



HEIDRICK & STRUGGLES

First Quarter 2024 Results

May 6, 2024

Cautionary Statement Regarding Forward-Looking Information

This presentation contains forward-looking statements within the meaning of the federal securities laws, including statements regarding guidance for the second quarter of 2024. The forward-looking statements are based on current expectations, estimates, forecasts, and projections about the industry in which we operate and management's beliefs and assumptions. Forward-looking statements may be identified by the use of words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," "outlook," "projects," "forecasts," "aim" and similar expressions. Forward-looking statements are not guarantees of future performance, rely on a number of assumptions, and involve certain known and unknown risks and uncertainties that are difficult to predict, many of which are beyond our control. Factors that may cause actual outcomes and results to differ materially from what is expressed, forecasted or implied in the forward-looking statements include, among other things, our ability to attract, integrate, develop, manage, retain and motivate qualified consultants and senior leaders; our ability to prevent our consultants from taking our clients with them to another firm; our ability to maintain our professional reputation and brand name; our clients' ability to restrict us from recruiting their employees; our heavy reliance on information management systems; risks arising from our implementation of new technology and intellectual property to deliver new products and services to our clients; our dependence on third parties for the execution of certain critical functions; the fact that we face the risk of liability in the services we perform; the fact that data security, data privacy and data protection laws and other evolving regulations and cross-border data transfer restrictions may limit the use of our services and adversely affect our business; any challenges to the classification of our on-demand talent as independent contractors; the fact that increased cybersecurity requirements, vulnerabilities, threats and more sophisticated and targeted cyber-related attacks could pose a risk to our systems, networks, solutions, services and data; the fact that our net revenue may be affected by adverse macroeconomic or labor market conditions, including impacts of inflation and effects of geopolitical instability; the aggressive competition we face; the impact of foreign currency exchange rate fluctuations; our ability to access additional credit; social, political, regulatory, legal and economic risks in markets where we operate, including the impact of the ongoing war in Ukraine and the conflict in Israel and the Gaza strip, the risks of an expansion or escalation of those conflicts and our ability to quickly and completely recover from any disruption to our business; unfavorable tax law changes and tax authority rulings; our ability to realize the benefit of our net deferred tax assets; the fact that we may not be able to align our cost structure with net revenue; any impairment of our goodwill, other intangible assets and other long-lived assets; our ability to maintain an effective system of disclosure controls and internal control over our financial reporting and produce accurate and timely financial statements; our ability to execute and integrate future acquisitions; and the fact that we have anti-takeover provisions that make an acquisition of us difficult and expensive. We caution the reader that the list of factors may not be exhaustive. For more information on these risks, uncertainties and other factors, refer to our Annual Report on Form 10-K for the year ended December 31, 2023, under the heading "Risk Factors" in Item 1A. The forward-looking statements contained in this press release speak only as of the date of this press release. We undertake no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

Non-GAAP Financial Measures & Currency Presentation

NON-GAAP FINANCIAL MEASURES

To supplement the financial results presented in accordance with generally accepted accounting principles in the United States ("GAAP"), Heidrick & Struggles presents certain non-GAAP financial measures. A "non-GAAP financial measure" is defined as a numerical measure of a company's financial performance that excludes or includes amounts different than the most directly comparable measure calculated and presented in accordance with GAAP in the statements of comprehensive income, balance sheets or statements of cash flow of the Company.

Reconciliations of these non-GAAP financial measures with the most directly comparable measures calculated and presented in accordance with GAAP are provided in the appendix.

The Company evaluates its results of operations on both an as reported and a constant currency basis. The constant currency presentation is a non-GAAP financial measure, which excludes the impact of fluctuations in foreign currency exchange rates. The Company believes providing constant currency information provides valuable supplemental information regarding its results of operations, consistent with how it evaluates its performance. The Company calculates constant currency percentages by converting its financial results in a local currency for a period using the average exchange rate for the prior period to which it is comparing. This calculation may differ from similarly-titled measures used by other companies.

CURRENCY PRESENTATION

All currency amounts presented in millions except for earnings per share data.

APPENDIX CURRENCY PRESENTATION

All currency amounts presented in thousands except for earnings per share data.

Overview



Our Purpose & Vision

Our search expertise and organizational consulting experience empower our clients to develop high-performing leaders, teams, and organizations.

OUR PURPOSE

- We help our clients change the world, one leadership team at a time.™

OUR VISION

- We are committed to serving our clients as trusted advisors providing diversified solutions across executive search, leadership assessment & development, team and organizational effectiveness, culture shaping, and on-demand talent.

