

HEIDRICK & STRUGGLES

Fourth Quarter 2022 Results

February 27, 2023

Cautionary Statement Regarding Forward-Looking Information

The following slides contain forward-looking statements within the meaning of the federal securities laws, including statements regarding guidance for the first quarter of 2023. 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," "goal," "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 and retain 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 increased cybersecurity requirements, vulnerabilities, threats and more sophisticated and targeted cyber-related attacks that could pose a risk to our systems, networks, solutions, services and data; the impacts, direct and indirect, of the COVID-19 pandemic (including the emergence of variant strains) or other highly infectious or contagious disease on our business, our consultants and employees, and the overall economy; the aggressive competition we face; the fact that our net revenue may be affected by adverse economic conditions including inflation, 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 risks of an expansion or escalation of that conflict; unfavorable tax law changes and tax authority rulings; the timing of the establishment or reversal of valuation allowance on 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 execute and integrate future acquisitions; and the fact that we have anti-takeover provisions that could 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, 2022, 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. Pursuant to the requirements of Regulation G, these earnings release slides contain the most directly comparable GAAP financial measure to the non-GAAP financial measure.

The non-GAAP financial measures used within these earnings release slides are adjusted operating income, adjusted operating income margin, adjusted net income, adjusted basic and diluted earnings per share, adjusted EBITDA, and adjusted EBITDA margin. These measures are presented because management uses this information to monitor and evaluate financial results and trends. Management believes this information is also useful for investors. 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 to these earnings release slides.

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

Financial Highlights

Heidrick & Struggles delivers strong profitability – near historic highs – from revenue materially above pre-pandemic record levels



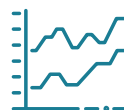
REVENUE

- Quarterly net revenue of \$235.7 million; on a constant currency basis, net revenue was \$243.9 million for the fourth quarter



ADJUSTED EBITDA*

- Adjusted EBITDA* of \$30.9 million and Adjusted EBITDA Margin* of 13.1%



NET INCOME

- Net income of \$16.0 million in the quarter



EARNINGS PER SHARE

- Quarterly diluted earnings per share of \$0.78
- Annual diluted earnings per share of \$3.86

“Our strong top- and bottom-line results are a testament to our ongoing efforts to further diversify our business, as we continue to make investments for the long-term in digital product innovation and aim to set the stage for prolonged, profitable growth.”

- Krishnan Rajagopalan, CEO

* Non-GAAP Financial Measure

Growth Through Innovative Offerings



ON-DEMAND TALENT

- Acquired Atreus GmbH, one of the leading players for executive interim management in Germany adding a strategically important market for the firm and a strong springboard to scale this platform across Europe and globally
- Revenue continues to exceed pre-acquisition levels
- Continued benefit from working within the H&S network of clients with approximately 17% of revenue generated through internal referrals from Executive Search and Heidrick Consulting



EIGHTFOLD.AI

- Partnership marks another step in our journey to expand our suite of leadership solutions with innovative, tech-driven offerings and drive future growth
- Two industry leaders to bring together the best of leadership intelligence, data analytics and technology - with a digital-first approach designed to enable better leadership decisions and business outcomes



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

Introducing Atreus

Atreus is the right partner to expand Heidrick's On-Demand Talent Platform in Europe

- Highly focused on Executive level management (C-suite to manager-level)
- Scalable sales force
- Business model that is closely aligned to BTG, helping enable integration, including possible global offerings and key globalized processes
- Cultural fit

STRATEGIC RATIONALE

- Provides platform to begin process of becoming the **#1 On-Demand Talent (ODT) provider in Europe**
- Acquisition will make an **immediate and tangible impact to the Heidrick On-Demand Talent platform**
- **Scalable business** with sales team that is not directly involved with product delivery
- Heightened opportunities for **cross-selling and business network/sales & marketing function sharing**

CURRENT BUSINESS OFFERING

- Offers **interim staffing** and **project solutions** across a **wide array of industries**, Automotive, Healthcare, Information Technology and Consumer Goods
- Areas of expertise for managers include Digitization, Infrastructure Projects, Post-Merger Integration, and Restructuring

UNRIVALLED POTENTIAL TOGETHER

- Uniquely positioned to offer solutions that **blend** Heidrick's best in class **Executive Search, ODT** and **leadership consulting** capabilities with Atreus' **leading European marketplace** for Executive ODT
- With increased company focus on speed, workforce agility and flexibility, Atreus will **enable** Heidrick to meet **all top talent needs** across **two continents**
- The executive ODT market continues to **accelerate in growth** due to the pandemic's impact on companies' openness to continue to work remotely and **increased demand for fast, flexible solutions that ODT can offer**

ATREUS

A HEIDRICK & STRUGGLES COMPANY

ATREUS AT-A-GLANCE



Market Position

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



Services

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



Manager Network

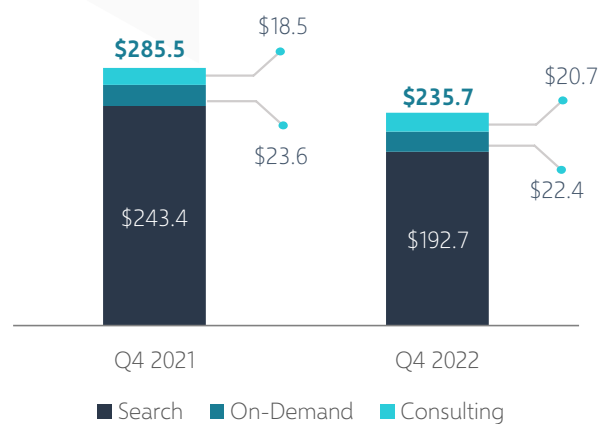
More than 15,000 highly qualified and carefully selected managers within our network. Of these, 4,000 form the inner circle of Atreus Managers, and we know 1,500 of them extremely well



Consolidated Results

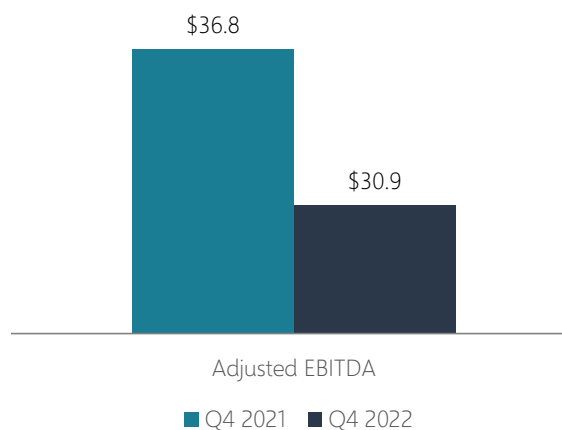
Consolidated Financial Highlights

CONSOLIDATED NET REVENUE



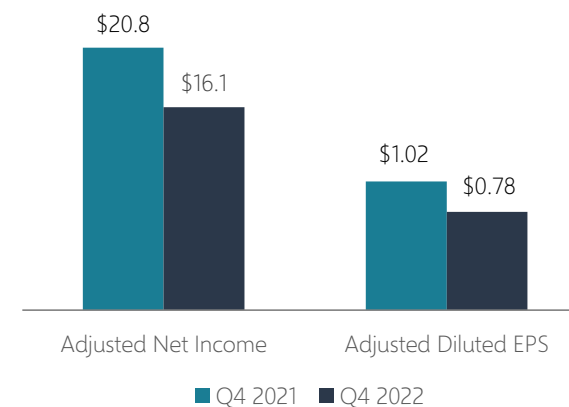
17% year-over-year decline
 15% year-over-year decline on a constant currency* basis

