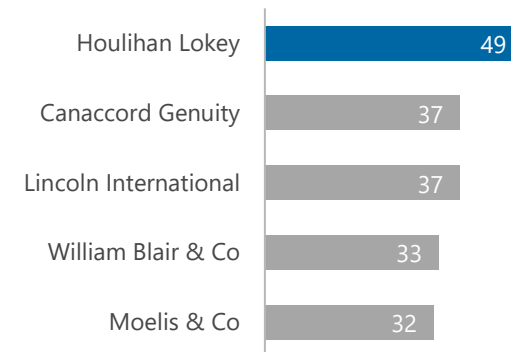
## Healthcare<sup>2</sup>



## Industrials



## Technology<sup>2</sup>



Source: Refinitiv. Excludes accounting firms and brokers.

Note: Advisory rankings based on total number of U.S. M&A transactions completed in CY 2022.

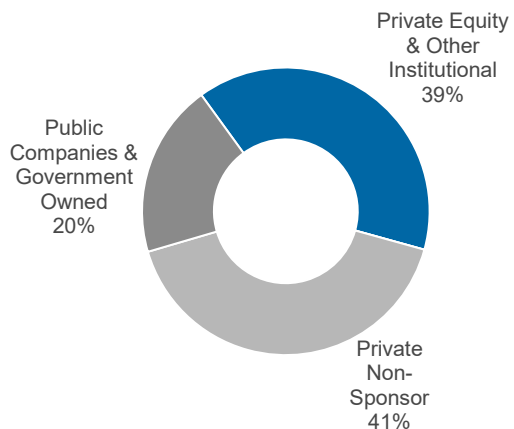
1. Excludes bank transactions.

2. Transactions under \$1 billion in total deal value.

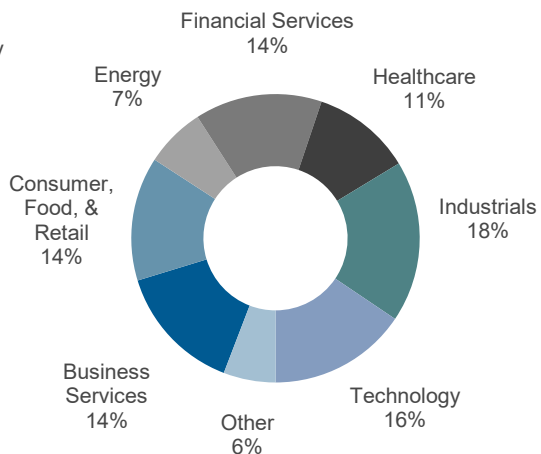
# Diversified Across Geography, Client, Industry, Professional and Segment

- More than 2,000 clients served annually
- For FY 2023:
  - No single transaction fee represented more than 2% of our revenues
  - No individual financial professional was responsible for more than 2% of our revenues
  - No single employee shareholder owns more than 2% of shares outstanding

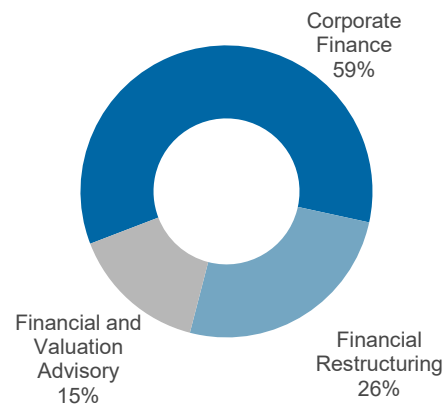
Client Mix<sup>1</sup>



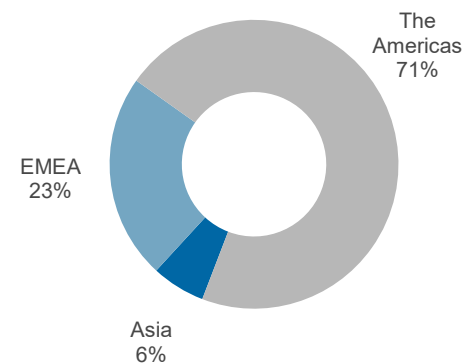
Industry Mix<sup>1</sup>



Segment Mix<sup>1</sup>



Geographic Mix<sup>1</sup>



1. Based on revenues for the LTM ended September 30, 2023.

# Comprehensive Coverage and Global Scale

## The Americas

Atlanta  
Baltimore  
Boston  
Chicago  
Dallas  
Houston  
Los Angeles  
Miami  
Minneapolis  
New York  
San Francisco  
São Paulo  
Washington, D.C.

## Europe and Middle East

Amsterdam  
Antwerp  
Dubai  
Frankfurt  
London  
Madrid  
Manchester  
Milan  
Munich  
Paris  
Stockholm  
Tel Aviv  
Zurich

## Asia-Pacific

Beijing  
Fukuoka  
Gurugram  
Hong Kong SAR  
Mumbai  
Nagoya  
Singapore  
Sydney  
Tokyo

# Robust Long-Term Growth Opportunities

We will continue to grow our talent pool through:

**1** The development and maturation of financial & operational professionals

**2** Targeted professional hires & increased operational support needs

**3** Acquisitions and joint ventures

## GROWTH WILL BE DRIVEN BY:

### Corporate Finance

- Continued geographic expansion
- Building out our Capital Markets and Fund Placement platforms
- Adding incremental industry expertise globally
- Increasing deal size and deal fees

### Financial Restructuring

- Growing availability and use of leverage
- Continued globalization of financial restructuring
- Increasingly complex balance sheets
- Impact from ongoing technology disruptors

### Financial and Valuation Advisory

- Addition of new high-value services and scaling of existing services through targeted senior hires
- Continued geographic expansion of service portfolio
- Deepening client relationship focused culture, supported by a complete lifecycle of services
- Increasingly complex and ever-changing regulatory reporting, valuation and tax environments
- Balanced portfolio mix of market hedged services