INTEGRATED SERVICES FUELED BY DATA

- Executive Search
- On-Demand Talent
- Heidrick Consulting
 - Leadership
 - Organization & Culture
 - Diversity, Equity & Inclusion
- Heidrick Digital

Financial Highlights

Heidrick & Struggles continues to deliver strong financial performance



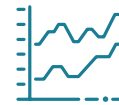
REVENUE

- Quarterly net revenue of \$265.2 million; on a constant currency basis*, net revenue was \$264.1 million for the first quarter



ADJUSTED EBITDA*

- Adjusted EBITDA* of \$25.9 million and Adjusted EBITDA Margin* of 9.8% for the first quarter



NET INCOME

- Net income of \$14.0 million for the first quarter



EARNINGS PER SHARE

- Diluted earnings per share of \$0.67 for the first quarter

“During the first quarter we generated double-digit top line growth achieving the high end of our guidance range with solid margin performance. For the clients we serve, more than ever before, driving great corporate performance requires discovering, accessing, evaluating and enabling exceptional leadership. During my first two months as CEO, I have come to fully appreciate the vast market opportunity we have in front of us given the vital and expanding nature of the client needs we address, and our inherent strengths including our strong collection of intellectual property and people, trust in the Heidrick brand and our deep relationships at the c-suite and board levels.”

“Looking ahead, it is clear we need to more consistently and forcefully use these tremendous assets to create value for our clients, people and shareholders. Together with our leadership team, I am tightly focused on empowering our highly talented people to effectively meet client needs through clearer offer strategies, an intense focus on organic service innovation and even more robust technology.”

- Tom Monahan, CEO

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* Non-GAAP Financial Measure

Diversification Drives Growth



ON-DEMAND TALENT

- 21.7% year over year revenue growth for the first quarter*
- Adjusted EBITDA margin (2.4)% for the first quarter
- Performance highlights versus Q1'23 include:
 - Total Contract Value increased
 - Value of extensions increased
 - Longer project durations extending into 2025



HEIDRICK CONSULTING

- 46.0% year over year revenue growth for the first quarter**
- Confirmations up 20.1% over Q1'23
- Adjusted EBITDA margin (7.8)% for the first quarter
- Leadership and culture/purpose best practices driving business



FUTURE GROWTH

- Invest in new product development and strategic expansion into adjacent and complementary areas with innovative, tech-driven offerings to drive future growth and shareholder value



- Advancing enterprise platform through digital enhancements
- Developing SaaS based product portfolio, including recently launched Navigator
 - Multiple clients signed and a growing pipeline

* Driven by acquisition of Atreus

** Partially driven by acquisition of businessfourzero

Investing in Diversified Expansion Platform

Atreus – On-Demand Talent

- Provides one of Europe's market leading platforms: Working to become the #1 On-Demand Talent ("ODT") provider in Europe
- Blends Executive Search, ODT and leadership consulting capabilities with leading European marketplace for Executive ODT



Market Position

Clear market leader for C-Suite level interim management in Germany and leading provider in Europe



Services

Interim line management, project and program management, C-Suite level recruiting



Manager Network

More than 15,000 highly qualified and carefully selected managers within our network

businessfourzero – Heidrick Consulting

- Broader, more robust set of leadership advisory solutions
- Provides accelerated growth opportunities given hybrid work, retention of top talent and the importance of linking purpose, culture and strategy for shareholders, employees and customers



Market Position

Strong market position in the U.K. and Europe; expected expansion to the U.S.



Services

Purpose driven change consultancy that helps connect the dots between purpose, strategy, leadership, culture and engagement

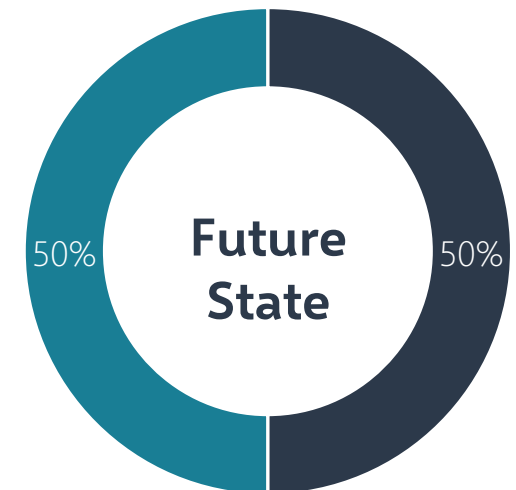
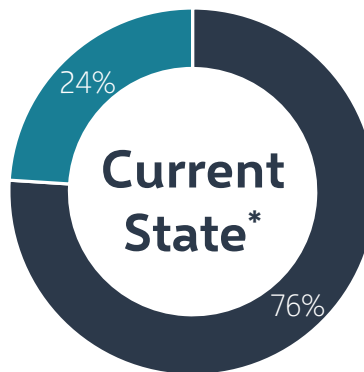
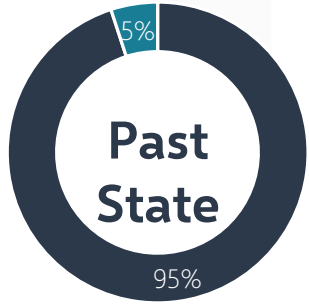


Diversified Team

Over 50 employees with backgrounds from strategy, innovation, psychology and the start-up world – bringing a unique blend of human, commercial and creative skills

Long-Term Objectives

PERCENT OF CONSOLIDATED NET REVENUE



- Executive Search
- Diversified Solutions
 - Heidrick Consulting

- Executive Search
- Diversified Solutions
 - Heidrick Consulting
 - On-Demand Talent

