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## Section 1: 8-K (8-K)

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549  
FORM 8-K

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

Date of report (Date of earliest event reported):  
October 25, 2018

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### Houlihan Lokey, Inc.

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(Exact Name of Registrant as Specified in Charter)

Delaware

001-37537

95-2770395

(State or Other Jurisdiction of  
Incorporation)

(Commission File Number)

(IRS Employer  
Identification No.)

10250 Constellation Blvd., 5th Floor, Los  
Angeles, CA

90067

(Address of Principal Executive  
Offices)

(Zip Code)

Registrant's telephone number, including area code:  
310-788-5200

(Former Name or Former Address, if Changed Since Last Report)  
Not Applicable

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

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

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

Emerging growth company

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

**Item 2.02. Results of Operations and Financial Condition.**

On October 25, 2018, Houlihan Lokey, Inc. issued a press release announcing its financial results for the second fiscal quarter ended September 30, 2018. A copy of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated by reference herein.

The information in Item 2.02 of this Current Report on Form 8-K, including the information contained in Exhibit 99.1, is being furnished to the Securities and Exchange Commission pursuant to Item 2.02, and shall not be deemed to be “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, and shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by a specific reference in such filing.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits

99.1 [Press Release dated October 25, 2018.](#)

**SIGNATURE**

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

Date: October 25, 2018

Houlihan Lokey, Inc.

By: /s/ J. Lindsey Alley

Name: J. Lindsey Alley

Position: Chief Financial Officer

## EXHIBIT INDEX

| <u>Exhibit No.</u> | <u>Description</u>                                   |
|--------------------|--|
| 99.1               | <a href="#">Press Release dated October 25, 2018</a> |

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## Section 2: EX-99.1 (EXHIBIT 99.1)



HOULIHAN LOKEY

### Houlihan Lokey Reports Second Quarter Fiscal 2019 Financial Results

- Record Second Quarter Fiscal 2019 Revenues of \$275 million –
- Second Quarter Fiscal 2019 Diluted EPS of \$0.61 –
- Adjusted Second Quarter Fiscal 2019 Diluted EPS of \$0.70 –
- Announces Dividend of \$0.27 per Share for Third Quarter Fiscal 2019 –

**LOS ANGELES and NEW YORK - October 25, 2018** - Houlihan Lokey, Inc. (NYSE:HLI) (“Houlihan Lokey”, or the “Company”) today reported record financial results for its second quarter ended September 30, 2018. For the second quarter, revenues increased 14% to \$275 million, compared with \$242 million for the second quarter ended September 30, 2017.

Net income increased 20% to \$40 million, or \$0.61 per diluted share, for the second quarter ended September 30, 2018, compared with \$33 million, or \$0.50 per diluted share, for the second quarter ended September 30, 2017. Adjusted net income for the second quarter ended September 30, 2018 grew 24% to \$46 million, or \$0.70 per diluted share, compared with \$37 million, or \$0.56 per diluted share, for the second quarter ended September 30, 2017.

"We are pleased to report that the firm achieved its highest quarterly revenues ever, with good results across all three business segments. As the global equity and debt markets have recently experienced increased volatility, we increasingly see a bifurcated business environment. Most of our client base continues to exhibit a healthy confidence in their financial results while selected pockets of distress are resulting in stable restructuring activity. Currently, this is a positive environment for our balanced business model, allowing the firm to achieve solid results in both our corporate finance and financial advisory business segments as well as our financial restructuring business segment," 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<br>September 30, |                  | Six Months Ended<br>September 30, |                  |
|  | 2018                                | 2017             | 2018                              | 2017             |
| <b>Revenues</b>                          | <b>\$274,992</b>                    | <b>\$242,183</b> | <b>\$494,994</b>                  | <b>\$459,674</b> |
| <b>Operating expenses:</b>               |                                     |                  |                                   |                  |
| Employee compensation and benefits       | 175,321                             | 161,295          | 314,501                           | 306,804          |
| Non-compensation expenses                | 43,496                              | 27,562           | 84,188                            | 52,671           |
| Operating income                         | 56,175                              | 53,326           | 96,305                            | 100,199          |
| Other (income) expense, net              | (1,007)                             | (200)            | (2,613)                           | (1,706)          |
| Income before provision for income taxes | 57,182                              | 53,526           | 98,918                            | 101,905          |
| Provision for income taxes               | 17,063                              | 20,169           | 29,115                            | 29,304           |

