

# Houlihan Lokey Reports Third Quarter Fiscal 2025 Financial Results

Third Quarter Fiscal 2025 Revenues of \$634 million –
 Third Quarter Fiscal 2025 Diluted EPS of \$1.39 –
 Adjusted Third Quarter Fiscal 2025 Diluted EPS of \$1.64 –
 Announces Dividend of \$0.57 per Share for Fourth Quarter Fiscal 2025 –

LOS ANGELES and NEW YORK - January 28, 2025 - Houlihan Lokey, Inc. (NYSE:HLI) ("Houlihan Lokey" or the "Company") today reported financial results for its third quarter ended December 31, 2024.

For the third quarter ended December 31, 2024, revenues were \$634 million, compared with \$511 million for the third quarter ended December 31, 2023. Net income was \$95 million, or \$1.39 per diluted share, for the third quarter ended December 31, 2024, compared with \$71 million, or \$1.04 per diluted share, for the third quarter ended December 31, 2023. Adjusted net income for the third quarter ended December 31, 2024 was \$114 million, or \$1.64 per diluted share, compared with \$84 million, or \$1.22 per diluted share, for the third quarter ended December 31, 2023.

"We are pleased with our results for the third quarter as well as our performance year to date, as we continue to see momentum across our business lines. Given the stronger macro environment, we remain optimistic about the balance of this fiscal year, and our outlook for fiscal 2026 is positive," stated Scott Adelson, Chief Executive Officer of Houlihan Lokey.

#### **Selected Financial Data**

				U.S. (	GAA	P		
	Th	ree Months En	ded	December 31,	N	line Months End	ded I	December 31,
<u>(In thousands, except per share data)</u>		2024		2023		2024		2023
Revenues by segment								
Corporate Finance	\$	421,602	\$	310,512	\$	1,114,047	\$	819,247
Financial Restructuring		130,942		128,565		379,932		366,603
Financial and Valuation Advisory		81,884		72,053		229,015		208,098
Revenues	\$	634,428	\$	511,130	\$	1,722,994	\$	1,393,948
Operating expenses:								
Employee compensation and benefits	\$	402,971	\$	324,039	\$	1,093,724	\$	884,064
Non-compensation		95,355		90,551		266,931		249,720
Operating income		136,102		96,540		362,339		260,164
Other income, net		(9,016)		(6,035)		(18,741)		(12,336)
Income before provision for income taxes		145,118		102,575		381,080		272,500
Provision for income taxes		49,816		31,772		103,289		73,276
Net income attributable to Houlihan Lokey, Inc.	\$	95,302	\$	70,803	\$	277,791	\$	199,224
Diluted earnings per share attributable to Houlihan Lokey, Inc.	\$	1.39	\$	1.04	\$	4.05	\$	2.93

#### Revenues

For the third quarter ended December 31, 2024, revenues were \$634 million, compared with \$511 million for the third quarter ended December 31, 2023. For the third quarter ended December 31, 2024, Corporate Finance ("CF") revenues increased 36%, Financial Restructuring ("FR") revenues increased 2%, and Financial and Valuation Advisory ("FVA") revenues increased 14%, in each case, when compared with the third quarter ended December 31, 2023.



### Expenses

The Company's employee compensation and benefits expenses, non-compensation expenses, and provision for income taxes during the periods presented and described below are on a GAAP and an adjusted basis.

	U.S.	GAA	Р		Adjusted (I	Non-G	SAAP) *
		Th	ree Months E	nded I	December 31,		
<u>(\$ in thousands)</u>	2024		2023		2024		2023
Expenses:		_				_	
Employee compensation and benefits	\$ 402,971	\$	324,039	\$	390,173	\$	314,345
% of Revenues	63.5 %	ó	63.4 %	ó	61.5 %	ó	61.5 %
Non-compensation	\$ 95,355	\$	90,551	\$	83,002	\$	82,129
% of Revenues	15.0 %	ó	17.7 %	ó	13.1 %	ó	16.1 %
Per full-time employee <sup>(1)</sup>	\$ 35	\$	34	\$	31	\$	31
Provision for income taxes	\$ 49,816	\$	31,772	\$	56,734	\$	36,584
% of Pre-tax income	34.3 %	ó	31.0 %	ó	33.3 %	ó	30.3 %

\* Adjusted 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.

(1) Calculated using the average of the number of full-time employees at the beginning of the reporting period and the end of the reporting period.

	U.S.	GAA	Р		Adjusted (N	lon-G	SAAP) *
		Ni	ne Months En	ded I	December 31,		
<u>(\$ in thousands)</u>	 2024		2023		2024		2023
Expenses:							
Employee compensation and benefits	\$ 1,093,724	\$	884,064	\$	1,059,641	\$	857,278
% of Revenues	63.5 %	ó	63.4 %		61.5 %	, I	61.5 %
Non-compensation	\$ 266,931	\$	249,720	\$	244,211	\$	233,118
% of Revenues	15.5 %	ó	17.9 %		14.2 %	,	16.7 %
Per full-time employee (1)	\$ 101	\$	95	\$	92	\$	88
Provision for income taxes	\$ 103,289	\$	73,276	\$	140,583	\$	92,412
% of Pre-tax income	27.1 %	ó	26.9 %		32.0 %		29.3 %

\* Adjusted 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.

