

Houlihan Lokey Reports Third Quarter Fiscal 2018 Financial Results

- Record Third Quarter Fiscal 2018 Revenue of \$259 million, up 5% Year-Over-Year –
- Third Quarter Fiscal 2018 Diluted EPS of \$0.93, up 82% Year-Over-Year –
- Adjusted Third Quarter Fiscal 2018 Diluted EPS of \$0.69, up 21% Year-Over-Year –
- Announces Dividend of \$0.20 per Share for Fourth Quarter Fiscal 2018 –

LOS ANGELES and NEW YORK - January 29, 2018 - Houlihan Lokey, Inc. (NYSE:HLI) (“Houlihan Lokey”, the “Company”), the global investment bank, today reported financial results for its third quarter ended December 31, 2017. For the third quarter, total revenue grew 5% to a record \$259 million, compared with \$248 million for the third quarter ended December 31, 2016.

Net income grew 81% to \$62 million, or \$0.93 per diluted share, for the third quarter ended December 31, 2017, compared with \$34 million, or \$0.51 per diluted share, for the third quarter ended December 31, 2016. Adjusted net income for the third quarter ended December 31, 2017 grew 20% to \$46 million, or \$0.69 per diluted share, compared with \$38 million, or \$0.57 per diluted share, for the third quarter ended December 31, 2016.

"We are pleased to report the highest quarterly revenues in our firm's history. This was achieved with all three of our business segments reporting an increase in quarterly revenues when compared to the same period last year. In calendar 2017, we were once again ranked as the #1 M&A advisor for all U.S. transactions under \$1 billion and the #1 global financial restructuring advisor both in terms of number of transactions and value. We are optimistic about the current business climate and the opportunities that exist for the firm. We believe that tax reform will be net positive for our clients, our business and our shareholders," stated Scott Beiser, Chief Executive Officer of Houlihan Lokey.

Selected Financial Data

(Unaudited and in thousands, except per share data)

| | U.S. GAAP | | | |
|--|------------------------------------|------------------|-----------------------------------|------------------|
| | Three Months Ended December 31, | | Nine Months Ended December 31, | |
| | 2017 | 2016 | 2017 | 2016 |
| Fee revenue | \$258,937 | \$247,680 | \$718,611 | \$614,991 |
| Operating expenses: | | | | |
| Employee compensation and benefits | 174,308 | 164,971 | 481,112 | 411,677 |
| Non-compensation expenses | 30,144 | 25,886 | 82,815 | 78,653 |
| Total operating expenses | 204,452 | 190,857 | 563,927 | 490,330 |
| Operating income | 54,485 | 56,823 | 154,684 | 124,661 |
| Other (income) expense, net | (632) | 1,084 | (2,338) | 2,741 |
| Income before provision for income taxes | 55,117 | 55,739 | 157,022 | 121,920 |
| Provision/(benefit) for income taxes | (6,466) | 21,759 | 22,838 | 47,653 |
| Net income attributable to Houlihan Lokey, Inc. | \$61,583 | \$33,980 | \$134,184 | \$74,267 |
| Diluted net income per share of common stock | \$0.93 | \$0.51 | \$2.02 | \$1.11 |



Revenues

For the third quarter ended December 31, 2017, total fee revenue grew 5% to \$259 million from \$248 million for the third quarter ended December 31, 2016. For the quarter, Corporate Finance ("CF") revenues increased 5%, Financial Restructuring ("FR") revenues increased 4%, and Financial Advisory Services ("FAS") revenues increased 4% when compared with the third quarter ended December 31, 2016.

Expenses

The Company's employee compensation and benefits and non-compensation expenses during the periods presented and described below are on a GAAP, an adjusted, and an adjusted awarded basis, as appropriate.