|  |                 |                 |                 |                 |
|--|-----------------|-----------------|-----------------|-----------------|
| <b>Net income attributable to Houlihan Lokey, Inc.</b> | <b>\$40,119</b> | <b>\$33,357</b> | <b>\$69,803</b> | <b>\$72,601</b> |
| Diluted net income per share of common stock           | \$0.61          | \$0.50          | \$1.06          | \$1.09          |

## Revenues

For the second quarter ended September 30, 2018, revenues increased to \$275 million, compared with \$242 million for the second quarter ended September 30, 2017. For the quarter, Corporate Finance ("CF") revenues were relatively flat, Financial Restructuring ("FR") revenues increased 46%, and Financial Advisory Services ("FAS") revenues increased 10% when compared with the second quarter ended September 30, 2017. Revenues for the quarter ended September 30, 2018 included \$5.2 million in expense reimbursements as a result of the adoption of ASC 606 effective April 1, 2018 that now clarifies that reimbursements of out-of-pocket expenses should be included in revenues, whereas prior to adoption we had been reporting non-compensation expenses net of such reimbursements.

## Expenses

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

(Unaudited and in thousands)

|                                    | Three Months Ended September 30, |           |                      |           |
|------------------------------------|----------------------------------|-----------|----------------------|-----------|
|                                    | U.S. GAAP                        |           | Adjusted (Non-GAAP)* |           |
|                                    | 2018                             | 2017      | 2018                 | 2017      |
| <b>Expenses:</b>                   |                                  |           |                      |           |
| Employee compensation and benefits | \$175,321                        | \$161,295 | \$169,119            | \$154,997 |
| <i>% of Revenues</i>               | 63.8 %                           | 66.6 %    | 61.5 %               | 64.0 %    |
| Non-compensation expenses          | \$43,496                         | \$27,562  | \$41,286             | \$27,562  |
| <i>% of Revenues</i>               | 15.8 %                           | 11.4 %    | 15.0 %               | 11.4 %    |
| Provision for Income Taxes         | \$17,063                         | \$20,169  | \$19,573             | \$22,479  |
| <i>% of Pre-Tax Income</i>         | 29.8 %                           | 37.7 %    | 29.8 %               | 37.7 %    |

(Unaudited and in thousands)

|                                    | Six Months Ended September 30, |           |                      |           |
|------------------------------------|--------------------------------|-----------|----------------------|-----------|
|                                    | U.S. GAAP                      |           | Adjusted (Non-GAAP)* |           |
|                                    | 2018                           | 2017      | 2018                 | 2017      |
| <b>Expenses:</b>                   |                                |           |                      |           |
| Employee compensation and benefits | \$314,501                      | \$306,804 | \$302,224            | \$294,193 |
| <i>% of Revenues</i>               | 63.5 %                         | 66.7 %    | 61.1 %               | 64.0 %    |
| Non-compensation expenses          | \$84,188                       | \$—       | \$78,232             | \$52,671  |
| <i>% of Revenues</i>               | 17.0 %                         | 11.5 %    | 15.8 %               | 11.5 %    |
| Provision for Income Taxes         | \$29,115                       | \$29,304  | \$34,254             | \$42,908  |
| <i>% of Pre-Tax Income</i>         | 29.4 %                         | 28.8 %    | 29.4 %               | 38.0 %    |

**\*Note: The 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.**

Employee compensation and benefits expenses were \$175 million for the second quarter ended September 30, 2018, compared with \$161 million for the second quarter ended September 30, 2017. The increase in employee compensation and benefits expenses was primarily a result of higher fee revenues when compared with the same quarter last year.