ADJUSTED EBITDA*



16% year-over-year decline

ADJUSTED NET INCOME & EPS*

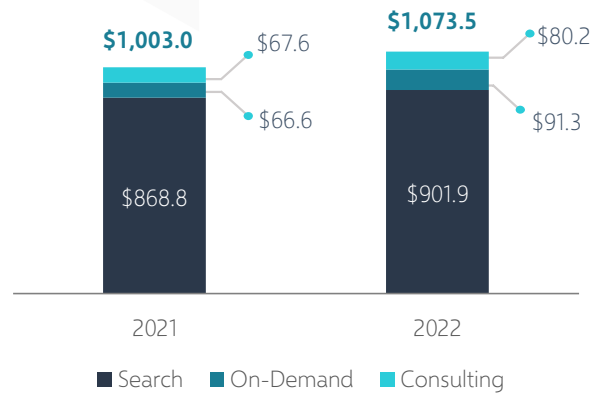


23% year-over-year decline in Adjusted Net Income*
 24% year-over-year decline in Adjusted Diluted EPS*

* Non-GAAP Financial Measure

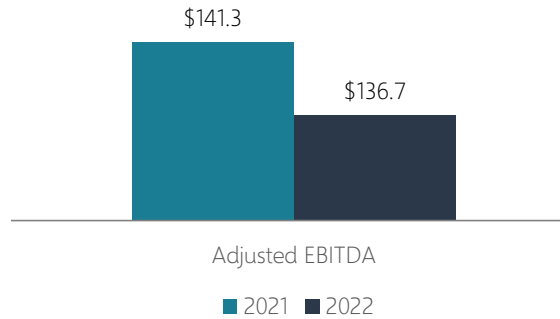
Consolidated Financial Highlights

CONSOLIDATED NET REVENUE



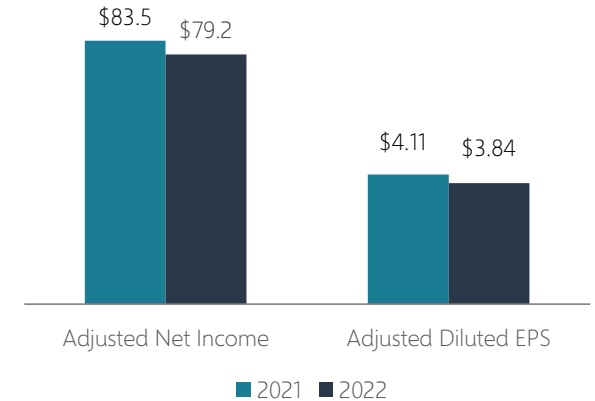
7% year-over-year growth
 10% year-over-year growth on a constant currency* basis

ADJUSTED EBITDA*



3% year-over-year decline

ADJUSTED NET INCOME & EPS*

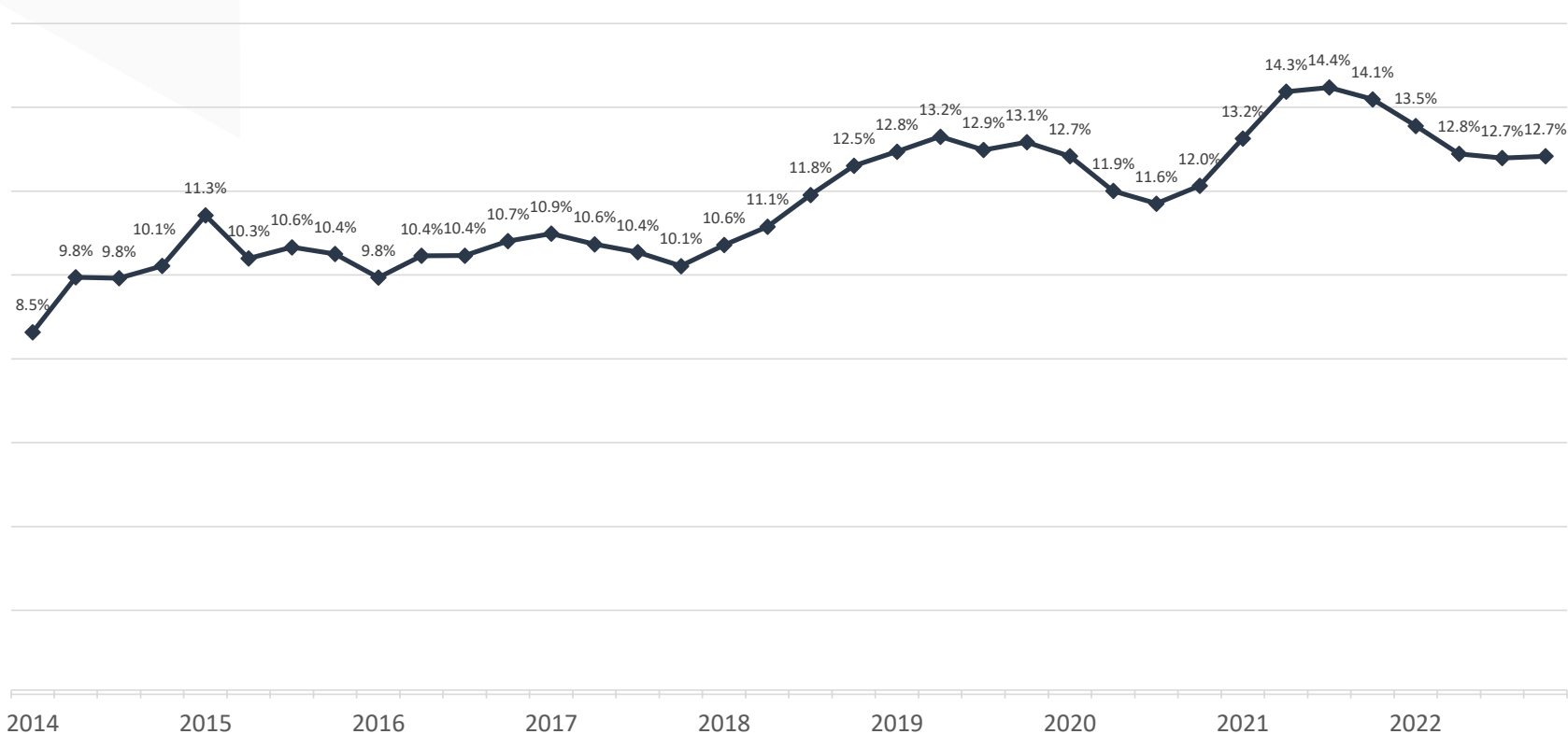


5% year-over-year decline in Adjusted Net Income*
 7% year-over-year decline in Adjusted Diluted EPS*