(Unaudited and in thousands)

| | Three Months Ended December 31, | | | |
|---|---------------------------------|-----------|----------------------|-----------|
| | U.S. GAAP | | Adjusted (Non-GAAP)* | |
| | 2017 | 2016 | 2017 | 2016 |
| Expenses: | | | | |
| Employee compensation and benefits | \$174,308 | \$164,971 | \$164,423 | \$158,516 |
| <i>% of Revenues</i> | 67.3% | 66.6% | 63.5% | 64.0% |
| Non-compensation expenses | \$30,144 | \$25,886 | \$28,869 | \$25,886 |
| <i>% of Revenues</i> | 11.6% | 10.5% | 11.1% | 10.5% |
| Total operating expenses | \$204,452 | \$190,857 | \$193,292 | \$184,402 |
| <i>% of Revenues</i> | 79.0% | 77.1% | 74.6% | 74.5% |
| Adjusted awarded employee compensation and benefits | | | \$168,307 | \$162,233 |
| <i>% of Revenues</i> | | | 65.0% | 65.5% |

(Unaudited and in thousands)

| | Nine Months Ended | | | |
|---|-------------------|-----------|----------------------|-----------|
| | U.S. GAAP | | Adjusted (Non-GAAP)* | |
| | 2017 | 2016 | 2017 | 2016 |
| Expenses: | | | | |
| Employee compensation and benefits | \$481,112 | \$411,677 | \$458,615 | \$392,216 |
| <i>% of Revenues</i> | 67.0% | 66.9% | 63.8% | 63.8% |
| Non-compensation expenses | \$82,815 | \$78,653 | \$81,540 | \$78,653 |
| <i>% of Revenues</i> | 11.5% | 12.8% | 11.3% | 12.8% |
| Total operating expenses | \$563,927 | \$490,330 | \$540,155 | \$470,869 |
| <i>% of Revenues</i> | 78.5% | 79.7% | 75.2% | 76.6% |
| Adjusted awarded employee compensation and benefits | | | \$469,393 | \$401,900 |
| <i>% of Revenues</i> | | | 65.3% | 65.4% |

***Note: The adjusted and adjusted awarded figures represent non-GAAP information. See "Non-GAAP Financial Measures" and the tables at the end of this release for an explanation of the adjustments and reconciliations to the comparable GAAP numbers.**



Total operating expenses were \$204 million for the third quarter ended December 31, 2017, an increase of 7% when compared with \$191 million in operating expenses for the third quarter ended December 31, 2016. Employee compensation and benefits expenses were \$174 million for the third quarter ended December 31, 2017, compared with \$165 million for the third quarter ended December 31, 2016. The increase in employee compensation and benefits expenses was primarily a result of the growth in revenues for the quarter.

Total adjusted operating expenses were \$193 million for the third quarter ended December 31, 2017, an increase of 5% when compared with \$184 million in adjusted operating expenses for the third quarter ended December 31, 2016. Adjusted employee compensation and benefits expenses were \$164 million for the third quarter ended December 31, 2017, compared with \$159 million for the third quarter ended December 31, 2016. The increase in adjusted employee compensation and benefits expenses were primarily a result of the growth in revenues for the quarter. This resulted in an adjusted compensation ratio of 63.5% for the third quarter ended December 31, 2017, compared with 64.0% for the third quarter ended December 31, 2016.

Non-compensation expenses were \$30 million for the third quarter ended December 31, 2017, compared with \$26 million for the third quarter ended December 31, 2016, an increase of 16%. Non-compensation expenses increased primarily as a result of higher general operating expenses during the third quarter ended December 31, 2017. Adjusted non-compensation expenses were \$29 million for the third quarter ended December 31, 2017, compared with \$26 million for the third quarter ended December 31, 2016, an increase of 12%. Adjusted non-compensation expenses increased primarily as a result of higher general operating expenses during the third quarter ended December 31, 2017.

The provision/(benefit) for income taxes was \$(6) million, representing an effective tax rate of (12)% for the third quarter ended December 31, 2017, compared with \$22 million, representing an effective tax rate of 39% for the third quarter ended December 31, 2016. The significant decrease in the effective tax rate was a result of (i) the Tax Cuts and Jobs Acts (the "Tax Act") that was enacted into law in December 2017 that resulted in a lower effective federal tax rate; the re-measurement of deferred tax assets and liabilities based on the new tax rate; and a one-time deemed repatriation tax on foreign earnings, and (ii) the positive difference between the price of the stock at the time of vesting in October 2017 (accelerated from April/May 2018) and our stock price at the time of grant for the shares that vested. The adjusted provision for income taxes was \$21 million, representing an adjusted effective tax rate of 31% for the third quarter ended December 31, 2017, compared with \$24 million, representing an adjusted effective tax rate of 39% for the third quarter ended December 31, 2016. The decrease in the adjusted effective tax rate was a result of a lower statutory federal tax rate per the Tax Act.