(1) Calculated using the average of the number of full-time employees at the beginning of the reporting period and the end of the reporting period.

Employee compensation and benefits expenses were \$403 million for the third quarter ended December 31, 2024, compared with \$324 million for the third quarter ended December 31, 2023. Adjusted employee compensation and benefits expenses were \$390 million for the third quarter ended December 31, 2024, compared with \$314 million for the third quarter ended December 31, 2023. This resulted in an adjusted compensation ratio of 61.5% for both the third quarter ended December 31, 2024 and the third quarter ended December 31, 2023. The increase in GAAP and adjusted employee compensation and benefits expenses was a result of an increase in revenues for the quarter when compared with the same quarter last year.

Non-compensation expenses were \$95 million for the third quarter ended December 31, 2024, compared with \$91 million for the third quarter ended December 31, 2023. The increase in GAAP non-compensation expenses was primarily a result of an increase in rent expense and depreciation and amortization expense, partially offset by a decrease in professional fees. Adjusted non-compensation expenses were relatively flat at \$83 million for the third quarter ended December 31, 2024, compared with \$82 million for the third quarter ended December 31, 2023.



The provision for income taxes was \$50 million, representing an effective tax rate of 34.3% for the third quarter ended December 31, 2024, compared with \$32 million, representing an effective tax rate of 31.0% for the third quarter ended December 31, 2023. The adjusted provision for income taxes was \$57 million, representing an adjusted effective tax rate of 33.3% for the third quarter ended December 31, 2024, compared with \$37 million, representing an adjusted effective tax rate of 30.3% for the third quarter ended December 31, 2023. The increase in the Company's GAAP and adjusted effective tax rates during the third quarter ended December 31, 2024, relative to the third quarter ended December 31, 2024, relative to the third quarter ended December 31, 2023, was primarily a result of increased state taxes and non-deductible expenses.



### Segment Reporting for the Third Fiscal Quarter

#### Corporate Finance

CF revenues were \$422 million for the third quarter ended December 31, 2024, compared with \$311 million for the third quarter ended December 31, 2023, representing an increase of 36%. Revenues increased due to an increase in the number of closed transactions during the quarter, which was driven by favorable market conditions for M&A and capital markets transactions. This increase was partially offset by a decrease in the average transaction fee on closed transactions, which was driven by transaction mix, and does not represent a trend in the average fee on closed transactions.

	Thr	ee Months En	ded	December 31,	N	ine Months End	led I	December 31,
<u>(\$ in thousands)</u>		2024		2023		2024		2023
Corporate Finance								
Revenues	\$	421,602	\$	310,512	\$	1,114,047	\$	819,247
# of Managing Directors		238		219		238		219
# of Closed transactions <sup>(1)</sup>		170		117		417		329

#### Financial Restructuring

FR revenues were \$131 million for the third quarter ended December 31, 2024, compared with \$129 million for the third quarter ended December 31, 2023, representing an increase of 2%. Revenues increased due to an increase in the number of closed transactions during the quarter, which was driven by favorable market conditions for restructuring transactions. This increase was partially offset by a decrease in the average transaction fee on closed transactions, which was driven by transaction mix and does not represent a trend in the average fee on closed transactions.

	Th	ee Months En	ded	December 31,	Ν	ine Months End	led I	December 31,
<u>(\$ in thousands)</u>		2024		2023		2024		2023
Financial Restructuring								
Revenues	\$	130,942	\$	128,565	\$	379,932	\$	366,603
# of Managing Directors		57		52		57		52
# of Closed transactions <sup>(1)</sup>		41		30		107		91

#### Financial and Valuation Advisory

FVA revenues were \$82 million for the third quarter ended December 31, 2024, compared with \$72 million for the third quarter ended December 31, 2023, representing an increase of 14%. Revenues increased due to an increase in the number of Fee Events and an increase in the average fee per Fee Event, driven by improvements in the M&A markets, which impacted one or more of the service lines within our FVA business.

	Т	hree Months En	ded	December 31,	N	line Months En	ded l	December 31,
<u>(\$ in thousands)</u>		2024		2023		2024		2023
Financial and Valuation Advisory								
Revenues	\$	81,884	\$	72,053	\$	229,015	\$	208,098
# of Managing Directors		42		41		42		41
# of Fee Events <sup>(1)</sup>		1,005		926		1,804		1,704

(1) 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.



### **Balance Sheet and Capital Allocation**

The Board of Directors of the Company declared a regular quarterly cash dividend of \$0.57 per share of Class A and Class B common stock. The dividend will be payable on March 15, 2025 to stockholders of record as of the close of business on March 3, 2025. As of December 31, 2024, the Company had \$903 million of cash and cash equivalents and investment securities, and \$66 million of other liabilities.