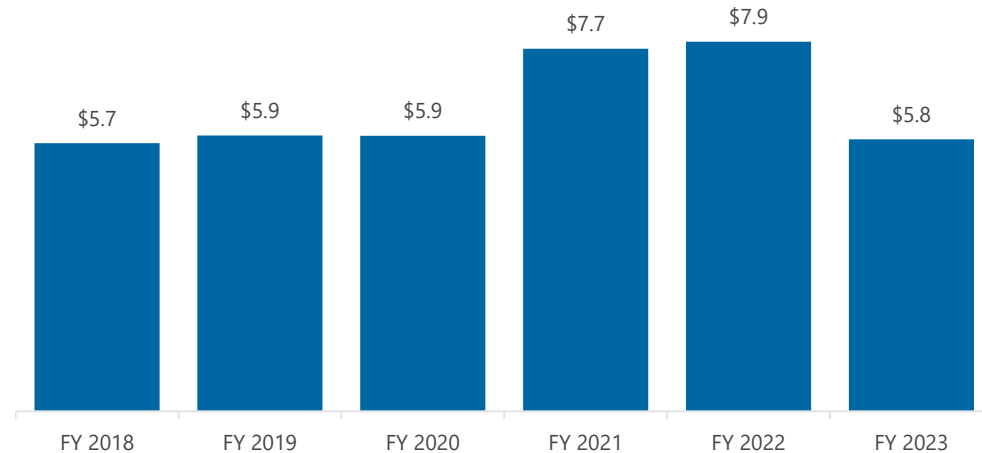
# Growth Through Hiring and MD Productivity

- HL has increased its Managing Director Headcount by a CAGR of 10% over the last 20 years through internal promotions, opportunistic hirings, and strategic acquisitions.
- HL has maintained solid MD productivity through the cycles. Productivity increased in FY21 and FY22 due to significantly less travel and more time for deal execution as a result of COVID-19.

## History of Growing Managing Director Headcount



## Revenue Per MD<sup>1</sup>



Note: For fiscal years ended March 31. All dollar amounts in millions unless otherwise noted.

1. Based on the number of MDs at the end of each respective fiscal year, excludes corporate MDs.

# Organic Growth Strengthened by Strategic Acquisitions

## Growth Through Expansion of Services

### 2000–2009

- Private Equity Coverage
- Distressed M&A
- Industry Build-Out and Expansion
- Secondary Advisory Services
- Tax and Financial Reporting Valuations
- Portfolio Valuations

### 2010–Present

- Debt and Equity Capital Markets Advisory
- Hedge Fund Coverage
- Structured Product Valuation
- Activist Advisory
- Due Diligence Services
- Arranger of Leveraged Loans
- Transaction Advisory Services
- Private fundraising for Institutional Clients
- HL Finance
- Board Advisory Services

## Growth Through Recent Acquisitions



**Houlihan Lokey**  
Joint Venture Expanding  
Presence in Australia

May 2015



**MESA**  
Media-Focused Investment  
Banking Firm

June 2015



**McQueen**  
Consumer, Food, and  
Retail-Focused  
Investment Banking Firm

September 2015



**LEONARDO & CO.**  
Continental European  
Investment Banking Firm

November 2015



**QUAFF & CO.**  
Data and Analytics, Content,  
Software, and Services  
Advisory Firm

April 2018



**BEAR TOOTH**  
Private Equity Fundraising  
Advisory Firm

May 2018



**fidentiis  
CAPITAL**  
Spain-Focused  
Investment Banking Firm

November 2019




**Freeman & Co.**  
Financial Institutions  
Group-Focused  
Investment Bank

December 2019



**MVP  
CAPITAL**  
Technology, Media, &  
Telecom-Focused  
Investment Bank

August 2020



**Baylor  
Klein**  
Household, Beauty and  
Personal Care  
Investment Bank

July 2021



**GCA**  
Global  
Technology-Focused  
Investment Bank

October 2021



**Oakley  
Advisory**  
Telecoms, Technology,  
Media, & Data-Focused  
Advisory Firm

February 2023



# Overview of Business Segments



# A Houlihan Lokey Model for Growth and Success

*HL maintains three primary service lines – Corporate Finance, Financial Restructuring and Financial and Valuation Advisory services.*

*Our business is diversified across clients, services, industries, professionals, and geographies.*

	Corporate Finance	Financial Restructuring	Financial and Valuation Advisory
<b>Core Services</b>	Mergers/Acquisitions Capital Markets Advisory Private Funds Placement	Debtor and Creditor Restructuring Distressed M&A Liability Management	Financial Opinions Valuation Services Transaction Advisory Services
<b>Strengths</b>	Superior Platform Drives Success in Attractive Mid Cap Market <sup>1</sup>	Global Market Leader	High-Margin Provider with Strong Reputation
<b>Managing Directors<sup>2</sup></b>	211	60	40
<b>5-Year FY Revenue CAGR</b>	16%	6%	15%
<b>LTM September 30, 2023 Revenues / % of Total</b>	\$1,057 / 59%	\$457 / 26%	\$270 / 15%
<b>LTM September 30, 2023 Revenues per MD<sup>3</sup></b>	\$4.9	\$7.9	\$6.8
<b>LTM September 30, 2023 Closed Transactions / Fee Events<sup>4</sup></b>	477	127	2,171

Note: All dollar amounts in millions unless otherwise noted. Figures may not tie due to rounding.

1. Defined as transactions \$1 billion or less in value.

2. As of September 30, 2023; excludes Corporate MDs.

3. Based on the average of the MD count at the end of each fiscal quarter throughout the LTM.

4. A Fee Event includes any engagement that involves revenue activity during the measurement period based on a revenue minimum of one thousand dollars. References in this press release to closed transactions should be understood to be the same as transactions that are "effectively closed" as described in our periodic reports on Forms 10-K and 10-Q.