Adjusted employee compensation and benefits expenses were \$169 million for the second quarter ended September 30, 2018, compared with \$155 million for the second quarter ended September 30, 2017. The increase in adjusted employee compensation and benefits expenses was primarily a result of an increase in fee revenues for the quarter when compared with the same quarter last year. This resulted in an adjusted compensation ratio of 61.5% for the second quarter ended September 30, 2018, versus 64.0% for the second quarter ended September 30, 2017.

Non-compensation expenses were \$43 million for the second quarter ended September 30, 2018 and \$28 million for the second quarter ended September 30, 2017. The increase in non-compensation expenses was primarily driven by (i) the recognition of reimbursements of out-of-pocket expenses as revenues, (ii) higher rent expense, (iii) higher professional fees, and (iv) general increases in travel, meals, and entertainment and other operating expenses.

Adjusted non-compensation expenses were \$41 million for the second quarter ended September 30, 2018 and \$28 million for the second quarter ended September 30, 2017. The increase in adjusted non-compensation expenses was primarily driven by (i) the recognition of reimbursements of out-of-pocket expenses as revenues, (ii) higher rent expense, (iii) higher professional fees, and (iv) general increases in travel, meals, and entertainment and other operating expenses.

The provision for income taxes was \$17 million, representing an effective tax rate of 29.8% for the second quarter ended September 30, 2018, compared with \$20 million, representing an effective tax rate of 37.7% for the second quarter ended September 30, 2017. The decrease in the effective tax rate was a result of a lower statutory federal tax rate per the Tax Cuts and Jobs Acts (the "Tax Act") that was enacted into law in December 2017.

The adjusted provision for income taxes was \$20 million, representing an adjusted effective tax rate of 29.8% for the second quarter ended September 30, 2018, compared with \$22 million, representing an adjusted effective tax rate of 37.7% for the second quarter ended September 30, 2017. 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 Second Quarter

Corporate Finance revenues were \$146 million for both the second quarter of September 30, 2018 and September 30, 2017. The increase in revenues due to the recognition of reimbursements of out-of-pocket expenses as revenues was offset by a slight decrease in the number of transactions that closed during the quarter compared to the same period last year. CF closed 62 transactions in the second quarter ended September 30, 2018, versus 64 transactions in the second quarter ended September 30, 2017, and CF's average transaction fee for the quarter was slightly higher when compared with the same period last year.

(Unaudited and \$ in thousands)

|                          | Three Months Ended<br>September 30, |           | Six Months Ended<br>September 30, |           |
|--------------------------|-------------------------------------|-----------|-----------------------------------|-----------|
|                          | 2018                                | 2017      | 2018                              | 2017      |
| <b>Corporate Finance</b> |                                     |           |                                   |           |
| Revenues                 | \$146,057                           | \$145,821 | \$278,928                         | \$269,820 |
| # of MDs                 | 106                                 | 94        | 106                               | 94        |
| # of Closed Transactions | 62                                  | 64        | 131                               | 116       |



For the second quarter ended September 30, 2018, Financial Restructuring revenues increased 46% to \$93 million, compared with \$63 million in the second quarter ended September 30, 2017. FR closed 20 transactions in the second quarter ended September 30, 2018, versus 14 transactions in the second quarter ended September 30, 2017, and FR's average transaction fee for the quarter was higher when compared with the same period last year.

(Unaudited and \$ in thousands)

|                                | Three Months Ended<br>September 30, |          | Six Months Ended<br>September 30, |           |
|--------------------------------|-------------------------------------|----------|-----------------------------------|-----------|
|                                | 2018                                | 2017     | 2018                              | 2017      |
| <b>Financial Restructuring</b> |                                     |          |                                   |           |
| Revenues                       | \$92,684                            | \$63,281 | \$143,160                         | \$122,310 |
| # of MDs                       | 45                                  | 40       | 45                                | 40        |
| # of Closed Transactions       | 20                                  | 14       | 33                                | 32        |

For the second quarter ended September 30, 2018, Financial Advisory Services revenues increased 10% to \$36 million, compared with \$33 million in the second quarter ended September 30, 2017. The growth in revenues was primarily a result of the recognition of reimbursements of out-of-pocket expenses as revenues.