### **Investor Conference Call and Webcast**

The Company will host a conference call and live webcast at 5:00 p.m. Eastern Time on Tuesday, January 28, 2025, to discuss its third quarter fiscal 2025 results. The number to call is 1-844-825-9789 (domestic) or 1-412-317-5180 (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 from January 28, 2025 through February 4, 2025, by dialing 1-844-512-2921 (domestic) or 1-412-317-6671 (international) and entering the passcode 10195795. 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. 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 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 certain adjusted items used to determine adjusted net income, 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. The adjusted items included in this earnings press release 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 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, Inc. (NYSE:HLI) is a global investment bank with expertise in mergers and acquisitions, capital markets, financial restructuring, and financial and valuation advisory. Houlihan Lokey serves corporations, institutions, and governments worldwide with offices in the Americas, 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. The firm is the No. 1 investment bank for all global M&A transactions, the No. 1 M&A advisor for the past nine consecutive years in the U.S., the No. 1 global restructuring advisor for the past ten consecutive years, and the No. 1 global M&A fairness opinion advisor over the past 25 years, all based on number of transactions and according to data provided by LSEG.

For more information, please visit www.HL.com.



# **Contact Information**

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# Appendix

Condensed Consolidated Balance Sheets (Unaudited) Condensed Consolidated Statements of Income (Unaudited) Reconciliation of GAAP to Adjusted Financial Information (Unaudited)



# HOULIHAN LOKEY, INC. AND SUBSIDIARIES CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

In thousands, except share data and par value)	Dece	ember 31, 2024	Ma	arch 31, 2024
Assets				
Cash and cash equivalents	\$	799,340	\$	721,235
Restricted cash		1,452		619
Investment securities		103,538		38,005
Accounts receivable, net of allowance for credit losses		166,687		199,630
Unbilled work in process, net of allowance for credit losses		202,716		192,012
Income taxes receivable		_		32,856
Deferred income taxes		83,428		90,064
Property and equipment, net		140,105		136,701
Operating lease right-of-use assets		355,937		344,024
Goodwill		1,280,304		1,127,497
Other intangible assets, net		222,113		197,439
Other assets		120,142		90,677
Total assets	\$	3,475,762	\$	3,170,759
abilities and stockholders' equity				
Liabilities:				
Accrued salaries and bonuses	\$	719,301	\$	726,031
Accounts payable and accrued expenses		123,129		114,171
Deferred income		40,500		33,139
Income taxes payable		5,501		
Deferred income taxes		7,711		7,505
Operating lease liabilities		433,032		415,412
Other liabilities		66,047		37,751
Total liabilities		1,395,221		1,334,009
tockholders' equity:				
Class A common stock, \$0.001 par value. Authorized 1,000,000,000 shares; issued and outstanding 54,015,734 and 52,348,511 shares, respectively		54		52
Class B common stock, \$0.001 par value. Authorized 1,000,000,000 shares; issued and outstanding 16,129,101 and 16,746,676 shares, respectively		16		17
Additional paid-in capital		851,854		739,870
Retained earnings		1,314,974		1,163,419
Accumulated other comprehensive loss		(86,357)		(66,608
Total stockholders' equity		2,080,541		1,836,750
Total liabilities and stockholders' equity	\$	3,475,762	\$	3,170,759



# HOULIHAN LOKEY, INC. AND SUBSIDIARIES CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

	Th	ree Months En	ded 1	December 31,	Ni	ine Months End	led D	December 31,
(In thousands, except share and per share data)		2024		2023		2024		2023
Revenues	\$	634,428	\$	511,130	\$	1,722,994	\$	1,393,948
Operating expenses:								
Employee compensation and benefits		390,173		314,345		1,059,641		857,278
Acquisition related compensation and benefits		12,798		9,694		34,083		26,786
Travel, meals, and entertainment		17,942		17,325		50,024		47,494
Rent		22,259		19,002		56,717		55,418
Depreciation and amortization		9,561		6,657		25,861		20,275
Information technology and communications		16,945		15,443		50,889		43,319
Professional fees		11,744		14,853		29,898		35,269
Other operating expenses		16,904		17,271		53,542		47,945
Total operating expenses		498,326		414,590		1,360,655		1,133,784
Operating income		136,102		96,540		362,339		260,164
Other income, net		(9,016)		(6,035)		(18,741)		(12,336)
Income before provision for income taxes		145,118		102,575		381,080		272,500
Provision for income taxes		49,816		31,772		103,289		73,276
Net income	\$	95,302	\$	70,803	\$	277,791	\$	199,224
Weighted average shares of common stock outstanding:								
Basic		65,831,122		64,411,668		65,563,605		64,258,216
Fully diluted		68,760,959		67,886,301		68,558,325		67,896,302
Earnings per share attributable to Houlihan Lokey, Inc.								
Basic	\$	1.45	\$	1.10	\$	4.24	\$	3.10
Fully diluted	\$	1.39	\$	1.04	\$	4.05	\$	2.93