# Corporate Finance

- Integrated Platform combining Industry Coverage, Product Expertise, and Global Reach

## Industry Groups

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Business Services



Consumer, Food, and Retail



Energy



Financial Services



FinTech



Healthcare



Industrials



Real Estate, Lodging and Leisure



Technology

## Product Specialists

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### Mergers & Acquisitions

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Balanced and insightful mergers and acquisitions advice



### Capital Markets

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Comprehensive range of debt and financial restructuring advisory services and capital raisings for quoted and non-quoted clients



### Private Funds Advisory

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The Private Funds Group brings together extensive fundraising and in-house operating experience

# Corporate Finance

- Houlihan Lokey's Corporate Finance group closes more deals than any other firm anywhere in the world

## The Global #1 Advisor



**No. 1** Global M&A Advisor Under \$1B<sup>1</sup>

**No. 1** Global Advisor to Private Equity<sup>2</sup>

**No. 1** US M&A Advisor<sup>3</sup>

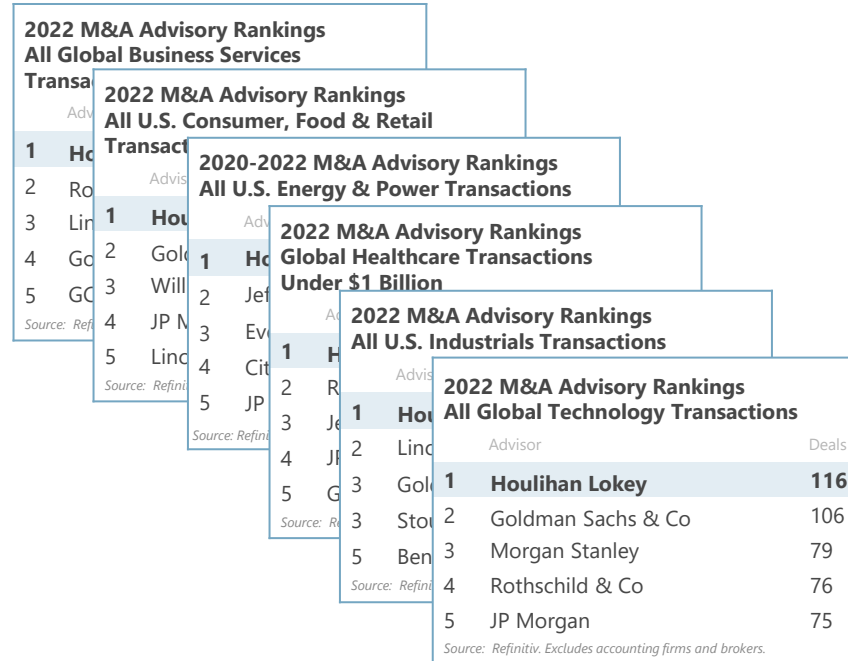
Leading Capital Markets Advisor

1. Source: Refinitiv. Excludes accounting firms and brokers.

2. Source: PitchBook.com.

3. Source: Refinitiv.

## Market-Leading Advisor Across Industries

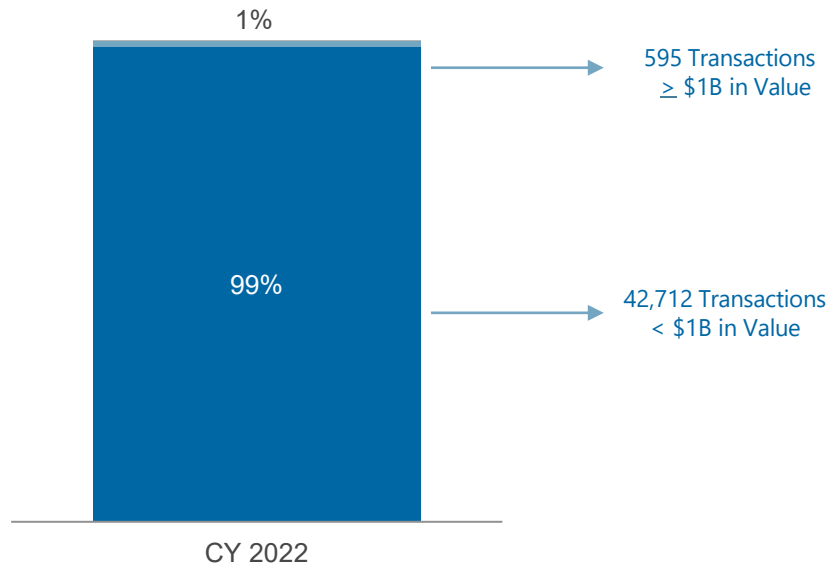


# Corporate Finance Mergers & Acquisitions

- Our Corporate Finance business is a leader in the Global mid-cap space, which represented approximately 99% of M&A volume in CY 2022
- Our market share in the Global mid-cap space is approximately 1%, based on the number of closed Corporate Finance transactions we completed in CY 2022
- The mid-cap space is less volatile than the large-cap space, which, when combined with HL's ongoing opportunities to increase its relatively low market share, generally results in less revenue "downside" in weaker M&A markets

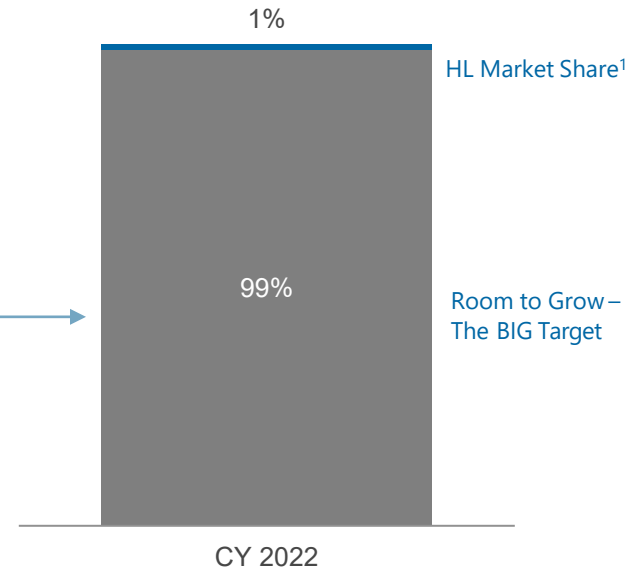
## GLOBAL CLOSED M&A TRANSACTIONS CY 2022

43,307 Transactions



## MID-CAP TRANSACTIONS

42,712 Transactions



# Corporate Finance Capital Markets

We believe we have one of the largest capital markets groups at non-balance-sheet banks, raising capital for both sponsors and corporate clients.