- Executive Search
- Diversified Solutions
 - Heidrick Consulting
 - On-Demand Talent
 - Heidrick Digital

*Q1'24 Results

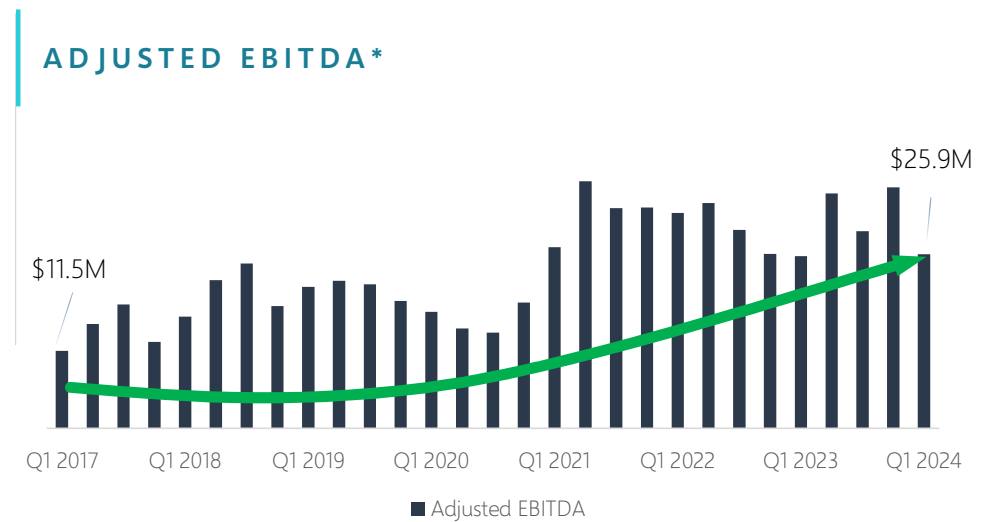
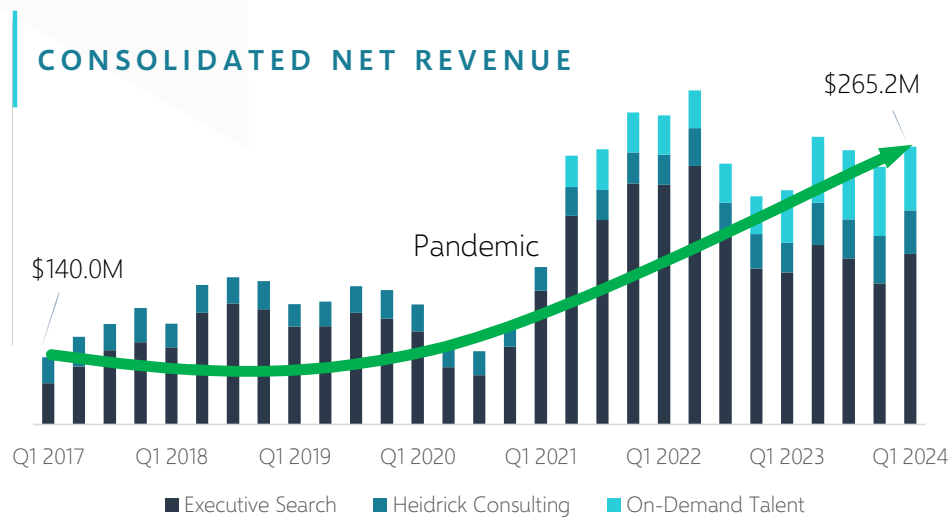
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Consolidated Results