# HOULIHAN LOKEY, INC. AND SUBSIDIARIES RECONCILIATION OF GAAP TO ADJUSTED FINANCIAL INFORMATION (UNAUDITED)

	December 31,	led D	ine Months End	Ni	December 31,	ded I	ee Months En	Thr	
Revenues         \$         634,428         \$         511,130         \$         1,722,994         \$           Employee compensation and benefits expenses $(12,798)$ $(24,039)$ \$ $1,093,724$ \$           Employee compensation and benefits expenses (GAAP)         \$ $402,971$ \$ $324,039$ \$ $1,093,724$ \$           Less: Acquisition related compensation and benefits expenses (adjusted) $390,733$ $314,345$ $1,059,641$ Non-compensation expenses (GAAP)         \$ $95,355$ $90,551$ \$ $266,931$ \$           Less: Acquisition related legal structure reorganization $(3,619)$ $(2,603)$ $(4,824)$ Less: Acquisition anorization $(4,066)$ $(4,259)$ $(8,222)$ Operating income $25,151$ $18,116$ $56,803$ $96,540$ \$ $362,339$ \$           Operating income (GAAP)         \$ $136,102$ $96,540$ \$ $362,339$ \$           Operating income (dAP)         \$ $136,102$ $96,540$ \$ $362,339$ \$           Plus: (dijusted) $00,016$ <	2023		2024		2023		2024		In thousands, except share and per share data)
Employee compensation and benefits expenses (GAAP)         \$ $402,971$ \$ $324,039$ \$ $1.093,724$ \$           Less: Acquisition related compensation and benefits $(12,798)$ $(9,694)$ $(34,083)$ $1.059,641$ Non-compensation expenses $390,173$ $314,345$ $1.059,641$ $1.059,641$ Non-compensation expenses (GAAP)         \$ $95,355$ $90,551$ \$ $266,931$ \$           Less: Acquisition related legal structure reorganization $(3,619)$ $(2,603)$ $(4,824)$ $(4,824)$ Less: Acquisition and acquisition related costs $(4,668)$ $(4,259)$ $(8,222)$ $(8,222)$ Less: Acquisition anortization $(3,6102$ $96,540$ $83,002$ $82,129$ $244,211$ Non-compensation expenses (adjusted) $813,002$ $82,129$ $244,211$ $90$ Operating income $(0,0474)$ $80,002$ $82,129$ $244,211$ $90,016$ $96,540$ $96,540$ $96,540$ $96,540$ $90,233$ $90,016$ $90,016$ $90,016$ $90,016$ $90,016$ $90$	1,393,948	\$	1,722,994	\$	511,130	\$	634,428	\$	
Less: Acquisition related compensation and benefits       (12,798)       (9,694)       (34,083)         Employee compensation and benefits expenses (adjusted)       390,173       314,345       1,059,641         Non-compensation expenses $390,173$ 314,345       1,059,641         Non-compensation expenses $$95,355$ $$90,551$ $$266,931$ $$$266,931$ $$$266,931$ $$$266,931$ $$$266,931$ $$$266,931$ $$$266,931$ $$$266,931$ $$$266,931$ $$$266,931$ $$$266,931$ $$$266,931$ $$$266,931$ $$$266,931$ $$$266,931$ $$$266,931$ $$$266,931$ $$$$266,931$ $$$266,931$ $$$$266,931$ $$$$266,931$ $$$$266,931$ $$$$266,931$ $$$$$266,931$ $$$$$266,931$ $$$$$266,931$ $$$$$266,931$ $$$$$$266,931$ $$$$$$266,931$ $$$$$$266,931$ $$$$$$$$$$266,931$ $$$$$$$$$$$$$$$$$$$$$$$$$$$$$$$$$$$$$$									Imployee compensation and benefits expenses
Employee compensation and benefits expenses (adjusted) $390,173$ $314,345$ $1,059,641$ Non-compensation expenses         Non-compensation expenses $260,511$ $5$ $266,931$ $5$ Non-compensation expenses (GAAP) $5$ $95,355$ $90,551$ $5$ $266,931$ $5$ Less: Acquisition related legal structure reorganization $(3,619)$ $(2,603)$ $(4,824)$ Less: Acquisition and acquisition related costs $(4,666)$ $(1,560)$ $(9,674)$ Non-compensation expenses (adjusted) $83,002$ $82,129$ $244,211$ Operating income $0$ $25,151$ $18,116$ $56,803$ $362,339$ $5$ Plus: Adjustments <sup>(1)</sup> $22,151$ $18,116$ $56,803$ $362,339$ $5$ Operating income (GAAP) $5$ $99,016$ $5$ $(6,035)$ $(18,741)$ $5$ Other income, net $   (628)$ $(19,569)$ Provision for income taxes $(GAAP)$ $5$ $49,816$ $5$ $31,772$ $5$	884,064	\$	1,093,724	\$	324,039	\$	402,971	\$	mployee compensation and benefits expenses (GAAP)
Non-compensation expenses         Non-compensation expenses (GAAP)         \$         95,355         \$         90,551         \$         266,931         \$           Less: Acquisition related legal structure reorganization         (3,619)         (2,603)         (4,824)           Less: Integration and acquisition related costs         (4,668)         (4,259)         (8,222)           Less: Acquisition amortization         (4,066)         (1,560)         (9,674)           Non-compensation expenses (adjusted)         83,002         82,129         244,211           Operating income         -         -         6,630         \$         362,339         \$           Operating income (GAAP)         \$         136,102         \$         96,540         \$         362,339         \$           Operating income (GAAP)         \$         136,102         \$         96,540         \$         362,339         \$           Operating income (GAAP)         \$         19,125         114,656         419,142         Other income, net (GAAP)         \$         90,016         \$         (6,035)         \$         (18,741)         \$           Plus/(less): Change in acquisition earnout liability fair value         -         -         (828)         Other income, net (GAAP)         \$	(26,786)		(34,083)		(9,694)		(12,798)		Less: Acquisition related compensation and benefits