Segment Reporting for the Third Quarter

For the third quarter ended December 31, 2017, Corporate Finance revenue grew 5% to \$129 million, compared with \$123 million during the third quarter ended December 31, 2016. The growth in revenues was driven by an increase in the number of closed transactions. CF closed 54 transactions in the third quarter ended December 31, 2017, versus 50 transactions in the third quarter ended December 31, 2016. Segment profit equaled \$34 million for the third quarter ended December 31, 2017, compared with \$40 million for the third quarter ended December 31, 2016. Segment profitability decreased primarily as a result of higher employee compensation and benefits as a percentage of revenues when compared to the same quarter of the prior year.



(Unaudited and \$ in thousands)

| | Three Months Ended December 31, | | Nine Months Ended December 31, | |
|-------------------------------|------------------------------------|-----------|-----------------------------------|-----------|
| | 2017 | 2016 | 2017 | 2016 |
| Corporate Finance | | | | |
| Revenues..... | \$129,002 | \$123,240 | \$398,822 | \$319,483 |
| Segment Profit ¹ | 33,903 | 40,423 | 129,689 | 91,517 |
| # of MDs..... | 95 | 90 | 95 | 90 |
| # of Closed Transactions..... | 54 | 50 | 170 | 154 |

For the third quarter ended December 31, 2017, Financial Restructuring revenue grew 4% to \$94 million, compared with \$90 million during the third quarter ended December 31, 2016. The growth in revenues was driven primarily by a significant increase in the average transaction fee per closed transaction. FR closed 19 transactions in the third quarter ended December 31, 2017, versus 23 transactions in the third quarter ended December 31, 2016. Segment profit was \$33 million for the third quarter ended December 31, 2017, compared with \$25 million for the third quarter ended December 31, 2016, an increase of 33%. The increase in profitability was primarily a result of lower employee compensation and benefits expenses as a percentage of revenues when compared to the same quarter last year.

(Unaudited and \$ in thousands)

| | Three Months Ended December 31, | | Nine Months Ended December 31, | |
|--------------------------------|------------------------------------|----------|-----------------------------------|-----------|
| | 2017 | 2016 | 2017 | 2016 |
| Financial Restructuring | | | | |
| Revenues..... | \$94,160 | \$90,180 | \$216,470 | \$203,372 |
| Segment Profit ¹ | 32,777 | 24,664 | 51,352 | 55,542 |
| # of MDs..... | 42 | 42 | 42 | 42 |
| # of Closed Transactions..... | 19 | 23 | 51 | 45 |

For the third quarter ended December 31, 2017, Financial Advisory Services revenue grew 4% to \$36 million, compared with \$34 million in the third quarter ended December 31, 2016. Revenues for FAS increased primarily as a result of strong performance by our transaction advisory and portfolio valuation businesses, and our intellectual property business continues to grow. Segment profit was \$6 million for the third quarter ended December 31, 2017, compared with \$9 million for the third quarter ended December 31, 2016. Segment profitability decreased primarily as a result of higher employee compensation and benefits and increased non-compensation expenses when compared to the same quarter last year.

(Unaudited and \$ in thousands)

| | Three Months Ended December 31, | | Nine Months Ended December 31, | |
|------------------------------------|------------------------------------|----------|-----------------------------------|----------|
| | 2017 | 2016 | 2017 | 2016 |
| Financial Advisory Services | | | | |
| Revenues..... | \$35,774 | \$34,260 | \$103,319 | \$92,136 |
| Segment Profit ¹ | 5,585 | 8,506 | 20,777 | 21,776 |
| # of MDs..... | 37 | 34 | 37 | 34 |
| # of Fee Events ² | 537 | 517 | 1,071 | 950 |



1. *We adjust the compensation expense for a business segment in situations where an employee residing in one business segment is performing work in another business segment where the revenues are accrued. We account for the compensation expense in the business segment where the employee resides.*
2. *A Fee Event includes any engagement that involves revenue activity during the measurement period based on a revenue minimum of \$1,000 (one thousand dollars).*

Balance Sheet and Capital Allocation

The Board of Directors of the Company declared a regular quarterly cash dividend of \$0.20 per share of Class A and Class B common stock. The dividend will be payable on March 15, 2018 to stockholders of record as of the close of business on March 2, 2018.