Consolidated Financial Highlights

QUARTERLY NET REVENUE AND ADJUSTED EBITDA* TRENDS



9.6% CAGR since Q1 2017

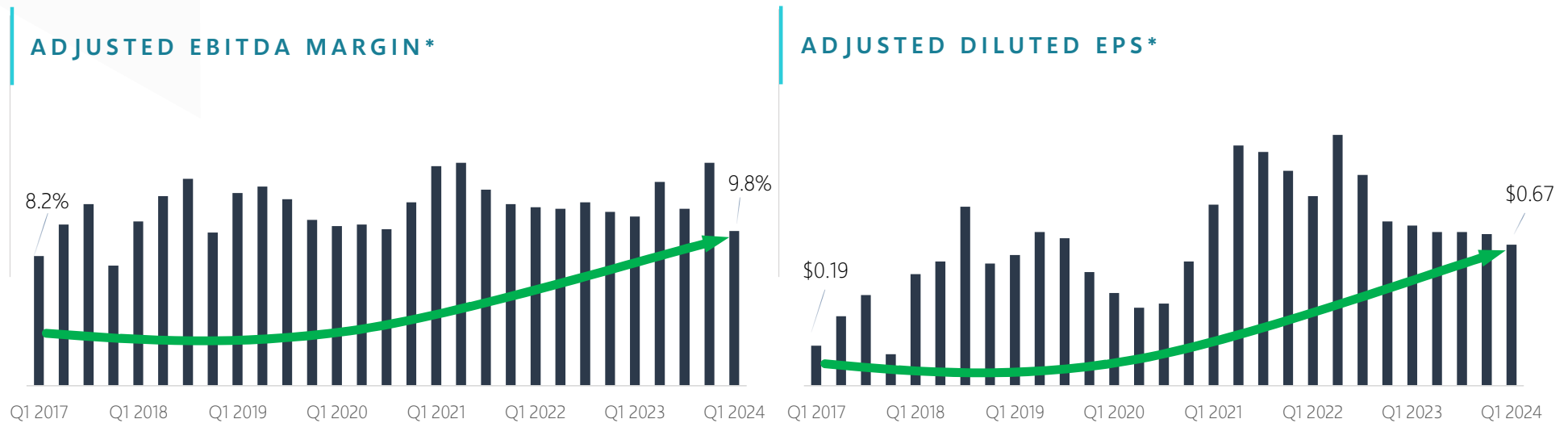
12.3% CAGR since Q1 2017

* Non-GAAP Financial Measure

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Consolidated Financial Highlights

QUARTERLY ADJUSTED EBITDA MARGIN* AND ADJUSTED DILUTED EPS* TRENDS



Consistently profitable
High single-digit/double-digit margin quarters
even with growing contribution from recent
acquisitions of Atreus and B4Z

40 consecutive quarters of
profitability**

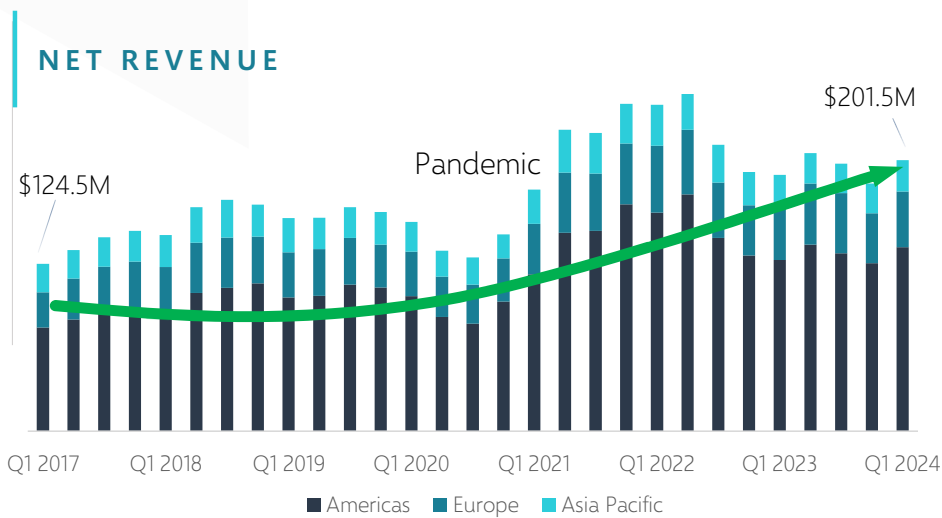
* Non-GAAP Financial Measure

** No adjustments in Q1 2024

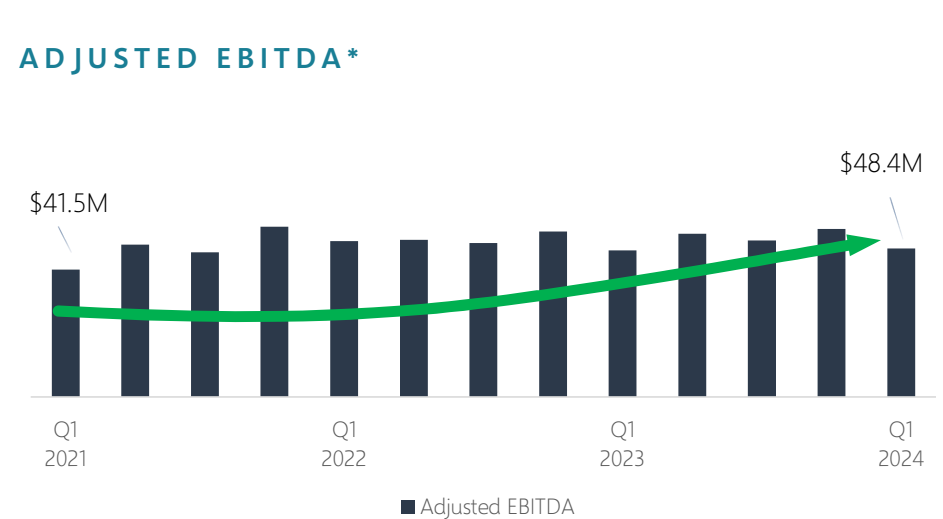
Executive Search Results

Executive Search Financial Highlights

QUARTERLY NET REVENUE AND ADJUSTED EBITDA* TRENDS



7.1% CAGR since Q1 2017



5.3% CAGR since Q1 2021

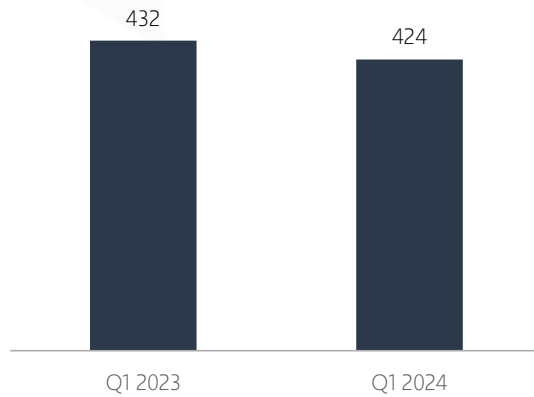
Strong profitability drives opportunities
for other business segments