More than 90 dedicated professionals across 11 offices in five countries as of FYE 2023.

Raised ~\$26 billion and advised on an additional ~\$9 billion across 250+ transactions over the past two fiscal years.<sup>1</sup>

## Private Capital Solutions

- Houlihan Lokey is a market leader in placing bespoke capital in the private markets—from senior debt to equity
  - Access capital when traditional markets / providers are inappropriate or unreceptive
- Placement of solution-oriented capital for a wide range of financing needs
  - High-touch, confidential, targeted process
  - Differentiated investor relationships and access to decision-makers
- Financing solutions for companies at various stages of the corporate lifecycle
  - Acquisitions, dividends, refinancings, growth capital and special situations
  - ABLs, secured loans, mezzanine debt, minority and co-investment equity

## Capital Markets Advisory

- Independent advisor on bank commitments and equity and debt securities offerings
- Drive competition to optimize positioning, structure / terms and syndication
- Evaluate public vs. private market solutions
- Ability in the US to participate in public / syndicated offerings
  - Act as Bookrunner / Co-Manager on securities offerings and Arranger on leveraged loans
  - Through HL Finance, LLC, a wholly owned subsidiary, provide underwriting commitments through financing agreements with institutional investors

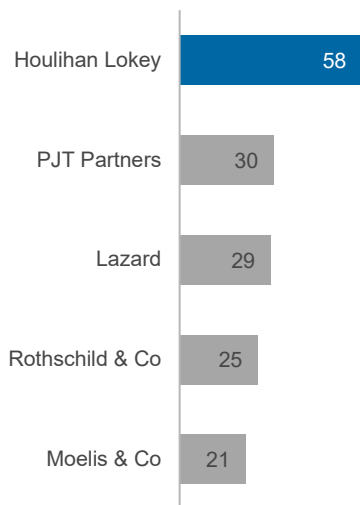
1. Pro forma including GCA.

# Financial Restructuring

- Deepest bench in the industry with 57 Managing Directors and 310 total finance professionals as of March 31, 2023
- A true global player, having dedicated resources in 18 offices worldwide and executed transactions in more than 60 countries since 2000
- Extensive experience and flexibility to work on large global restructurings as well as mid-cap restructurings for debtors and creditors
- With contracting monetary policies and credit market instabilities, global restructuring activity has elevated and is expected to remain robust for the foreseeable future. We have maintained our market share throughout various economic cycles and continue to execute groundbreaking transactions in nearly all industries and geographies

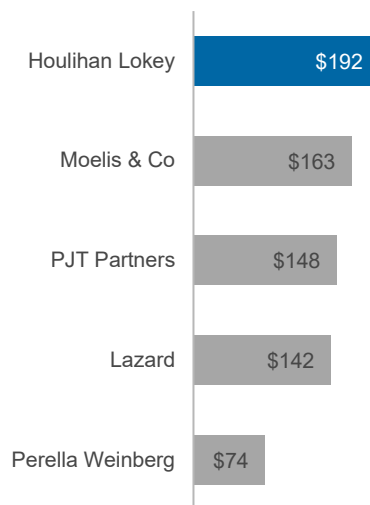
## Top Global Restructuring Advisor (No. of Deals)

2022 Global Distressed Debt and Bankruptcy  
Restructuring Rankings By Deal Count



## Top Global Restructuring Advisor (Deal Value)

2022 Global Distressed Debt and Bankruptcy  
Restructuring Rankings By Deal Value (in \$B)



## 15 Largest Bankruptcies

Advisor in 12 of the 15 Largest Bankruptcies 2000–2022

	ASSETS (\$B)
Lehman Brothers Holdings Inc.	691
Washington Mutual Inc. <sup>1</sup>	328
WorldCom Inc.	104
General Motors Corporation	91
CIT Group Inc.	80
PG&E Corp. (Pacific Gas) (2019)	71
Enron Corp.	66
Conseco Inc.	61
Energy Future Holdings Corp.	41
MF Global Holdings Ltd.	41
Chrysler LLC	39
AIG Financial Products Corp.	38
Thornburg Mortgage Inc.	37
Pacific Gas & Electric (2004) <sup>2</sup>	36
Refco Inc.	33

Source: Refinitiv, BankruptcyData.com, Debtwire.

1. Houlihan Lokey advised certain creditors of the Washington Mutual Receivership.

2. Houlihan Lokey advised a group of noteholders of Pacific Gas & Electric subsidiary National Energy Group Inc.

# Financial and Valuation Advisory

No. 1 Global M&A Fairness Opinion Advisor over the Past 25 Years

Over the past 50 years, Houlihan Lokey has established one of the largest worldwide financial and valuation advisory practices



## Services Offered

- Transaction and Solvency Opinions
- Portfolio Valuation and Fund Advisory
- Transaction Advisory Services
  - Buy-side and Sell-side Diligence
  - M&A Tax Advisory
  - Tax Restructuring
  - Accounting and Financial Reporting
  - Data Analytics
  - Tech & Cyber Security
- Corporate Valuation Advisory Services
- Fund Opinions
- Dispute Resolution Consulting

## Diversified Revenue Stream

- Significant and growing revenues in diverse, massive global addressable markets
- Diverse, full-cycle service portfolio balanced to mitigate volatility due to changing M&A markets
- Low client concentration with more than 1,200 unique clients
- Long-standing, sticky clients with over 50% of our FVA business being recurring in nature
- Diverse client base, including corporate clients, financial sponsors, hedge funds, government agencies and entrepreneurially owned companies

## Operating Philosophy

- Extending the HL brand and reputation as a premium provider and leading advisor in complex matters
- Strengthening fee mix with larger-cap and public clients using value-added transaction driven services
  - Rapid growth in number of \$1M+ clients
- Client centered, providing recurring and transaction-based services through the client's full life cycle
- Market thought leader with innovative new service offerings, market indices and analytical tools
- Realizing above-market revenue growth and margin targets

# Financial Sponsors Group

Houlihan Lokey has one of the largest Financial Sponsors Groups focused on mid and large-cap funds.