During the third quarter ended December 31, 2017, the Company accelerated the vesting of 1.7 million shares of common stock, and as a result of tax withholding associated with this acceleration, the Company retired 806,248 shares of common stock at an average price of \$41.28 per share for a total cost of \$33.3 million.

As of December 31, 2017, the Company had \$330 million of cash and cash equivalents and investment securities, and loans payable aggregating \$12 million.

Investor Conference Call and Webcast

The Company will host a conference call and live webcast at 5:00 p.m. Eastern Daylight Time on Monday, January 29, 2018, to discuss its third quarter fiscal year 2018 results. The number to call is 1-800-239-9838 (domestic) or 1-323-794-2551 (international). A live webcast will be available in the Investor Relations section of the Company's website. A replay of the conference call will be available on January 29, 2018 through February 5, 2018, by dialing 1-844-512-2921 (domestic) or 1-412-317-6671 (international) and entering the passcode 7775356#. A replay of the webcast will be archived and available on the Company's website.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the federal securities laws. You can identify these statements by our use of the words "assumes," "believes," "estimates," "expects," "guidance," "intends," "plans," "projects," and similar expressions that do not relate to historical matters. You should exercise caution in interpreting and relying on forward-looking statements because they involve known and unknown risks, uncertainties, and other factors which are, in some cases, beyond the Company's control and could materially affect actual results, performance, or achievements. For a further description of such factors, you should read the Company's filings with the Securities and Exchange Commission. The Company does not undertake any obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.



Non-GAAP Financial Measures

Adjusted net income, total and on a per share basis, and adjusted operating expenses are presented and discussed in this earnings press release 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. Adjusted net income and adjusted operating expenses remove the significant accounting impact of one-time charges associated with the Company's IPO and other matters, as set forth in the tables at the end of this release.

Adjusted net income and adjusted operating expenses as calculated by the Company are not necessarily comparable to similarly titled measures reported by other companies. Additionally, adjusted net income is 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 adjusted net income and a reconciliation with net income, as well as a reconciliation of the specific line items in adjusted operating expenses, see the section of this press release 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.

About Houlihan Lokey

Houlihan Lokey (NYSE: HLI) is a global investment bank with expertise in mergers and acquisitions, capital markets, financial restructuring, valuation, and strategic consulting. The firm serves corporations, institutions, and governments worldwide with offices in the United States, Europe, the Middle East, and the Asia-Pacific region. Independent advice and intellectual rigor are hallmarks of the firm's commitment to client success across its advisory services. Houlihan Lokey is ranked as the No. 1 M&A advisor for all U.S. transactions, the No. 1 global restructuring advisor, and the No. 1 global M&A fairness opinion advisor over the past 20 years, according to Thomson Reuters. For more information, please visit www.HL.com.

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Appendix

Consolidated Balance Sheet (Unaudited)

Consolidated Statement of Income (Unaudited)

Reconciliation of GAAP to Adjusted Financial Information (Unaudited)

Houlihan Lokey, Inc.
Consolidated Balance Sheet
(In thousands, except share data and par value)