* Non-GAAP Financial Measure

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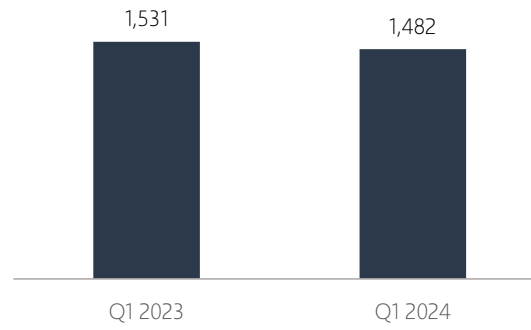
Executive Search Operational Highlights

CONSULTANT HEADCOUNT



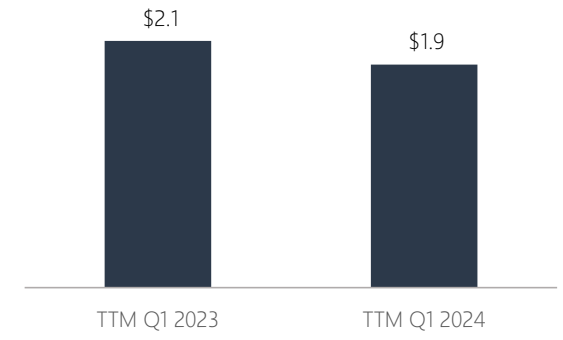
2% year-over-year consultant headcount decrease

SEARCH CONFIRMATIONS



3% year-over-year decrease in confirmation volume

CONSULTANT PRODUCTIVITY (\$M)

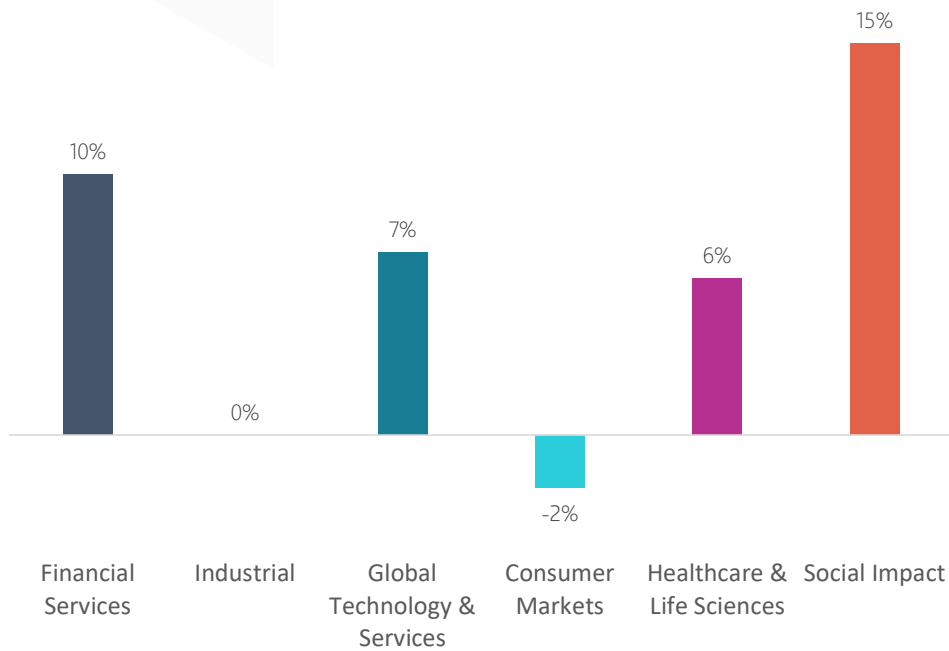


Trailing twelve-month productivity decrease due to lower revenue and higher consultant headcount