(Unaudited and \$ in thousands)

|                                    | Three Months Ended<br>September 30, |          | Six Months Ended<br>September 30, |          |
|------------------------------------|-------------------------------------|----------|-----------------------------------|----------|
|                                    | 2018                                | 2017     | 2018                              | 2017     |
| <b>Financial Advisory Services</b> |                                     |          |                                   |          |
| Revenues                           | \$36,251                            | \$33,082 | \$72,906                          | \$67,545 |
| # of MDs                           | 35                                  | 40       | 35                                | 40       |
| # of Fee Events <sup>1</sup>       | 469                                 | 532      | 771                               | 842      |

1. 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 \$0.27 per share of Class A and Class B common stock. The dividend will be payable on December 14, 2018 to stockholders of record as of the close of business on December 3, 2018.

For the second quarter ended September 30, 2018, the Company repurchased 413,141 shares of its common stock in open market purchases at an average price of \$48.38 per share, for a total cost of \$20 million.

As of September 30, 2018, the Company had \$254 million of unrestricted cash and cash equivalents and investment securities, and loans payable and other liabilities aggregating \$33 million.



## Investor Conference Call and Webcast

The Company will host a conference call and live webcast at 5:00 p.m. Eastern Time on Thursday, October 25, 2018, to discuss its second quarter fiscal 2019 results. The number to call is 1-888-599-8686 (domestic) or 1-323-994-2093 (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 October 25, 2018 through November 1, 2018, by dialing 1-844-512-2921 (domestic) or 1-412-317-6671 (international) and entering the passcode 3699015#. 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, adjusted operating expenses and adjusted provision for income taxes 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, adjusted operating expenses and adjusted provision for income taxes 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 release.

Adjusted net income as calculated by the Company is 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 net income, 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](http://www.HL.com).



HOULIHAN LOKEY

## Contact Information

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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)

|   | <b>September 30,<br/>2018</b> | <b>March 31,<br/>2018</b> |
|---|-------------------------------|---------------------------|
|   | (unaudited)                   | (audited)                 |
| <b>Assets:</b>  |                               |                           |
| Cash and cash equivalents   | \$227,599                     | \$206,723                 |
| Restricted cash   | 366                           | 93,500                    |
| Investment securities   | 26,565                        | 209,319                   |
| Accounts receivable, net of allowance for doubtful accounts   | 66,010                        | 77,259                    |
| Unbilled work in process  | 31,841                        | 45,862                    |
| Receivable from affiliates  | 7,870                         | 8,732                     |
| Property and equipment – net of accumulated depreciation  | 31,699                        | 32,146                    |
| Goodwill and other intangibles, net   | 799,322                       | 723,310                   |
| Other assets  | 29,134                        | 21,990                    |
| <b>Total assets</b>   | <b>1,220,406</b>              | <b>1,418,841</b>          |
| <b>Liabilities and Stockholders' Equity</b>   |                               |                           |
| <b>Liabilities:</b>   |                               |                           |
| Accrued salaries and bonuses  | 268,548                       | 377,901                   |
| Accounts payable and accrued expenses   | 41,183                        | 40,772                    |
| Deferred income   | 30,946                        | 3,620                     |
| Income taxes payable  | 7,941                         | 9,967                     |
| Deferred income taxes   | 10,148                        | 22,180                    |
| Forward purchase liability  | —                             | 93,500                    |
| Loans payable to former shareholders  | 2,642                         | 3,036                     |
| Loan payable to non-affiliate   | 8,899                         | 8,825                     |
| Other liabilities   | 21,793                        | 6,227                     |
| <b>Total liabilities</b>  | <b>392,100</b>                | <b>566,028</b>            |
| <b>Stockholders' equity:</b>  |                               |                           |
| Class A common stock, \$0.001 par value. Authorized 1,000,000,000 shares; issued and outstanding 34,696,005 and 30,604,405 shares as of September 30 and March 31, 2018, respectively | 35                            | 31                        |
| Class B common stock, \$0.001 par value. Authorized 1,000,000,000 shares; issued and outstanding 31,063,445 and 37,187,932 shares as of September 30 and March 31, 2018, respectively | 31                            | 37                        |
| Treasury stock, at cost; 0 and 2,000,000 shares as of September 30 and March 31, 2018, respectively   | —                             | (93,500)                  |
| Additional paid-in capital  | 636,150                       | 753,077                   |
| Retained earnings   | 222,324                       | 207,124                   |
| Accumulated other comprehensive loss  | (30,234)                      | (13,956)                  |
| <b>Total stockholders' equity</b>   | <b>828,306</b>                | <b>852,813</b>            |
| <b>Total liabilities and stockholders' equity</b>   | <b>1,220,406</b>              | <b>1,418,841</b>          |