* Non-GAAP Financial Measure

Expansion In Adjusted EBITDA Margin*

TRAILING 12-MONTH ADJUSTED EBITDA* / TRAILING 12-MONTH CONSOLIDATED NET REVENUE



+420 bps increase in TTM Adjusted EBITDA Margin* over 8 years

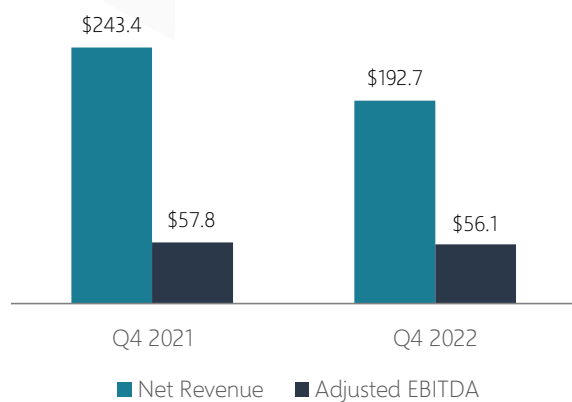
* Non-GAAP Financial Measure

Executive Search Results



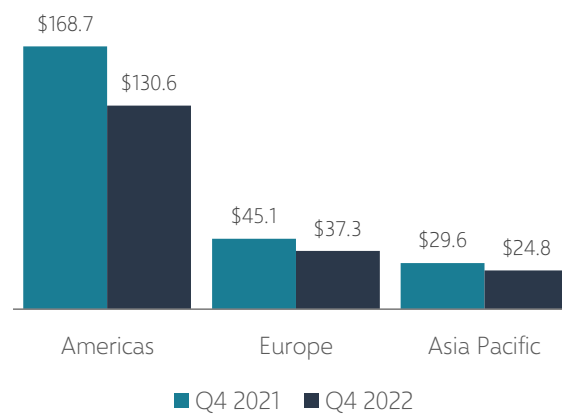
Executive Search Financial Highlights

NET REVENUE & ADJUSTED EBITDA*



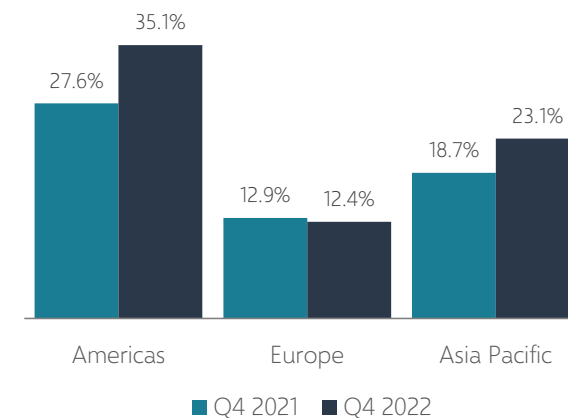
21% year-over-year decline in net revenue
3% year-over-year decline in Adjusted EBITDA*

NET REVENUE BY REGION



Americas 23% year-over-year decline
Europe 17% year-over-year decline
Asia Pacific 16% decline year-over-year

ADJUSTED EBITDA MARGIN*

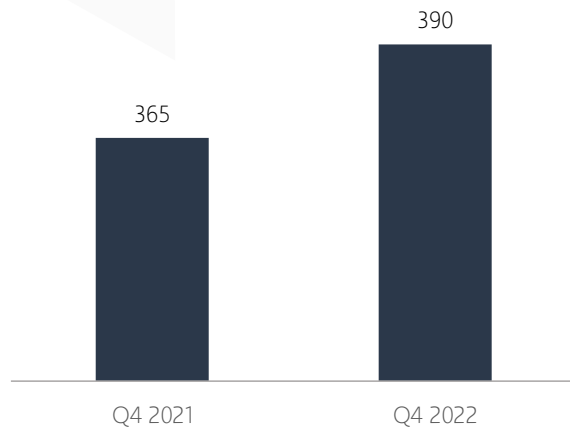


Americas 750 bps year-over-year growth
Europe 50 bps year-over-year decline
Asia Pacific 440 bps year-over-year growth

* Non-GAAP Financial Measure

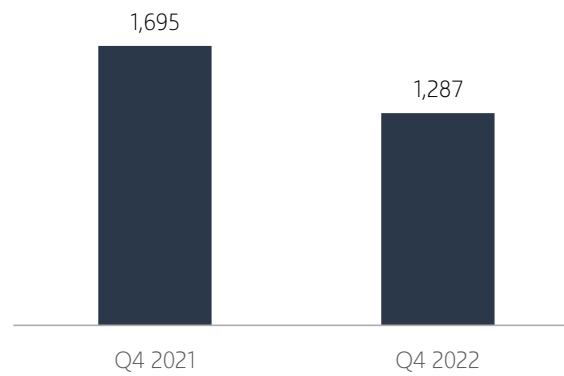
Executive Search Operational Highlights

CONSULTANT HEADCOUNT



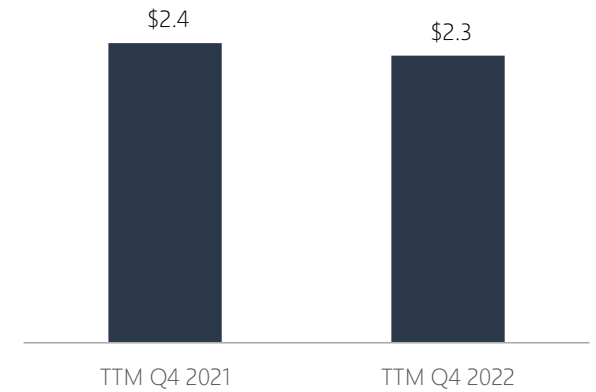
7% year-over-year consultant headcount growth

SEARCH CONFIRMATIONS



24% year-over-year decline in confirmation volume

CONSULTANT PRODUCTIVITY

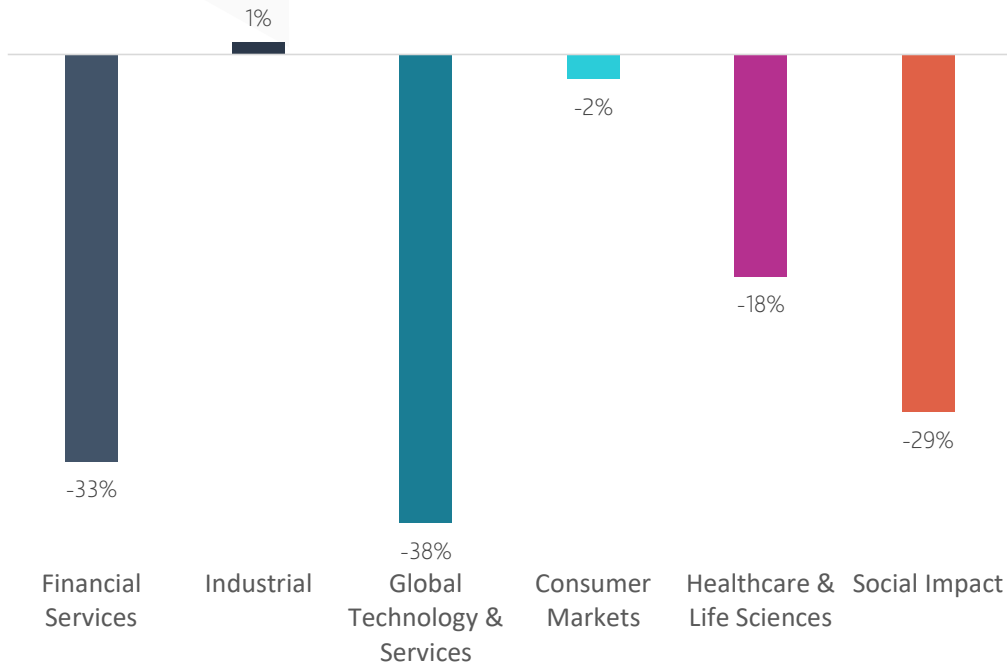


1% year-over-year decline in trailing twelve-month productivity

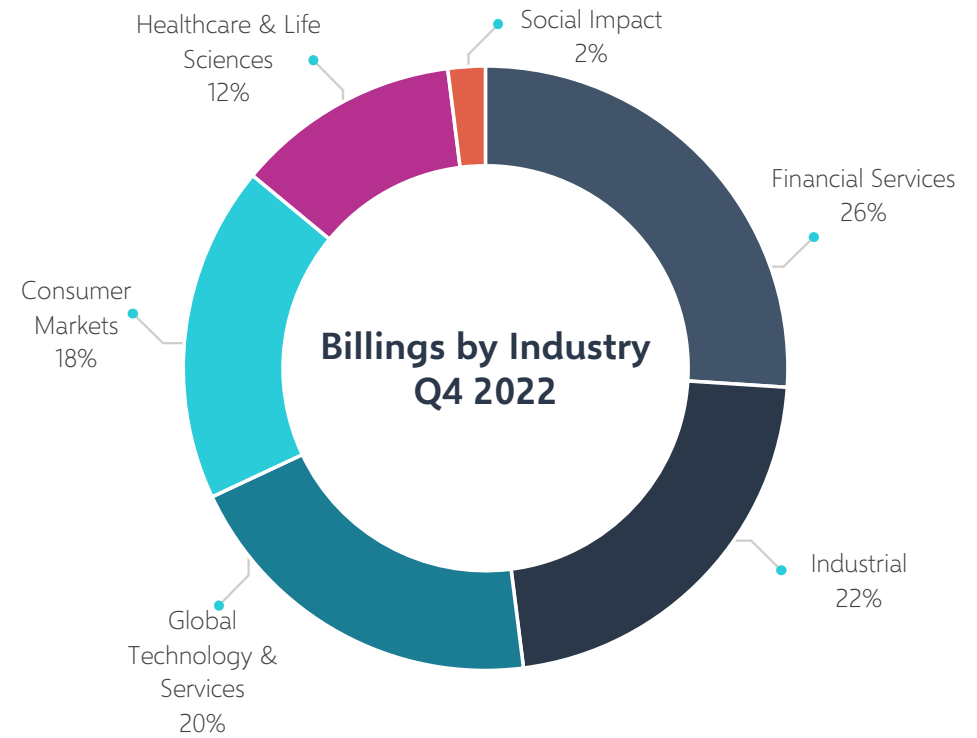
Diversified Mix Of Business In Executive Search