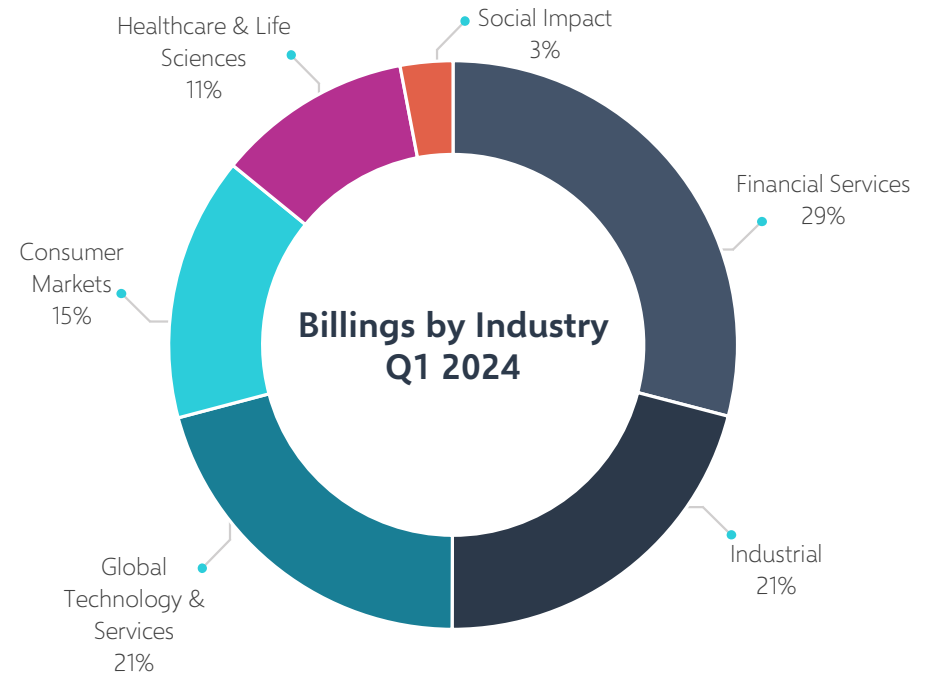
Diversified Mix Of Business In Executive Search