**Houlihan Lokey, Inc.**  
**Consolidated Statement of Income**  
(Unaudited and in thousands, except share and per share data)

|   | Three Months Ended<br>September 30, |                  | Six Months Ended<br>September 30, |                  |
|---|-------------------------------------|------------------|-----------------------------------|------------------|
|   | 2018                                | 2017             | 2018                              | 2017             |
| <b>Revenues</b>   | <b>\$274,992</b>                    | <b>\$242,183</b> | <b>\$494,994</b>                  | <b>\$459,674</b> |
| <b>Operating expenses:</b>                                  |                                     |                  |                                   |                  |
| Employee compensation and benefits                          | 175,321                             | 161,295          | 314,501                           | 306,804          |
| Travel, meals, and entertainment                            | 10,111                              | 6,229            | 19,697                            | 11,907           |
| Rent  | 10,437                              | 6,959            | 18,625                            | 14,149           |
| Depreciation and amortization                               | 3,706                               | 2,175            | 7,174                             | 4,149            |
| Information technology and communications                   | 4,709                               | 4,966            | 10,298                            | 9,242            |
| Professional fees   | 5,784                               | 3,371            | 12,061                            | 5,758            |
| Other operating expenses, net                               | 8,749                               | 3,862            | 16,333                            | 7,466            |
| <b>Total operating expenses</b>                             | <b>218,817</b>                      | <b>188,857</b>   | <b>398,689</b>                    | <b>359,475</b>   |
| <b>Operating income</b>                                     | <b>56,175</b>                       | <b>53,326</b>    | <b>96,305</b>                     | <b>100,199</b>   |
| <b>Other (income) expense, net</b>                          | <b>(1,007)</b>                      | <b>(200)</b>     | <b>(2,613)</b>                    | <b>(1,706)</b>   |
| <b>Income before provision for income taxes</b>             | <b>57,182</b>                       | <b>53,526</b>    | <b>98,918</b>                     | <b>101,905</b>   |
| <b>Provision for income taxes</b>                           | <b>17,063</b>                       | <b>20,169</b>    | <b>29,115</b>                     | <b>29,304</b>    |
| <b>Net income attributable to Houlihan Lokey, Inc.</b>      | <b>\$40,119</b>                     | <b>\$33,357</b>  | <b>\$69,803</b>                   | <b>\$72,601</b>  |
| <b>Weighted average shares of common stock outstanding:</b> |                                     |                  |                                   |                  |
| Basic   | 62,258,919                          | 62,117,998       | 62,620,017                        | 62,230,177       |
| Fully Diluted   | 66,045,921                          | 66,907,890       | 66,099,770                        | 66,640,539       |
| <b>Net income per share of common stock:</b>                |                                     |                  |                                   |                  |
| Basic   | \$0.64                              | \$0.54           | \$1.11                            | \$1.17           |
| Fully Diluted   | \$0.61                              | \$0.50           | \$1.06                            | \$1.09           |

**Houlihan Lokey, Inc.**  
**Reconciliation of GAAP to Adjusted Financial Information**  
(Unaudited and in thousands, except per share data)