Non-compensation expenses (GAAP)         \$         95,355         \$         90,551         \$         266,931         \$           Less: Acquisition related legal structure reorganization         (3,619)         (2,603)         (4,824)           Less: Acquisition and acquisition related costs         (4,668)         (4,259)         (8,222)           Less: Acquisition amortization         (4,066)         (1,560)         (9,674)           Non-compensation expenses (adjusted) $83,002$ $82,129$ 244,211           Operating income         25,151         18,116         56,803           Operating income (GAAP)         \$         136,102         \$         96,540         \$         362,339         \$           Other income, GAAP)         \$         136,102         \$         96,540         \$         362,339         \$           Operating income (GAAP)         \$         136,102         \$         96,540         \$         362,339         \$           Other income, net (GAAP)         \$         190,016         \$         (6,035)         \$         (18,741)         \$           Plus: (legisted)         (9,016)         \$         6,6035         \$         (18,741)         \$           Pulvicless): Change in acquisition e	857,278		1,059,641		314,345		390,173		mployee compensation and benefits expenses (adjusted)
Less: Acquisition related legal structure reorganization $(3,619)$ $(2,603)$ $(4,824)$ Less: Integration and acquisition related costs $(4,668)$ $(42,259)$ $(8,222)$ Less: Acquisition amortization $(4,066)$ $(1,560)$ $(9,674)$ Non-compensation expenses (adjusted) $83,002$ $82,129$ $244,211$ Operating income         Operating income (GAAP)       \$ $136,102$ \$ $96,540$ \$ $362,339$ \$         Operating income (AGAP)       \$ $125,151$ $18,116$ $56,803$ \$         Operating income (adjusted) $161,253$ $114,656$ $419,142$ Operating income (adjusted) $161,253$ $114,656$ $419,142$ Other income, net (GAAP)       \$ $(9,016)$ \$ $(6,035)$ \$ $(18,741)$ \$         Plus/(Less): Change in acquisition earnout liability fair value $   (2,603)$ \$ $(19,569)$ \$         Provision for income taxes $(3,24)$ $(4,62)$ $(679)$ $(14,62)$ $(1462)$ $(19,59)$									Von-compensation expenses
Less: Integration and acquisition related costs $(4,668)$ $(4,259)$ $(8,222)$ Less: Acquisition amortization $(4,066)$ $(1,560)$ $(9,674)$ Non-compensation expenses (adjusted) $83,002$ $82,129$ $244,211$ Operating income         Operating income (GAAP)       \$ 136,102       \$ 96,540       \$ 362,339       \$         Plus: Adjustments ( <sup>1)</sup> 25,151       18,116       56,803       \$         Operating income (GAAP)       \$ 90,016)       \$ (6,035)       \$ (18,741)       \$         Other income, net (GAAP)       \$ (9,016)       \$ (6,035)       \$ (18,741)       \$         Other income, net (GAAP)       \$ (9,016)       \$ (6,035)       \$ (18,741)       \$         Plus: Change in acquisition earnout liability fair value       —       —       —       (828)       \$         Other income, net (adjusted)       (9,016)       \$ (6,035)       \$ (19,569)       \$         Provision for income taxes       \$ (9,016)       \$ (6,035)       \$ (19,569)       \$         Other income, net (adjusted)       \$ (9,016)       \$ (6,035)       \$ (19,569)       \$         P	249,720	\$	266,931	\$	90,551	\$	95,355	\$	on-compensation expenses (GAAP)
Less: Acquisition amortization $(4,066)$ $(1,560)$ $(9,674)$ Non-compensation expenses (adjusted) $83,002$ $82,129$ $244,211$ Operating income       S $136,102$ S $96,540$ S $362,339$ S         Operating income (GAAP)       \$ $136,102$ \$ $96,540$ \$ $362,339$ \$         Operating income (AdAP)       \$ $136,102$ \$ $96,540$ \$ $362,339$ \$         Operating income (AdJusted)       161,253 $114,656$ $419,142$ $419,142$ $66,035$ \$ $(18,741)$ \$         Other income, net       -       -       (828) $66,035$ \$ $(18,741)$ \$         Plus/(less): Change in acquisition earnout liability fair value       -       -       (828) $(19,569)$	(2,603)		(4,824)		(2,603)		(3,619)		Less: Acquisition related legal structure reorganization