COMPARISON OF INDUSTRY BILLINGS

Q1 2024 vs. Q1 2023



MIX OF INDUSTRIES

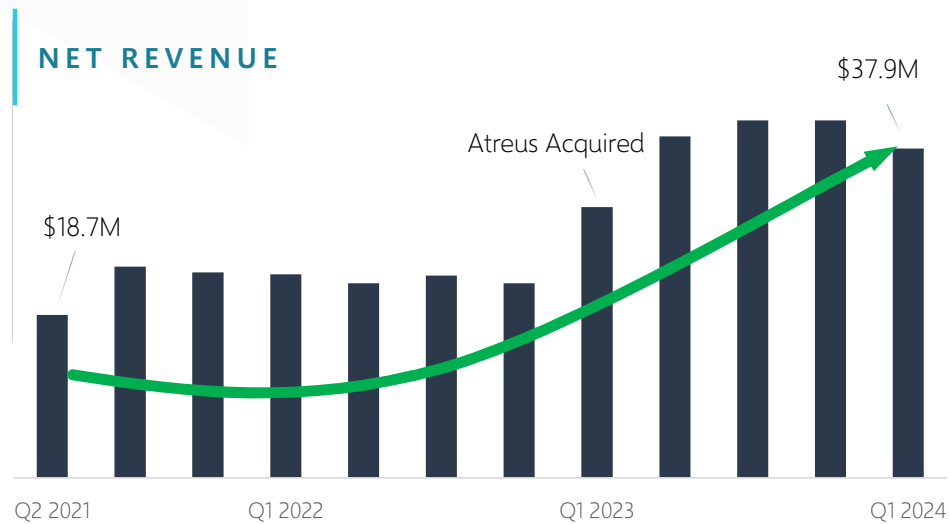


On-Demand Talent Results

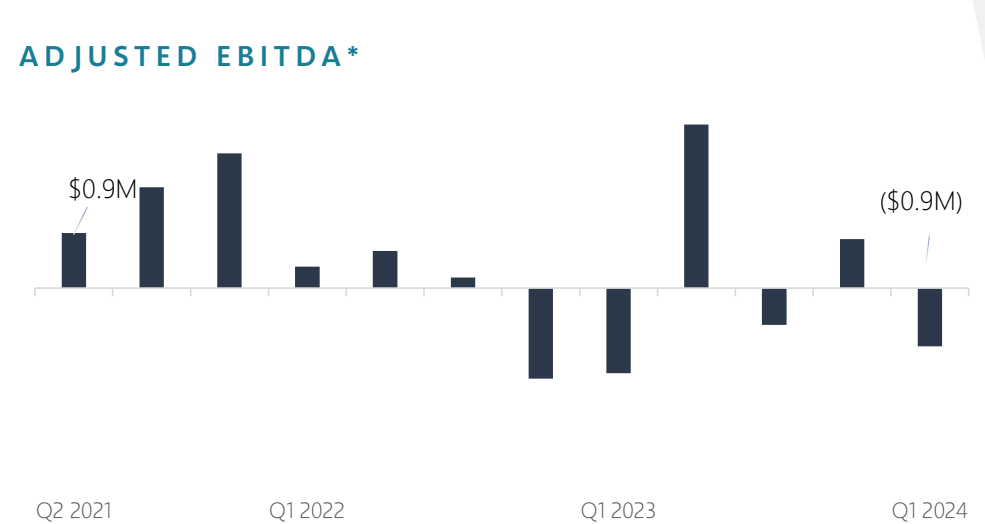


On-Demand Talent Financial Highlights

QUARTERLY NET REVENUE AND ADJUSTED EBITDA* TRENDS



22% year over year growth



On-Demand Talent is currently in the investment and scaling phase

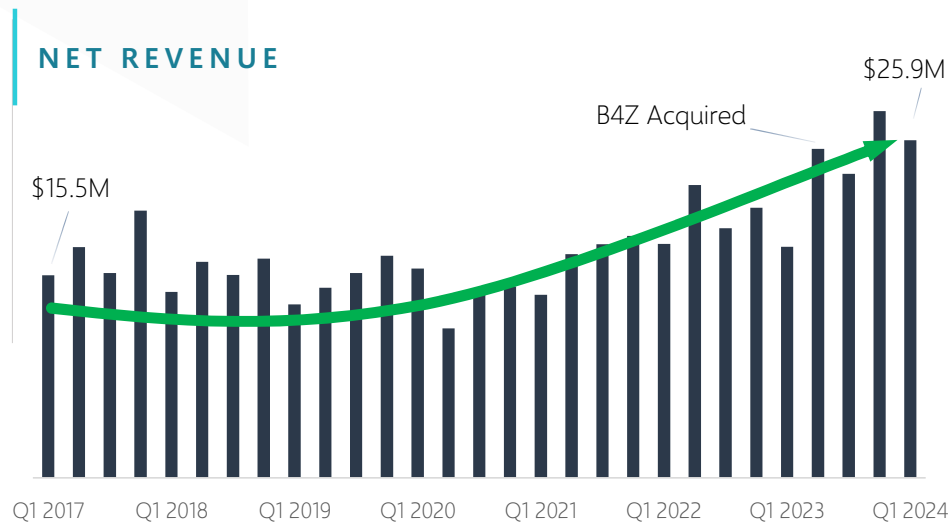
* Non-GAAP Financial Measure

Heidrick Consulting Results

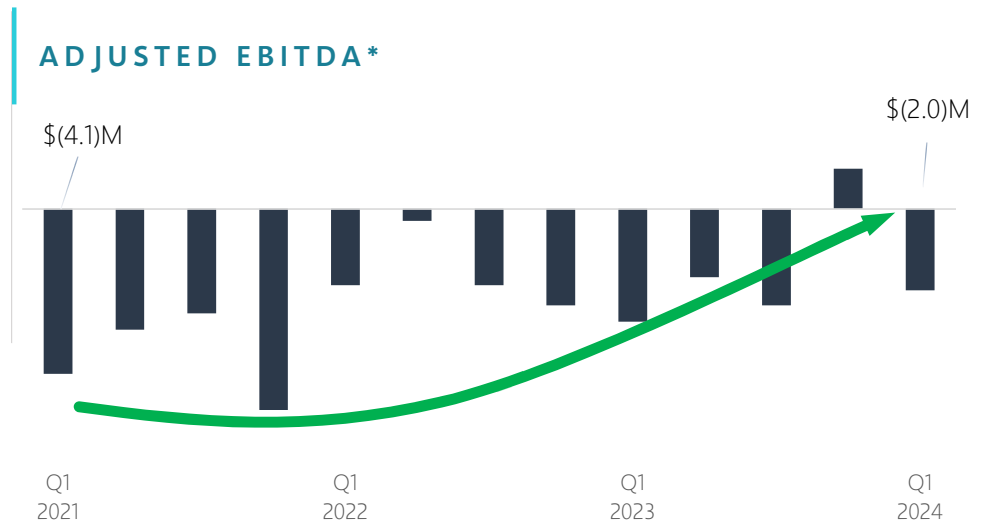


Heidrick Consulting Financial Highlights

QUARTERLY NET REVENUE AND ADJUSTED EBITDA* TRENDS



7.6% CAGR since Q1 2017



Opportunities in Heidrick Consulting portfolio to drive more consistent performance