| | December 31, 2017 | March 31, 2017 |
|--|----------------------|--------------------|
| | (unaudited) | (audited) |
| Assets: | | |
| Cash and cash equivalents | \$197,178 | \$300,314 |
| Restricted cash..... | — | 192,372 |
| Investment securities..... | 132,835 | — |
| Accounts receivable, net of allowance for doubtful accounts | 33,543 | 60,718 |
| Unbilled work in process..... | 41,528 | 57,682 |
| Income taxes receivable..... | 12,492 | — |
| Receivable from affiliates | 7,108 | 10,913 |
| Property and equipment, net of accumulated depreciation..... | 32,171 | 30,416 |
| Goodwill and other intangibles | 721,689 | 715,343 |
| Other assets | 19,074 | 17,949 |
| Total assets | \$1,197,618 | \$1,385,707 |
| Liabilities and Stockholders' Equity | | |
| Liabilities: | | |
| Accrued salaries and bonuses | 281,080 | 336,465 |
| Accounts payable and accrued liabilities | 36,717 | 41,655 |
| Deferred income | 3,790 | 3,717 |
| Income taxes payable | — | 4,937 |
| Deferred income taxes | 25,918 | 31,196 |
| Forward repurchase liability..... | — | 192,372 |
| Loan payable to affiliate..... | — | 15,000 |
| Loans payable to former shareholders | 3,422 | 5,482 |
| Loan payable to non-affiliate | 8,787 | 12,080 |
| Other liabilities | 9,293 | 12,348 |
| Total liabilities | 369,007 | 655,252 |
| Redeemable Non-Controlling Interest | 4,714 | 3,838 |
| Shareholders' Equity: | | |
| Class A common stock, \$0.001 par value. Authorized 1,000,000,000 shares; issued and outstanding 26,599,555 and 22,026,811 shares as of December 31, 2017 and March 31, 2017, respectively | 27 | 22 |
| Class B common stock, \$0.001 par value. Authorized 1,000,000,000 shares; issued and outstanding 39,291,756 and 50,883,299 shares as of December 31, 2017 and March 31, 2017, respectively | 39 | 51 |
| Treasury stock, at cost; 0 and 6,900,000 shares as of December 31, 2017 and March 31, 2017, respectively | — | (193,572) |
| Additional paid-in capital..... | 655,108 | 854,750 |
| Retained earnings | 181,999 | 87,407 |
| Accumulated other comprehensive loss | (13,276) | (21,917) |
| Stock subscription receivable | — | (124) |
| Total shareholders' equity | 823,897 | 726,617 |
| Total liabilities and shareholders' equity | \$1,197,618 | \$1,385,707 |

Houlihan Lokey, Inc.
Consolidated Statement of Income

(Unaudited and in thousands, except share and per share data)

| | Three Months Ended December 31, | | Nine Months Ended December 31, | |
|--|------------------------------------|------------------|-----------------------------------|------------------|
| | 2017 | 2016 | 2017 | 2016 |
| Fee revenue | \$258,937 | \$247,680 | \$718,611 | \$614,991 |
| Operating expenses: | | | | |
| Employee compensation and benefits | 174,308 | 164,971 | 481,112 | 411,677 |
| Travel, meals, and entertainment | 8,034 | 4,782 | 19,941 | 15,927 |
| Rent..... | 7,159 | 7,012 | 21,308 | 20,748 |
| Depreciation and amortization | 1,971 | 2,277 | 6,120 | 6,898 |
| Information technology and communications | 4,424 | 4,631 | 13,666 | 13,482 |
| Professional fees | 4,484 | 2,783 | 10,242 | 8,214 |
| Other operating expenses | 3,538 | 3,401 | 10,025 | 10,940 |
| Provision for bad debt..... | 534 | 1,000 | 1,513 | 2,444 |
| Total operating expenses | 204,452 | 190,857 | 563,927 | 490,330 |
| Operating income | 54,485 | 56,823 | 154,684 | 124,661 |
| Other (income) expense, net | (632) | 1,084 | (2,338) | 2,741 |
| Income before provision for income taxes..... | 55,117 | 55,739 | 157,022 | 121,920 |
| Provision/(benefit) for income taxes | (6,466) | 21,759 | 22,838 | 47,653 |
| Net income attributable to Houlihan Lokey, Inc. | \$61,583 | \$33,980 | \$134,184 | \$74,267 |
| Weighted average shares of common stock outstanding: | | | | |
| Basic..... | 62,552,777 | 61,104,822 | 62,338,102 | 60,941,996 |
| Fully Diluted..... | 66,122,939 | 66,692,326 | 66,467,378 | 66,619,214 |
| Net income per share of common stock: | | | | |
| Basic..... | \$0.98 | \$0.56 | \$2.15 | \$1.22 |
| Fully Diluted..... | \$0.93 | \$0.51 | \$2.02 | \$1.11 |

Houlihan Lokey, Inc.