## Broad and Deep Financial Sponsor Group

- HL has 25 senior officers dedicated to the sponsor community in North America and Europe as of FYE 2023
- Coverage of 1,000+ private equity firms, 250+ credit funds and 75+ family offices as of FYE 2023
- Organized geographically to ensure client coverage proximity

## Most Active Investment Banks to Global P.E.<sup>2</sup>

1	Houlihan Lokey	242
2	Lincoln International	192
3	William Blair & Company	118
4	The Goldman Sachs Group	108
4	Jefferies Financial Group	108

1. As of March 31, 2023. Source: Preqin.

2. Represents number of transactions closed for the calendar year to date period ended December 31, 2022. Source: PitchBook. Excludes accounting firms and brokers.

## In-Depth Data on Buyer Behavior

- Knowledge of and database on financial sponsor preferences and behavior through our relationships and deal flow
- Collect and analyze comprehensive data on industry, size and general market trends

## Importance of Our Sponsor Relationships

- Worked on over 2,000 engagements involving sponsors and their portfolio companies in calendar-year 2022
- Sold over 700 companies to financial sponsors over the last five years
- Buyout firms have approximately \$910 billion of dry powder<sup>1</sup>
- Provide financial sponsors access to successful solutions – with coverage officers facilitating two-way information flow between sponsors and Houlihan Lokey





# Financial Overview

## Long history of revenues growth through various market cycles

- Resilient business mix consisting of cyclical and countercyclical elements
- Leader in each of our three business segments with ample growth opportunities

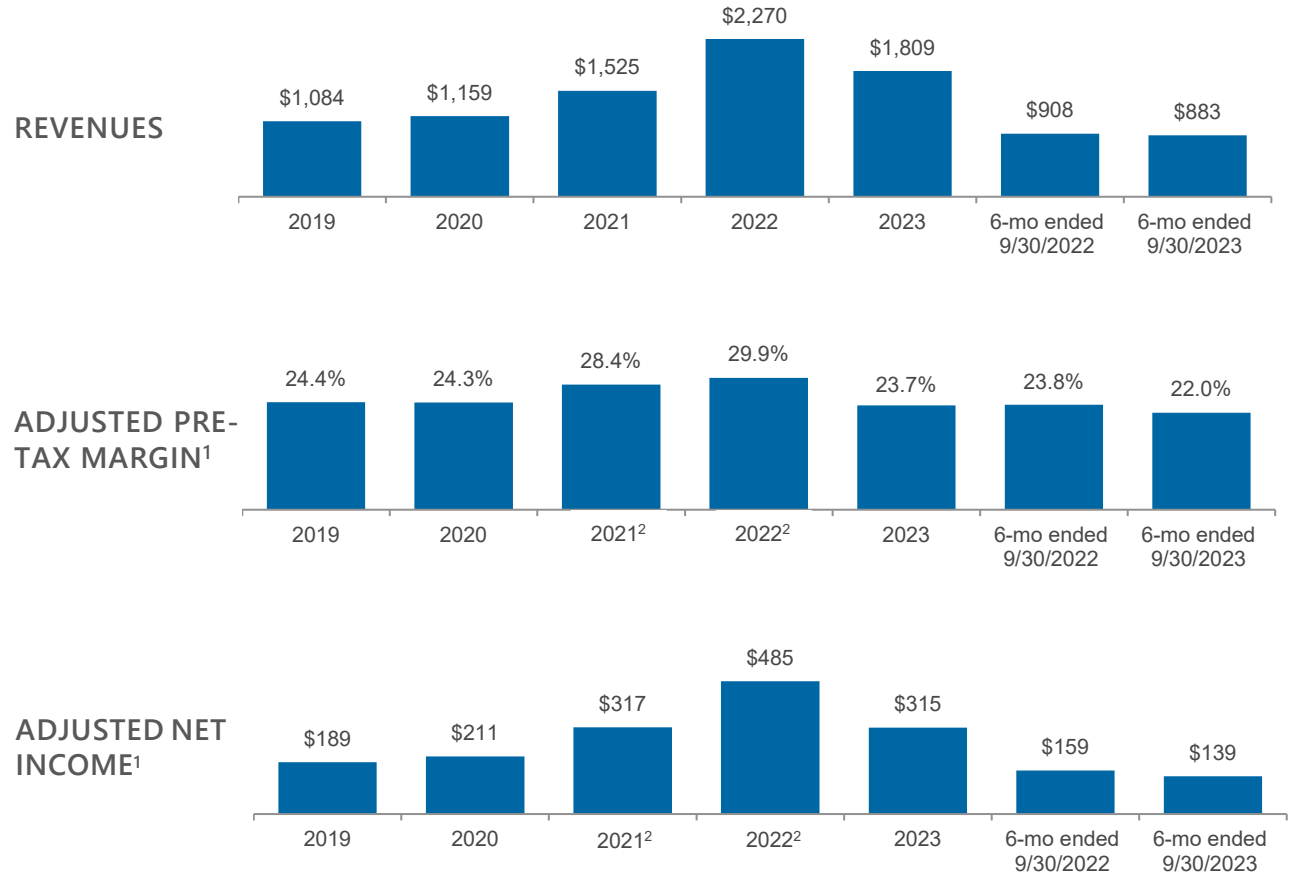
## Consistent track record of profitability through market cycles

- Maintained double-digit adjusted pre-tax margins through downturns in the economy
- Each business segment is similarly profitable to shareholders

## Scalable, capital-light model

- Minimal capital balance sheet requirements
- Low leverage levels
- Scalable model that can be further leveraged to support top-line growth