Non-compensation expenses (adjusted) $83,002$ $82,129$ $244,211$ Operating income (GAAP)         \$ $136,102$ \$ $96,540$ \$ $362,339$ \$           Plus: Adjustments <sup>(1)</sup> $25,151$ $18,116$ $56,803$ \$ $362,339$ \$           Operating income (adjusted) $25,151$ $18,116$ $56,803$ \$ $419,142$ Other income, net $25,151$ $18,116$ $56,803$ \$ $(18,741)$ \$           Other income, net (GAAP)         \$ $(9,016)$ \$ $(6,035)$ \$ $(18,741)$ \$           Plus/(less): Change in acquisition earnout liability fair value $   (828)$ Other income, net (adjusted)         (9,016)         \$ $(6,035)$ \$ $(19,569)$ Provision for income taxes $GAAP$ \$ $49,816$ $31,772$ \$ $103,289$ \$           Plus: Impact of the excess tax benefit for stock vesting $   (1,620)$ Adjusted provision for income taxes $48,354$	(5,724)		(8,222)		(4,259)		(4,668)		Less: Integration and acquisition related costs
Operating income           Operating income (GAAP)         \$         136,102         \$         96,540         \$         362,339         \$           Plus: Adjustments <sup>(1)</sup> 25,151         18,116         56,803            56,803               56,803                56,803                56,803	(8,275)		(9,674)		(1,560)		(4,066)		Less: Acquisition amortization
Operating income (GAAP)         \$         136,102         \$         96,540         \$         362,339         \$           Plus: Adjustments <sup>(1)</sup> 25,151         18,116         56,803	233,118		244,211		82,129		83,002		on-compensation expenses (adjusted)
Plus: Adjustments <sup>(1)</sup> $25,151$ $18,116$ $56,803$ Operating income (adjusted)       161,253       114,656       419,142         Other income, net $(GAAP)$ \$ $(9,016)$ \$ $(6,035)$ \$ $(18,741)$ \$         Other income, net (GAAP)       \$ $(9,016)$ \$ $(6,035)$ \$ $(18,741)$ \$         Plus/(less): Change in acquisition earnout liability fair value $  (828)$ 0         Other income, net (adjusted) $(9,016)$ $(6,035)$ $(18,741)$ \$ $(828)$ 0         Plus/(less): Change in acquisition earnout liability fair value $  (828)$ 0         Other income, net (adjusted) $(9,016)$ $(6,035)$ $(19,569)$ $(19,569)$ Provision for income taxes $(9,016)$ $(6,035)$ $(19,569)$ $(19,569)$ Plus: Impact of the excess tax benefit for stock vesting $  (1,62)$ $(1,62)$ $(1,690)$ $(1,462)$ $(679)$ $(1,462)$ $(1,690)$ $(1,462)$ $(679)$ $(1,462)$ $(1,462)$ $(1,462)$ $(140,583)$ $(140,583)$									perating income
Operating income (adjusted) $161,253$ $114,656$ $419,142$ Other income, netOther income, net (GAAP)\$ $(9,016)$ \$ $(6,035)$ \$ $(18,741)$ \$Plus/(less): Change in acquisition earnout liability fair value——— $(828)$ Other income, net (adjusted) $(9,016)$ $(6,035)$ $(19,569)$ $(19,569)$ Provision for income taxesProvision for income taxes (GAAP)\$ $49,816$ \$ $31,772$ \$ $103,289$ \$Plus: Impact of the excess tax benefit for stock vesting——— $(1,690)$ $1.462$ Less: Non-deductible acquisition related costs $(1,462)$ $(679)$ $(1,462)$ Adjusted provision for income taxes (adjusted) $56,734$ $31,093$ $122,058$ Plus: Resulting tax impact <sup>(2)</sup> $8,380$ $5,491$ $18,525$ Provision for income taxes (adjusted) $56,734$ $36,584$ $140,583$ Net income $18,233$ $13,304$ $20,337$ $298,128$ Plus/(less): Adjustments <sup>(3)</sup> $$ 113,535$ $$ 84,107$ $298,128$ $298,128$	260,164	\$	362,339	\$	96,540	\$	136,102	\$	perating income (GAAP)
Other income, net         S         (9,016)         S         (6,035)         S         (18,741)         S           Plus/(less): Change in acquisition earnout liability fair value         -         -         (828)         (18,741)         S           Other income, net (adjusted)         (9,016)         (6,035)         (18,741)         S         (828)         (18,741)         S           Provision for income taxes         (9,016)         (6,035)         (19,569)         (19,569)         S         (19,69)         S         103,289         S         S         103,289         S         Provision for income taxes (GAAP)         S         49,816         S         31,772         S         103,289         S         Pus: Impact of the excess tax benefit for stock vesting         -         -         21,921         Less: Non-deductible acquisition related costs         (1,462)         (679)         (1,462)         Adjusted provision for income taxes         48,354         31,093         122,058         Plus: Resulting tax impact (2)         S         48,354         31,093         122,058         Plus: Resulting tax impact (2)         56,734         36,584         140,583         S         440,583         140,583         S         140,583         S         140,583         S         18,233         13,304 </td <td>43,388</td> <td></td> <td>56,803</td> <td></td> <td>18,116</td> <td></td> <td>25,151</td> <td></td> <td>Plus: Adjustments <sup>(1)</sup></td>	43,388		56,803		18,116		25,151		Plus: Adjustments <sup>(1)</sup>