COMPARISON OF INDUSTRY BILLINGS

Q4 2021 vs. Q4 2022

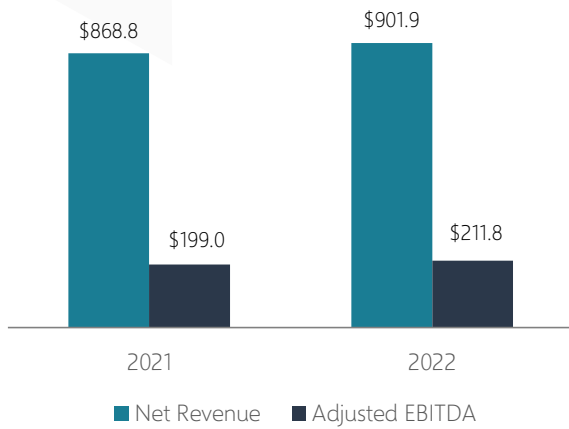


MIX OF INDUSTRIES



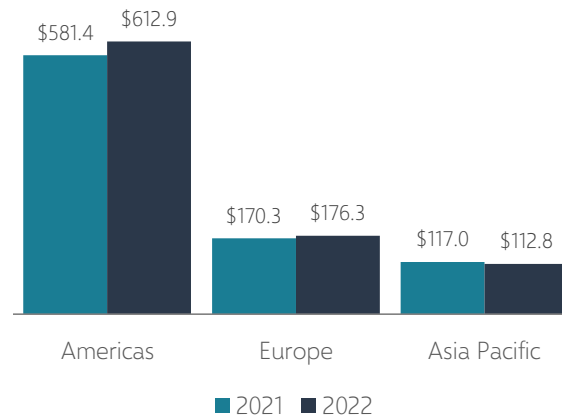
Executive Search Financial Highlights

NET REVENUE & ADJUSTED EBITDA*



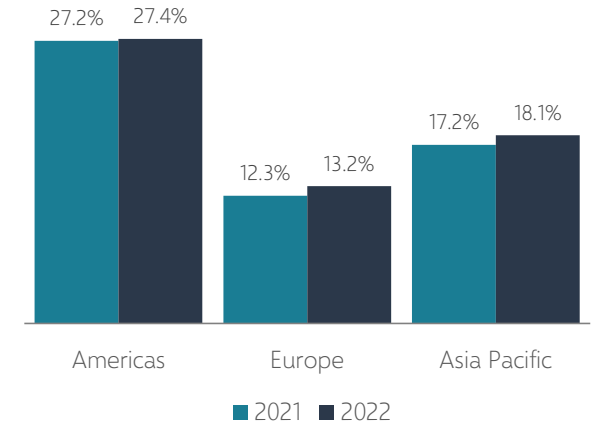
4% year-over-year growth in net revenue
6% year-over-year growth in Adjusted EBITDA*

NET REVENUE BY REGION



Americas 5% year-over-year growth
Europe 4% year-over-year growth
Asia Pacific 4% year-over-year decline

ADJUSTED EBITDA MARGIN*

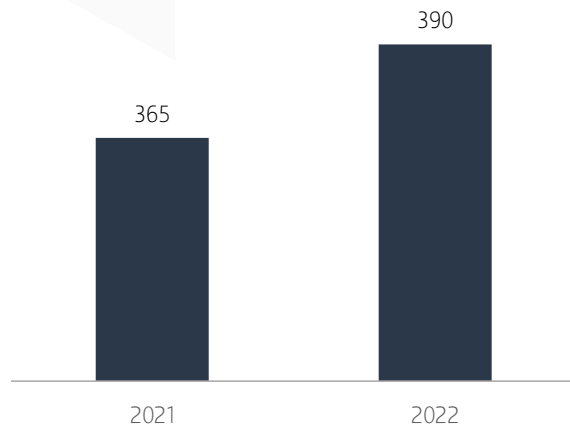


Americas 20 bps growth year-over-year
Europe 90 bps growth year-over-year
Asia Pacific 90 bps growth year-over-year

* Non-GAAP Financial Measure

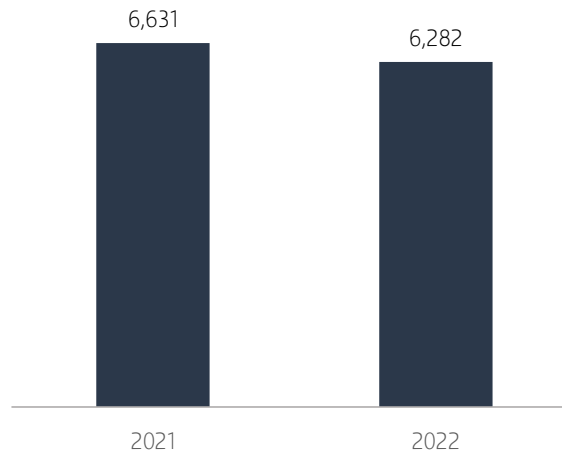
Executive Search Operational Highlights

CONSULTANT HEADCOUNT



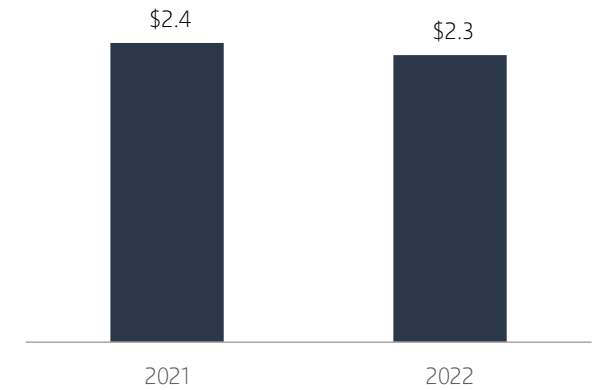
7% year-over-year consultant headcount growth