# Strong Top-Line Growth & Disciplined Expense



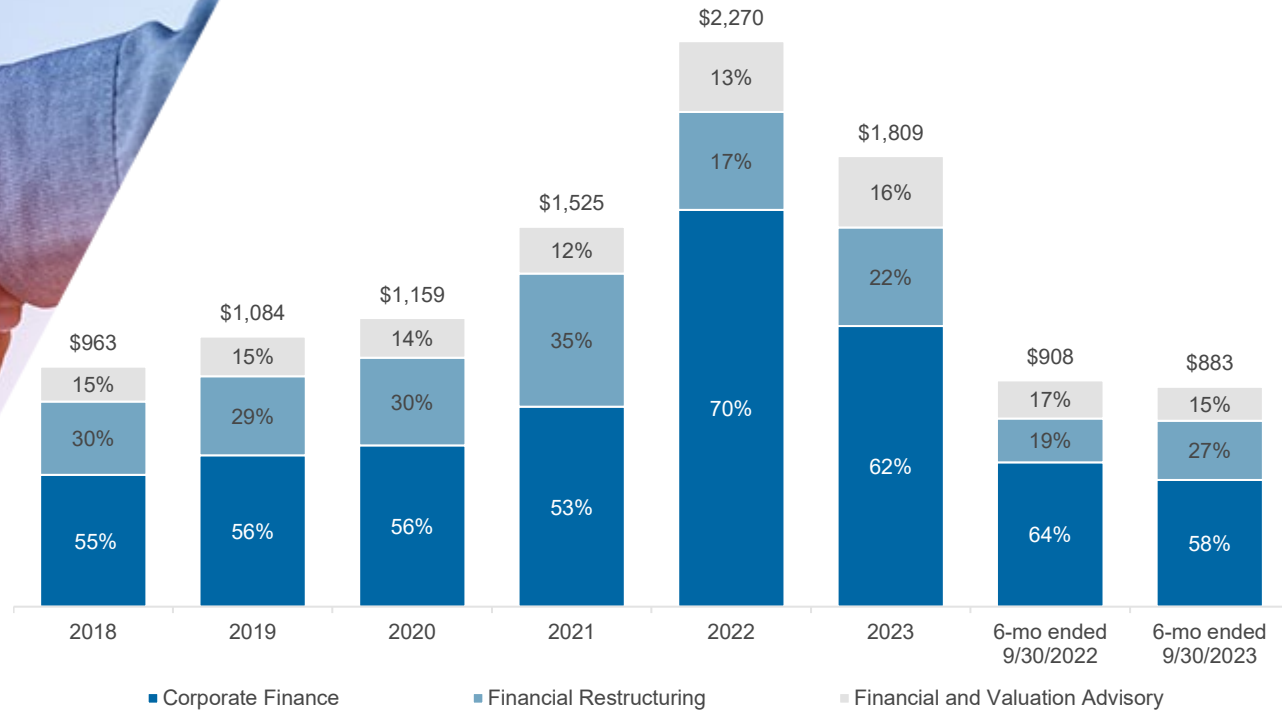
Note: Fiscal year ended March 31, unless otherwise noted. All dollar amounts in millions.

1. See page 29 for a description and reconciliation to the most directly comparable GAAP measures for relative year to date periods for fiscal 2023 and 2022. See page 30 for comparable historical GAAP figures and refer to previously filed earnings releases for historical adjustments.

2. Operated at higher margins as a result of temporarily lower non-compensation expenses as a result of COVID-19.

# Business Segment Financials

## REVENUES BY BUSINESS SEGMENT



Note: Fiscal year ended March 31. All dollar amounts in millions unless otherwise noted.



# Expense, Balance Sheet and Cash Management

## Operating Expenses

- Compensation
  - Given our diversified business model, we are able to maintain a tight compensation ratio through market cycles
- Non-compensation
  - We believe our annual non-compensation ratio is among the lowest of our publicly traded peers

## Balance Sheet Health

- We operate with extremely low levels of debt
- We maintain a revolver of \$100 million which has remained largely undrawn
- We are cash flow positive throughout the year
- We are focused on maintaining this balance sheet flexibility in order to enable us to be opportunistic, especially regarding acquisition opportunities

## Shareholder Return

We are committed to the following principles:

- Grow our quarterly dividend as the business grows
- Through share repurchases, offset the annual dilution associated with stock granted to employees as part of their compensation
- When possible, use cash to make acquisitions that are strategic as well as accretive to shareholders
- If excess cash accumulates, return it to shareholders in the most efficient manner possible

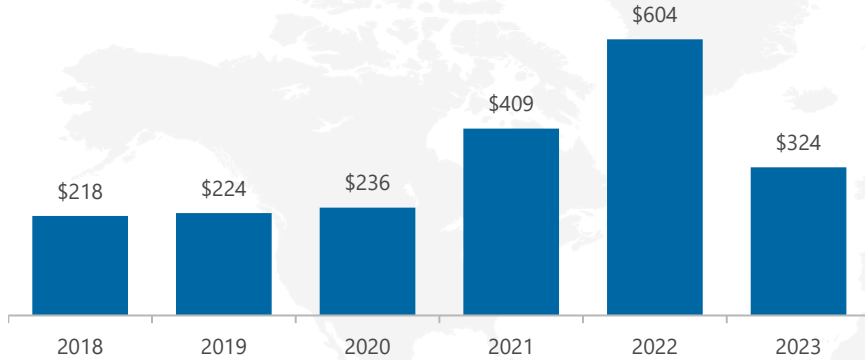
# Reconciliation of GAAP to Adjusted Financials