Other income, net (GAAP)       \$       (9,016)       \$       (6,035)       \$       (18,741)       \$         Plus/(less): Change in acquisition earnout liability fair value $ -$ (828)       (19,569)         Other income, net (adjusted)       (9,016)       (6,035)       (19,569)       (19,569)         Provision for income taxes       (9,016)       (6,035)       (19,569)       (19,569)         Provision for income taxes (GAAP)       \$       49,816       \$       31,772       \$       103,289       \$         Plus: Impact of the excess tax benefit for stock vesting $ -$ 21,921       1 </td <td>303,552</td> <td></td> <td>419,142</td> <td></td> <td>114,656</td> <td></td> <td>161,253</td> <td></td> <td>perating income (adjusted)</td>	303,552		419,142		114,656		161,253		perating income (adjusted)
Plus/(less): Change in acquisition earnout liability fair value———(828)Other income, net (adjusted)(9,016)(6,035)(19,569)Provision for income taxesProvision for income taxes (GAAP)\$49,816\$31,772\$103,289\$Plus: Impact of the excess tax benefit for stock vesting———21,921Less: Reversal of deferred tax asset———(1,690)Less: Non-deductible acquisition related costs(1,462)(679)(1,462)Adjusted provision for income taxes48,35431,093122,058Plus: Resulting tax impact (2)8,3805,49118,525Provision for income taxes (adjusted)56,73436,584140,583Net incomeKet income (GAAP)\$95,302\$70,803\$277,791\$Plus/(less): Adjustments (3)18,23313,30420,337298,128\$Fully diluted shares outstanding									)ther income, net
Other income, net (adjusted)       (9,016)       (6,035)       (19,569)         Provision for income taxes       Provision for income taxes (GAAP)       \$ 49,816       \$ 31,772       \$ 103,289       \$         Plus: Impact of the excess tax benefit for stock vesting       -       -       21,921         Less: Reversal of deferred tax asset       -       -       (1,690)         Less: Non-deductible acquisition related costs       (1,462)       (679)       (1,462)         Adjusted provision for income taxes       48,354       31,093       122,058         Plus: Resulting tax impact <sup>(2)</sup> 8,380       5,491       18,525         Provision for income taxes (adjusted)       56,734       36,584       140,583         Net income       \$ 95,302       70,803       277,791       \$         Plus/(less): Adjustments <sup>(3)</sup> 18,233       13,304       20,337         Net income (adjusted)       \$ 113,535       \$ 84,107       298,128         Fully diluted shares outstanding       \$ 113,535       \$ 84,107       298,128	(12,336)	\$	(18,741)	\$	(6,035)	\$	(9,016)	\$	ther income, net (GAAP)
Provision for income taxes       Provision for income taxes (GAAP)       \$       49,816       \$       31,772       \$       103,289       \$         Plus: Impact of the excess tax benefit for stock vesting       -       -       21,921       103,289       \$         Less: Reversal of deferred tax asset       -       -       21,921       103,289       \$         Less: Reversal of deferred tax asset       -       -       -       (1,690)       14,622         Adjusted provision for income taxes       48,354       31,093       122,058       122,058       18,255         Plus: Resulting tax impact (2)       8,380       5,491       18,525       140,583         Net income       56,734       36,584       140,583       140,583         Net income (GAAP)       \$       95,302       \$       70,803       \$       277,791       \$         Plus/(less): Adjustments <sup>(3)</sup> 18,233       13,304       20,337       298,128       2       2         Fully diluted shares outstanding       \$       113,535       \$       84,107       298,128       2	816		(828)		_				Plus/(less): Change in acquisition earnout liability fair value
Provision for income taxes (GAAP)       \$       49,816       \$       31,772       \$       103,289       \$         Plus: Impact of the excess tax benefit for stock vesting       -       -       21,921	(11,520)		(19,569)		(6,035)		(9,016)		ther income, net (adjusted)
Plus: Impact of the excess tax benefit for stock vesting       -       -       21,921         Less: Reversal of deferred tax asset       -       -       (1,690)         Less: Non-deductible acquisition related costs       (1,462)       (679)       (1,462)         Adjusted provision for income taxes       48,354       31,093       122,058         Plus: Resulting tax impact <sup>(2)</sup> 8,380       5,491       18,525         Provision for income taxes (adjusted)       56,734       36,584       140,583         Net income         Net income (GAAP)       \$       95,302       \$       70,803       \$       277,791       \$         Plus/(less): Adjustments <sup>(3)</sup> 18,233       13,304       20,337       \$       113,535       \$       84,107       298,128       \$         Fully diluted shares outstanding									rovision for income taxes