|   | Three Months Ended<br>September 30, |                  | Six Months Ended<br>September 30, |                  |
|---|-------------------------------------|------------------|-----------------------------------|------------------|
|   | 2018                                | 2017             | 2018                              | 2017             |
| <b>Revenues</b>                                       | <b>\$274,992</b>                    | <b>\$242,183</b> | <b>\$494,994</b>                  | <b>\$459,674</b> |
| <b>Employee Compensation and Benefits</b>             |                                     |                  |                                   |                  |
| Employee Compensation and Benefits (GAAP)             | \$175,321                           | \$161,295        | \$314,501                         | \$306,804        |
| Less/Plus: Adjustments <sup>1</sup>                   | (6,202)                             | (6,298)          | (12,278)                          | (12,611)         |
| Employee Compensation and Benefits (Adjusted)         | 169,119                             | 154,997          | 302,224                           | 294,193          |
| <b>Non-Compensation Expenses</b>                      |                                     |                  |                                   |                  |
| Non-Compensation Expenses (GAAP)                      | \$43,496                            | \$27,562         | \$84,188                          | \$52,671         |
| Less/Plus: Adjustments <sup>2</sup>                   | (2,209)                             | —                | (5,955)                           | —                |
| Non-Compensation Expenses (Adjusted)                  | 41,286                              | 27,562           | 78,232                            | 52,671           |
| <b>Operating Income</b>                               |                                     |                  |                                   |                  |
| Operating Income (GAAP)                               | \$56,175                            | \$53,326         | \$96,305                          | \$100,199        |
| Less/Plus: Adjustments <sup>3</sup>                   | 8,411                               | 6,298            | 18,233                            | 12,611           |
| Operating Income (Adjusted)                           | 64,586                              | 59,624           | 114,538                           | 112,810          |
| <b>Other (Income) Expenses, net</b>                   |                                     |                  |                                   |                  |
| Other (Income) Expenses, net (GAAP)                   | (\$1,007)                           | (\$200)          | (\$2,613)                         | (\$1,706)        |
| Less/Plus: Adjustments <sup>4</sup>                   | —                                   | 166              | 719                               | 1,552            |
| Other (Income) Expenses, net (Adjusted)               | (1,007)                             | (34)             | (1,894)                           | (154)            |
| <b>Provision for Income Taxes</b>                     |                                     |                  |                                   |                  |
| Provision for Income Taxes (GAAP)                     | \$17,063                            | \$20,169         | \$29,115                          | \$29,304         |
| Less/Plus: Adjustments <sup>5</sup>                   | 2,510                               | 2,310            | 5,139                             | 13,604           |
| Provision for Income Taxes (Adjusted)                 | 19,573                              | 22,479           | 34,254                            | 42,908           |
| <b>Net Income</b>                                     |                                     |                  |                                   |                  |
| Net Income (GAAP)                                     | \$40,119                            | \$33,357         | \$69,803                          | \$72,601         |
| Less/Plus: Adjustments <sup>6</sup>                   | 5,902                               | 3,822            | 12,375                            | (2,545)          |
| Net Income (Adjusted)                                 | 46,021                              | 37,179           | 82,178                            | 70,056           |
| Diluted adjusted net income per share of common stock | \$0.70                              | \$0.56           | \$1.24                            | \$1.05           |

Note: Figures may not sum due to rounding.

1. Consists of pre-IPO grant vesting, including grants re-awarded following forfeiture, if any.
2. Includes costs associated with Houlihan Lokey's secondary offering of stock (\$0 in Q2 FY19; (\$498) in YTD Q2 FY19), completed acquisitions (\$0 in Q2 FY19; (\$1,929) in YTD Q2 FY19), acquisition-related amortization ((\$1,589) in Q2 FY19; (\$2,910) in YTD Q2 FY19), and HL Finance setup costs ((\$619) in Q2 FY19 and YTD Q2 FY19).
3. Includes adjustments from (1) and (2) above.
4. Includes Australia related transaction expenses (\$166 in Q2 FY18 and YTD Q2 FY18) and the reduction of an earnout liability (\$719 in YTD Q2 FY19; \$1,386 in YTD Q2 FY18).
5. Includes adjustments relating to the following: (i) 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 (\$9,406 in YTD Q2 FY18) and (ii) the tax impact, using the adjusted effective tax rate, of the adjustments described in footnotes 1, 2, and 4 (\$2,510 in Q2 FY19; \$2,310 in Q2 FY18; \$5,139 in YTD Q2 FY19; \$4,198 in YTD Q2 FY18).
6. Consists of the adjustments described above net of the tax impact of described adjustments.