SEARCH CONFIRMATIONS



5% year-over-year decline in confirmation volume

CONSULTANT PRODUCTIVITY

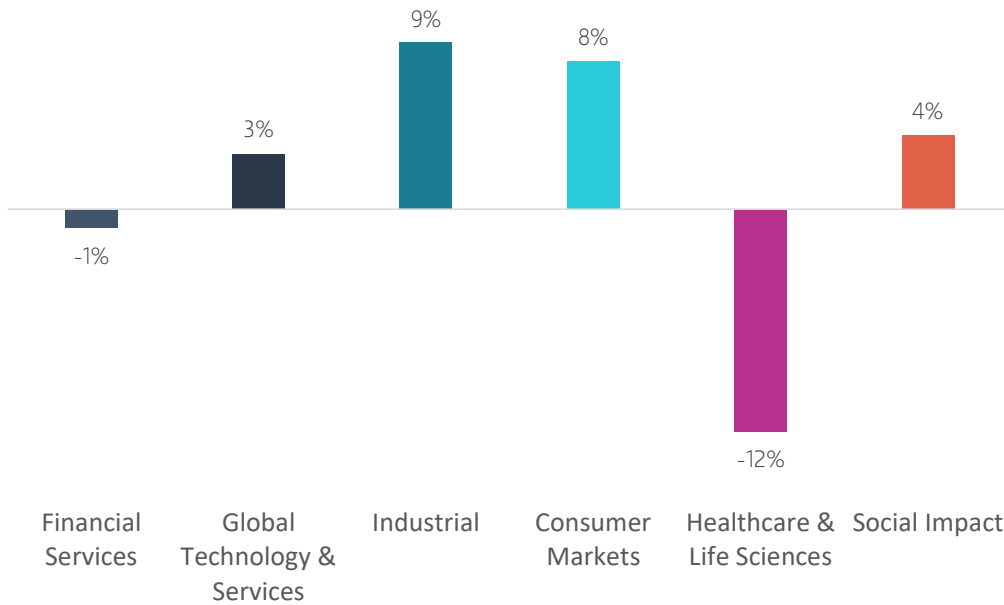


1% year-over-year decline in trailing twelve-month productivity

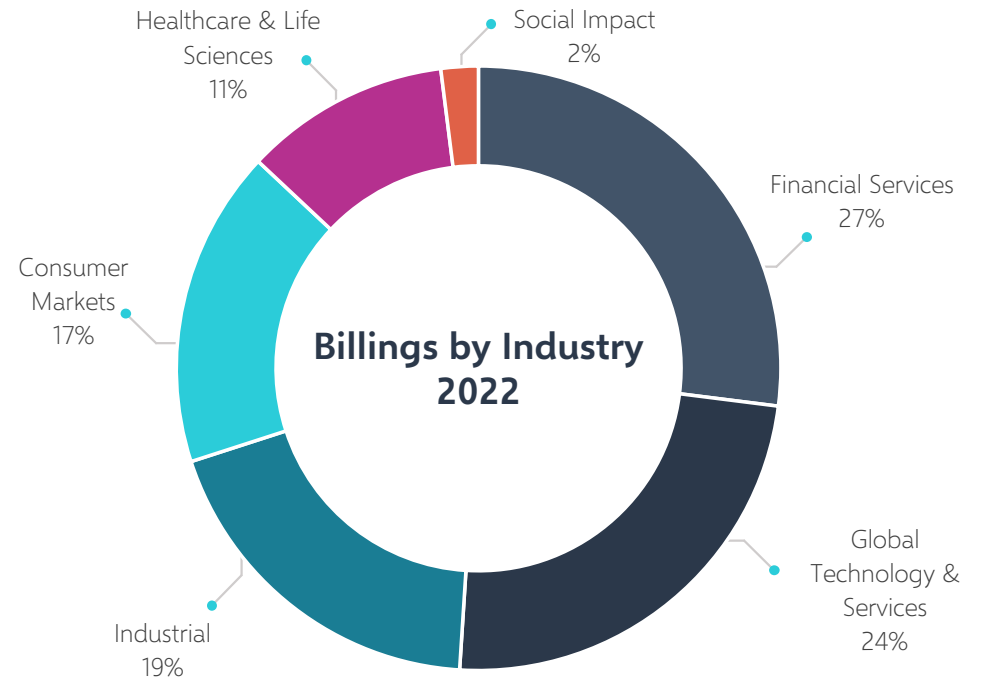
Diversified Mix Of Business In Executive Search

COMPARISON OF INDUSTRY BILLINGS

2021 vs. 2022



MIX OF INDUSTRIES

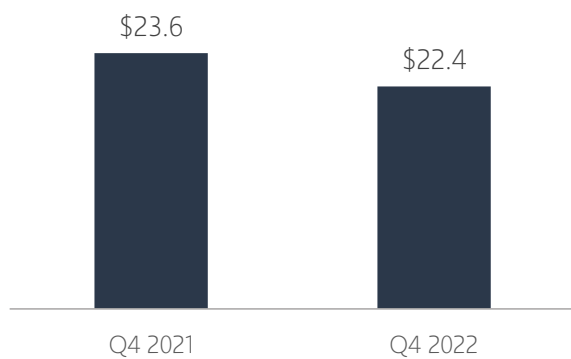


On-Demand Talent Results



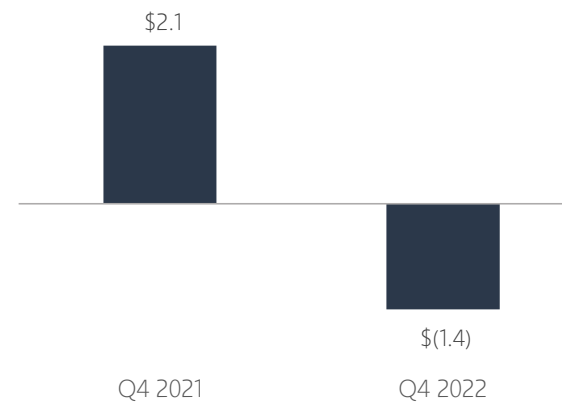
On-Demand Talent Financial Highlights

NET REVENUE



5% year-over-year decline

ADJUSTED EBITDA*

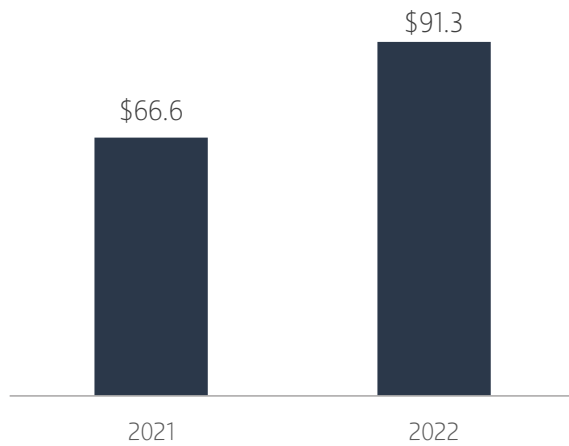


Decline due to investment to drive future growth

* Non-GAAP Financial Measure

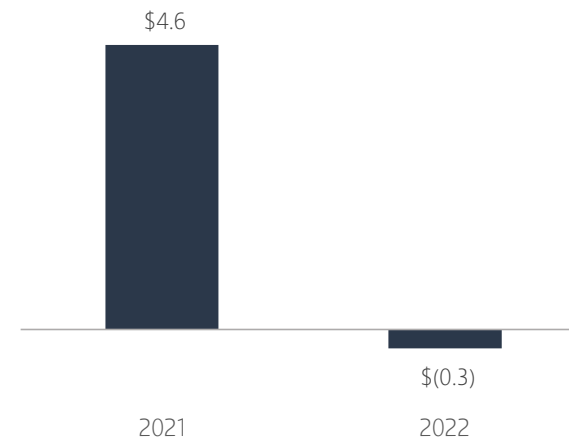
On-Demand Talent Financial Highlights

NET REVENUE



37% year-over-year increase

ADJUSTED EBITDA*



Decline due to investment to drive future growth

* Non-GAAP Financial Measure

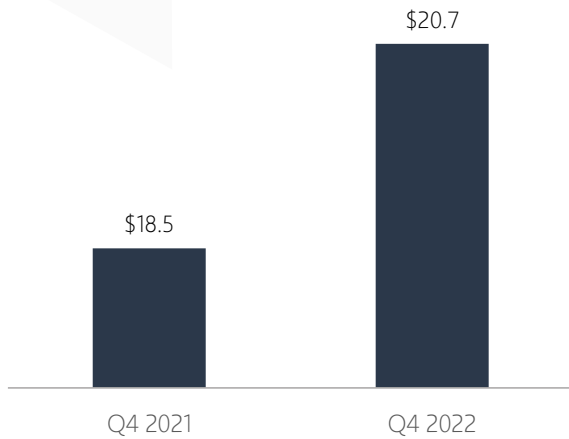
Note: 2021 On-Demand Talent results include the nine-month post-acquisition period