Less: Reversal of deferred tax asset       -       -       (1,690)         Less: Non-deductible acquisition related costs       (1,462)       (679)       (1,462)         Adjusted provision for income taxes       48,354       31,093       122,058         Plus: Resulting tax impact <sup>(2)</sup> 8,380       5,491       18,525         Provision for income taxes (adjusted)       56,734       36,584       140,583         Net income       -       -       -       -         Net income (GAAP)       \$       95,302       \$       70,803       \$       277,791       \$         Plus/(less): Adjustments <sup>(3)</sup> 18,233       13,304       20,337       _<	73,276	\$	103,289	\$	31,772	\$	49,816	\$	rovision for income taxes (GAAP)
Less: Non-deductible acquisition related costs       (1,462)       (679)       (1,462)         Adjusted provision for income taxes       48,354       31,093       122,058         Plus: Resulting tax impact <sup>(2)</sup> 8,380       5,491       18,525         Provision for income taxes (adjusted)       56,734       36,584       140,583         Net income       Vet income (GAAP)       \$ 95,302       \$ 70,803       \$ 277,791       \$ Plus/(less): Adjustments <sup>(3)</sup> 18,233       13,304       20,337         Net income (adjusted)       \$ 113,535       \$ 84,107       298,128	7,299		21,921		—		_		Plus: Impact of the excess tax benefit for stock vesting
Adjusted provision for income taxes       48,354       31,093       122,058         Plus: Resulting tax impact <sup>(2)</sup> 8,380       5,491       18,525         Provision for income taxes (adjusted)       56,734       36,584       140,583         Net income        70,803       \$ 277,791       \$         Plus/(less): Adjustments <sup>(3)</sup> 18,233       13,304       20,337         Net income (adjusted)       \$ 113,535       \$ 84,107       298,128	_		(1,690)		—		_		Less: Reversal of deferred tax asset
Plus: Resulting tax impact (2)       8,380       5,491       18,525         Provision for income taxes (adjusted)       56,734       36,584       140,583         Net income       S       95,302       \$ 70,803       \$ 277,791       \$         Net income (GAAP)       \$ 95,302       \$ 70,803       \$ 277,791       \$         Plus/(less): Adjustments (3)       18,233       13,304       20,337         Net income (adjusted)       \$ 113,535       \$ 84,107       298,128         Fully diluted shares outstanding	(679)		(1,462)		(679)		(1,462)		-
Provision for income taxes (adjusted)       56,734       36,584       140,583         Net income       Net income (GAAP)       \$ 95,302 \$ 70,803 \$ 277,791 \$         Plus/(less): Adjustments <sup>(3)</sup> 18,233       13,304       20,337         Net income (adjusted)       \$ 113,535 \$ 84,107       298,128         Fully diluted shares outstanding	79,896		122,058		31,093		48,354		
Net income           Net income (GAAP)         \$ 95,302 \$ 70,803 \$ 277,791 \$           Plus/(less): Adjustments <sup>(3)</sup> 18,233         13,304         20,337           Net income (adjusted)         \$ 113,535 \$ 84,107         298,128	12,516		18,525		5,491		8,380		Plus: Resulting tax impact <sup>(2)</sup>
Net income (GAAP)       \$       95,302       \$       70,803       \$       277,791       \$         Plus/(less): Adjustments <sup>(3)</sup> 18,233       13,304       20,337       20,337       20,337       20,337       20,337       20,317       2	92,412		140,583		36,584		56,734		rovision for income taxes (adjusted)
Plus/(less): Adjustments <sup>(3)</sup> 18,233       13,304       20,337         Net income (adjusted)       \$ 113,535       \$ 84,107       298,128         Fully diluted shares outstanding									let income
Net income (adjusted)         \$ 113,535         \$ 84,107         298,128           Fully diluted shares outstanding   <	199,224	\$	277,791	\$	70,803	\$	95,302	\$	
Fully diluted shares outstanding	23,436		20,337		13,304		18,233		Plus/(less): Adjustments <sup>(3)</sup>
	222,660		298,128		84,107	\$	113,535	\$	et income (adjusted)
Fully diluted shares outstanding (GAAP)         68.760.959         67.886.301         68.558.325									•
	67,896,302		68,558,325		67,886,301				ully diluted shares outstanding (GAAP)
Plus: Impact of unvested GCA retention and deferred share awards    334,677    968,515    454,494	1,148,657				968,515		334,677		-
Fully diluted shares outstanding (adjusted)         69,095,636         68,854,816         69,012,819	69,044,959		69,012,819		68,854,816		69,095,636		ully diluted shares outstanding (adjusted)
Diluted EPS attributable to Houlihan Lokey, Inc. (GAAP)\$1.39\$1.04\$4.05\$	2.93								
Diluted EPS attributable to Houlihan Lokey, Inc. (adjusted)\$1.64\$1.22\$4.32\$	3.22	\$	4.32	\$	1.22	\$	1.64	\$	iluted EPS attributable to Houlihan Lokey, Inc. (adjusted)

(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.