Reconciliation of GAAP to Adjusted Financial Information

(Unaudited and in thousands, except per share data)

| | Three Months Ended December 31, | | Nine Months Ended December 31, | |
|---|------------------------------------|------------------|-----------------------------------|------------------|
| | 2017 | 2016 | 2017 | 2016 |
| Fee revenue | \$258,937 | \$247,680 | \$718,611 | \$614,991 |
| Employee Compensation and Benefits | | | | |
| Employee Compensation and Benefits (GAAP) | \$174,308 | \$164,971 | \$481,112 | \$411,677 |
| Less/Plus: Adjustments ¹ | (9,885) | (6,455) | (22,497) | (19,461) |
| Employee Compensation and Benefits (Adjusted) | 164,423 | 158,516 | 458,615 | 392,216 |
| Less/Plus: Adjustments ² | 3,884 | 3,717 | 10,778 | 9,684 |
| Employee Compensation and Benefits (Adjusted Awarded) | 168,307 | 162,233 | 469,393 | 401,900 |
| Non-Compensation Expenses | | | | |
| Non-Compensation Expenses (GAAP) | \$30,144 | \$25,886 | \$82,815 | \$78,653 |
| Less/Plus: Adjustments ³ | (1,275) | — | (1,275) | — |
| Non-Compensation Expenses (Adjusted) | 28,869 | 25,886 | 81,540 | 78,653 |
| Operating Income | | | | |
| Operating Income (GAAP)..... | \$54,485 | \$56,823 | \$154,684 | \$124,661 |
| Less/Plus: Adjustments ⁴ | 11,160 | 6,455 | 23,772 | 19,461 |
| Operating Income (Adjusted)..... | 65,645 | 63,278 | 178,456 | 144,122 |
| Other (Income) Expenses, net | | | | |
| Other (Income) Expenses, net (GAAP) | (\$632) | \$1,084 | (\$2,338) | \$2,741 |
| Less/Plus: Adjustments ⁵ | — | — | 1,552 | — |
| Other (Income) Expenses, net (Adjusted) | (632) | 1,084 | (786) | 2,741 |
| Provision/(benefit) for Income Taxes | | | | |
| Provision/(benefit) for Income Taxes (GAAP) | (\$6,466) | \$21,759 | \$22,838 | \$47,653 |
| Less/Plus: Adjustments ⁶ | 27,163 | 2,520 | 40,767 | 7,631 |
| Provision for Income Taxes (Adjusted) | 20,697 | 24,279 | 63,605 | 55,284 |
| Net Income | | | | |
| Net Income (GAAP) | \$61,583 | \$33,980 | \$134,184 | \$74,267 |
| Less/Plus: Adjustments ⁷ | (16,003) | 3,935 | (18,547) | 11,830 |
| Net Income (Adjusted) | 45,580 | 37,915 | 115,637 | 86,097 |
| Diluted adjusted net income per share of common stock | \$0.69 | \$0.57 | \$1.74 | \$1.29 |

Note: Figures may not sum due to rounding.

1. Consists of pre-IPO grant vesting, including grants re-awarded following forfeiture, if any ((\$9,885) in Q3 FY18; (\$6,455) in Q3 FY17; (\$22,497) in YTD FY18; (\$19,461) in YTD FY17).
2. Reflects (i) the expected vesting of grants that were made in prior year periods that were expensed during the period plus any unvested grants that were forfeited during the period ((\$14,557) in Q3 FY18; (\$6,091) in Q3 FY17; (\$30,503) in YTD FY18; (\$18,585) in YTD FY17), and (ii) estimated normal year-end grants of deferred stock during the period (\$18,441 in Q3 FY18; \$9,808 in Q3 FY17; \$41,281 in YTD FY18; \$28,269 in YTD FY17).
3. Includes costs associated with Houlihan Lokey's secondary offering of stock ((\$1,275) in Q3 FY18).
4. Includes pre-IPO grant vesting, including grants re-awarded following forfeiture, if any, plus costs associated with Houlihan Lokey's secondary offering of stock.
5. Includes (i) the net gain from the acquisition of the remaining outstanding equity stake of the Australia joint venture (\$166 in YTD FY18), and (ii) the reduction of an earnout liability (\$1,386 in YTD FY18).
6. Includes adjustments relating to the following: (i) the tax impact of the Tax Act (\$14,230 in Q3 FY18 and YTD FY18); (ii) the tax impact as a result of the adoption of ASU No. 2016-09, Compensation - Stock Compensation due to the acceleration of vesting of share awards in February and October 2017 (\$9,448 Q3 FY18 and \$18,853 in YTD FY18), and (iii) the tax impact, using the adjusted effective tax rate, of the adjustments described in footnotes 1 and 3 (\$3,485 for Q3 FY18 and \$2,520 in Q3 FY17; \$7,684 in YTD FY18 and \$7,631 in YTD FY17).
7. Consists of the adjustments described above net of the tax impact of described adjustments.