Heidrick Consulting Results



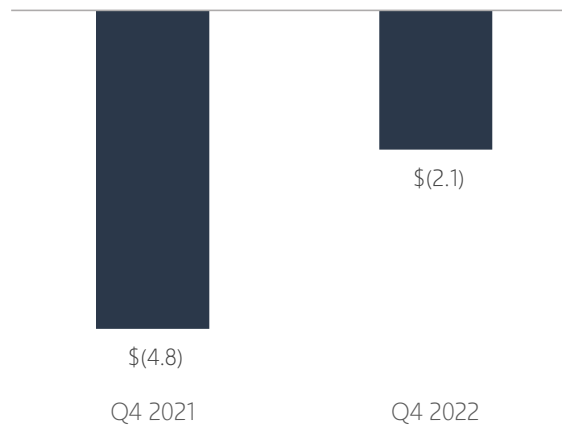
Heidrick Consulting Financial Highlights

NET REVENUE



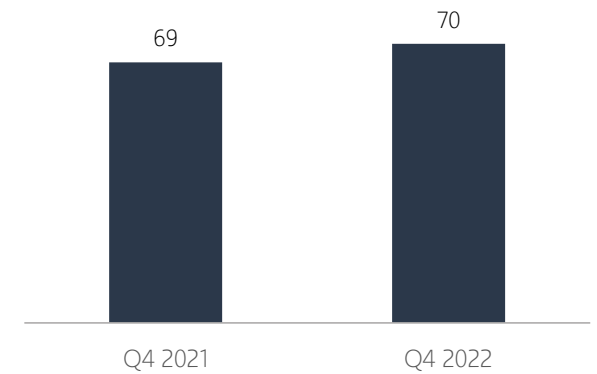
12% year-over-year growth

ADJUSTED EBITDA*



56% year-over-year growth

CONSULTANT HEADCOUNT

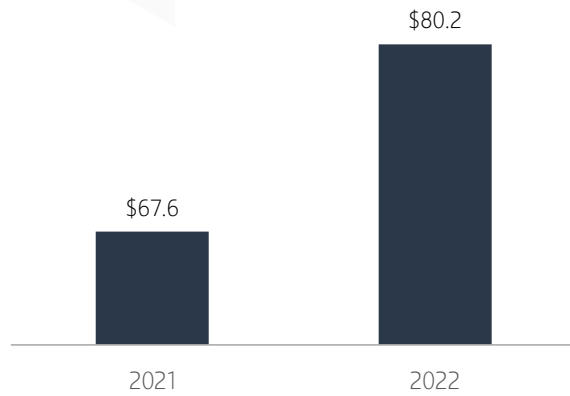


1% increase in consultant headcount

* Non-GAAP Financial Measure

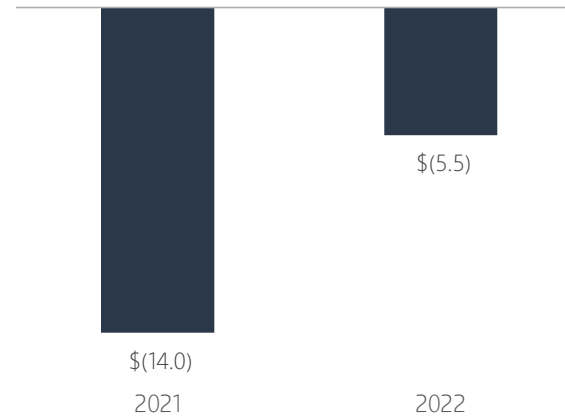
Heidrick Consulting Financial Highlights

NET REVENUE



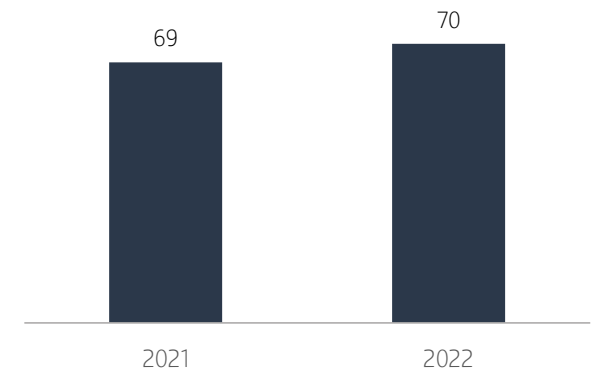
19% year-over-year growth

ADJUSTED EBITDA*



61% year-over-year growth

CONSULTANT HEADCOUNT



1% increase in consultant headcount

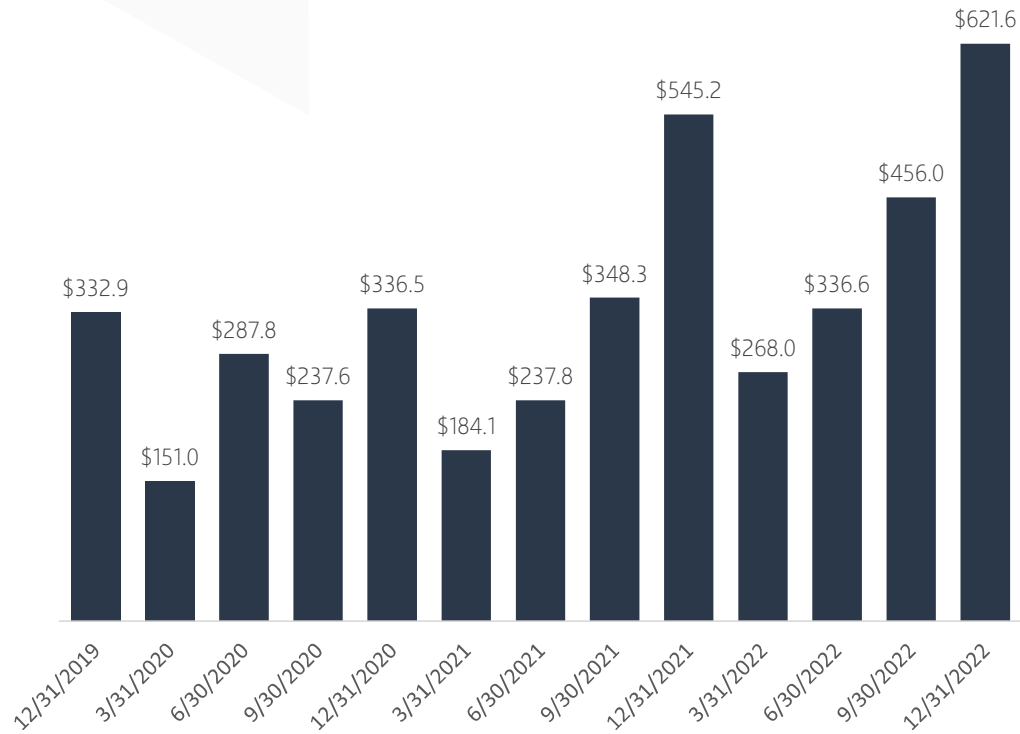
* Non-GAAP Financial Measure

Balance Sheet & Liquidity



Strong & Flexible Balance Sheet

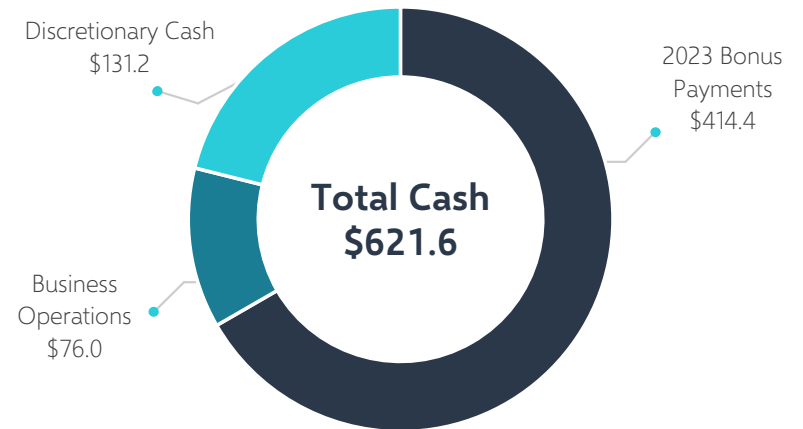
CASH & MARKETABLE SECURITIES, NET OF DEBT