<i>(In thousands, except per share data)</i>	Three Months Ended September 30,		Six Months Ended September 30,	
	2023	2022	2023	2022
<b>Revenues</b>	\$ 466,989	\$ 489,537	\$ 882,818	\$ 908,181
<b>Employee compensation and benefits expenses</b>				
Employee compensation and benefits expenses (GAAP)	\$ 296,542	\$ 309,859	\$ 560,025	\$ 575,594
Less: Acquisition related retention payments	(9,342)	(8,796)	(17,092)	(17,064)
Employee compensation and benefits expenses (adjusted)	287,200	301,063	542,933	558,530
<b>Non-compensation expenses</b>				
Non-compensation expenses (GAAP)	\$ 80,170	\$ 90,307	\$ 159,169	\$ 165,646
Less: Integration and acquisition related costs	(1,465)	(2,325)	(1,465)	(2,325)
Less: Acquisition amortization	(3,360)	(15,624)	(6,715)	(31,389)
Non-compensation expenses (adjusted)	75,345	72,358	150,989	131,932
<b>Operating income</b>				
Operating income (GAAP)	\$ 90,277	\$ 89,371	\$ 163,624	\$ 166,941
Plus: Adjustments <sup>(1)</sup>	14,167	26,745	25,272	50,778
Operating income (adjusted)	104,444	116,116	188,896	217,719
<b>Other (income)/expense, net</b>				
Other (income)/expense, net (GAAP)	\$ (3,296)	\$ 5,104	\$ (6,301)	\$ 6,853
Less: Warrant revaluation	—	(1,014)	—	(2,264)
Plus/(less): Change in acquisition earnout liability fair value	816	(2,841)	816	(2,841)
Other (income)/expense, net (adjusted)	(2,480)	1,249	(5,485)	1,748
<b>Provision for income taxes</b>				
Provision for income taxes (GAAP)	\$ 26,542	\$ 23,537	\$ 41,504	\$ 28,576
Plus: Impact of the excess tax benefit for stock vesting	—	—	7,299	8,102
Plus: Release of the provision for an uncertain tax position as a result of the successful closure of a state audit	—	—	—	5,762
Adjusted provision for income taxes	26,542	23,537	48,803	42,440
Plus: Resulting tax impact <sup>(2)</sup>	3,787	8,547	7,025	14,849
Provision for income taxes (adjusted)	30,329	32,084	55,828	57,289
<b>Net income</b>				
Net income (GAAP)	\$ 67,031	\$ 60,730	\$ 128,421	\$ 131,512
Plus: Adjustments <sup>(3)</sup>	9,564	22,053	10,132	27,170
Net income (adjusted)	76,595	82,783	138,553	158,682
<b>Fully diluted shares outstanding</b>				
Fully diluted shares outstanding (GAAP)	67,867,381	69,800,028	67,881,623	69,316,792
Plus: Impact of unvested GCA retention and deferred share awards	1,132,423	—	1,257,446	—
Fully diluted shares outstanding (adjusted)	68,999,804	69,800,028	69,139,069	69,316,792
Diluted EPS attributable to Houlihan Lokey, Inc. (GAAP)	\$ 0.99	\$ 0.87	\$ 1.89	\$ 1.90
Diluted EPS attributable to Houlihan Lokey, Inc. (adjusted)	\$ 1.11	\$ 1.19	\$ 2.00	\$ 2.29

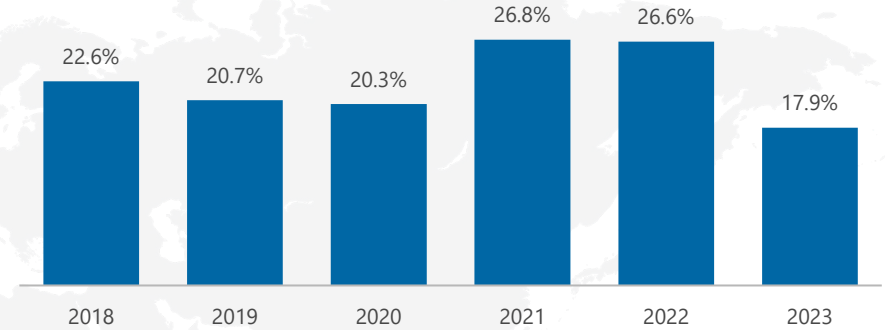
1. The aggregate of adjustments from employee compensation and benefits and non-compensation expenses.
2. Reflects the tax impact of utilizing the adjusted effective tax rate on the non-tax adjustments identified above.
3. Consists of all adjustments identified above net of the associated tax impact.