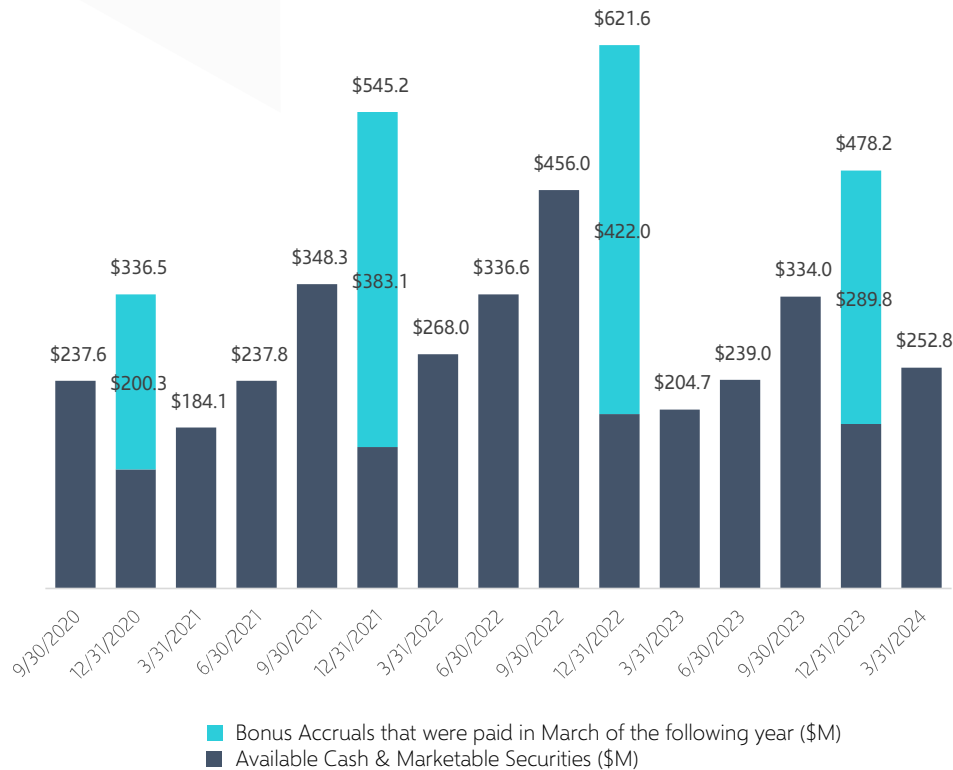
* Non-GAAP Financial Measure

Balance Sheet & Liquidity



Strong & Flexible Balance Sheet

CASH & MARKETABLE SECURITIES, NET OF DEBT



CASH USED IN OPERATING ACTIVITIES

(\$M)	March 31, 2024	March 31, 2023
For the quarter ending:	\$203.4	\$337.0

USE OF CASH PRIORITIZATION



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Appendix

Reconciliation of GAAP to Non-GAAP Financial Measures

Adjusted EBITDA & Adjusted EBITDA Margin

Adjusted EBITDA refers to net income before interest, taxes, depreciation and amortization, as adjusted, to the extent they occur, for earnout accretion, earnout fair value adjustments, contingent compensation, deferred compensation plan income or expense, certain reorganization costs, impairment charges and restructuring charges.

(In \$ thousands)	Three Months Ended March 31, 2024									
	Americas	Europe	Asia Pacific	Total Search	On Demand		Heidrick Consulting	R&D	Corporate	Total
					Talent					
Revenue before reimbursements (net revenue)	\$ 136,679	\$ 41,481	\$ 23,321	\$ 201,481	\$ 37,857	\$ 25,859	\$ -	\$ -	\$ 265,197	
Operating income (loss) ¹	39,481	3,058	2,993	45,532	(4,849)	(3,842)	(5,715)	(14,852)	16,274	
Adjustments										
Depreciation	758	281	202	1,241	131	197	754	170	2,493	
Intangible amortization	3	14	-	17	1,835	445	-	-	2,297	
Earnout accretion	-	-	-	-	406	60	-	-	466	
Acquisition contingent compensation	(630)	-	-	(630)	1,556	1,062	-	-	1,988	
Deferred compensation plan	2,259	-	-	2,259	-	51	36	4	2,350	
Total adjustments	2,390	295	202	2,887	3,928	1,815	790	174	9,594	
Adjusted EBITDA	\$ 41,871	\$ 3,353	\$ 3,195	\$ 48,419	\$ (921)	\$ (2,027)	\$ (4,925)	\$ (14,678)	\$ 25,868	
Adjusted EBITDA margin	30.6%	8.1%	13.7%	24.0%	(2.4%)	(7.8%)	(1.9%)	(5.5%)	9.8%	

(In \$ thousands)	Three Months Ended March 31, 2023									
	Americas	Europe	Asia Pacific	Total Search	On Demand		Heidrick Consulting	R&D	Corporate	Total
					Talent					
Revenue before reimbursements (net revenue)	\$ 127,327	\$ 38,931	\$ 24,229	\$ 190,487	\$ 31,117	\$ 17,713	\$ -	\$ -	\$ 239,317	
Operating income (loss) ¹	38,699	1,712	3,282	43,693	(4,364)	(3,116)	(5,528)	(12,914)	17,771	
Adjustments										
Depreciation	756	306	281	1,343	85	168	248	160	2,004	
Intangible amortization	9	39	4	52	1,717	100	-	-	1,869	
Earnout accretion	-	-	-	-	191	-	-	-	191	
Acquisition contingent compensation	611	24	-	635	1,024	-	-	-	1,659	
Deferred compensation plan	2,049	-	-	2,049	-	53	29	2	2,133	
Total adjustments	3,425	369	285	4,079	3,017	321	277	162	7,856	
Adjusted EBITDA	\$ 42,124	\$ 2,081	\$ 3,567	\$ 47,772	\$ (1,347)	\$ (2,795)	\$ (5,251)	\$ (12,752)	\$ 25,627	
Adjusted EBITDA margin	33.1%	5.3%	14.7%	25.1%	(4.3%)	(15.8%)	(2.2%)	(5.3%)	10.7%	

¹ The Company does not allocate interest income or expense, other income or expense, and the provision for income taxes to the Company's reportable operating segments. As such, the Company has concluded that operating income (loss) represents the most directly comparable measure of financial performance presented in accordance with U.S. GAAP for the reconciliation of Adjusted EBITDA in this presentation.

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