CASH FLOW FROM OPERATING ACTIVITIES

	December 31, 2022	December 31, 2021
For the quarter ending:	\$160.3	\$206.6
For the twelve months ending:	\$119.3	\$271.4

DISCRETIONARY CASH



Strategy & Growth Initiatives



Growth Initiatives

01

Grow scale and impact of both Executive Search and Heidrick Consulting, delivering a premium service experience and The Heidrick Way to clients

02

Expand development of leadership solutions and capabilities to address new and ongoing client imperatives

03

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

Appendix

Reconciliation of GAAP to Non-GAAP Financial Measures

Adjusted Operating Income by Segment

We define Adjusted Operating Income as operating income excluding earnout adjustments and restructuring charges.

Three Months Ended December 31, 2022									
(In \$ thousands)	Americas	Europe	Asia Pacific	Total Executive Search	On-Demand Talent	Heidrick Consulting	Research and Development	Global Operations Support	Heidrick & Struggles
Revenue before reimbursements (net revenue)	\$ 130,561	\$ 37,258	\$ 24,838	\$ 192,657	\$ 22,368	\$ 20,692	\$ -	\$ -	\$ 235,717
Operating income (loss)	40,383	3,613	5,218	49,214	(2,154)	(2,663)	(6,067)	(18,484)	19,846
Adjustments									
Earnout adjustments	-	-	-	-	43	-	-	-	43
Total adjustments	-	-	-	-	43	-	-	-	43
Adjusted operating income (loss)	<u>\$ 40,383</u>	<u>\$ 3,613</u>	<u>\$ 5,218</u>	<u>\$ 49,214</u>	<u>\$ (2,111)</u>	<u>\$ (2,663)</u>	<u>\$ (6,067)</u>	<u>\$ (18,484)</u>	<u>\$ 19,889</u>
Operating margin	30.9%	9.7%	21.0%	25.5%	-9.6%	-12.9%	-2.6%	-7.8%	8.4%
Adjusted operating margin	30.9%	9.7%	21.0%	25.5%	-9.4%	-12.9%	-2.6%	-7.8%	8.4%

Three Months Ended December 31, 2021									
(In \$ thousands)	Americas	Europe	Asia Pacific	Total Executive Search	On-Demand Talent	Heidrick Consulting	Research and Development	Global Operations Support	Heidrick & Struggles
Revenue before reimbursements (net revenue)	\$ 168,700	\$ 45,084	\$ 29,579	\$ 243,363	\$ 23,630	\$ 18,546	\$ -	\$ -	\$ 285,539
Operating income (loss)	42,218	5,110	4,926	52,254	(10,306)	(5,265)	-	(20,075)	16,608
Adjustments									
Earnout adjustments	-	-	-	-	11,368	-	-	-	11,368
Total adjustments	-	-	-	-	11,368	-	-	-	11,368
Adjusted operating income (loss)	<u>\$ 42,218</u>	<u>\$ 5,110</u>	<u>\$ 4,926</u>	<u>\$ 52,254</u>	<u>\$ 1,062</u>	<u>\$ (5,265)</u>	<u>\$ -</u>	<u>\$ (20,075)</u>	<u>\$ 27,976</u>
Operating margin	25.0%	11.3%	16.7%	21.5%	-43.6%	-28.4%	NM	-7.0%	5.8%
Adjusted operating margin	25.0%	11.3%	16.7%	21.5%	4.5%	-28.4%	NM	-7.0%	9.8%

Adjusted Operating Income by Segment

We define Adjusted Operating Income as operating income excluding earnout adjustments and restructuring charges.

Twelve Months Ended December 31, 2022									
(In \$ thousands)	Americas	Europe	Asia Pacific	Total Executive Search	On-Demand Talent	Heidrick Consulting	Research and Development	Global Operations Support	Heidrick & Struggles
Revenue before reimbursements (net revenue)	\$ 612,881	\$ 176,275	\$ 112,766	\$ 901,922	\$ 91,349	\$ 80,193	\$ -	\$ -	\$ 1,073,464
Operating income (loss)	164,225	19,274	18,687	202,186	(3,361)	(7,155)	(20,414)	(58,990)	112,266
Adjustments									
Earnout adjustments	-	-	-	-	(464)	-	-	-	(464)
Total adjustments	-	-	-	-	(464)	-	-	-	(464)
Adjusted operating income (loss)	\$ 164,225	\$ 19,274	\$ 18,687	\$ 202,186	\$ (3,825)	\$ (7,155)	\$ (20,414)	\$ (58,990)	\$ 111,802
Operating margin	26.8%	10.9%	16.6%	22.4%	-3.7%	-8.9%	-1.9%	-5.5%	10.5%
Adjusted operating margin	26.8%	10.9%	16.6%	22.4%	-4.2%	-8.9%	-1.9%	-5.5%	10.4%

Twelve Months Ended December 31, 2021									
(In \$ thousands)	Americas	Europe	Asia Pacific	Total Executive Search	On-Demand Talent	Heidrick Consulting	Research and Development	Global Operations Support	Heidrick & Struggles
Revenue before reimbursements (net revenue)	\$ 581,440	\$ 170,312	\$ 117,008	\$ 868,760	\$ 66,636	\$ 67,605	\$ -	\$ -	\$ 1,003,001
Operating income (loss)	142,040	18,424	18,167	178,631	(9,272)	(16,162)	-	(54,933)	98,264
Adjustments									
Earnout adjustments	-	-	-	-	11,368	-	-	-	11,368
Restructuring charges	3,882	(97)	(124)	3,661	-	355	-	(224)	3,792
Total adjustments	3,882	(97)	(124)	3,661	11,368	355	-	(224)	15,160
Adjusted operating income (loss)	\$ 145,922	\$ 18,327	\$ 18,043	\$ 182,292	\$ 2,096	\$ (15,807)	\$ -	\$ (55,157)	\$ 113,424
Operating margin	24.4%	10.8%	15.5%	20.6%	-13.9%	-23.9%	NM	-5.5%	9.8%
Adjusted operating margin	25.1%	10.8%	15.4%	21.0%	3.1%	-23.4%	NM	-5.5%	11.3%

Adjusted Net Income & Earnings Per Share

We define Adjusted Net Income as net income excluding earnout adjustments and restructuring charges, net of tax.

(In \$ thousands)	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2022	2021	2022	2021
Net income	\$ 16,044	\$ 12,477	\$ 79,486	\$ 72,572
Adjustments				
Earnout adjustments, net of tax	29	8,282	(320)	8,282
Restructuring charges, net of tax	-	-	-	2,642
Total adjustments	29	8,282	(320)	10,924
Adjusted net income	<u>\$ 16,073</u>	<u>\$ 20,759</u>	<u>\$ 79,166</u>	<u>\$ 83,496</u>
Weighted-average common shares outstanding				
Basic	19,861	19,592	19,758	19,515
Diluted	20,499	20,301	20,618	20,296
Earnings per common share				
Basic	\$ 0.81	\$ 0.64	\$ 4.02	\$ 3.72
Diluted	\$ 0.78	\$ 0.61	\$ 3.86	\$ 3.58
Adjusted earnings per common share				
Basic	\$ 0.81	\$ 1.06	\$ 4.01	\$ 4.28
Diluted	\$ 0.78	\$ 1.02	\$ 3.84	\$ 4.11

Adjusted EBITDA & Adjusted EBITDA Margin

We define Adjusted EBITDA as earnings before interest, income taxes, depreciation, intangible amortization, equity-settled stock-based compensation, earnout accretion, earnout obligation adjustments, acquisition-related contingent compensation, deferred compensation plan income and expense, restructuring charges, and other non-operating income or expense.