# Comparable GAAP vs. Adjusted Financial Figures

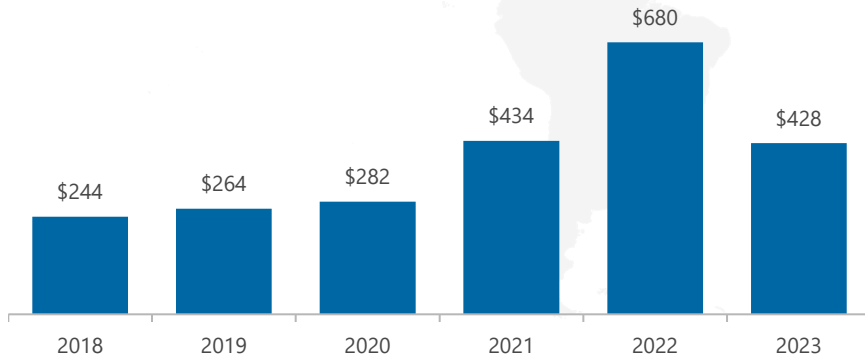
## GAAP Pre-tax Income



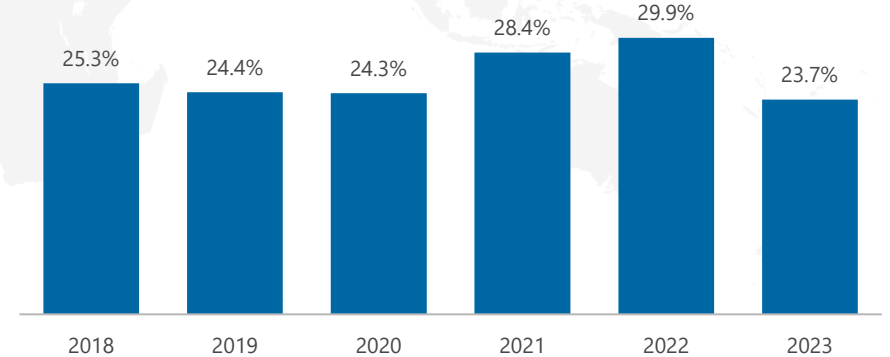
## GAAP Pre-tax Margin



## Adjusted Pre-tax Income



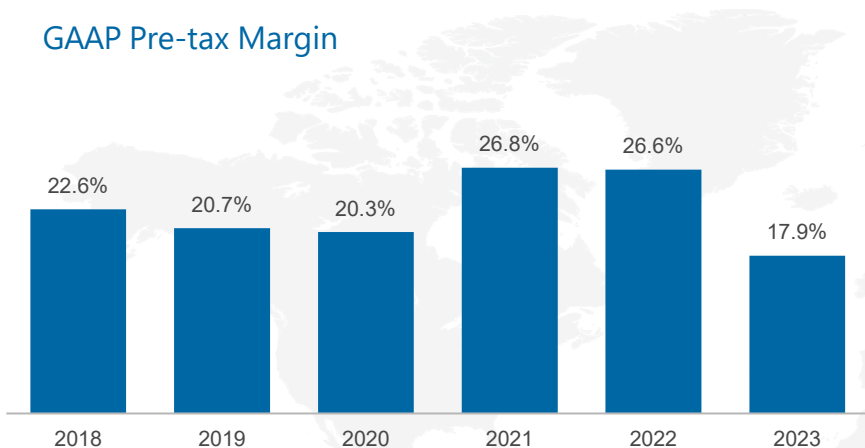
## Adjusted Pre-tax Margin



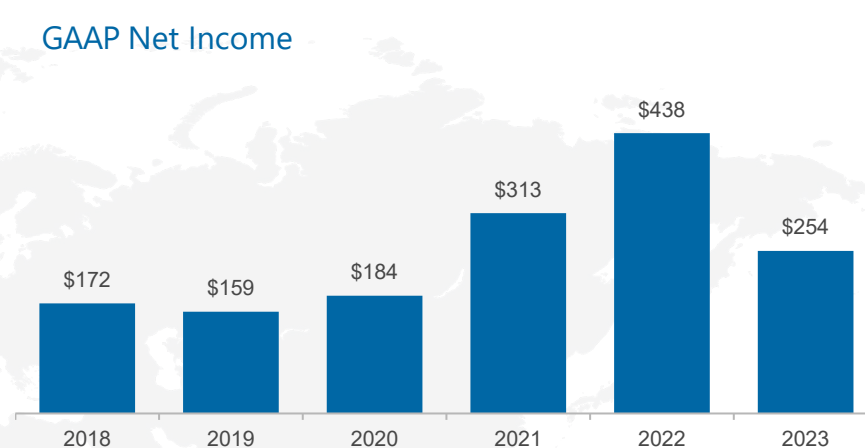
Note: For fiscal years ended March 31. All dollar amounts in millions unless otherwise noted.

# Comparable GAAP vs. Adjusted Financial Figures (Cont'd)

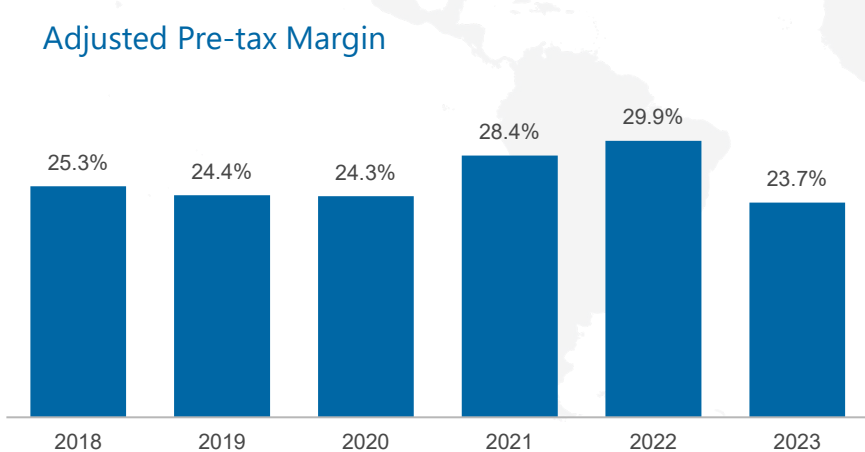
## GAAP Pre-tax Margin



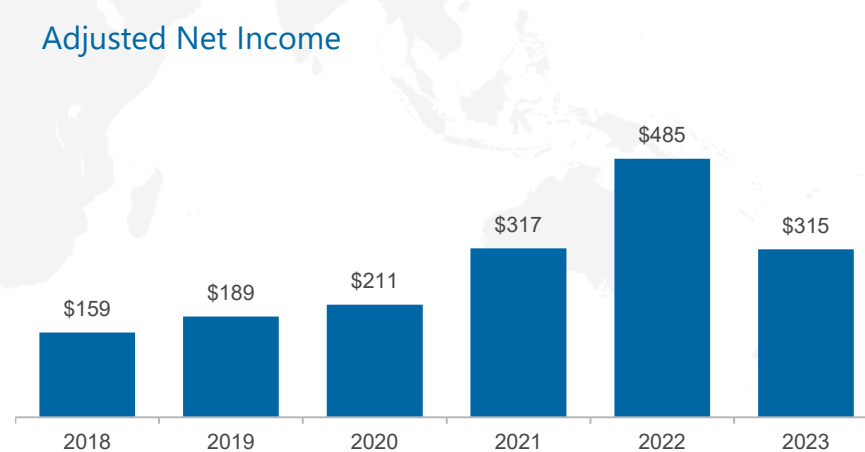
## GAAP Net Income



## Adjusted Pre-tax Margin



## Adjusted Net Income



Note: For fiscal years ended March 31. All dollar amounts in millions unless otherwise noted.

## Our Vision

We will be recognized globally for providing the finest financial advice and service to our clients and the best place to work for our colleagues.

## Our Mission

We help our clients achieve superior outcomes by providing thoughtful, caring advice while acting with honor and integrity. We are strategic in our approach to growth and are committed to creating lasting value for our shareholders. We maintain an intellectually stimulating, fair, and fun place to work. We seek to improve our local and global communities through the responsible and direct actions of our firm and its people.





**Houlihan Lokey**

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