(In \$ thousands)	Three Months Ended December 31, 2022								
	Americas	Europe	Asia Pacific	Total Search	On Demand		R&D	Corporate	Total
					Talent	Heidrick Consulting			
Revenue before reimbursements (net revenue)	\$ 130,561	\$ 37,258	\$ 24,838	\$ 192,657	\$ 22,368	\$ 20,692	\$ -	\$ -	\$ 235,717
Operating income (loss) ¹	40,383	3,613	5,218	49,214	(2,154)	(2,663)	(6,067)	(18,484)	19,846
Adjustments									
Stock-based compensation	1,682	351	232	2,265	8	229	59	2,410	4,971
Depreciation	844	295	295	1,434	51	132	248	126	1,991
Intangible amortization	9	45	4	58	630	100	-	-	788
Earnout fair value adjustments	-	-	-	-	43	-	-	-	43
Acquisition contingent compensation	603	311	-	914	-	-	-	-	914
Deferred compensation plan	2,264	-	-	2,264	-	61	31	1	2,357
Total adjustments	5,402	1,002	531	6,935	732	522	338	2,537	11,064
Adjusted EBITDA	<u>\$ 45,785</u>	<u>\$ 4,615</u>	<u>\$ 5,749</u>	<u>\$ 56,149</u>	<u>\$ (1,422)</u>	<u>\$ (2,141)</u>	<u>\$ (5,729)</u>	<u>\$ (15,947)</u>	<u>\$ 30,910</u>
Adjusted EBITDA margin	35.1%	12.4%	23.1%	29.1%	-6.4%	-10.3%	-2.4%	-6.8%	13.1%

(In \$ thousands)	Three Months Ended December 31, 2021								
	Americas	Europe	Asia Pacific	Total Search	On Demand		R&D	Corporate	Total
					Talent	Heidrick Consulting			
Revenue before reimbursements (net revenue)	\$ 168,700	\$ 45,084	\$ 29,579	\$ 243,363	\$ 23,630	\$ 18,546	\$ -	\$ -	\$ 285,539
Operating income (loss) ¹	42,218	5,110	4,926	52,254	(10,306)	(5,265)	-	(20,075)	16,608
Adjustments									
Stock-based compensation	1,855	180	217	2,252	-	127	-	1,635	4,014
Depreciation	831	349	372	1,552	-	163	-	124	1,839
Intangible amortization	16	76	4	96	950	100	-	-	1,146
Earnout accretion	-	-	-	-	123	-	-	-	123
Earnout fair value adjustments	-	-	-	-	11,368	-	-	-	11,368
Acquisition contingent compensation	485	90	-	575	-	-	-	-	575
Deferred compensation plan	1,065	-	-	1,065	-	32	-	11	1,108
Total adjustments	4,252	695	593	5,540	12,441	422	-	1,770	20,173
Adjusted EBITDA	<u>\$ 46,470</u>	<u>\$ 5,805</u>	<u>\$ 5,519</u>	<u>\$ 57,794</u>	<u>\$ 2,135</u>	<u>\$ (4,843)</u>	<u>\$ -</u>	<u>\$ (18,305)</u>	<u>\$ 36,781</u>
Adjusted EBITDA margin	27.5%	12.9%	18.7%	23.7%	9.0%	-26.1%	0.0%	-6.4%	12.9%

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 GAAP for the reconciliation of Adjusted EBITDA in this presentation.

Adjusted EBITDA & Adjusted EBITDA Margin

We define Adjusted EBITDA as earnings before interest, income taxes, depreciation, intangible amortization, equity-settled stock-based compensation, earnout accretion, earnout obligation adjustments, acquisition-related contingent compensation, deferred compensation plan income and expense, restructuring charges, and other non-operating income or expense.

(In \$ thousands)	Twelve Months Ended December 31, 2022								
	Americas	Europe	Asia Pacific	Total Search	On Demand Talent	Heidrick Consulting	R&D	Corporate	Total
	Revenue before reimbursements (net revenue)	\$ 612,881	\$ 176,275	\$ 112,766	\$ 901,922	\$ 91,349	\$ 80,193	\$ -	\$ -
Operating income (loss) ¹	164,225	19,274	18,687	202,186	(3,361)	(7,155)	(20,414)	(58,990)	112,266
Adjustments									
Stock-based compensation	3,916	1,165	602	5,683	28	967	206	8,891	15,775
Depreciation	3,438	1,237	1,110	5,785	150	478	524	457	7,394
Intangible amortization	60	214	16	290	2,519	400	-	-	3,209
Earnout accretion	-	-	-	-	820	-	-	-	820
Earnout fair value adjustments	-	-	-	-	(464)	-	-	-	(464)
Acquisition contingent compensation	2,460	1,425	-	3,885	-	-	-	-	3,885
Deferred compensation plan	(5,990)	-	-	(5,990)	-	(167)	(75)	-	(6,232)
Total adjustments	3,884	4,041	1,728	9,653	3,053	1,678	655	9,348	24,387
Adjusted EBITDA	<u>\$ 168,109</u>	<u>\$ 23,315</u>	<u>\$ 20,415</u>	<u>\$ 211,839</u>	<u>\$ (308)</u>	<u>\$ (5,477)</u>	<u>\$ (19,759)</u>	<u>\$ (49,642)</u>	<u>\$ 136,653</u>
Adjusted EBITDA margin	27.4%	13.2%	18.1%	23.5%	-0.3%	-6.8%	-1.8%	-4.6%	12.7%
	Twelve Months Ended December 31, 2021								
(In \$ thousands)	Americas	Europe	Asia Pacific	Total Search	On Demand Talent	Heidrick Consulting	R&D	Corporate	Total
Revenue before reimbursements (net revenue)	\$ 581,440	\$ 170,312	\$ 117,008	\$ 868,760	\$ 66,636	\$ 67,605	\$ -	\$ -	\$ 1,003,001
Operating income (loss) ¹	142,040	18,424	18,167	178,631	(9,272)	(16,162)	-	(54,933)	98,264
Adjustments									
Stock-based compensation	3,832	751	702	5,285	-	638	-	6,402	12,325
Depreciation	3,220	1,442	1,382	6,044	-	645	-	461	7,150
Intangible amortization	111	360	17	488	2,010	400	-	-	2,898
Earnout accretion	-	-	-	-	486	-	-	-	486
Earnout fair value adjustments	-	-	-	-	11,368	-	-	-	11,368
Acquisition contingent compensation	1,883	90	-	1,973	-	-	-	-	1,973
Deferred compensation plan	2,951	-	-	2,951	-	77	-	29	3,057
Restructuring charges	3,882	(97)	(124)	3,661	-	355	-	(224)	3,792
Total adjustments	15,879	2,546	1,977	20,402	13,864	2,115	-	6,668	43,049
Adjusted EBITDA	<u>\$ 157,919</u>	<u>\$ 20,970</u>	<u>\$ 20,144</u>	<u>\$ 199,033</u>	<u>\$ 4,592</u>	<u>\$ (14,047)</u>	<u>\$ -</u>	<u>\$ (48,265)</u>	<u>\$ 141,313</u>
Adjusted EBITDA margin	27.2%	12.3%	17.2%	22.9%	6.9%	-20.8%	0.0%	-4.8%	14.1%

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 GAAP for the reconciliation of Adjusted EBITDA in this presentation.

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